

# **TOWN OF WATERFORD, CONNECTICUT**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

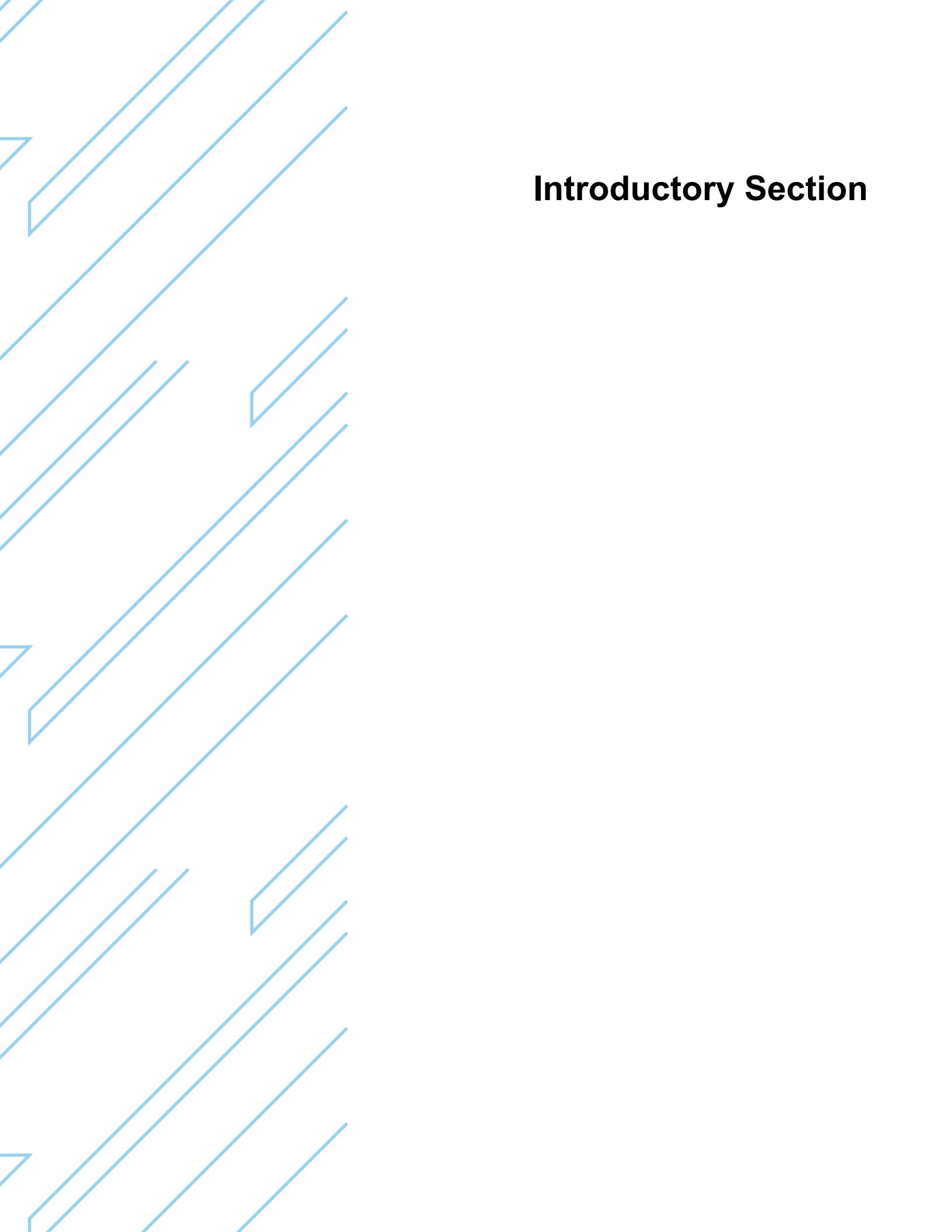
**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

# **Town of Waterford, Connecticut**

## **Comprehensive Annual Financial Report**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**Department of Finance  
Kevin McNabola  
Director of Finance**

The background of the image features a series of blue diagonal lines of varying lengths and thicknesses. Some lines are solid, while others are dashed. Small blue arrowheads point to the right along these lines, suggesting a sense of direction or flow. The lines are arranged in a grid-like pattern, creating a sense of depth and perspective.

## Introductory Section

**TOWN OF WATERFORD, CONNECTICUT**  
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**JUNE 30, 2019**

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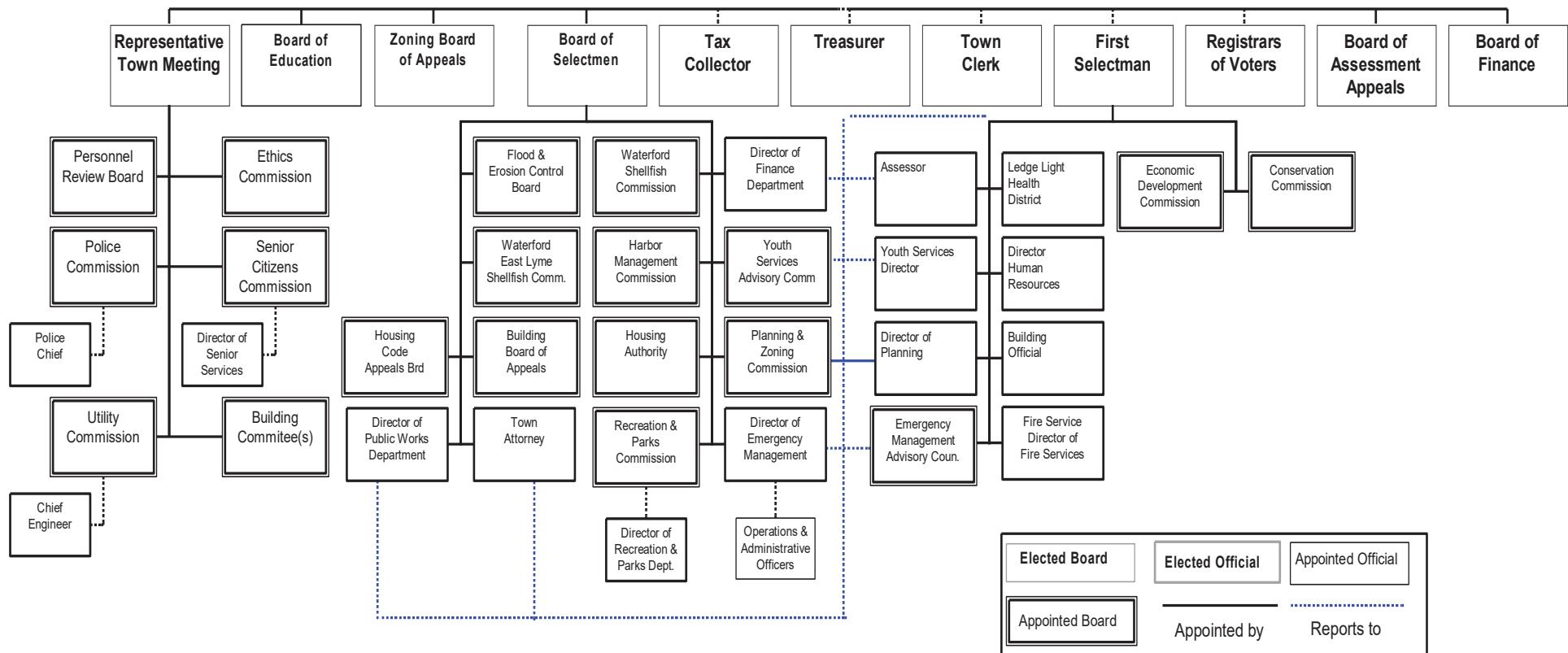
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## ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT



**Town of Waterford, Connecticut**

**Principal Town Officials**

**As of June 30, 2019**

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Daniel M. Steward	First Selectman
Thomas W. Giard III	Superintendent of Schools
Kevin McNabola	Director of Finance
Bernard Pisacich	Treasurer
Abby Piersall	Planning Director
Brian Long	Director of Public Works
Brett Mahoney	Chief of Police
Neftali Soto	Chief Engineer, Utilities Commission
Alan Wilensky	Tax Collector
Vacant	Assessor
Brian Flaherty	Recreation & Parks Director
Lisa Cappuccio	Director of Senior Services
David Campo	Town Clerk
Daniela Gorman	Director of Youth Services
David Garside	Building Official
Roslyn Rubenstein	Library Director
Bruce A. Miller	Director of Fire Services
Joyce Sauchuk	Director of Human Resources



November 18, 2019

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, 2019.

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.

Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified opinion on the Town of Waterford financial statements for the year ended June 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

Management's 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 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. The Waterford Tax Base has a diversified tax base with immediate access to Routes 1, 95, 395 and 85 all of which are major Connecticut arteries.

#### **Millstone Power Facility**

- Impact Analysis Completed
  - Increase Economic development
  - Viable Tax payer for at least ten years – Declining tax revenue
- 10-Year Deal
  - \$50M in updates since agreement signed in January 2019

### **Jordan Village District**

- Zone around the historic district
- Non-conforming must now conform
- Artisan production development

### **Waterford Station**

- DOT modifying traffic patterns on Route 85  
Includes capacity upgrades
- Development of Waterford Commons
- Artisan production development

### **Economic Development Commission Master Plan**

- Emphasis on pushing economic development
- Restructure of economic development department
- Changes in zoning and permitting

### **New Developments**

- Victoria Gardens – Age restricted Apartments
- 171 Rope Ferry Rd – 52 Units – 40% Affordable Housing
- 22 Minor Lane – 70 Units – 1-2 Bedroom High End Apartments
- In discussion for approximately 200+ additional units
- Seaside – DEEP
- 33 Acres state owned

### **New Industry**

- Cross Rd Surgery – 20,000 sq ft
- Tractor Supply – Going into former Toys R Us
- Verizon
- 600,000 sq ft Office Space
- Wind Power manufacturer

### **Electric Boat**

- \$5.1B Navy Contract – estimated 2,000 to 5,000 jobs
- Building of Columbia Class Submarines to begin in 2023
- Current impact – Increased housing activity

### **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 5 year approach to managing a fleet valued in excess of \$4.4 million. This program allows 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.

### **Major Initiatives**

In compliance with GASB 54 and to strengthen Waterford's commitment to sound financial management and fiscal accountability, the Town still maintains the adopted fund balance policy from 2015. In that regard, the Town's 2018 Audited Financial Waterford has an Unassigned Fund Balance of \$13,979,558.

In May of 2019, the Town began the first phase of the construction on a new Municipal Complex project for the Public Works Department. The project consists of a full demolition of the existing structure and construction of a new 60,100 sq. ft. facility. The cost of the project is estimated to be \$15,000,000 and completed by April of 2021. A \$10M BAN was issued in July of 2019 and the additional borrowing for \$5M will take place next year in the summer of 2020.

#### **Increase school enrollment**

- Trying to attract students from neighboring districts to Waterford High School on a tuition basis
  - Up to 80 students; 9 currently enrolled

#### **Eco Friendly Town**

- Member Sustainable CT Municipal Certification Program
- Land Preservation
  - Easements, Purchase and Donations
- Plan of Conservation and Development
  - DEEP analysis
  - Fall 2019-2021
- Energy audit of buildings
- LED Streetlight conversion project
  - 2,000 lights by the end of this month

#### **Affordable Housing Plan**

- Assessing housing needs for the future
  - In process of collecting data
  - Fit into regional area needs

### **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 past several 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 Thomas Girard 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,

*Kevin McNabola*  
Kevin McNabola  
Director of Finance

## Financial Section

## Independent Auditors' 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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 November 18, 2019 on our consideration of the Town of Waterford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Waterford, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
November 18, 2019

**TOWN OF WATERFORD, CONNECTICUT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019**

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, 2019. 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 2.2%, net position of our governmental activities decreased by \$1.4 million or 0.8%.
- During the year, the Town had expenses that were \$1.4 million more than the \$102.6 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues and transfers in increased by \$85.5 thousand or 2.2%, while expenses decreased by \$523.3 thousand or 9.1%.
- The total cost of all of the Town's programs was \$109.0 million, with no new programs added this year.
- The General Fund reported a fund balance this year of \$17.3 million.
- The resources available for appropriation were \$2.7 million more than anticipated for the General Fund. There was an additional appropriation of \$800.0 thousand to fund the public works complex renovation project. However, unused appropriations of \$963.0 thousand were returned to fund balance at year end. Overall, the operating results increased the General Fund balance by \$2.8 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

These two statements report the 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 \$215.5 to \$212.9 million or 1.2%. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

TABLE 1 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 37,468	\$ 36,822	\$ 5,196	\$ 4,564	\$ 42,664	\$ 41,386
Capital assets, net of accumulated depreciation	244,054	249,138	49,212	50,975	293,266	300,113
Total assets	<u>281,522</u>	<u>285,960</u>	<u>54,408</u>	<u>55,539</u>	<u>335,930</u>	<u>341,499</u>
Deferred outflows of resources	20,183	5,975	-	-	20,183	5,975
Long-term debt outstanding	130,233	122,471	406	358	130,639	122,829
Other liabilities	8,561	7,716	429	364	8,990	8,080
Total liabilities	<u>138,794</u>	<u>130,187</u>	<u>835</u>	<u>722</u>	<u>139,629</u>	<u>130,909</u>
Deferred inflows of resources	3,599	1,080	-	-	3,599	1,080
Net Position:						
Net investment in capital assets	172,217	172,063	49,212	50,975	221,429	223,038
Restricted	135	137	-	-	135	137
Unrestricted	(13,040)	(11,532)	4,361	3,842	(8,679)	(7,690)
Total Net Position	<u>\$ 159,312</u>	<u>\$ 160,668</u>	<u>\$ 53,573</u>	<u>\$ 54,817</u>	<u>\$ 212,885</u>	<u>\$ 215,485</u>

Net position of the Town's governmental activities decreased by 0.8% (\$159.3 million in 2019 compared to \$160.7 million in 2018). 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 – decreased by \$1.5 million (\$11.5) million in 2018 compared to (\$13.0 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, 2019.

The net position of our business-type activities decreased by 2.2% (\$53.6 million in 2019 compared to \$54.8 million in 2018).

The Town's total revenues (excluding special items) were \$106.4 million. The total cost of all programs and services was \$109.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

TABLE 2 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,613	\$ 3,260	\$ 3,765	\$ 3,654	\$ 7,378	\$ 6,914
Operating grants and contributions	6,171	12,205			6,171	12,205
Capital grants and contributions	839	2,450			839	2,450
General revenues:						
Property taxes	90,251	87,927			90,251	87,927
Grants and contributions not restricted to specific purposes	353	294			353	294
Unrestricted investment earnings	1,297	686	70	37	1,367	723
Miscellaneous revenue	39	145			39	145
<b>Total revenues</b>	<b>102,563</b>	<b>106,967</b>	<b>3,835</b>	<b>3,691</b>	<b>106,398</b>	<b>110,658</b>
<b>Program expenses:</b>						
General government	15,427	14,892			15,427	14,892
Public safety	13,198	12,098			13,198	12,098
Public works	8,432	7,180			8,432	7,180
Recreation	1,773	1,020			1,773	1,020
Library	1,154	1,065			1,154	1,065
Social services	1,370	1,299			1,370	1,299
Education	60,142	64,680			60,142	64,680
Interest and fiscal charges	2,285	2,400			2,285	2,400
Utility Commission			5,217	5,740	5,217	5,740
<b>Total program expenses</b>	<b>103,781</b>	<b>104,634</b>	<b>5,217</b>	<b>5,740</b>	<b>108,998</b>	<b>110,374</b>
<b>Excess (deficiency) of revenues over expenses before transfers</b>						
	(1,218)	2,333	(1,382)	(2,049)	(2,600)	284
<b>Transfers</b>	<b>(138)</b>	<b>(196)</b>	<b>138</b>	<b>196</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(1,356)</b>	<b>2,137</b>	<b>(1,244)</b>	<b>(1,853)</b>	<b>(2,600)</b>	<b>284</b>
<b>Beginning Net Position</b>	<b>160,668</b>	<b>158,531</b>	<b>54,817</b>	<b>56,670</b>	<b>215,485</b>	<b>215,201</b>
<b>Ending Net Position</b>	<b>\$ 159,312</b>	<b>\$ 160,668</b>	<b>\$ 53,573</b>	<b>\$ 54,817</b>	<b>\$ 212,885</b>	<b>\$ 215,485</b>

### **Governmental Activities**

Approximately 88.0% of these revenues were derived from property taxes, followed by 7.2% from operating and capital grants and contributions, 3.5% from charges for services and 1.3% from investment and other general revenues.

Major factors affecting operations include:

- Operating grants and contributions were down by \$6.0 million due primarily to the decrease in the State's on-behalf contribution for the Teachers' Retirement System OPEB.
- Property tax revenues were up by \$2.3 million due to an increase in the mill rate of 1.4%, as well as, an increase in prior year and interest collections of \$675 thousand.
- Capital grants and contributions decreased by \$1.6 million, due mainly to the following:
- The Local Bridge Grant decreased by \$1.0 million.

- The Local Capital Improvement (LOCIP) grant revenue decreased by \$196.3 thousand for the Town Hall HVAC project.
- There was also an increase of \$275 thousand for the Thames River Marina Dock System Grant.
- Investment earnings were up by \$611.0 thousand over FY18.

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.

TABLE 3 (In Thousands)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Education	\$ 60,142	\$ 64,680	\$ 53,683	\$ 52,191
General government	15,429	14,892	13,828	13,714
Public safety	13,198	12,098	12,446	11,458
Public works	8,432	7,180	7,250	4,213
Recreation	1,773	1,020	1,541	674
All others	<u>4,809</u>	<u>4,764</u>	<u>4,412</u>	<u>4,468</u>
Totals	<u>\$ 103,783</u>	<u>\$ 104,634</u>	<u>\$ 93,160</u>	<u>\$ 86,718</u>

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

Net position of the Town's business-type activities (see Table 2) decreased by 2.2% (\$53.6 million in 2019 compared to \$54.8 million in 2018). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$85.5 thousand (\$4.0 million in 2019 compared to \$3.9 million in 2018). The factors driving these results include:

- An increase in Sewer use fee revenue of \$111 thousand.
- A decrease in capital contributions of \$58.0 thousand or 3.0% over fiscal year 2018.
- An increase of investment earnings of \$33 thousand.
- A decrease in expenses of \$523.3 thousand.

## **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 \$23.7 million, which is increase of \$1.7 million from last year's total of \$22.0 million. Included in this year's total change in fund balance is an increase of \$2.5 million in the General Fund, a decrease of \$1.1 million in the Capital and Nonrecurring Fund and an increase of \$409.6 thousand for Nonmajor Governmental Funds.

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

- The Capital and Nonrecurring Fund balance decreased by \$1.1 million due to expenditures of \$4.9 million being offset by revenues of \$1.5 million and transfers in of \$2.3 million.

#### Non-Major Capital Projects Funds:

- The Fleet Management Fund increased by \$233.3 thousand due to expenditures of \$1.3 million being offset by revenues and transfers in of \$1.5 million.
- The Sewer Development and Maintenance Fund decreased by \$181.4 thousand due to expenditures of \$218.0 thousand being offset by revenues of \$36.7 thousand.
- The Capital Improvement Fund increased by \$288.9 thousand due to expenditures of \$907.6 thousand being offset by net transfers in and out \$1.2 million.

#### Special Revenue Funds:

- The Nuclear Safety Emergency Preparedness Fund increased by \$38.1 thousand due to grant revenue of \$123.5 thousand and expenditures of \$85.4 thousand.
- The Cafeteria Fund decreased by \$26.0 thousand due to expenditures of \$947.7 thousand and total revenues of \$921.7 thousand.

#### ***Proprietary Funds***

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

Overall, proprietary funds net assets total \$58.1 million at the end of the year, which includes a \$4.5 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$53.6 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2019, net position of the Internal Service fund decreased by \$352.5 thousand from fiscal year 2018. This is due to \$11.7 million in contributions and other revenues (a decrease of \$0.5 million over fiscal year 2018), offset by expenses for claims and program administration of \$12.1 million (an increase of \$1.1 million over fiscal year 2018).

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

Revenues were higher than budgetary estimates by \$2.7 million and expenditures were less than original budgetary estimates by \$963.0 thousand. Overall revenues over expenditures on a budgetary basis were \$2.8 million. In the current year, revenues increased by \$4.2 million or 4.6% over the prior year and expenditures increased by \$2.3 million or 2.5%.

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

- Property tax revenue was over budgetary estimates by \$967.3 thousand and over prior year revenue by \$3.2 million.
- State grant funding was over budgetary estimates by \$415.1 thousand and over prior year revenue by \$195.1 thousand.
- Assessment revenue is over budgetary estimates by \$27.3 thousand and under the prior year by \$2.6 thousand.
- License and permit revenue is over budgetary estimates by \$194.8 thousand and over the prior year by \$119.8 thousand. The building department is up from FY18 by \$50.6 thousand, followed by conveyance tax revenue, which is up from FY18 by \$44.5 thousand. Planning & zoning, had an increase of \$18.1 thousand over the prior year.

- Fines, Penalties and Charges for Services are over budgetary estimates by \$12.9 thousand and under the prior year revenue by \$21.1 thousand. The biggest change was in tipping fee revenue with an increase of \$43.6 thousand, followed by a decrease in the EMS fees of \$36.0 thousand and a decrease of tuition fees of \$19.8 thousand over fiscal year 2018.
- Other sources of revenue were over budgetary estimates by \$147.1 thousand and over the prior year revenue by \$1.5 thousand.
- Investment income is over budgetary estimates by \$749.0 thousand and over the prior year by \$510.4 thousand.
- Other Financing Sources, which consists of the cancelation of prior year encumbrances and transfers in from the capital improvement fund, was over estimated revenue by \$166.9 thousand and over the prior year by \$162.5 thousand.

Overall Expenditures came in \$963.0 thousand under budgetary estimates. The largest amounts of unused appropriations returned in the current fiscal year are outlined below:

- The Retirement budget returned \$194.4 thousand.
- The Contingency budget returned \$150.1 thousand.
- The Public Works Department returned \$149.4 thousand.
- The Insurance budget returned \$56.8 thousand.
- The Board of Education returned \$50.1 thousand.
- The Emergency Management Department returned \$41.3 thousand.
- The Finance Department returned \$40.4 thousand.
- The Fire Services Department returned \$40.0 thousand.
- The Information Technology Department returned \$36.1 thousand.

The Town's General Fund balance of \$17.3 million reported on Exhibit III differs from the General Fund's budgetary balance of \$17.0 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$186.8 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 2019, those balances amounted to \$67.0 thousand.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At June 30, 2019, the Town had \$293.3 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 \$6.8 million, or 2.3%, from last year.

TABLE 4 (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 8,956	\$ 8,379	\$ 129	\$ 128	\$ 9,085	\$ 8,507
Land improvements	528	583			528	583
Building and improvements	166,112	171,887	1,013	1,048	167,125	172,935
Machinery and equipment	3,865	4,668	707	707	4,572	5,375
Vehicles	6,419	6,363	205	190	6,624	6,553
Infrastructure	55,538	56,832	47,149	48,892	102,687	105,724
Permanent easements	5	5			5	5
Software	107	119	9	10	116	129
Construction in progress	<u>2,524</u>	<u>302</u>			<u>2,524</u>	<u>302</u>
Total	<u>\$ 244,054</u>	<u>\$ 249,138</u>	<u>\$ 49,212</u>	<u>\$ 50,975</u>	<u>\$ 293,266</u>	<u>\$ 300,113</u>

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

#### Governmental Activities:

- Land increased by \$578.0 thousand due to the addition of property acquired through donation (\$12.2 thousand) as well as a foreclosure (\$566 Thousand).
- Buildings and improvements decreased by \$5.8 million due mainly to depreciation expense.
- Construction-in-progress increased by \$2.2 million due mainly to the costs associated with the public works complex renovation project (\$1.4 million), the street light acquisition project (\$.7 million) and Gardners Wood Road reconstruction project (\$88.9 thousand).
- Infrastructure decreased by \$1.3 million mainly due to depreciation expense of \$1.7 million. The decrease was offset by the capitalization of the Waterford Beach Park Causeway Bridge (\$250 thousand).
- Vehicles increased by \$56.0 thousand due to additions of \$1.2 million, in accordance with the fleet management plan, this was offset by net retirements of \$55.7 thousand and depreciation expense of \$1.1 million.
- Machinery and equipment decreased by \$803.0 thousand due to mainly to depreciation expense of \$1.0 million, which was offset by additions of \$236.2 thousand.
- Software decreased by \$12.0 thousand due to amortization expense of \$12.0 thousand.

#### Business-Type Activities:

- There was an increase in vehicles of \$15 thousand due to additions of \$68.0 thousand and depreciation expense of \$52.6 thousand.
- Additions to equipment of \$69.7 thousand were offset by depreciation of \$69.0 thousand.
- The decreases to all other assets were due entirely to depreciation and amortization expense.

Additional information on the Town's capital assets can be found in Note 5 of this report.

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

At the end of the current fiscal year, the Town had \$69.5 million of outstanding general obligation bonds. Bonds issued in June 2017 carried 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 \$614.8 million.

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

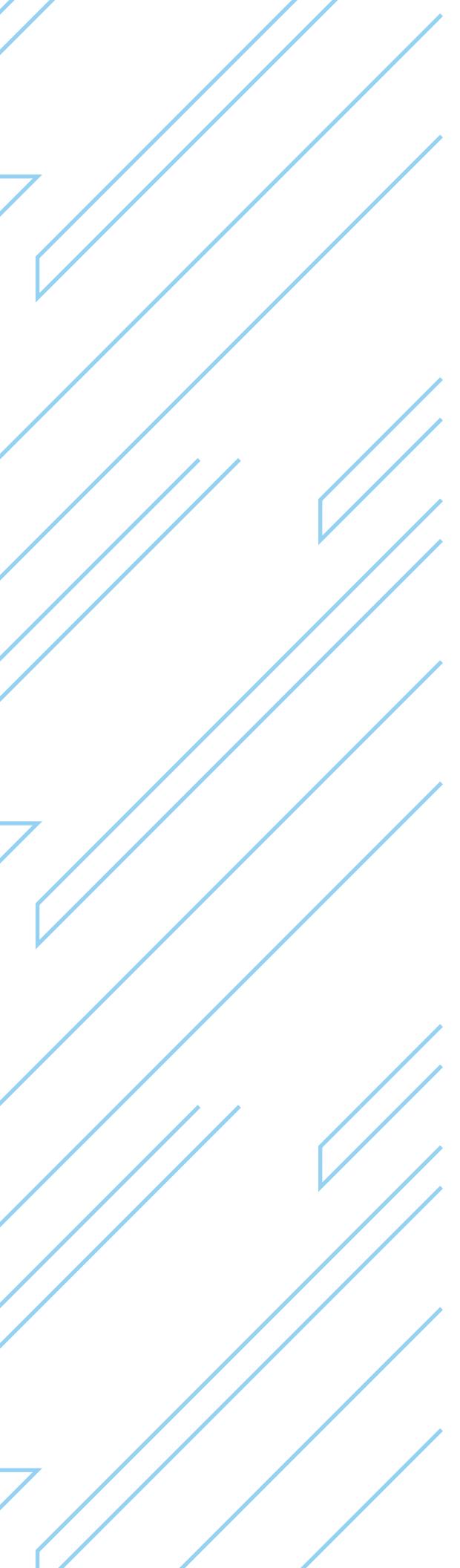
#### **Economic Factors**

- The unemployment rate for the Town in 2019 was 3.7%, which is a decrease from a rate of 4.0% a year ago. Waterford's unemployment rate is lower than the State's average unemployment rate of 3.8%, and the national average of 3.8% as of June 2019.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$2.8 million. The main reason for the increase is due to the positive operating results of \$2.5 million. A decrease in the assigned fund balance of \$363.9 thousand contributed to the increase of the unassigned total.

#### **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.



## Basic Financial Statements

**TOWN OF WATERFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 28,176,545	\$ 3,667,346	\$ 31,843,891
Investments	6,953,562		6,953,562
Receivables, net	2,003,697	1,665,926	3,669,623
Internal balances	137,861	(137,861)	-
Inventories	4,710		4,710
Prepaid items	191,460		191,460
Capital assets:			
Intangible assets not being amortized	5,000		5,000
Intangible assets being amortized, net	107,433	8,813	116,246
Assets not being depreciated	11,480,354	127,970	11,608,324
Assets being depreciated, net	232,460,991	49,075,392	281,536,383
Total assets	<u>281,521,613</u>	<u>54,407,586</u>	<u>335,929,199</u>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows of resources related to pensions	18,905,588		18,905,588
Deferred outflows of resources related to OPEB	68,732		68,732
Deferred charge on refunding	1,208,880		1,208,880
Total deferred outflows of resources	<u>20,183,200</u>	<u>-</u>	<u>20,183,200</u>
<b>Liabilities:</b>			
Accounts and other payables	2,704,866	290,511	2,995,377
Accrued liabilities	5,293,939	119,947	5,413,886
Unearned revenue	562,047	17,859	579,906
Noncurrent liabilities:			
Due within one year	6,534,786	15,055	6,549,841
Due in more than one year	123,697,970	391,123	124,089,093
Total liabilities	<u>138,793,608</u>	<u>834,495</u>	<u>139,628,103</u>
<b>Deferred Inflows of Resources:</b>			
Deferred inflows of resources related to pensions	1,181,685		1,181,685
Deferred inflows of resources related to OPEB	2,417,730		2,417,730
Total deferred inflows of resources	<u>3,599,415</u>	<u>-</u>	<u>3,599,415</u>
<b>Net Position:</b>			
Net investment in capital assets	172,217,423	49,212,175	221,429,598
Restricted for:			
Trust purposes:			
Nonexpendable	134,657		134,657
Unrestricted	(13,040,290)	4,360,916	(8,679,374)
Total Net Position	<u>\$ 159,311,790</u>	<u>\$ 53,573,091</u>	<u>\$ 212,884,881</u>

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Net Revenue (Expense) And Changes In Net Position					
		Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 15,428,848	\$ 1,118,944	\$ 89,952	\$ 392,140	\$ (13,827,812)	\$	\$ (13,827,812)
Public safety	13,198,001	560,636	190,966		(12,446,399)		(12,446,399)
Public works	8,431,708	735,028		447,166	(7,249,514)		(7,249,514)
Recreation	1,773,188	232,110	212		(1,540,866)		(1,540,866)
Library	1,153,817	15,797			(1,138,020)		(1,138,020)
Social services	1,370,173	293,537	87,226		(989,410)		(989,410)
Education	60,142,366	656,775	5,802,978		(53,682,613)		(53,682,613)
Interest on long-term debt	2,285,041				(2,285,041)		(2,285,041)
Total governmental activities	<u>103,783,142</u>	<u>3,612,827</u>	<u>6,171,334</u>	<u>839,306</u>	<u>(93,159,675)</u>	<u>-</u>	<u>(93,159,675)</u>
Business-type activities:							
Utility commission	5,217,049	3,765,489				(1,451,560)	(1,451,560)
Total primary governmental activities	<u>\$ 109,000,191</u>	<u>\$ 7,378,316</u>	<u>\$ 6,171,334</u>	<u>\$ 839,306</u>	<u>(93,159,675)</u>	<u>(1,451,560)</u>	<u>(94,611,235)</u>
General revenues:							
Property taxes					90,251,461		90,251,461
Grants and contributions not restricted to specific programs					352,628		352,628
Unrestricted investment earnings					1,297,313	70,050	1,367,363
Miscellaneous					39,195		39,195
Transfers					(137,685)	137,685	-
Total general revenues and transfers					<u>91,802,912</u>	<u>207,735</u>	<u>92,010,647</u>
Change in Net Position					(1,356,763)	(1,243,825)	(2,600,588)
Net Position at Beginning of Year					<u>160,668,553</u>	<u>54,816,916</u>	<u>215,485,469</u>
Net Position at End of Year					<u>\$ 159,311,790</u>	<u>\$ 53,573,091</u>	<u>\$ 212,884,881</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	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	\$ 15,805,628	\$ 4,403,727	\$ 1,162	\$ 3,530,893	\$ 23,741,410
Investments	4,672,829	2,123,527		157,206	6,953,562
Receivables, net	1,758,361			228,727	1,987,088
Interfund receivables	4,174,415			1,900,131	6,074,546
Inventories				4,710	4,710
Prepaid items	190,980			480	191,460
<b>Total Assets</b>	<b>\$ 26,602,213</b>	<b>\$ 6,527,254</b>	<b>\$ 1,162</b>	<b>\$ 5,822,147</b>	<b>\$ 38,952,776</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,206,916	\$ 1,280,815	\$ 73,985	\$ 2,561,716	
Accrued liabilities	3,365,702		51,846	3,417,548	
Interfund payables	3,177,838	755,109	2,942,807	338,638	7,214,392
Unearned revenue	134,397			360,061	494,458
<b>Total liabilities</b>	<b>\$ 7,884,853</b>	<b>\$ 2,035,924</b>	<b>\$ 2,942,807</b>	<b>\$ 824,530</b>	<b>\$ 13,688,114</b>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	1,412,854				1,412,854
Unavailable revenue - special assessments	40,942				40,942
Unavailable revenue - grants receivable				2,420	2,420
Unavailable revenue - other receivables	4,140			74,875	79,015
<b>Total deferred inflows of resources</b>	<b>\$ 1,457,936</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,295</b>	<b>\$ 1,535,231</b>
Fund Balances:					
Nonspendable	190,980			139,847	330,827
Restricted				876,602	876,602
Committed		4,491,330		2,715,160	7,206,490
Assigned	287,251			1,188,713	1,475,964
Unassigned	16,781,193		(2,941,645)		13,839,548
<b>Total fund balances</b>	<b>\$ 17,259,424</b>	<b>\$ 4,491,330</b>	<b>\$ (2,941,645)</b>	<b>\$ 4,920,322</b>	<b>\$ 23,729,431</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 26,602,213</b>	<b>\$ 6,527,254</b>	<b>\$ 1,162</b>	<b>\$ 5,822,147</b>	<b>\$ 38,952,776</b>

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**TOWN OF WATERFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

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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	\$ 23,729,431
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 391,607,506
Less accumulated depreciation	<u>(147,553,728)</u>
Net capital assets	244,053,778

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	947,535
Interest receivable on property taxes	465,319
Delinquent special assessments	115,817
Unavailable revenue - grants receivable	2,420
Unavailable revenue - other receivables	4,140
Deferred outflows of resources related to pensions	18,905,588
Deferred outflows of resources related to OPEB	68,732
Deferred charge on refunding	1,208,880

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

	4,542,016
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Net pension liability	(29,879,877)
Pension prior service cost	(1,252,629)
Bonds and notes payable	(69,465,000)
Bond premiums	(3,580,235)
Interest payable on bonds and notes	(899,695)
Compensated absences	(7,258,446)
Landfill post-closure monitoring liability	(295,000)
Net OPEB liability	(18,501,569)
Deferred inflows of resources related to pensions	(1,181,685)
Deferred inflows of resources related to OPEB	<u>(2,417,730)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u>159,311,790</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WATERFORD, CONNECTICUT

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 91,061,761	\$ 1,383,231	\$ 1,642,462	\$ 91,061,761	\$ 8,196,377
Intergovernmental	5,170,684			25,469	52,696
Assessments and connections	27,227				1,737,321
Licenses and permits	1,737,321				1,770,833
Fines, penalties and charges for services	643,009			1,127,824	1,254,114
Investment earnings	1,048,634	136,080	27	69,373	133,670
Other	10,398			123,272	
<b>Total revenues</b>	<b>99,699,034</b>	<b>1,519,311</b>	<b>27</b>	<b>2,988,400</b>	<b>104,206,772</b>
<b>Expenditures:</b>					
Current:					
General government	13,425,639			27,071	13,452,710
Public safety	10,620,430			116,805	10,737,235
Public works	4,762,766			59,304	4,822,070
Recreation	1,411,483			559	1,412,042
Library	1,022,462				1,022,462
Social services	901,695			297,566	1,199,261
Education	52,778,823			2,104,530	54,883,353
Capital outlay		4,894,755		2,419,562	7,314,317
Debt service:					
Principal retirements	5,020,000				5,020,000
Interest and fiscal charges	2,565,439				2,565,439
<b>Total expenditures</b>	<b>92,508,737</b>	<b>4,894,755</b>	<b>-</b>	<b>5,025,397</b>	<b>102,428,889</b>
Excess (Deficiency) of Revenues over Expenditures	7,190,297	(3,375,444)	27	(2,036,997)	1,777,883
<b>Other Financing Sources (Uses):</b>					
Transfers in	128,762	2,273,447		2,575,339	4,977,548
Transfers out	(4,848,786)			(128,762)	(4,977,548)
<b>Total other financing sources (uses)</b>	<b>(4,720,024)</b>	<b>2,273,447</b>	<b>-</b>	<b>2,446,577</b>	<b>-</b>
Net Change in Fund Balances	2,470,273	(1,101,997)	27	409,580	1,777,883
Fund Balances at Beginning of Year	14,789,151	5,593,327	(2,941,672)	4,510,742	21,951,548
<b>Fund Balances at End of Year</b>	<b>\$ 17,259,424</b>	<b>\$ 4,491,330</b>	<b>\$ (2,941,645)</b>	<b>\$ 4,920,322</b>	<b>\$ 23,729,431</b>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,777,883
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	5,625,641
Depreciation expense	(9,627,541)

The statement of activities reports losses arising from the disposal of existing capital assets.

Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.

(1,082,801)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(548,331)
Property tax interest and lien revenue - accrual basis change	(261,969)
Delinquent special assessment receivable - accrual basis change	51,977
Miscellaneous grants and accounts receivable - accrual basis change	(927,584)
Change in deferred outflows of resources related to pensions	14,325,563
Change in deferred outflows of resources related to OPEB	4,838

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 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 amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	5,020,000
Amortization of deferred charge on refunding	(121,886)
Amortization of premiums	341,233
Landfill post-closure monitoring	14,000

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 the governmental funds:

Compensated absences	(164,818)
Accrued interest	61,051
Change in net pension liability	(15,617,739)
Change in net OPEB liability	2,218,848
Change in prior service cost	426,348
Change in deferred inflows of resources related to pensions	(787,460)
Change in deferred inflows of resources related to OPEB	(1,731,523)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(352,493)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>(1,356,763)</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Commission</b>	<b>Internal Service Fund</b>
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,667,346	\$ 4,435,135
Receivables, net	1,665,926	16,609
Interfund receivables		1,277,707
Total current assets	<u>5,333,272</u>	<u>5,729,451</u>
<b>Noncurrent assets:</b>		
Capital assets, net	<u>49,212,175</u>	
Total assets	<u>54,545,447</u>	<u>5,729,451</u>
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts and other payables	141,274	143,150
Accrued liabilities	119,947	976,696
Interfund payables	137,861	
Advance collections	17,859	67,589
Deposits	149,237	
Compensated absences	15,055	
Total current liabilities	<u>581,233</u>	<u>1,187,435</u>
<b>Noncurrent liabilities:</b>		
Compensated absences	<u>391,123</u>	
Total liabilities	<u>972,356</u>	<u>1,187,435</u>
<b>Net Position:</b>		
Net investment in capital assets	49,212,175	
Unrestricted	<u>4,360,916</u>	<u>4,542,016</u>
Total Net Position	<u>\$ 53,573,091</u>	<u>\$ 4,542,016</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Commission</b>	<b>Internal Service Fund</b>
<b>Operating Revenues:</b>		
User charges for services, interest and lien fees	\$ 3,765,489	\$
Premium charges to other funds		11,652,055
Other operating revenues		145
<b>Total operating revenues</b>	<b>3,765,489</b>	<b>11,652,200</b>
<b>Operating Expenses:</b>		
Amortization expense	1,267	
Depreciation expense	1,898,868	
Salaries, wages and employee benefits	1,400,272	
Treatment plant costs	1,018,250	
Utilities	349,938	
Repairs and maintenance	317,341	
Other operating expenses	81,043	
Materials and supplies	120,038	
Professional services	30,032	
Claims		10,379,688
Program and administrative expenses		1,668,204
<b>Total operating expenses</b>	<b>5,217,049</b>	<b>12,047,892</b>
<b>Operating Loss</b>	<b>(1,451,560)</b>	<b>(395,692)</b>
<b>Nonoperating Revenue:</b>		
Income on investments	70,050	43,199
<b>Loss Before Capital Contributions</b>	<b>(1,381,510)</b>	<b>(352,493)</b>
<b>Capital Contributions</b>	<b>137,685</b>	
<b>Change in Net Position</b>	<b>(1,243,825)</b>	<b>(352,493)</b>
<b>Net Position at Beginning of Year</b>	<b>54,816,916</b>	<b>4,894,509</b>
<b>Net Position at End of Year</b>	<b>\$ 53,573,091</b>	<b>\$ 4,542,016</b>

The accompanying notes are an integral part of the financial statements

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

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Commission</b>	<b>Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Charges for services and premiums	\$ 3,678,793	\$ 11,650,923
Payments to suppliers	(1,865,468)	
Claims and other expenses paid		(10,664,290)
Payments to employees	(1,354,911)	
Net cash provided by (used in) operating activities	<u>458,414</u>	<u>986,633</u>
<b>Cash Flows from Investing Activities:</b>		
Income on investments	<u>70,050</u>	<u>43,199</u>
Net cash provided by (used in) investing activities	<u>70,050</u>	<u>43,199</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>528,464</b>	<b>1,029,832</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>3,138,882</u>	<u>3,405,303</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,667,346</b>	<b>\$ 4,435,135</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income (loss)	\$ (1,451,560)	\$ (395,692)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,900,135	
Change in asset and liabilities:		
(Increase) decrease in accounts receivable	(52,301)	(1,277)
(Increase) decrease in interfunds receivable		1,255,290
(Increase) decrease in prepaid assets	81	
Increase (decrease) in accounts payable	103,893	28,234
Increase (decrease) in accrued liabilities	(4,253)	104,220
Increase (decrease) in interfunds payable	(50,827)	
Increase (decrease) in advance collections and deposits	(34,476)	(4,142)
Increase (decrease) in compensated absences	47,722	
Total adjustments	<u>1,909,974</u>	<u>1,382,325</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 458,414</b>	<b>\$ 986,633</b>
<b>Noncash Capital and Related Financing Activity:</b>		
Capital contributions from other funds	<u>\$ 137,685</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2019**

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	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 41,033	\$ 705,904
<b>Investments:</b>		
Certificates of deposit		277,858
Mutual funds	<u>5,564,231</u>	
Total assets	<u>5,605,264</u>	<u>\$ 983,762</u>
<b>Liabilities:</b>		
Accounts and other payables	13,011	
Deposits held for others		<u>\$ 983,762</u>
Total liabilities	<u>13,011</u>	<u>\$ 983,762</u>
<b>Net Position:</b>		
Restricted for OPEB Benefits	5,056,972	
Restricted for Pension Benefits	<u>535,281</u>	
Total Net Position	<u>\$ 5,592,253</u>	

The accompanying notes are an integral part of the financial statements

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

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	<b>Pension and Other Employee Benefit Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 1,953,345
Investment income:	
Net appreciation in fair value of investments	<u>297,336</u>
Total additions	<u>2,250,681</u>
Deductions:	
Benefit payments	828,419
Administration	<u>10,000</u>
Total deductions	<u>838,419</u>
Change in Net Position	1,412,262
Net Position at Beginning of Year	<u>4,179,991</u>
Net Position at End of Year	<u>\$ 5,592,253</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations that by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

**B. Basis of Presentation**

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

**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. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses 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 are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after the end of the current fiscal period.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to capital leases, compensated absences and claims and judgments, are recorded only when payment is due.

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 activities required to be accounted for in another fund.

The *Capital and Nonrecurring Expenditures Fund* accounts for revenues and expenditures to be used for various short-term construction projects funded by the General Fund.

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

Additionally, the Town reports the following major 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.

Additionally, the Town reports the following fund types:

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

The *Pension and Other Employee Benefit Trust Funds* account for the assets that have been set aside in a trust for the employee retirement plan for certain Town employees and assets that have been set aside in a trust for other post-employment benefits for certain employees.

The *Agency Funds* account for monies held on behalf of students and for scholarships and performance bonds.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other function of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to users for services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. 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. 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 pool is reported at amortized cost.

**D. Investments**

Investments are stated at fair value.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of United States Department of Agriculture donated commodities are stated at fair market value. 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.

**F. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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."

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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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.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles.

**G. 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 Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

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

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

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 deferred inflows related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from four sources: grants receivable, special assessments, property taxes and interest on property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

**I. Net Pension Liability and Net OPEB Liability**

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

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

**J. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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 the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. 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 period 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.

**L. Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

**Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position**

Restricted net position contains assets subject to restrictions that are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position**

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

**Nonspendable Fund Balance**

This component represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This component represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

**Committed Fund Balance**

This component represents amounts constrained 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 a similar action is taken to remove or revise the limitation.

**TOWN OF WATERFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Assigned Fund Balance**

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing body or board or official that has been delegated authority to assign amounts by the Town Charter. The Finance Director has been delegated authority to assign amounts.

**Unassigned Fund Balance**

This component represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**M. 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 the following July 1 and January 1. Interest of 1 ½ percent per month is charged on delinquent taxes. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30. Liens are effective on the attachment date and are continued by filing prior to the following levy date.

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.

Property tax revenues are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Town defines the current period to mean within 60 days after year end. Property taxes receivable not expected to be collected during the available period are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent years' assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

**N. 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those boards seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by the Board. During the months of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen will take 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 RTM. 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 RTM 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 RTM 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, supplemental budgetary appropriations of \$800,000 were made.

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.

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.

**TOWN OF WATERFORD, CONNECTICUT**  
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- State of Connecticut Teachers' Retirement System pension and OPEB revenue and expense for Town of Waterford teachers' pension and OPEB benefits 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.

**B. Deficit Fund Equity**

The following fund had a deficit fund balance at year end:

<b>Fund</b>	<b>Amount</b>
Waterford High School Building Project	\$ 2,941,645

This deficit will be eliminated in future years by grants and when permanent financing is obtained.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Town and the Pension and OPEB Trust Funds 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 and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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## **Deposits**

### **Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$2,859,979 of the Town's bank balance of \$3,682,002 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,498,981
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>360,998</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>2,859,979</u>

## **Cash Equivalents**

At June 30, 2019, the Town's cash equivalents amounted to \$31,690,428. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<b>Standard &amp; Poor's</b>	<b>Fitch Ratings</b>
State Short-Term Investment Fund (STIF) Money Market Funds	AAAm Not Rated	

## **Investments**

As of June 30, 2019, the Town had the following investments:

	<b>Fair Value</b>	<b>Investment Maturities (Years)</b>		
		<b>Less Than 1</b>	<b>1 - 10</b>	<b>More Than 10</b>
<b>Interest-bearing investments:</b>				
Certificates of deposit*	\$ 2,148,111	\$ 2,148,111	\$	
U.S. Government securities	4,672,829	4,672,829		
<b>Other investments:</b>				
Mutual funds	<u>5,974,711</u>			
Total Investments	\$ <u>12,795,651</u>			

\* Subject to coverage by Federal Depository Insurance and Collateralization.

**TOWN OF WATERFORD, CONNECTICUT**  
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Presented below is the rating of investments for each debt investment type:

<b>Average Rating</b>	<b>U.S.</b>		<b>Certificates of Deposit</b>
	<b>Government Securities</b>		
Aaa	\$ 4,672,829	\$	
Not Rated	<hr/>	<hr/>	2,148,111
	<hr/>	<hr/>	<hr/>
	<b>\$ 4,672,829</b>	<b>\$ 2,148,111</b>	

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2019:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Mutual funds	\$ 5,974,711	\$ 5,974,711	\$	\$
U.S. Government securities	4,672,829	4,672,829		

Mutual funds and U.S. Government Securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

### **Interest Rate Risk**

The Town, Pension and OPEB plans 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.

### **Credit Risk - Investments**

The Town does not have an investment policy that would limit its investment choices due to credit risk, other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

### **Concentration of Credit Risk**

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

### **Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. RECEIVABLES**

Receivables as of year end for the Town's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<b>General Fund</b>	<b>Utility Commission</b>	<b>Nonmajor and Other Funds</b>	<b>Total</b>
<b>Receivables:</b>				
Property taxes	\$ 1,180,222	\$	\$	\$ 1,180,222
Interest	465,319			465,319
Accounts	201,945	1,665,926	103,792	1,971,663
Intergovernmental	7,677		144,595	152,272
Assessment charges	54,541			54,541
Gross receivables	1,909,704	1,665,926	248,387	3,824,017
Less allowance for uncollectibles	(151,343)		(3,051)	(154,394)
Net Total Receivables	\$ <u>1,758,361</u>	\$ <u>1,665,926</u>	\$ <u>245,336</u>	\$ <u>3,669,623</u>

**TOWN OF WATERFORD, CONNECTICUT**  
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**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 8,378,630	\$ 577,930	\$	\$ 8,956,560
Permanent easements	5,000			5,000
Construction in progress	301,870	2,246,724	(24,800)	2,523,794
Total capital assets not being depreciated	<u>8,685,500</u>	<u>2,824,654</u>	<u>(24,800)</u>	<u>11,485,354</u>
Capital assets being depreciated:				
Land improvements	2,435,839			2,435,839
Buildings and improvements	240,844,210	11,500		240,855,710
Vehicles	16,393,979	1,167,465	(413,492)	17,147,952
Machinery and equipment	15,468,228	236,165	(117,391)	15,587,002
Infrastructure	104,058,627	1,385,857	(1,903,804)	103,540,680
Software	560,264		(5,295)	554,969
Total capital assets being depreciated	<u>379,761,147</u>	<u>2,800,987</u>	<u>(2,439,982)</u>	<u>380,122,152</u>
Less accumulated depreciation for:				
Land improvements	(1,852,366)	(55,757)		(1,908,123)
Buildings and improvements	(68,957,330)	(5,786,837)		(74,744,167)
Vehicles	(10,030,934)	(1,056,199)	357,844	(10,729,289)
Machinery and equipment	(10,800,143)	(1,039,015)	117,391	(11,721,767)
Infrastructure	(47,226,230)	(1,678,067)	901,451	(48,002,846)
Software	(441,165)	(11,666)	5,295	(447,536)
Total accumulated depreciation	<u>(139,308,168)</u>	<u>(9,627,541)</u>	<u>1,381,981</u>	<u>(147,553,728)</u>
Total capital assets being depreciated, net	<u>240,452,979</u>	<u>(6,826,554)</u>	<u>(1,058,001)</u>	<u>232,568,424</u>
Governmental Activities Capital Assets, Net	<u>\$ 249,138,479</u>	<u>\$ (4,001,900)</u>	<u>\$ (1,082,801)</u>	<u>\$ 244,053,778</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 127,970	\$	\$	\$ 127,970
Capital assets being depreciated:				
Buildings and improvements	1,383,627			1,383,627
Vehicles	716,687	68,000	(28,597)	756,090
Machinery and equipment	999,251	69,685		1,068,936
Infrastructure	96,017,268			96,017,268
Software	19,000			19,000
Total capital assets being depreciated	<u>99,135,833</u>	<u>137,685</u>	<u>(28,597)</u>	<u>99,244,921</u>
Less accumulated depreciation for:				
Buildings and improvements	(335,818)	(34,591)		(370,409)
Vehicles	(526,788)	(52,561)	28,597	(550,752)
Machinery and equipment	(292,419)	(69,024)		(361,443)
Infrastructure	(47,125,233)	(1,742,692)		(48,867,925)
Software	(8,920)	(1,267)		(10,187)
Total accumulated depreciation	<u>(48,289,178)</u>	<u>(1,900,135)</u>	<u>28,597</u>	<u>(50,160,716)</u>
Total capital assets being depreciated, net	<u>50,846,655</u>	<u>(1,762,450)</u>	<u>-</u>	<u>49,084,205</u>
Business-Type Activities Capital Assets, Net	<u>\$ 50,974,625</u>	<u>\$ (1,762,450)</u>	<u>\$ -</u>	<u>\$ 49,212,175</u>

**TOWN OF WATERFORD, CONNECTICUT**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 194,215
Public safety	1,212,888
Public works	2,237,543
Recreation	322,585
Library	21,650
Social services	113,943
Education	<u>5,524,717</u>
Total Depreciation Expense - Governmental Activities:	\$ <u>9,627,541</u>
Business-type activities:	
Utility Commission	\$ <u>1,900,135</u>

### **Construction Commitments**

The Town has active construction projects as of June 30, 2019. At year end, the Town's commitments are as follows:

<b>Project</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
General government projects	\$ 3,101,130	\$ 199,772
Fire services projects	41,600	267,104
Department of Public Works projects	2,520,276	12,842,031
Recreation projects	<u>231,631</u>	<u>71,048</u>
Total	\$ <u>5,894,637</u>	\$ <u>13,379,955</u>

The commitments are being financed with General Fund and Capital Projects Fund appropriations and state and federal grants and bonding.

### **6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2019 is as follows:

<b>Receivable Entity</b>	<b>Payable Entity</b>	<b>Amount</b>
General Fund	Capital and Nonrecurring Expenditures Fund	\$ 755,109
General Fund	Waterford High School Building Project	2,942,807
General Fund	Nonmajor Governmental Funds	338,638
General Fund	Utility Commission	137,861
Nonmajor Governmental Funds	General Fund	1,900,131
Internal Service Fund	General Fund	<u>1,277,707</u>
		\$ <u>7,352,253</u>

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions.

Interfund transfers for the year ended June 30, 2019 are as follows:

	<b>Transfers In</b>			
	<b>General Fund</b>	<b>Capital and Nonrecurring Expenditures Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Transfers Out</b>
Transfers:				
General Fund	\$ 128,762	\$ 2,273,447	\$ 2,575,339	\$ 4,848,786
Nonmajor Governmental Funds				128,762
Total Transfers In	\$ 128,762	\$ 2,273,447	\$ 2,575,339	\$ 4,977,548

Capital asset contributions totaling \$137,685 were made from governmental funds to business-type funds during the year ended June 30, 2019. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

Interfund transfers arose from appropriating General Fund amounts to the Nonrecurring Capital Projects Fund and various nonmajor governmental funds.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:							
General obligation bonds	\$ 74,485,000	\$		\$ 5,020,000	\$ 69,465,000	\$ 5,145,000	
Premium on bonds	3,921,468			341,233	3,580,235		
Total bonds payable	<u>78,406,468</u>		<u>-</u>	<u>5,361,233</u>	<u>73,045,235</u>		<u>5,145,000</u>
Other liabilities:							
Net OPEB liability	20,720,417			2,218,848	18,501,569		
Landfill post-closure monitoring	309,000			14,000	295,000	21,000	
Compensated absences	7,093,628		1,112,493	947,675	7,258,446		951,422
Net pension liability	14,262,138		15,617,739		29,879,877		
Prior service cost (MERS)	1,678,977			426,348	1,252,629	417,364	
Total Governmental Activities							
Long-Term Liabilities	<u>\$ 122,470,628</u>	<u>\$ 16,730,232</u>	<u>\$ 8,968,104</u>	<u>\$ 130,232,756</u>	<u>\$ 6,534,786</u>		
Business-type activities:							
Compensated absences	<u>\$ 358,456</u>	<u>\$ 60,233</u>	<u>\$ 12,511</u>	<u>\$ 406,178</u>	<u>\$ 15,055</u>		

Compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. The Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Maturity Ranges</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2019</u>
Governmental activities:						
Schools:						
Clark Lane School	\$800,000 - \$850,000	\$ 9,440,000	12/29/2014	8/15/2026	3.0% - 5.0%	\$ 6,680,000
Oswegactchie School	\$735,000 - \$740,000	14,000,000	8/1/2011	8/1/2020	2.0% - 4.0%	1,470,000
Great Neck Elementary	\$655,000 - \$975,000	15,640,000	3/1/2012	8/1/2031	1.75% - 3.25%	11,325,000
Waterford High School	\$1,355,000 - \$2,000,000	33,750,000	3/15/2013	8/15/2032	2.0% - 4.0%	22,645,000
School Issue of 2014	\$640,000 - \$940,000	15,930,000	3/17/2014	3/15/2034	3.0% - 4.0%	13,275,000
School Issue of 2017	\$185,000 - \$2,830,000	14,585,000	6/21/2017	6/30/2031	2.0% - 5.0%	<u>14,070,000</u>
						<u>\$ 69,465,000</u>

**TOWN OF WATERFORD, CONNECTICUT**  
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**General Obligation Bonds - Advance Refunding**

In prior years, the Town has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase Government Obligations that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. The balance in escrow was \$11,763,560 as of June 30, 2019. The balance of the defeased bonds was \$11,350,000 at June 30, 2019.

Annual debt service requirements to maturity for general obligation bonds are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2020	\$ 5,145,000	\$ 2,387,839
2021	5,380,000	2,187,776
2022	5,430,000	2,003,520
2023	5,460,000	1,828,195
2024	5,650,000	1,654,126
2025-2029	26,545,000	5,271,794
2030-2034	15,855,000	1,190,500
<b>Total</b>	<b>\$ 69,465,000</b>	<b>\$ 16,523,750</b>

**Landfill Post-Closure Care Costs**

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 Energy and Environmental Protection requirement for water quality testing over a 30-year period is estimated to be approximately \$21,000 a year. Accordingly, the Town has recorded a liability in the government-wide financial statements of \$295,000.

**Authorized But Unissued**

The total of authorized but unissued bonds at June 30, 2019 is \$23,376,000. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

**Debt Limitation**

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General purpose	\$ 197,618	\$ 15,000	\$ 182,618
Schools	395,235	77,841	317,394
Sewers	329,363		329,363
Urban renewal	285,448		285,448
Pension deficit	263,490		263,490

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$614,810,721. At June 30, 2019, authorized and unissued debt amounted to \$23,376,000.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. FUND BALANCE**

The components of fund balance for the governmental funds as of June 30, 2019 are as follows:

	<b>General Fund</b>	<b>Capital and Nonrecurring Expenditures Fund</b>	<b>Waterford High School Building Project</b>	<b>Nonmajor Governmental Funds</b>	<b>Total</b>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ 190,980	\$	\$	\$ 4,710	\$ 4,710
Prepaid expenditures				480	191,460
Non-spendable trust				134,657	134,657
<b>Restricted for:</b>					
General government				30,768	30,768
Public safety				278,436	278,436
Public works				365,123	365,123
Recreation				16,095	16,095
Social services				129,521	129,521
Education				56,659	56,659
<b>Committed to:</b>					
Public works				616,560	616,560
Other capital projects		4,491,330		2,098,600	6,589,930
<b>Assigned to:</b>					
General government	76,454				76,454
Public safety	1,046				1,046
Public works	36,012				36,012
Recreation	12,063				12,063
Capital projects				1,188,713	1,188,713
Education	161,676				161,676
Unassigned	16,781,193		(2,941,645)		13,839,548
<b>Total Fund Balances</b>	<b>\$ 17,259,424</b>	<b>\$ 4,491,330</b>	<b>\$ (2,941,645)</b>	<b>\$ 4,920,322</b>	<b>\$ 23,729,431</b>

As discussed in Note 2.A., budgetary information, under budgetary basis of accounting encumbrance accounting, is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of June 30, 2019, the amount of General Fund encumbrances expected to be honored upon performance by the vendor in the next year totaled \$528,574.

**TOWN OF WATERFORD, CONNECTICUT  
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**9. TAX ABATEMENTS**

As of June 30, 2019, the Town provides tax abatements through multiple programs:

- AHEPA 250-II Inc.
- Twin Haven, Inc.

The AHEPA 250-II Inc. (AHEPA) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly and handicapped, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215 and 8-216. Eligibility for the abatement is predicated on AHEPA limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly and handicapped individuals in addition to maintaining a contracted standard of housing for the property. The agreement allows for an abatement over a five-year period to end on June 27, 2019, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2019, taxes abated through this agreement totaled \$28,003. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

The Twin Haven, Inc. (Twin Haven) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215. Eligibility for the abatement is predicated on Twin Haven limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly individuals in addition to maintaining a contracted standard of housing for the property. The abatement term is over a five-year period to end on June 30, 2021, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2019, taxes abated through this agreement totaled \$25,289. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

**10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**A. 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 State of Connecticut Municipal Employees' Retirement System (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 considered to be part of the Town's financial reporting entity and is included in the Town's financial reports 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 have the option of enrolling in the MERS plan.

**TOWN OF WATERFORD, CONNECTICUT  
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**Benefit Provisions**

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

**Plan Administration**

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

- A member of the Board of Police Commissioners to be appointed by the Board of 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 1<sup>st</sup> but no later than December 31<sup>st</sup> 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, 2017, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	13
Terminated plan members entitled to benefits but not yet receiving them	-
Active members	-
	<hr/>
	13
	<hr/>

**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.

**Method Used to Value Investments**

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

**TOWN OF WATERFORD, CONNECTICUT**  
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**Funding Policy**

There are no active employees of the Plan. Contributions required for the year ended June 30, 2019 were \$82,000. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

**Investments**

**Investment Policy**

The Plan's policy in regard to the allocation of invested assets is established and may be amended.

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 (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2019, and are summarized in the following table.

The following was the Retirement Commission's adopted asset allocation policy and the long-term expected real rate of return as of June 30, 2019:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large cap	17.5%	5.60%
Mid/small cap	7.5%	5.90%
International developed	20.0%	5.80%
International emerging	5.0%	6.85%
Fixed income	<u>50.0%</u>	1.75%
Total	<u>100.0%</u>	

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.55%. 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, 2019 were as follows:

Total pension liability	\$ 1,013,766
Plan fiduciary net position	<u>535,281</u>
Net Pension Liability	\$ <u>478,485</u>
Plan fiduciary net position as a percentage of the total pension liability	52.80%

**TOWN OF WATERFORD, CONNECTICUT**  
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**Actuarial Assumptions**

The total pension liability for both plans was determined by an actuarial valuation as of July 1, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost-of-living adjustments	2.60%
Actuarial cost method	Entry age normal
Investment rate of return	6.25%, compounded annually

Plan mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustments, projected to the valuation date with Scale BB.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.25%. 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 rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

		<b>Increase (Decrease)</b>	
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a)-(b)</b>
Balances as of July 1, 2018	\$ 1,066,831	\$ 543,569	\$ 523,262
<hr/>			
Changes for the year:			
Interest on total pension liability	63,102		63,102
Employer contributions		82,000	(82,000)
Net investment income		29,150	(29,150)
Benefit payments, including refund to employee contributions	(116,167)	(116,167)	-
Administrative expenses		(3,271)	3,271
Net changes	<hr/> <u>(53,065)</u>	<hr/> <u>(8,288)</u>	<hr/> <u>(44,777)</u>
Balances as of June 30, 2019	<hr/> <u>\$ 1,013,766</u>	<hr/> <u>\$ 535,281</u>	<hr/> <u>\$ 478,485</u>

**TOWN OF WATERFORD, CONNECTICUT**  
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**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 current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>Current</b>		
	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(5.25%)</b>	<b>(6.25%)</b>	<b>(7.25%)</b>
Net Pension Liability	\$ 556,061	\$ 478,485	\$ 410,738

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2019, the Town recognized pension expense of \$46,137. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earning on pension plan investments	\$ 7,806

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

<b><u>Year Ending June 30</u></b>	<b><u>Governmental Activities</u></b>
2020	\$ 5,931
2021	(1,191)
2022	2,331
2023	<u>735</u>
 Total	 <u><u>\$ 7,806</u></u>

**TOWN OF WATERFORD, CONNECTICUT**  
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**Schedule of Plan Net Position - June 30, 2019**

	<b>Pension Trust Fund</b>
Assets:	
Cash and cash equivalents	\$ 9,220
Investments:	
Mutual funds	<u>527,790</u>
Total assets	537,010
Liabilities:	
Accounts and other payables	<u>1,729</u>
Net Position:	
Restricted for Pension Benefits	<u>\$ 535,281</u>

**Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019**

	<b>Pension Trust Fund</b>
Additions:	
Contributions:	
Employer	\$ 82,000
Investment income:	
Net appreciation in fair value of investments	<u>29,150</u>
Total additions	<u>111,150</u>
Deductions:	
Benefit payments	116,167
Administration	<u>3,271</u>
Total deductions	<u>119,438</u>
Change in Net Position	(8,288)
Net Position at Beginning of Year	<u>543,569</u>
Net Position at End of Year	<u>\$ 535,281</u>

**TOWN OF WATERFORD, CONNECTICUT**  
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**B. Municipal Employees' Retirement System**

**Plan Description**

Certain employees of the Town of Waterford, Connecticut and Waterford Public Schools participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active noncontinuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

**Normal Retirement**

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

**Early Retirement**

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

**Disability Retirement - Service Connected**

Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability. Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**TOWN OF WATERFORD, CONNECTICUT**  
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**Disability Retirement - Nonservice Connected**

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

**Pre-Retirement Death Benefit**

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

**Contributions**

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2½% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer - Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reports a total liability of \$29,401,392 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2019, the Town's proportion was 3.07%. The decrease in proportion from June 30, 2018 is 2.46%.

For the year ended June 30, 2019, the Town recognized pension expense of \$4,931,098. At June 30, 2019, the Town reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Governmental Activities</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,372,284	\$ 792,463
Changes of assumptions	10,411,594	
Net difference between projected and actual earning on pension plan investments	1,853,012	
Change in employer proportional share	441,053	389,222
Contributions after the measurement date	2,819,839	
 Total	 \$ 18,897,782	 \$ 1,181,685

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Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year.

Amounts reported as deferred outflows and inflows of resources related to pension, excluding Town contributions after the measurement date, will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 4,640,408
2021	3,927,243
2022	2,926,621
2023	3,401,986
 Total	 <u>\$ 14,896,258</u>

**Payable to MERS**

The Town has recorded \$1,252,629 as a long-term liability to MERS at June 30, 2019. This amount represents prior services cost calculated when the Town entered the Plan. This amount will be paid in annual installments. The current year amount paid was \$426,348.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond fund	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bonds	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
<b>Total</b>	<b><u>100.00%</u></b>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability, calculated using the current discount rate, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability	\$ 43,367,432	\$ 29,401,392	\$ 17,707,062

**TOWN OF WATERFORD, CONNECTICUT**  
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**C. Aggregated Pension Information**

The Town recognized the following amounts related to the Town and MERS pension plans as of and for the year ended June 30, 2019:

	<b>MERS</b>	<b>Town Pension</b>	<b>Total</b>
Deferred outflows of resources related to pensions	\$ 18,897,782	\$ 7,806	\$ 18,905,588
Net pension liability	29,401,392	478,485	29,879,877
Deferred inflows of resources related to pensions	1,181,685		1,181,685
Pension expense	4,931,098	46,137	4,977,235

**D. Connecticut State Teachers' Retirement System - Pension**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Normal Retirement**

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**Early Retirement**

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

**Disability Retirement**

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

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***Employer (School Districts)***

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

***Employees***

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -	-
State's proportionate share of the net pension liability associated with the Town	<u>74,798,836</u>	
Total	\$ <u>74,798,836</u>	

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

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$8,394,848 in Exhibit II.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

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Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (Non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Cash	6.0%	0.4%
<b>Total</b>	<b>100.0%</b>	

**TOWN OF WATERFORD, CONNECTICUT**  
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**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. 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 State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The Town's proportionate share of the net pension liability is \$-0- and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**11. OTHER POST EMPLOYMENT BENEFITS**

**A. Town Post-Retirement Healthcare Plan**

**Plan Description**

The Town administers one single-employer, post-retirement healthcare plan (OPEB Plan) for the Town, Police, Fire and Board of Education employee. The OPEB plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the OPEB Trust fund. The Town does not issue a separate stand-alone financial statement for this program.

The Town plan provides for medical, dental and life insurance benefits for all eligible Town, Police, Fire and Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

**Funding Policy**

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" basis. The Town's contributions are actuarially determined on an annual basis using the projected unit cost method. The Town's total plan contribution was \$1,871,345. There are no employee contributions.

At July 1, 2018, plan membership consisted of the following:

Active employees	406
Retired employees	108
<b>Total</b>	<b>514</b>

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Investments**

**Investment Policy**

The OPEB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB Plan.

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 6.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability of the Town**

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

Total OPEB liability	\$ 23,558,541
Plan fiduciary net position	<u>5,056,972</u>
Net OPEB Liability	\$ <u>18,501,569</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.47%

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	2.60%, average, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.25% decreasing 0.5% per year to an ultimate rate of 4.60% for 2024 and later years

Mortality rates were based on the Pub - 2010 Public Retirement Plans Mortality Tables with separate tables for General employees, Public Safety employees and Teachers and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

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The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are included in the OPEB Plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap	22.75%	5.50%
Mid/small cap	9.75%	6.00%
International developed	26.00%	5.55%
International emerging	6.50%	6.50%
Fixed income	35.00%	1.65%
	<b><u>100.00%</u></b>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Current Discount		
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 21,087,707	\$ 18,501,569	\$ 16,314,427

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Current Healthcare		
	1% Decrease (6.25% decreasing to 3.60%)	Trend Rate (7.25% decreasing to 4.60%)	1% Increase (8.25% decreasing to 5.60%)
Net OPEB Liability	\$ 16,404,338	\$ 18,501,569	\$ 21,014,988

**TOWN OF WATERFORD, CONNECTICUT**  
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**Changes in the Net OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2018	<u>\$ 24,356,839</u>	<u>\$ 3,636,422</u>	<u>\$ 20,720,417</u>	
Changes for the year:				
Service cost	281,505			281,505
Interest on total OPEB liability	1,700,177			1,700,177
Differences between expected and actual experience	(1,149,976)			(1,149,976)
Changes in assumptions	(917,752)			(917,752)
Employer contributions		1,871,345		(1,871,345)
Net investment income		268,186		(268,186)
Benefit payments, including refund to employee contributions	(712,252)	(712,252)		-
Administrative expenses		(6,729)		6,729
Net changes	<u>(798,298)</u>	<u>1,420,550</u>		<u>(2,218,848)</u>
Balances as of June 30, 2019	<u>\$ 23,558,541</u>	<u>\$ 5,056,972</u>		<u>\$ 18,501,569</u>

**OPEB Expense and Deferred Outflow/Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,310,541. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,585,749
Changes of assumptions		831,981
Net difference between projected and actual earning on OPEB plan investments	<u>68,732</u>	
Total	<u>\$ 68,732</u>	<u>\$ 2,417,730</u>

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ (315,028)
2021	(315,028)
2022	(315,030)
2023	(302,409)
2024	(193,245)
Thereafter	<u>(908,258)</u>
 Total	 <u>\$ (2,348,998)</u>

**Schedule of Plan Net Position - June 30, 2019**

	<u>OPEB Trust Fund</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 31,813
<b>Investments:</b>	
Mutual funds	<u>5,036,441</u>
 Total assets	 5,068,254
 <b>Liabilities:</b>	
Accounts and other payables	<u>11,282</u>
 <b>Net Position:</b>	
Restricted for OPEB Benefits	<u>\$ 5,056,972</u>

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Schedule of Changes in Plan Net Position for the Year Ended June 30, 2019**

	<b>OPEB Trust Fund</b>
Additions:	
Contributions:	
Employer	\$ 1,871,345
Investment income:	
Net appreciation in fair value of investments	<u>268,186</u>
Total additions	<u>2,139,531</u>
Deductions:	
Benefit payments	712,252
Administration	<u>6,729</u>
Total deductions	<u>718,981</u>
Change in Net Position	1,420,550
Net Position at Beginning of Year	<u>3,636,422</u>
Net Position at End of Year	<u>\$ 5,056,972</u>

**B. Other Post-Employment Benefits - Connecticut State Teachers' Retirement Plan**

**Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**Benefit Provisions**

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

### **Survivor Health Care Coverage**

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

### **Eligibility**

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

### **Credited Service**

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

### **Normal Retirement**

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

### **Early Retirement**

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

### **Proratable Retirement**

Age 60 with 10 years of Credited Service.

### **Disability Retirement**

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Termination of Employment**

Ten or more years of Credited Service.

**Contributions**

*State of Connecticut*

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

*Employer (School Districts)*

School District employers are not required to make contributions to the plan.

**Employees**

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>14,952,787</u>
Total	\$	<u>14,952,787</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of (\$4,967,307) in Exhibit II.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Actuarial Assumptions**

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

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

**Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate**

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

**TOWN OF WATERFORD, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at [www.ct.gov](http://www.ct.gov).

**12. 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 from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2019.

**Workers Compensation**

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

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence. The Town has not incurred any retrospective charges and is not aware of potential obligations related to its membership in CIRMA as of June 30, 2019.

**Medical Self Insurance**

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance captive covers claims in excess of \$175,000 on a per member basis with an aggregate stop loss coverage limit of \$11,840,189, per year.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2019 of \$976,696.

Premium payments are reported as interfund services provided and used for the General Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

**TOWN OF WATERFORD, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
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A schedule of changes in the claims liability for the years ended June 30, 2019 and 2018 is presented below:

	<b>2019</b>	<b>2018</b>
Unpaid claims, July 1	\$ 872,476	\$ 814,809
Incurred claims (including IBNR)	10,483,908	9,701,996
Claim payments	<u>(10,379,688)</u>	<u>(9,644,329)</u>
Unpaid Claims, June 30	<u>\$ 976,696</u>	<u>\$ 872,476</u>

### **13. CONTINGENT LIABILITIES AND COMMITMENTS**

#### **Contingent Liabilities**

##### *Litigation and Unasserted Claims*

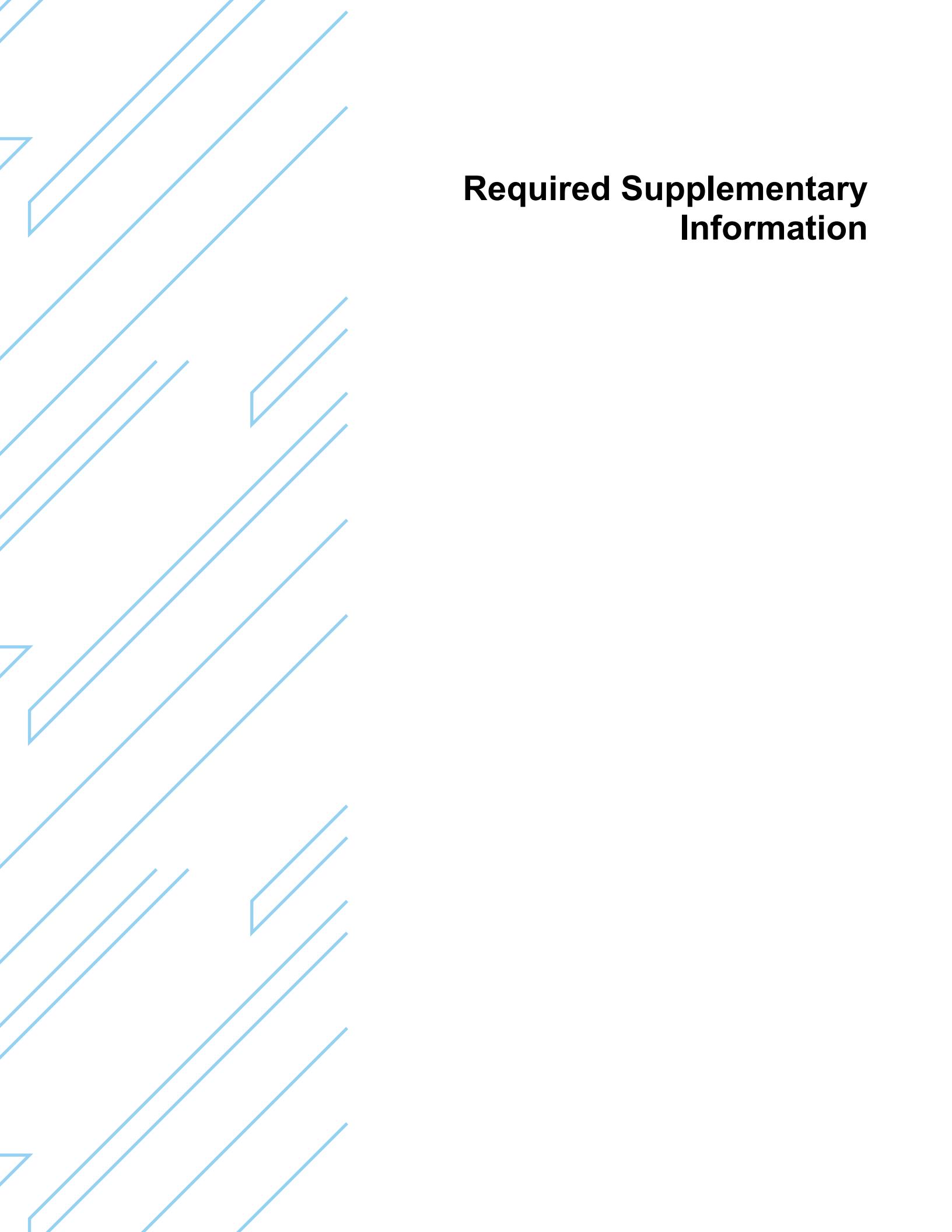
There are various lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a materially adverse effect on the financial position of the Town.

##### *Federal and State Assistance Programs - Compliance Audits*

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

### **14. MAJOR TAXPAYER**

For the fiscal year ended June 30, 2019, 33.7% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.



## Required Supplementary Information

**TOWN OF WATERFORD, CONNECTICUT**  
**GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Property taxes:				
Revenues from current year	\$ 89,419,476	\$ 89,419,476	\$ 89,833,467	\$ 413,991
Prior year taxes	350,000	350,000	716,240	366,240
Interest and lien fees	325,000	325,000	512,054	187,054
Total property taxes	<u>90,094,476</u>	<u>90,094,476</u>	<u>91,061,761</u>	<u>967,285</u>
Intergovernmental:				
State of Connecticut:				
Equalized cost sharing			325,101	325,101
Health and welfare	5,771	5,771	6,074	303
General Government:				
Tax relief:				
Tax relief - state-owned property	112,039	112,039	143,074	31,035
Disabled	2,161	2,161	1,903	(258)
Private tax-exempt property	36,055	36,055	109,838	73,783
Veterans	10,439	10,439	9,662	(777)
Court fines	12,314	12,314	9,377	(2,937)
Civil preparedness	45,000	45,000	39,235	(5,765)
Telecommunication	57,844	57,844	53,895	(3,949)
Town aid road	319,746	319,746	318,883	(863)
SDE state grant	14,000	14,000	14,000	-
Enhancement 911	22,916	22,916	22,376	(540)
Grants for Municipal Projects	34,255	34,255	34,255	-
Total intergovernmental	<u>672,540</u>	<u>672,540</u>	<u>1,087,673</u>	<u>415,133</u>
Assessments and connections:				
Water main assessments			4,783	4,783
Sewer assessments			22,444	22,444
Total assessments and connections	<u>-</u>	<u>-</u>	<u>27,227</u>	<u>27,227</u>
Licenses and permits:				
Recreation and parks commission	203,000	203,000	231,907	28,907
Building inspector	325,000	325,000	379,097	54,097
License, fees, permits and fines	21,797	21,797	22,090	293
Conveyance tax	200,000	200,000	312,126	112,126
Planning and zoning	42,500	42,500	50,780	8,280
Liens - Utility Commission	10,000	10,000	12,560	2,560
Town Clerk fees	175,000	175,000	163,497	(11,503)
Total licenses and permits	<u>977,297</u>	<u>977,297</u>	<u>1,172,057</u>	<u>194,760</u>
Fines, penalties and charges for services:				
Tuition			1,365	1,365
Library	18,715	18,715	15,797	(2,918)
False alarm fines	1,000	1,000	450	(550)
Bulky waste fees	95,400	95,400	106,720	11,320
Recycling	48,000	48,000	66,055	18,055
Miscellaneous	50,000	50,000	57,842	7,842
EMS - Reg. Comm Ctr fees	6,000	6,000	6,081	81
Tipping fees	345,000	345,000	319,083	(25,917)
Senior services	30,500	30,500	34,079	3,579
Total fines, penalties and charges for services	<u>594,615</u>	<u>594,615</u>	<u>607,472</u>	<u>12,857</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
<b>Other sources:</b>				
Rent and miscellaneous	\$ 5,833	\$ 5,833	\$ 6,559	\$ 726
Rental of buildings	180,000	180,000	182,288	2,288
Sale of Equipment			7,650	7,650
NL Radio Comm. Network Use Fee	111,890	111,890	113,230	1,340
SCRRA Rebate			7,843	7,843
C-Pace Stipend			1,000	1,000
Eugene O'Neill Lease	19,984	19,984	28,891	8,907
Ambulance operating subsidy	170,000	170,000	202,504	32,504
CIRMA members equity distribution			84,452	84,452
YSB BOE clerical stipend	5,000	5,000	5,000	-
BOE human resources offset	14,766	14,766	15,209	443
Total other sources	<u>507,473</u>	<u>507,473</u>	<u>654,626</u>	<u>147,153</u>
<b>Interest and dividends:</b>				
Interest on investments	<u>300,000</u>	<u>300,000</u>	<u>1,048,634</u>	<u>748,634</u>
Total revenues	<u>93,146,401</u>	<u>93,146,401</u>	<u>95,659,450</u>	<u>2,513,049</u>
<b>Other financing sources:</b>				
Transfers in			128,762	128,762
Cancellation of prior year encumbrances	<u>100</u>	<u>100</u>	<u>38,199</u>	<u>38,099</u>
Total other financing sources	<u>100</u>	<u>100</u>	<u>166,961</u>	<u>166,861</u>
Total Revenues and Other Financing Sources	<u>\$ 93,146,501</u>	<u>\$ 93,146,501</u>	<u>95,826,411</u>	<u>\$ 2,679,910</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut State Teachers' Retirement System pension expense (revenue) for Town teachers is not budgeted.			8,394,848	
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for Town teachers is not budgeted.			(4,967,307)	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			(38,199)	
Excess cost - student based grant			567,979	
GASB 54 activity of certain special revenue funds now consolidated into the General Fund			<u>44,064</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			<u>\$ 99,827,796</u>	

**TOWN OF WATERFORD, CONNECTICUT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance (Over) Under</b>
	<b>Original</b>	<b>Final</b>		
General Government:				
Selectman				
Personnel costs	\$ 187,217	\$ 187,217	\$ 186,944	\$ 273
Services	43,037	63,037	54,805	8,232
Materials and supplies	875	875	802	73
Total selectman	<u>231,129</u>	<u>251,129</u>	<u>242,551</u>	<u>8,578</u>
Registrar of Voters:				
Personnel costs	61,103	69,780	69,430	350
Services	5,812	6,026	5,486	540
Materials and supplies	4,764	7,443	7,379	64
Equipment	1	1		1
Total registrar of voters	<u>71,680</u>	<u>83,250</u>	<u>82,295</u>	<u>955</u>
Board of Finance:				
Personnel costs	4,690	4,690	2,440	2,250
Services	52,375	59,275	58,853	422
Materials and supplies	30	30	8	22
Total board of finance	<u>57,095</u>	<u>63,995</u>	<u>61,301</u>	<u>2,694</u>
Assessor:				
Personnel costs	270,590	277,770	277,769	1
Services	28,657	39,395	39,394	1
Materials and supplies	549	1,190	1,139	51
Total assessor	<u>299,796</u>	<u>318,355</u>	<u>318,302</u>	<u>53</u>
Board of Assessment Appeals:				
Personnel costs	1,164	1,164	573	591
Services	1,000	925	336	589
Total board of assessment appeals	<u>2,164</u>	<u>2,089</u>	<u>909</u>	<u>1,180</u>
Tax Collector:				
Personnel costs	167,249	170,351	170,351	-
Services	38,671	36,865	36,865	-
Materials and supplies	30	16	16	-
Equipment	1,900	1,890	1,890	-
Total tax collector	<u>207,850</u>	<u>209,122</u>	<u>209,122</u>	<u>-</u>
Finance:				
Personnel costs	543,364	543,364	529,401	13,963
Services	147,087	147,087	125,688	21,399
Materials and supplies	30,000	30,000	25,232	4,768
Equipment	500	500	199	301
Total finance	<u>720,951</u>	<u>720,951</u>	<u>680,520</u>	<u>40,431</u>
Legal Department:				
Services	<u>298,000</u>	<u>302,413</u>	<u>302,412</u>	<u>1</u>
Town Clerk:				
Personnel costs	223,232	224,174	224,171	3
Services	34,204	32,921	25,353	7,568
Materials and supplies	2,853	3,194	3,190	4
Equipment	1	1		1
Total town clerk	<u>260,290</u>	<u>260,290</u>	<u>252,714</u>	<u>7,576</u>
Planning and Zoning Commission:				
Personnel costs	567,920	567,920	553,057	14,863
Services	52,078	52,078	40,160	11,918
Materials and supplies	3,920	3,864	1,940	1,924
Equipment	420	476	476	-
Total planning and zoning commission	<u>624,338</u>	<u>624,338</u>	<u>595,633</u>	<u>28,705</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance (Over) Under</b>
	<b>Original</b>	<b>Final</b>		
General Government (Continued):				
Building Maintenance:				
Personnel costs	\$ 29,824	\$ 29,824	\$ 27,298	\$ 2,526
Services	134,211	134,211	132,157	2,054
Materials and supplies	10,000	10,000	8,576	1,424
Capital Improvements	27,000	27,000	25,825	1,175
Total building maintenance	<u>201,035</u>	<u>201,035</u>	<u>193,856</u>	<u>7,179</u>
Insurance:				
Services	4,647,602	4,647,602	4,590,811	56,791
Economic Development Commission:				
Services	9,382	9,382	7,050	2,332
Conservation Commission:				
Services	17,750	17,750	13,005	4,745
Materials and supplies	500	500	404	96
Total conservation commission	<u>18,250</u>	<u>18,250</u>	<u>13,409</u>	<u>4,841</u>
Zoning Board of Appeals:				
Services	4,266	4,266	2,501	1,765
Materials and supplies	50	50		50
Total zoning board of appeals	<u>4,316</u>	<u>4,316</u>	<u>2,501</u>	<u>1,815</u>
Retirement Commission:				
Personnel costs	5,242,550	5,242,550	5,048,166	194,384
Representative Town Meeting:				
Personnel costs	54	54		54
Services	19,452	19,452	17,887	1,565
Total representative town meeting	<u>19,506</u>	<u>19,506</u>	<u>17,887</u>	<u>1,619</u>
Building Department:				
Personnel costs	277,848	277,848	267,224	10,624
Services	10,601	10,601	9,173	1,428
Materials and supplies	1,722	1,722	1,663	59
Equipment	160	160		160
Total building department	<u>290,331</u>	<u>290,331</u>	<u>278,060</u>	<u>12,271</u>
Social Service Grants:				
Services	65,367	65,367	65,321	46
Contracts out to agencies	13,000	13,000	13,000	-
Total social service grants	<u>78,367</u>	<u>78,367</u>	<u>78,321</u>	<u>46</u>
Contingency:				
Miscellaneous	265,000	150,066		150,066
Flood and Erosion Control Board:				
Personnel costs	818	818	335	483
Services	1,295	1,295		1,295
Materials and supplies	25	25		25
Total flood and erosion control board	<u>2,138</u>	<u>2,138</u>	<u>335</u>	<u>1,803</u>
Ethics Commission:				
Personnel costs	323	488	488	-
Services	375	210		210
Materials and supplies	25	25		25
Total ethics commission	<u>723</u>	<u>723</u>	<u>488</u>	<u>235</u>

(Continued on next page)

## TOWN OF WATERFORD, CONNECTICUT

## GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES

## BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
<b>General Government (Continued):</b>				
Human Resources:				
Personnel costs	\$ 187,347	\$ 189,100	\$ 189,063	\$ 37
Services	19,626	21,294	21,212	82
Materials and supplies	1,090	36	36	-
Total human resources	<u>208,063</u>	<u>210,430</u>	<u>210,311</u>	<u>119</u>
Information Technology:				
Services	238,152	238,152	232,205	5,947
Equipment	49,558	47,860	17,703	30,157
Total information technology	<u>287,710</u>	<u>286,012</u>	<u>249,908</u>	<u>36,104</u>
Total general government	<u>14,048,266</u>	<u>13,996,640</u>	<u>13,436,862</u>	<u>559,778</u>
Public Safety:				
Emergency Management:				
Personnel costs	911,037	911,037	885,560	25,477
Services	432,602	432,602	418,742	13,860
Materials and supplies	3,750	3,750	1,812	1,938
Equipment	3	3	3	3
Total emergency management	<u>1,347,392</u>	<u>1,347,392</u>	<u>1,306,114</u>	<u>41,278</u>
Fire Services:				
Personnel costs	1,754,165	1,735,825	1,711,794	24,031
Services	931,525	949,865	946,689	3,176
Materials and supplies	233,815	247,315	246,343	972
Equipment	72,310	58,810	47,136	11,674
Total fire services	<u>2,991,815</u>	<u>2,991,815</u>	<u>2,951,962</u>	<u>39,853</u>
Police Department:				
Personnel costs	5,648,678	5,647,842	5,642,762	5,080
Services	416,200	408,326	405,682	2,644
Materials and supplies	222,096	248,606	248,421	185
Equipment	18,280	16,613	16,613	-
Total police department	<u>6,305,254</u>	<u>6,321,387</u>	<u>6,313,478</u>	<u>7,909</u>
Total public safety	<u>10,644,461</u>	<u>10,660,594</u>	<u>10,571,554</u>	<u>89,040</u>
Public Works:				
Personnel costs	2,301,381	2,301,381	2,300,448	933
Services	1,439,690	1,439,690	1,369,741	69,949
Materials and supplies	719,500	719,500	665,721	53,779
Equipment	23,605	23,605	22,758	847
Capital improvements	320,698	320,698	296,822	23,876
Total public works	<u>4,804,874</u>	<u>4,804,874</u>	<u>4,655,490</u>	<u>149,384</u>
Social Services:				
Youth Service Bureau:				
Personnel costs	188,579	186,510	174,750	11,760
Services	49,196	51,265	48,273	2,992
Total social services	<u>237,775</u>	<u>237,775</u>	<u>223,023</u>	<u>14,752</u>
Conservation of Health:				
Services	<u>140,774</u>	<u>140,774</u>	<u>140,774</u>	<u>-</u>
Waterford Public Health Nursing Service:				
Contracts out to agencies	<u>27,640</u>	<u>27,640</u>	<u>27,640</u>	<u>-</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual Budgetary Basis</b>	<b>Variance (Over) Under</b>
	<b>Original</b>	<b>Final</b>		
Senior Citizen Commission:				
Personnel costs	\$ 385,936	\$ 385,936	\$ 374,822	\$ 11,114
Services	123,819	123,819	118,616	5,203
Materials and supplies	14,498	14,498	10,959	3,539
Equipment	6,119	6,119	5,861	258
Total senior citizen commission	<u>530,372</u>	<u>530,372</u>	<u>510,258</u>	<u>20,114</u>
Total social services	<u>936,561</u>	<u>936,561</u>	<u>901,695</u>	<u>34,866</u>
Library:				
Personnel costs	931,596	928,396	897,843	30,553
Services	69,190	72,390	71,622	768
Materials and supplies	8,000	8,000	7,999	1
Equipment	45,000	45,000	44,998	2
Total library	<u>1,053,786</u>	<u>1,053,786</u>	<u>1,022,462</u>	<u>31,324</u>
Recreation and Parks:				
Personnel costs	1,084,126	1,069,297	1,034,378	34,919
Services	300,670	300,670	289,273	11,397
Materials and supplies	66,828	81,657	79,467	2,190
Equipment	5,052	5,052	5,052	-
Total recreation and parks	<u>1,456,676</u>	<u>1,456,676</u>	<u>1,408,170</u>	<u>48,506</u>
Community Use of Schools	<u>258,378</u>	<u>258,378</u>	<u>258,378</u>	<u>-</u>
Debt Service:				
Principal	5,020,000	5,020,000	5,020,000	-
Interest	2,565,439	2,565,439	2,565,439	-
Total debt service	<u>7,585,439</u>	<u>7,585,439</u>	<u>7,585,439</u>	<u>-</u>
Board of Education	<u>48,306,332</u>	<u>48,306,332</u>	<u>48,256,233</u>	<u>50,099</u>
Total expenditures	<u>89,094,773</u>	<u>89,059,280</u>	<u>88,096,283</u>	<u>962,997</u>
Other Financing Uses:				
Transfers out	<u>4,051,728</u>	<u>4,887,221</u>	<u>4,887,221</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 93,146,501</u>	<u>\$ 93,946,501</u>	<u>\$ 92,983,504</u>	<u>\$ 962,997</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System pension expense (revenue) for Town teachers is not budgeted.	8,394,848
State of Connecticut State Teachers' Retirement System OPEB expense (revenue) for Town teachers is not budgeted.	(4,967,307)
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	341,779
Excess cost - student based grant	567,979
Retro-pay salary costs related to contract adjustments after year end are not budgeted	(15,295)
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund	<u>52,015</u>
Total Expenditures and Other Financing Sources as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 97,357,523</u>

## TOWN OF WATERFORD, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## PENSION TRUST FUND

## LAST SEVEN FISCAL YEARS\*

	2019	2018	2017	2016	2015	2014	2013
Total pension liability:							
Interest	\$ 63,102	\$ 61,919	\$ 66,103	\$ 82,588	\$ 87,820	\$ 93,351	\$ 98,557
Differences between expected and actual experience		(23,064)		(83,403)			
Changes of assumptions		101,230		65,285			
Benefit payments, including refunds of member contributions	(116,167)	(126,029)	(139,838)	(151,557)	(168,133)	(171,078)	(169,686)
Net change in total pension liability	(53,065)	14,056	(73,735)	(87,087)	(80,313)	(77,727)	(71,129)
Total pension liability - beginning	1,066,831	1,052,775	1,126,510	1,213,597	1,293,910	1,371,637	1,442,766
Total pension liability - ending	1,013,766	1,066,831	1,052,775	1,126,510	1,213,597	1,293,910	1,371,637
Plan fiduciary net position:							
Contributions - employer	82,000	81,493	84,000	83,367	83,367	78,744	78,744
Net investment income	29,150	28,406	54,202	11,137	19,200	84,249	55,520
Benefit payments, including refunds of member contributions	(116,167)	(126,029)	(139,838)	(151,557)	(168,133)	(171,078)	(169,686)
Administrative expense	(3,271)	(4,821)	(9,314)	(6,948)	(8,511)	(6,522)	(5,693)
Net change in plan fiduciary net position	(8,288)	(20,951)	(10,950)	(64,001)	(74,077)	(14,607)	(41,115)
Plan fiduciary net position - beginning	543,569	564,520	575,470	639,471	713,548	728,155	769,270
Plan fiduciary net position - ending	535,281	543,569	564,520	575,470	639,471	713,548	728,155
Net Pension Liability - Ending	\$ 478,485	\$ 523,262	\$ 488,255	\$ 551,040	\$ 574,126	\$ 580,362	\$ 643,482
Plan fiduciary net position as a percentage of the total pension liability	52.80%	50.95%	53.62%	51.08%	52.69%	55.15%	53.09%
Covered payroll	N/A						
Net pension liability as a percentage of covered payroll	N/A						

## Notes to Schedule

\* - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

N/A - Not applicable. Plan members are retired.

**TOWN OF WATERFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PENSION TRUST FUND**  
**LAST TEN FISCAL YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarially determined contribution	\$ 81,131	\$ 81,493	\$ 81,493	\$ 83,367	\$ 83,367	\$ 78,744	\$ 78,744	\$ 82,855	\$ 82,855	\$ 63,081
Contributions in relation to the actuarially determined contribution	<u>\$ 82,000</u>	<u>\$ 81,493</u>	<u>\$ 84,000</u>	<u>\$ 83,367</u>	<u>\$ 83,367</u>	<u>\$ 78,744</u>	<u>\$ 78,744</u>	<u>\$ 82,855</u>	<u>\$ 82,855</u>	<u>\$ 63,081</u>
Contribution Deficiency (Excess)	\$ <u>(869)</u>	\$ <u>-</u>	\$ <u>(2,507)</u>	\$ <u>-</u>						
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

Valuation date: July 1, 2017

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of payroll, closed

Remaining amortization period As of the July 1, 2017 valuation, 9 years remain.

Asset valuation method The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the market value and expected actuarial value by recognizing 20% of the difference each year.

Inflation 2.60%

Cost of living increases 2.60% per year

Investment rate of return 6.25%, net of pension plan investment expense, including inflation

Mortality RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, separate tables for nonannuitants and annuitants, projected to valuation date with Scale BB.

N/A - Not applicable. Plan members are retired.

**TOWN OF WATERFORD, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**PENSION TRUST FUND**  
**LAST SIX FISCAL YEARS\***

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	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	5.55%	5.12%	9.89%	1.75%	2.57%	11.89%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WATERFORD, CONNECTICUT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****MUNICIPAL EMPLOYEES RETIREMENT SYSTEM****LAST FIVE FISCAL YEARS\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Town's proportion of the net pension liability	3.07%	5.54%	6.09%	4.88%	5.21%
Town's proportionate share of the net pension liability	\$ 29,401,392	\$ 13,738,876	\$ 16,236,237	\$ 12,496,017	\$ 12,413,899
Town's covered payroll	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522	\$ 18,274,228
Town's proportionate share of the net pension liability as a percentage of its covered payroll	144.17%	73.92%	90.48%	69.64%	67.93%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	91.68%	88.29%	92.72%	90.48%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WATERFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarially determined contribution	\$ 2,819,839	\$ 2,694,077	\$ 2,603,848	\$ 2,423,860	\$ 2,515,782	\$ 2,425,327	\$ 2,358,637	\$ 2,277,760	\$ 1,895,090	\$ 1,386,511
Contributions in relation to the actuarially determined contribution	<u>\$ 2,819,839</u>	<u>\$ 2,694,077</u>	<u>\$ 2,603,848</u>	<u>\$ 2,423,860</u>	<u>\$ 2,515,782</u>	<u>\$ 2,425,327</u>	<u>\$ 2,358,637</u>	<u>\$ 2,277,760</u>	<u>\$ 1,895,090</u>	<u>\$ 1,386,511</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522	\$ 18,274,228	\$ 18,065,219	\$ 17,793,604	\$ 17,998,323	\$ 17,209,913
Contributions as a percentage of covered payroll	13.26%	13.21%	14.01%	13.51%	14.02%	13.27%	13.06%	12.80%	10.53%	8.06%

**Notes to Schedule**

Valuation date: June 30, 2018

Measurement date: June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age Normal

Amortization method

Level dollar, closed

Single equivalent amortization period

23 years

Asset valuation method

5 -years smoothed market (20% write up)

Inflation

3.25%

Salary increases

4.25% - 11.00%, including inflation

Investment rate of return

8.00%, net of investment-related expense

Change in assumptions:

In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2018 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase that were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

**TOWN OF WATERFORD, CONNECTICUT****SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****TEACHERS RETIREMENT SYSTEM****LAST FIVE FISCAL YEARS\***

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>74,798,836</u>	<u>75,284,376</u>	<u>79,425,593</u>	<u>60,790,928</u>	<u>56,189,042</u>
Total	<u>\$ 74,798,836</u>	<u>\$ 75,284,376</u>	<u>\$ 79,425,593</u>	<u>\$ 60,790,928</u>	<u>\$ 56,189,042</u>
Town's covered payroll	\$ 23,425,482	\$ 23,142,985	\$ 21,020,000	\$ 20,407,000	\$ 21,623,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.56%

**Notes to Schedule**

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment-related expense

\* - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

## TOWN OF WATERFORD, CONNECTICUT

## SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

## OPEB TRUST FUND

## LAST THREE FISCAL YEARS\*

	2019	2018	2017
Total OPEB liability:			
Service cost	\$ 281,505	\$ 264,365	\$ 257,290
Interest	1,700,177	1,672,521	1,622,163
Differences between expected and actual experience	(1,149,976)	(829,167)	(76,479)
Changes of assumptions	(917,752)		
Benefit payments, including refunds of member contributions	<u>(712,252)</u>	<u>(746,707)</u>	<u>(1,497,102)</u>
Net change in total OPEB liability	<u>(798,298)</u>	<u>361,012</u>	<u>305,872</u>
Total OPEB liability - beginning	<u>24,356,839</u>	<u>23,995,827</u>	<u>23,689,955</u>
Total OPEB liability - ending	<u>23,558,541</u>	<u>24,356,839</u>	<u>23,995,827</u>
Plan fiduciary net position:			
Contributions - employer	1,871,345	1,906,707	3,811,946
Net investment income	268,186	133,054	40,292
Benefit payments, including refunds of member contributions	(712,252)	(746,707)	(1,497,102)
Administrative expense	(6,729)	(11,768)	
Net change in plan fiduciary net position	<u>1,420,550</u>	<u>1,281,286</u>	<u>2,355,136</u>
Plan fiduciary net position - beginning	<u>3,636,422</u>	<u>2,355,136</u>	
Plan fiduciary net position - ending	<u>5,056,972</u>	<u>3,636,422</u>	<u>2,355,136</u>
Net OPEB Liability - Ending	<u>\$ 18,501,569</u>	<u>\$ 20,720,417</u>	<u>\$ 21,640,691</u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.47%	14.93%	9.81%
Covered payroll	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001
Net OPEB liability as a percentage of covered payroll	61.08%	68.09%	73.07%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WATERFORD, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OPEB TRUST FUND**  
**LAST TEN FISCAL YEARS**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Actuarially determined contribution	\$ 2,482,200	\$ 2,474,700	\$ 2,607,000	\$ 2,755,300	\$ 2,720,300	\$ 2,747,000	\$ 2,718,100	\$ 2,690,600	\$ 3,644,900	\$ 3,694,400
Contributions in relation to the actuarially determined contribution	<u>\$ 1,871,345</u>	<u>\$ 1,906,707</u>	<u>\$ 3,811,946</u>	<u>\$ 798,000</u>	<u>\$ 584,100</u>	<u>\$ 608,000</u>	<u>\$ 1,266,500</u>	<u>\$ 1,409,100</u>	<u>\$ 1,575,600</u>	<u>\$ 1,357,300</u>
Contribution Deficiency (Excess)	\$ 610,855	\$ 567,993	\$ (1,204,946)	\$ 1,957,300	\$ 2,136,200	\$ 2,139,000	\$ 1,451,600	\$ 1,281,500	\$ 2,069,300	\$ 2,337,100
Covered payroll	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001	\$ 29,073,500	\$ 29,073,500	\$ 31,032,400	\$ 31,032,400	\$ 28,277,100	\$ 28,277,100	N/A
Contributions as a percentage of covered payroll	6.18%	6.27%	12.87%	2.74%	2.01%	1.96%	4.08%	4.98%	5.57%	N/A

**Notes to Schedule**

Valuation date: July 1, 2018

Measurement date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	Amortized over 30 years on a closed basis. The amortization began on July 1, 2006, and, as of the July 1, 2018 valuation, 18 years remain.
Asset valuation method	Market value
Inflation	2.60% (prior: 2.75%)
Healthcare cost trend rates	7.25% decreasing to 4.60%
Rate of compensation increase	2.60% (prior: 2.75%)
Investment rate of return	6.75% (prior: 7.00%)
Retirement age	Medical and dental benefits pre-65 Medical benefits post-65
Mortality	Pub - 2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teacher) and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2018. Prior: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table for nonannuitants and annuitants, projected to the valuation date with Scale BB.

**TOWN OF WATERFORD, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**OPEB TRUST FUND**  
**LAST THREE FISCAL YEARS\***

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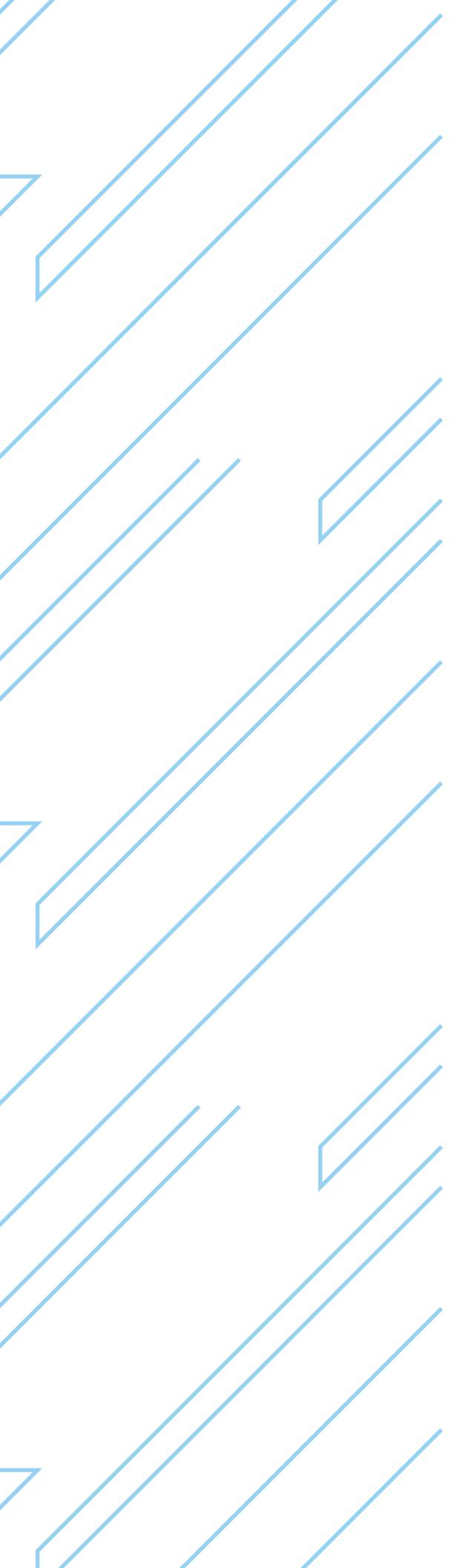
	<b>2019</b>	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return, net of investment expense	6.44%	4.13%	2.09%

\*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

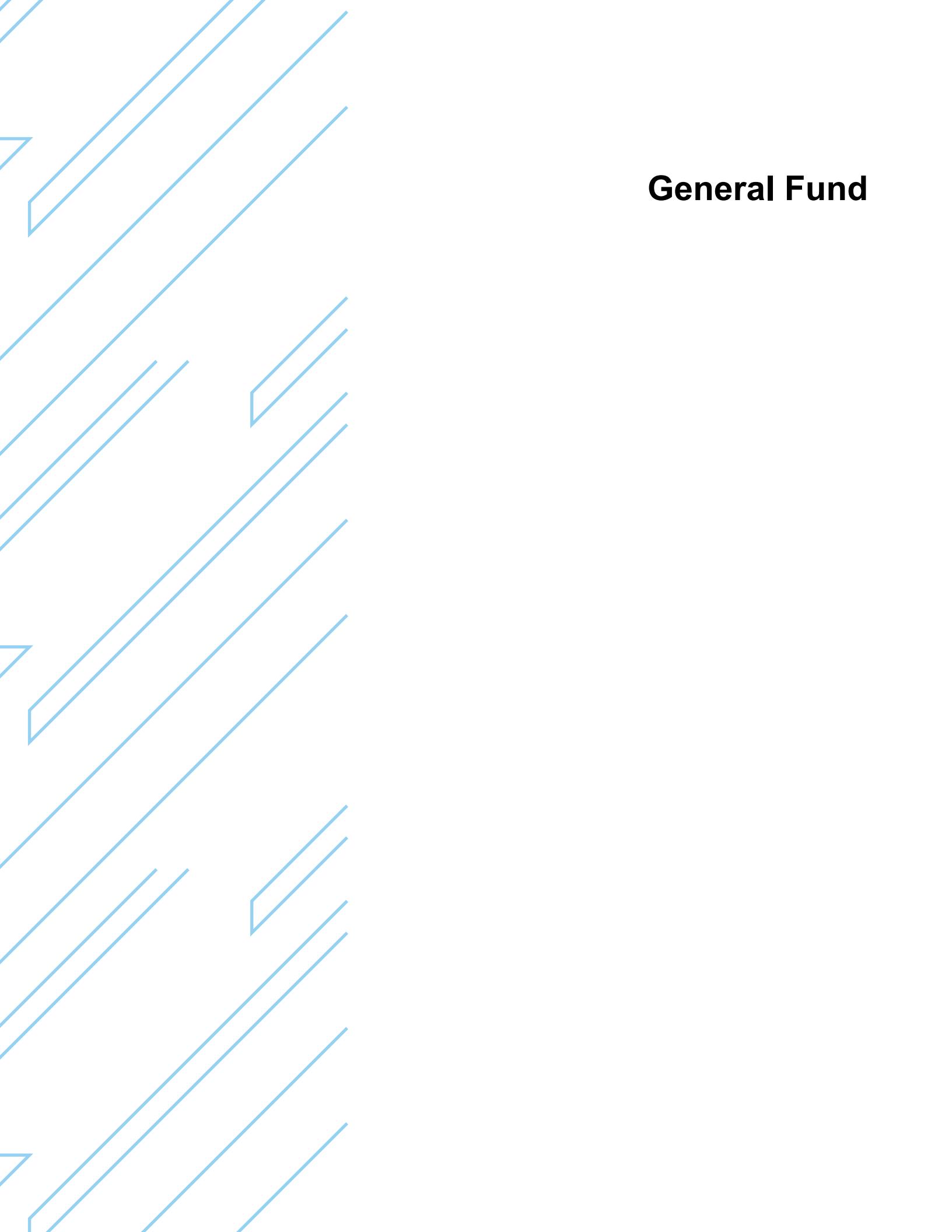
**TOWN OF WATERFORD, CONNECTICUT****SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY****TEACHERS RETIREMENT SYSTEM****LAST TWO FISCAL YEARS\***

	<b>2019</b>	<b>2018</b>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>14,952,787</u>	<u>19,377,337</u>
<b>Total</b>	<b>\$ 14,952,787</b>	<b>\$ 19,377,337</b>
Town's covered payroll	\$ 23,425,482	\$ 23,142,985
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%
<b>Notes to Schedule</b>		
Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.	
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>	
Actuarial cost method	Entry age	
Amortization method	Level percent of payroll	
Remaining amortization period	30 years, open	
Asset valuation method	Market value of assets	
Investment rate of return	4.25%, net of investment-related expense including price inflation	

\* - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.



## Combining and Individual Fund Statements and Schedules

The background of the image features a repeating pattern of blue diagonal lines. These lines are oriented at approximately a 45-degree angle and are spaced evenly across the entire area. The lines are a solid medium blue color.

## 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**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS**  
**GENERAL FUND - BOARD OF EDUCATION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Final Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Salaries - certified	\$ 23,243,387	\$ 23,045,949	\$ 197,438
Salaries - support	5,842,011	5,755,182	86,829
Salaries - other	21,054	16,758	4,296
Temporary pay - certified	1,070,690	1,052,832	17,858
Temporary pay - support	130,753	222,442	(91,689)
Overtime - support	100,148	113,405	(13,257)
Health and dental insurance	5,874,443	5,851,558	22,885
Life and major medical insurance	73,570	74,163	(593)
Long-term disability	2,256	2,820	(564)
Social security contribution	908,852	866,745	42,107
Reimbursements	86,800	89,081	(2,281)
Unemployment compensation	10,000	7,901	2,099
Workers' compensation	390,221	389,968	253
Sick pay	219,029	230,887	(11,858)
Retirement Incentive	24,000	24,000	-
Instructional services	164,138	150,264	13,874
Staff and curriculum development	91,050	142,120	(51,070)
Other professional and technical services	1,406,930	1,290,543	116,387
Legal services	81,069	107,488	(26,419)
Public utilities	74,106	100,933	(26,827)
Maintenance and repairs	331,029	422,346	(91,317)
Rentals	1,300	20,429	(19,129)
Pupil transportation	2,127,323	2,282,868	(155,545)
Insurance - property	117,362	103,120	14,242
Insurance - liability	112,672	118,108	(5,436)
Other insurance	26,008	24,273	1,735
Communications	73,873	68,389	5,484
Postage	21,573	19,014	2,559
Advertising	2,000	3,445	(1,445)
Tuition	2,363,413	2,293,308	70,105
Travel and conference	168,255	164,499	3,756
Other purchased services	72,650	93,967	(21,317)
Instructional supplies	390,678	336,395	54,283
Software	318,386	328,299	(9,913)
Maintenance and custodial	258,439	312,790	(54,351)
Heat and energy	1,291,780	1,260,578	31,202
Transportation supplies	156,465	173,670	(17,205)
Textbooks	180,200	182,945	(2,745)
Library and professional books	30,549	26,272	4,277
Other supplies	173,985	164,316	9,669
Equipment	244,763	289,507	(44,744)
Membership dues and fees	29,122	32,656	(3,534)
<b>Total</b>	<b>\$ 48,306,332</b>	<b>\$ 48,256,233</b>	<b>\$ 50,099</b>

**TOWN OF WATERFORD, CONNECTICUT**  
**REPORT OF TAX COLLECTOR**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Grand List	Uncollected Taxes July 1, 2018		Lawful Corrections		Transfers To Suspense		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2019	
	Current Levy		Additions	Deductions				Taxes	Interest	Lien Fees	Total	
2017	\$ 90,488,973	\$ 60,739	\$ 224,733	\$ 23,539	\$ 90,301,440	\$ 89,773,981	\$ 121,168	\$ 960	\$ 89,896,109	\$ 527,459		
2016	611,084	1,205	33,412	34,795	544,082	327,359	63,492	1,774	392,625	216,723		
2015	267,556	222	28,500	26,151	213,127	78,690	30,839	432	109,961	134,437		
2014	183,052	40	28,630	4,404	150,058	57,920	36,858	360	95,138	92,138		
2013	152,195			38,258	113,937	42,958	28,097	288	71,343	70,979		
2012	112,940			31,694	81,246	38,946	62,422	240	101,608	42,300		
2011	78,767			13,939	64,828	32,364	29,149	168	61,681	32,464		
2010	79,562			27,759	51,803	23,802	35,919	119	59,840	28,001		
2009	41,485				41,485	22,690	33,141	120	55,951	18,795		
2008	27,354				27,354	20,466	27,812	96	48,374	6,888		
2007	16,241				16,241	13,182	21,029	48	34,259	3,059		
2006	10,853				10,853	8,370	15,650	24	24,044	2,483		
2005	2,315				2,315		826		826	2,315		
2004	2,181				2,181		783		783	2,181		
2003	1,672			1,672	-				-	-		
Total	\$ 1,587,257	\$ 90,488,973	\$ 62,206	\$ 316,947	\$ 200,539	\$ 91,620,950	90,440,728	507,185	4,629	90,952,542	\$ 1,180,222	
							Suspense collections	14,424				14,424
							Total collections					90,966,966
							Property taxes receivable - considered available:					
							June 30, 2018					(6,890)
							June 30, 2019					101,685
												\$ 91,061,761

**TOWN OF WATERFORD, CONNECTICUT  
SCHEDULE OF WATER MAIN ASSESSMENTS RECEIVABLE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

Contract Number	Interest and Liens				Lawful Corrections				Collections				Principal Balance	Interest and Liens	
	Principal Uncollected July 1, 2018	Interest and Liens Uncollected July 1, 2018	New Contracts	Interest and Liens Billed	Principal Additions	Principal Deductions	Interest and Lien Additions	Interest and Lien Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total	Uncollected June 30, 2019	Uncollected June 30, 2019	Uncollected June 30, 2019
75	\$ 620	\$ 972	\$ 102	\$ 838	\$	\$	\$	\$	\$	\$ 152	\$	\$ 152	\$ 620	\$ 922	\$ 1,542
76	10,379	2,319							3,760	1,335		5,095	6,619	1,822	8,441
Total	\$ 10,999	\$ 3,291	\$ -	\$ 940	\$ -	\$ -	\$ -	\$ -	\$ 3,760	\$ 1,487	\$ -	5,247	\$ 7,239	\$ 2,744	\$ 9,983

Water main assessment receivable - considered available:

June 30, 2018

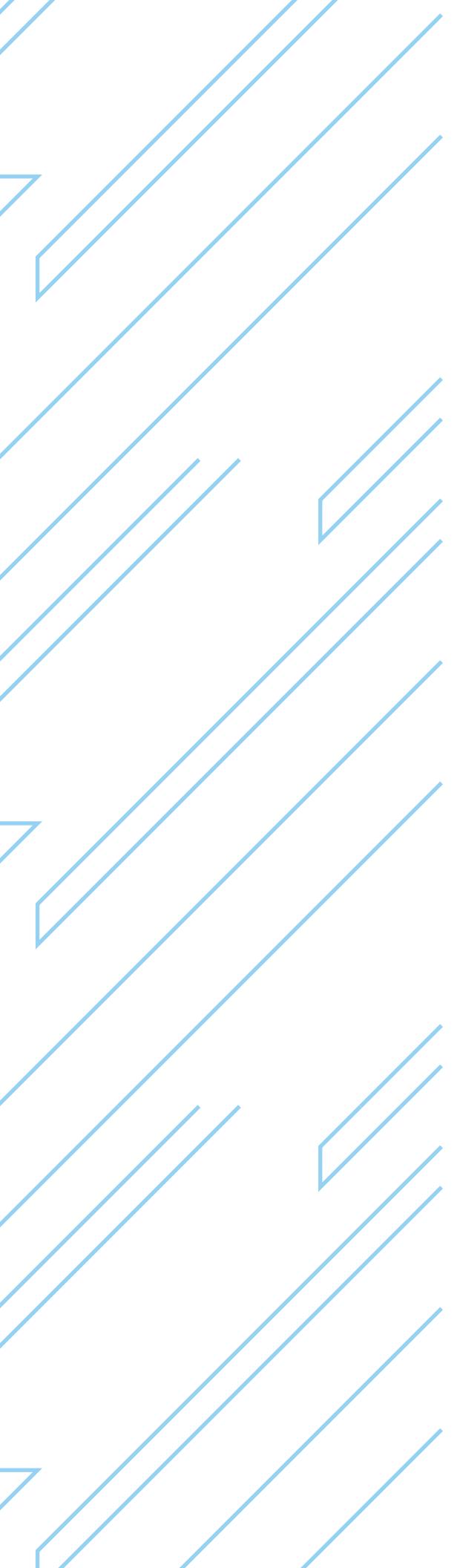
June 30, 2019

(5,007)

4,543

\$ 4,783

**TOWN OF WATERFORD, CONNECTICUT  
SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**



## Nonmajor Governmental Funds

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for 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:

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Special Education Grants	State and federal grants	School related programs
School Cafeteria	Sale of food and grants	School lunch program
Drug Enforcement	Federal and state forfeited property	Drug enforcement and education
Youth Services	Donations and admission fees	Youth programs
Water	Rentals from cell phone companies for antennas on water towers	Maintenance of water infrastructure
Contributed Gifts	Donations	Expenditures of donations according to the purpose of the various gifts
Senior Citizens	Donations and program fees	Services and programs for senior citizens
Youth Services Local Prevention Council Grant	Local prevention council grant	Youth services alcohol and drug abuse prevention program
Small Harbor Improvement Projects (SHIP) Grant	Connecticut Port Authority grant in aid	Mago Point Planning Study-Design
Youth Services Mini Grant	State grant passed through NECASA	Community Coalition to address the Opioid Crisis
2019 JAG Local VCP Grant	Federal Department of Justice grant passed through the Connecticut Division of Criminal Justice Policy and Planning	Purchase of police equipment
Dock Removal Grant	Grant from private organization	Removal of derelict dock structures in the Thames River at 74 Scotch Cap Road
Nuclear Safety Emergency Preparedness Grant	State grant	Nuclear Safety Preparedness Program
Drug Recognition Expert (DRE) Support Grant	Federal Police Traffic Services funds passed through the State of Connecticut DOT	Coordination of DRE training activities
Comprehensive DUI Enforcement Program	State grant	Regional check points to enforce driving under the influence laws
Historic Properties	Donations	Donations to the Historic Properties Commission
Jordan Mill Pond Fishway	Grant from nonprofit organization	Construct a fishway to promote spawning
Harbor Management	Docking and mooring fees	Harbor management
Youth Services Enhancement Grant	State grant	To promote youth developmental activities
Waterford Education Foundation Grant	Grant from nonprofit organization	To support an intergenerational storytelling program
Small Cities Grant II	State Community Development Block Grant (CDBG) funds and loan payments	Waterford Housing Rehabilitation Program
Historic Documents Preservation Grant	Connecticut State Library Targeted Grant	Preservation of historic documents

Reeve Foundation Grant	Christopher Reeve Foundation grant	Purchase of recreational equipment to make Waterford Beach accessible to individuals in wheelchairs
Senior Services Title IIIB Open Doors Grant	Federal funding under Title III and matching contributions	Senior Services open doors program for local senior citizens
Senior Services Wal Mart Grant	Grant from Wal Mart	Senior services program to conduct in-home fall assessment risks for local seniors.
Student Athletics Fund	Gate receipts	Site workers, ticket takers and tournament fees

### **Capital Project 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.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Fleet Management	Sales and rental of vehicles and equipment	Program for funding the replacement of equipment and vehicles over ten thousand dollars
Sewer Maintenance and Development	Sewer connection fees	Maintenance of existing sewer system assets
Animal Control Facility	Donations	Construction of an animal shelter
Capital Improvement	General Fund appropriation	Various short-term capital projects
Early Childhood Learning Center	State grants	Construction of a District Magnet School

### **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 governments programs.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Hammond Memorial Trust	Payments from trust and investment earnings	Maintenance of cemetery

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

**EXHIBIT B-1**

<b>Special Revenue Funds</b>									
	<b>Special Education Grants</b>	<b>School Cafeteria</b>	<b>Drug Enforcement Grant</b>	<b>Youth Services</b>	<b>Water</b>	<b>Contributed Gifts</b>	<b>Senior Services</b>	<b>Youth Services Local Prevention Council Grant</b>	<b>Small Harbor Improvement Projects Grant</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 220,862	\$ 31,804	\$	\$	\$	\$	\$	\$	\$
Investments		22,601							
Receivables, net	4,196	56,681		2,420					
Interfund receivables			24,157	181,470	617,287	56,247	72,311	872	35,000
Inventories			4,710						
Prepaid items							480		
<b>Total Assets</b>	<b>\$ 225,058</b>	<b>\$ 115,796</b>	<b>\$ 24,157</b>	<b>\$ 183,890</b>	<b>\$ 617,287</b>	<b>\$ 56,247</b>	<b>\$ 72,791</b>	<b>\$ 872</b>	<b>\$ 35,000</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Accounts and other payable	\$ 5,061	\$ 1,211	\$ 52	\$ 9,101	\$	\$	\$ 3,577	\$	\$
Accrued liabilities	23,640	7,481		18,854	727		131		
Interfund payables	68,960	68,726							
Unearned revenue	121,961			87,172			10,928		35,000
<b>Total liabilities</b>	<b>\$ 219,622</b>	<b>\$ 77,418</b>	<b>\$ 52</b>	<b>\$ 115,127</b>	<b>\$ 727</b>	<b>\$ -</b>	<b>\$ 14,636</b>	<b>\$ -</b>	<b>\$ 35,000</b>
Deferred Inflows of Resources:									
Unavailable revenue - sewer connection fees				2,420					
Unavailable revenue - grants receivable				2,420					
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,420</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balances:									
Nonspendable		4,710					480		
Restricted	5,436	33,668	24,105	66,343		56,247	57,675	872	
Committed					616,560				
Assigned									
<b>Total fund balances</b>	<b>\$ 5,436</b>	<b>\$ 38,378</b>	<b>\$ 24,105</b>	<b>\$ 66,343</b>	<b>\$ 616,560</b>	<b>\$ 56,247</b>	<b>\$ 58,155</b>	<b>\$ 872</b>	<b>\$ -</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 225,058</b>	<b>\$ 115,796</b>	<b>\$ 24,157</b>	<b>\$ 183,890</b>	<b>\$ 617,287</b>	<b>\$ 56,247</b>	<b>\$ 72,791</b>	<b>\$ 872</b>	<b>\$ 35,000</b>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

**EXHIBIT B-1**

<b>Special Revenue Funds</b>									
<b>ASSETS</b>	<b>Youth Services Mini Grant</b>	<b>2019 JAG Local VCP Grant</b>	<b>Dock Removal Grant</b>	<b>Nuclear Safety Emergency Preparedness</b>	<b>DRE Support Grant</b>	<b>Comprehensive DUI Enforcement Program</b>	<b>Historic Properties</b>	<b>Jordan Mill Pond Fishway</b>	<b>Harbor Management</b>
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net				60,422					
Interfund receivables	130	25,000	80,000		1,267		1,804		
Inventories							4,522	777	29,185
Prepaid items									
<b>Total Assets</b>	<b>\$ 130</b>	<b>\$ 25,000</b>	<b>\$ 80,000</b>	<b>\$ 60,422</b>	<b>\$ 1,267</b>	<b>\$ 1,804</b>	<b>\$ 4,522</b>	<b>\$ 777</b>	<b>\$ 29,185</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,790
Accrued liabilities					656				77
Interfund payables				60,422		611		1,804	
Unearned revenue									
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ 80,000</b>	<b>\$ 60,422</b>	<b>\$ 1,267</b>	<b>\$ 1,804</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,867</b>
Deferred Inflows of Resources:									
Unavailable revenue - sewer connection fees									
Unavailable revenue - grants receivable									
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Balances:									
Nonspendable									
Restricted		130						4,522	777
Committed									25,318
Assigned									
<b>Total fund balances</b>	<b>\$ 130</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,522</b>	<b>\$ 777</b>	<b>\$ 25,318</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 130</b>	<b>\$ 25,000</b>	<b>\$ 80,000</b>	<b>\$ 60,422</b>	<b>\$ 1,267</b>	<b>\$ 1,804</b>	<b>\$ 4,522</b>	<b>\$ 777</b>	<b>\$ 29,185</b>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

**EXHIBIT B-1**

	<b>Special Revenue Funds</b>							
	<b>Youth Services Enhancement Grant</b>	<b>Waterford Education Foundation Grant</b>	<b>Small Cities Grant II</b>	<b>Historic Documents Preservation Grant</b>	<b>Reeve Foundation Grant</b>	<b>Senior Services Title IIIB Open Doors Grants</b>	<b>Senior Services Wal Mart Grant</b>	<b>Student Athletics</b>
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 17,555
Investments								
Receivables, net								1,757
Interfund receivables	306	975	192		1,530		1,521	500
Inventories								
Prepaid items								
<b>Total Assets</b>	<b>\$ 306</b>	<b>\$ 975</b>	<b>\$ 192</b>	<b>\$ -</b>	<b>\$ 1,530</b>	<b>\$ 3,278</b>	<b>\$ 500</b>	<b>\$ 17,555</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts and other payable	\$ 303	\$ -	\$ -	\$ -	\$ -	\$ 448	\$ -	\$ -
Accrued liabilities								
Interfund payables								
Unearned revenue								
<b>Total liabilities</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>-</b>
Deferred Inflows of Resources:								
Unavailable revenue - sewer connection fees								
Unavailable revenue - grants receivable								
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances:								
Nonspendable								
Restricted	3	975	192		1,530	2,830	500	17,555
Committed								
Assigned								
<b>Total fund balances</b>	<b>3</b>	<b>975</b>	<b>192</b>	<b>-</b>	<b>1,530</b>	<b>2,830</b>	<b>500</b>	<b>17,555</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 306</b>	<b>\$ 975</b>	<b>\$ 192</b>	<b>\$ -</b>	<b>\$ 1,530</b>	<b>\$ 3,278</b>	<b>\$ 500</b>	<b>\$ 17,555</b>

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**TOWN OF WATERFORD, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

**EXHIBIT B-1**

	Capital Projects Funds						Permanent Fund		Total Nonmajor Governmental Funds
	Fleet Management	Sewer Maintenance & Development	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Hammond Memorial Trust			
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,539,420	\$ 382,918	\$ 1,338,282	\$ 52	\$ 3,530,893				
Investments				134,605	157,206				
Receivables, net	25,305	74,875			228,727				
Interfund receivables	5,564		212,801			1,900,131			
Inventories				549,784	4,710				
Prepaid items					480				
<b>Total Assets</b>	<b>\$ 1,570,289</b>	<b>\$ 457,793</b>	<b>\$ 212,801</b>	<b>\$ 1,338,282</b>	<b>\$ 549,784</b>	<b>\$ 134,657</b>	<b>\$ 5,822,147</b>		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>									
Liabilities:									
Accounts and other payable	\$ 21,473	\$ 12,567	\$ 16,682	\$ 73,985					
Accrued liabilities				51,846					
Interfund payables		5,228		132,887					
Unearned revenue					338,638				
<b>Total liabilities</b>	<b>\$ 21,473</b>	<b>\$ 17,795</b>	<b>\$ -</b>	<b>\$ 149,569</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 824,530</b>		
Deferred Inflows of Resources:									
Unavailable revenue - sewer connection fees		74,875							
Unavailable revenue - grants receivable					74,875				
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ 74,875</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 77,295</b>		
Fund Balances:									
Nonspendable							134,657		
Restricted		365,123	212,801				876,602		
Committed	1,548,816						2,715,160		
Assigned				549,784			1,188,713		
<b>Total fund balances</b>	<b>\$ 1,548,816</b>	<b>\$ 365,123</b>	<b>\$ 212,801</b>	<b>\$ 1,188,713</b>	<b>\$ 549,784</b>	<b>\$ 134,657</b>	<b>\$ 4,920,322</b>		
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,570,289</b>	<b>\$ 457,793</b>	<b>\$ 212,801</b>	<b>\$ 1,338,282</b>	<b>\$ 549,784</b>	<b>\$ 134,657</b>	<b>\$ 5,822,147</b>		

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

**EXHIBIT B-2**

<b>Special Revenue Funds</b>									
	<b>Special Education Grants</b>	<b>School Cafeteria</b>	<b>Drug Enforcement Grant</b>	<b>Youth Services</b>	<b>Water</b>	<b>Contributed Gifts</b>	<b>Senior Services</b>	<b>Youth Services Local Prevention Council Grant</b>	<b>Small Harbor Improvement Projects Grant</b>
<b>Revenues:</b>									
Intergovernmental	\$ 1,067,792	\$ 400,196	\$ 14,239	\$ 201,230	\$ 73,384	\$ 6,018	\$ 53,169	\$ 4,152	\$ -
Fines, penalties and charges for services		521,425							
Investment earnings		33							
Other	8,295			30,679		6,018	19,156		
<b>Total revenues</b>	<b>1,076,087</b>	<b>921,654</b>	<b>14,239</b>	<b>231,909</b>	<b>73,384</b>	<b>6,018</b>	<b>72,325</b>	<b>4,152</b>	<b>-</b>
<b>Expenditures:</b>									
Current:									
General government			11,377				7,533		
Public safety					59,304				
Public works							559		
Recreation				215,583					
Social services							62,656	3,465	
Education	1,076,082	947,650							
Capital outlay									
<b>Total expenditures</b>	<b>1,076,082</b>	<b>947,650</b>	<b>11,377</b>	<b>215,583</b>	<b>59,304</b>	<b>8,092</b>	<b>62,656</b>	<b>3,465</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>5</b>	<b>(25,996)</b>	<b>2,862</b>	<b>16,326</b>	<b>14,080</b>	<b>(2,074)</b>	<b>9,669</b>	<b>687</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>									
Transfers in									
Transfers out									
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>5</b>	<b>(25,996)</b>	<b>2,862</b>	<b>16,326</b>	<b>14,080</b>	<b>(2,074)</b>	<b>9,669</b>	<b>687</b>	<b>-</b>
<b>Fund Balances at Beginning of Year</b>	<b>5,431</b>	<b>64,374</b>	<b>21,243</b>	<b>50,017</b>	<b>602,480</b>	<b>58,321</b>	<b>48,486</b>	<b>185</b>	<b>-</b>
<b>Fund Balances at End of Year</b>	<b>\$ 5,436</b>	<b>\$ 38,378</b>	<b>\$ 24,105</b>	<b>\$ 66,343</b>	<b>\$ 616,560</b>	<b>\$ 56,247</b>	<b>\$ 58,155</b>	<b>\$ 872</b>	<b>\$ -</b>

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**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B-2**

<b>Special Revenue Funds</b>									
	<b>Youth Services Mini Grant</b>	<b>2019 JAG Local VCP Grant</b>	<b>Dock Removal Grant</b>	<b>Nuclear Safety Emergency Preparedness</b>	<b>DRE Support Grant</b>	<b>Comprehensive DUI Enforcement Program</b>	<b>Historic Properties</b>	<b>Jordan Mill Pond Fishway</b>	<b>Harbor Management</b>
<b>Revenues:</b>									
Intergovernmental	\$	\$	\$	\$ 123,470	\$ 1,267	\$ 11,234	\$	\$	\$
Fines, penalties and charges for services									7,800
Investment earnings									
Other									3,000
Total revenues	_____ -	_____ -	_____ -	123,470	1,267	11,234	_____ -	_____ -	10,800
<b>Expenditures:</b>									
Current:									
General government							979		11,592
Public safety				85,394	1,267	11,234			
Public works									
Recreation									
Social services									
Education									
Capital outlay									
Total expenditures	_____ -	_____ -	_____ -	85,394	1,267	11,234	979	_____ -	11,592
<b>Excess (Deficiency) of Revenues over Expenditures</b>	_____ -	_____ -	_____ -	38,076	_____ -	_____ -	(979)	_____ -	(792)
<b>Other Financing Sources (Uses):</b>									
Transfers in									
Transfers out									
Total other financing sources (uses)	_____ -	_____ -	_____ -	_____ -	_____ -	_____ -	_____ -	_____ -	_____ -
<b>Net Change in Fund Balances</b>	-	-	-	38,076	-	-	(979)	-	(792)
<b>Fund Balances at Beginning of Year</b>	130	_____ -	_____ -	(38,076)	_____ -	_____ -	5,501	777	26,110
<b>Fund Balances at End of Year</b>	\$ 130	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ 4,522	\$ 777	\$ 25,318

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B-2**

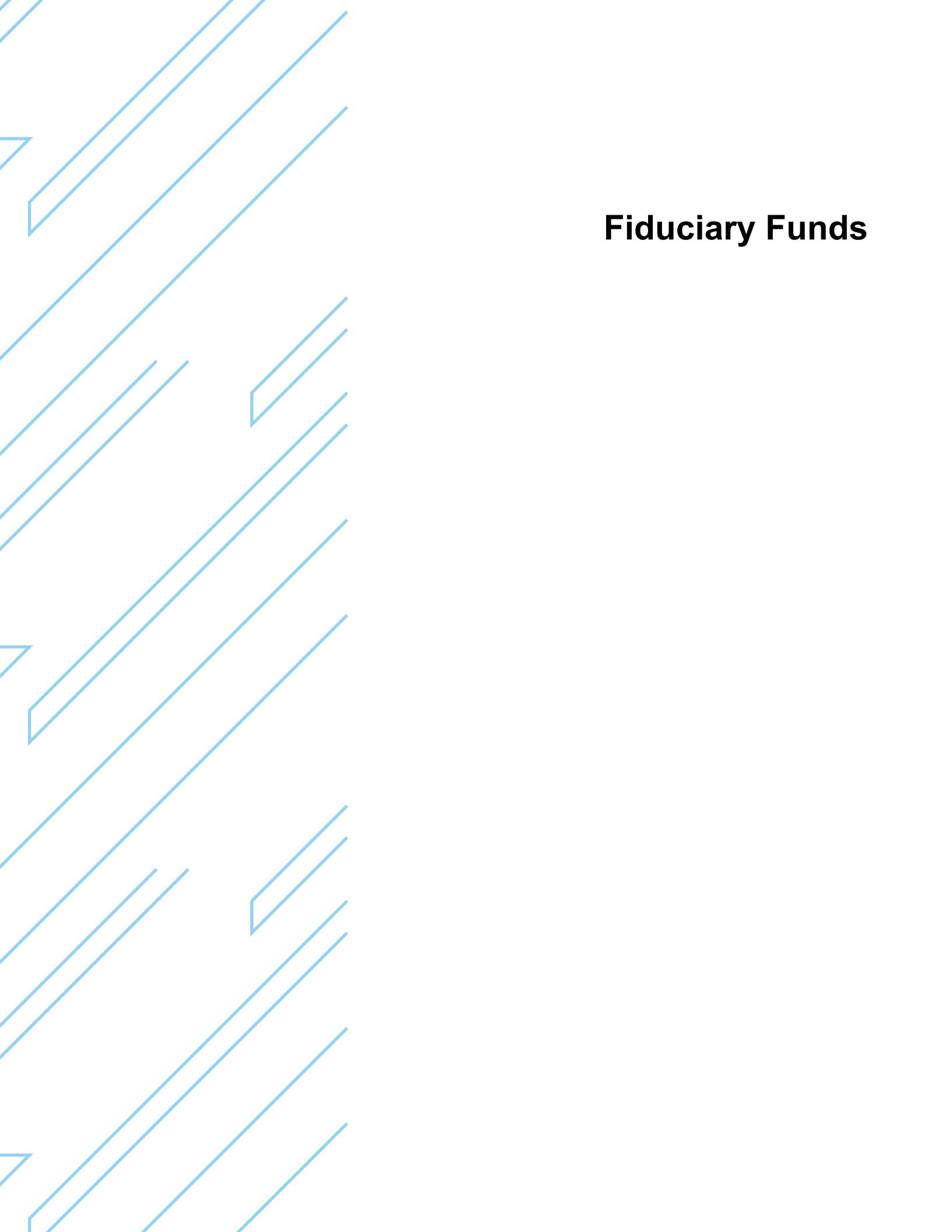
	<b>Special Revenue Funds</b>							
	<b>Youth Services Enhancement Grant</b>	<b>Waterford Education Foundation Grant</b>	<b>Small Cities Grant II</b>	<b>Historic Documents Preservation Grant</b>	<b>Reeve Foundation Grant</b>	<b>Senior Services Title IIIB Open Doors Grants</b>	<b>Senior Services Wal Mart Grant</b>	<b>Student Athletics</b>
<b>Revenues:</b>								
Intergovernmental	\$ 5,753	\$	\$	\$ 4,500	\$	\$ 9,859	\$	\$
Fines, penalties and charges for services								98,353
Investment earnings								
Other		975	-			1,269		
Total revenues	<u>5,753</u>	<u>975</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>11,128</u>	<u>-</u>	<u>98,353</u>
<b>Expenditures:</b>								
Current:				4,500				
General government								
Public safety								
Public works								
Recreation								
Social services	5,750					10,112		
Education								80,798
Capital outlay								
Total expenditures	<u>5,750</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>10,112</u>	<u>-</u>	<u>80,798</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>17,555</u>
<b>Other Financing Sources (Uses):</b>								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>3</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>17,555</u>
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>192</u>	<u>-</u>	<u>1,530</u>	<u>1,814</u>	<u>500</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3</u>	<u>\$ 975</u>	<u>\$ 192</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ 2,830</u>	<u>\$ 500</u>	<u>\$ 17,555</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B-2**

	Capital Projects Funds						Permanent Fund		Total Nonmajor Governmental Funds
	Fleet Management	Sewer Maintenance & Development	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Hammond Memorial Trust	Interfund Eliminations		
Revenues:									
Intergovernmental	\$ 172,463	\$ 25,469	\$ 11,206	\$ -	\$ -	\$ 7,243	\$ -	\$ 1,642,462	
Fines, penalties and charges for services									1,153,293
Investment earnings	50,891								69,373
Other	53,880								123,272
Total revenues	<u>277,234</u>	<u>36,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,243</u>	<u>-</u>	<u>2,988,400</u>	
Expenditures:									
Current:									
General government							10,000		27,071
Public safety									116,805
Public works									59,304
Recreation									559
Social services									297,566
Education									2,104,530
Capital outlay	1,293,873	218,046	-	907,643	-	10,000	-		2,419,562
Total expenditures	<u>1,293,873</u>	<u>218,046</u>	<u>-</u>	<u>907,643</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u></u>	<u>5,025,397</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,016,639)</u>	<u>(181,371)</u>	<u>-</u>	<u>(907,643)</u>	<u>-</u>	<u>(2,757)</u>	<u>-</u>	<u></u>	<u>(2,036,997)</u>
Other Financing Sources (Uses):									
Transfers in	1,250,000			2,575,339				(1,250,000)	2,575,339
Transfers out				(1,378,762)				1,250,000	(128,762)
Total other financing sources (uses)	<u>1,250,000</u>	<u>-</u>	<u>-</u>	<u>1,196,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,446,577</u>
Net Change in Fund Balances	233,361	(181,371)	-	288,934	-	(2,757)	-		409,580
Fund Balances at Beginning of Year	1,315,455	546,494	212,801	899,779	549,784	137,414	-		4,510,742
Fund Balances at End of Year	<u>\$ 1,548,816</u>	<u>\$ 365,123</u>	<u>\$ 212,801</u>	<u>\$ 1,188,713</u>	<u>\$ 549,784</u>	<u>\$ 134,657</u>	<u>\$ -</u>	<u>\$ 4,920,322</u>	



## Fiduciary Funds

## **TRUST FUNDS**

Pension Trust Fund - To account for assets that have been set aside in trust for the employee retirement plan for certain Town employees.

OPEB Trust Fund - To account for assets that have been set aside in trust for other post-employment benefits for certain Town employees.

## **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 FIDUCIARY NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**JUNE 30, 2019**

---

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 9,220	\$ 31,813	\$ 41,033
<b>Investments:</b>			
Mutual funds	<u>527,790</u>	<u>5,036,441</u>	<u>5,564,231</u>
Total assets	<u>537,010</u>	<u>5,068,254</u>	<u>5,605,264</u>
<b>Liabilities:</b>			
Accounts and other payables	<u>1,729</u>	<u>11,282</u>	<u>13,011</u>
<b>Net Position:</b>			
Restricted for OPEB Benefits		5,056,972	5,056,972
Restricted for Pension Benefits	<u>535,281</u>		<u>535,281</u>
Total Net Position	<u>\$ 535,281</u>	<u>\$ 5,056,972</u>	<u>\$ 5,592,253</u>

**TOWN OF WATERFORD, CONNECTICUT**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 82,000	\$ 1,871,345	\$ 1,953,345
Investment income:			
Net appreciation in fair value of investments	<u>29,150</u>	<u>268,186</u>	<u>297,336</u>
Total additions	<u>111,150</u>	<u>2,139,531</u>	<u>2,250,681</u>
<b>Deductions:</b>			
Benefit payments	116,167	712,252	828,419
Administration	<u>3,271</u>	<u>6,729</u>	<u>10,000</u>
Total deductions	<u>119,438</u>	<u>718,981</u>	<u>838,419</u>
Change in Net Position	(8,288)	1,420,550	1,412,262
Net Position at Beginning of Year	<u>543,569</u>	<u>3,636,422</u>	<u>4,179,991</u>
Net Position at End of Year	<u>\$ 535,281</u>	<u>\$ 5,056,972</u>	<u>\$ 5,592,253</u>

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 207,795	\$ 402,486	\$ 363,322	\$ 246,959
Investments	<u>24,418</u>	<u>166</u>		<u>24,584</u>
Total Assets	<u>\$ 232,213</u>	<u>\$ 402,652</u>	<u>\$ 363,322</u>	<u>\$ 271,543</u>
Liabilities:				
Deposits held for others	<u>\$ 232,213</u>	<u>\$ 402,652</u>	<u>\$ 363,322</u>	<u>\$ 271,543</u>
<b>Student Scholarship Fund</b>				
Assets:				
Cash and cash equivalents	\$ 70,098	\$ 66,665	\$ 63,493	\$ 73,270
Investments	<u>252,297</u>	<u>1,009</u>	<u>32</u>	<u>253,274</u>
Total Assets	<u>\$ 322,395</u>	<u>\$ 67,674</u>	<u>\$ 63,525</u>	<u>\$ 326,544</u>
Liabilities:				
Deposits held for others	<u>\$ 322,395</u>	<u>\$ 67,674</u>	<u>\$ 63,525</u>	<u>\$ 326,544</u>
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	<u>\$ 431,827</u>	<u>\$ 81,375</u>	<u>\$ 127,527</u>	<u>\$ 385,675</u>
Liabilities:				
Deposits held for others	<u>\$ 431,827</u>	<u>\$ 81,375</u>	<u>\$ 127,527</u>	<u>\$ 385,675</u>
<b>Total Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 709,720	\$ 550,526	\$ 554,342	\$ 705,904
Investments	<u>276,715</u>	<u>1,175</u>	<u>32</u>	<u>277,858</u>
Total Assets	<u>\$ 986,435</u>	<u>\$ 551,701</u>	<u>\$ 554,374</u>	<u>\$ 983,762</u>
Liabilities:				
Deposits held for others	<u>\$ 986,435</u>	<u>\$ 551,701</u>	<u>\$ 554,374</u>	<u>\$ 983,762</u>

## Statistical Section

## Statistical Section Information

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.

TABLE 1

**TOWN OF WATERFORD, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 172,217	\$ 172,063	\$ 172,024	\$ 174,397	\$ 174,913	\$ 173,491	\$ 178,578	\$ 176,727	\$ 172,218	\$ 172,656
Restricted	135	137	145	130	216	178	169	139	532	98
Unrestricted	(13,040)	(11,532)	(5,839)	(10,913)	(5,725)	5,299	3,661	5,367	9,293	20,181
Total governmental activities net position	<u>159,312</u>	<u>160,668</u>	<u>166,330</u>	<u>163,614</u>	<u>169,404</u>	<u>178,968</u>	<u>182,408</u>	<u>182,233</u>	<u>182,043</u>	<u>192,935</u>
<b>Business-type activities:</b>										
Net investment in capital assets	49,212	50,975	52,848	54,164	54,835	55,840	57,974	56,785	57,533	60,900
Restricted								346		
Unrestricted	4,361	3,842	3,822	3,299	2,765	2,194	1,379	794	1,260	481
Total business-type activities net position	<u>53,573</u>	<u>54,817</u>	<u>56,670</u>	<u>57,463</u>	<u>57,600</u>	<u>58,034</u>	<u>59,353</u>	<u>57,925</u>	<u>58,793</u>	<u>61,381</u>
<b>Primary government:</b>										
Net investment in capital assets	221,430	223,038	224,872	228,561	229,748	229,331	236,552	233,512	229,751	233,556
Restricted	135	137	145	130	216	178	169	485	532	98
Unrestricted	(8,679)	(7,690)	(2,017)	(7,614)	(2,960)	7,493	5,040	6,161	10,553	20,662
Total Primary Government Net Position	<u>\$ 212,885</u>	<u>\$ 215,485</u>	<u>\$ 223,000</u>	<u>\$ 221,077</u>	<u>\$ 227,004</u>	<u>\$ 237,002</u>	<u>\$ 241,761</u>	<u>\$ 240,158</u>	<u>\$ 240,836</u>	<u>\$ 254,316</u>

## 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

TABLE 2

**TOWN OF WATERFORD, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 15,429	\$ 14,892	\$ 13,745	\$ 14,176	\$ 13,676	\$ 12,699	\$ 12,041	\$ 12,304	\$ 11,283	\$ 9,927
Public safety	13,198	12,098	11,508	13,356	10,640	10,167	10,337	10,155	10,131	11,333
Public works	8,432	7,180	8,558	8,569	7,384	7,292	9,094	8,681	10,284	8,309
Recreation	1,773	1,020	1,763	1,897	1,822	1,741	1,706	1,646	1,992	2,125
Library	1,154	1,065	917	1,598	1,383	1,470	1,032	1,052	1,126	1,125
Social services	1,370	1,299	1,321	3,238	3,254	3,282	1,297	1,243	1,312	1,477
Education	60,142	64,680	61,805	56,442	55,882	56,593	57,492	53,735	56,266	51,222
Interest on long-term debt	2,285	2,400	2,604	2,795	3,096	2,809	2,521	886	1,124	1,373
Total governmental activities expenses	<u>103,783</u>	<u>104,634</u>	<u>102,221</u>	<u>102,071</u>	<u>97,137</u>	<u>96,053</u>	<u>95,520</u>	<u>89,702</u>	<u>93,518</u>	<u>86,891</u>
Business-type activities:										
Utilities Commission	5,217	5,740	4,945	5,172	5,178	5,666	4,531	6,004	7,109	4,693
Total primary government expenses	<u>109,000</u>	<u>110,374</u>	<u>107,166</u>	<u>107,243</u>	<u>102,315</u>	<u>101,719</u>	<u>100,051</u>	<u>95,706</u>	<u>100,627</u>	<u>91,584</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	1,119	1,032	1,289	1,135	1,168	1,181	1,533	1,191	1,120	929
Public safety	561	500	265	254	201	258	162	119	117	119
Public works	735	635	846	829	528	967	786	847	862	640
Recreation	232	228	217	218	213	184	173	166	150	162
Library	16	17	18	19	19	19	18	18	20	21
Social services	294	236	261	243	189	187	130	109	112	116
Education	657	611	582	592	721	728	701	767	799	793
Operating grants and contributions	6,171	12,205	11,261	9,056	8,874	9,940	8,859	8,878	8,504	8,197
Capital grants and contributions	839	2,450	3,106	1,004	6,163	1,584	6,596	5,706	2,372	8,401
Total governmental activities program revenues	<u>10,623</u>	<u>17,914</u>	<u>17,845</u>	<u>13,350</u>	<u>18,076</u>	<u>15,048</u>	<u>18,958</u>	<u>17,801</u>	<u>14,056</u>	<u>19,378</u>
Business-type activities:										
Charges for services	3,765	3,654	3,727	3,728	3,797	3,914	3,621	3,752	3,781	3,447
Operating grants and contributions					2	8				
Capital grants and contributions			417	1,307	945	423	2,685	1,383	740	658
Total business-type activities program revenues	<u>3,765</u>	<u>3,654</u>	<u>4,144</u>	<u>5,035</u>	<u>4,744</u>	<u>4,345</u>	<u>6,306</u>	<u>5,135</u>	<u>4,521</u>	<u>4,105</u>
Total primary government program revenues	<u>14,389</u>	<u>21,568</u>	<u>21,989</u>	<u>18,385</u>	<u>22,820</u>	<u>19,393</u>	<u>25,264</u>	<u>22,936</u>	<u>18,577</u>	<u>23,483</u>
<b>Net (expense) revenue:</b>										
Governmental activities	(93,160)	(86,720)	(84,376)	(88,721)	(79,061)	(81,005)	(76,562)	(71,901)	(79,462)	(67,513)
Business-type activities	<u>(1,452)</u>	<u>(2,086)</u>	<u>(801)</u>	<u>(137)</u>	<u>(434)</u>	<u>(1,321)</u>	<u>1,775</u>	<u>(869)</u>	<u>(2,588)</u>	<u>(588)</u>
Total Primary Government Net Expense	<u>\$ (94,611)</u>	<u>\$ (88,806)</u>	<u>\$ (85,177)</u>	<u>\$ (88,858)</u>	<u>\$ (79,495)</u>	<u>\$ (82,326)</u>	<u>\$ (74,787)</u>	<u>\$ (72,770)</u>	<u>\$ (82,050)</u>	<u>\$ (68,101)</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT**  
**CHANGES IN NET POSITION (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

TABLE 2

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 90,251	\$ 87,927	\$ 85,884	\$ 81,996	\$ 79,071	\$ 76,529	\$ 73,583	\$ 69,204	\$ 65,994	\$ 61,645
Grants and contributions not restricted to specific programs	353	294	771	695	830	779	953	975	1,920	2,880
Unrestricted investment earnings	1,297	686	315	185	158	137	168	222	222	498
Miscellaneous	39	145	123	54	7	120	1,687	1,689	434	561
Transfers	(138)	(196)					346			
Total governmental activities	<u>91,803</u>	<u>88,856</u>	<u>87,093</u>	<u>82,930</u>	<u>80,066</u>	<u>77,565</u>	<u>76,737</u>	<u>72,090</u>	<u>68,570</u>	<u>65,584</u>
Business-type activities:										
Investment earnings	70	37	8							
Transfers	138	196					(346)			
Total business-type activities	<u>208</u>	<u>233</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 92,011</u>	<u>\$ 89,089</u>	<u>\$ 87,101</u>	<u>\$ 82,930</u>	<u>\$ 80,066</u>	<u>\$ 77,565</u>	<u>\$ 76,391</u>	<u>\$ 72,090</u>	<u>\$ 68,570</u>	<u>\$ 65,584</u>
Changes in Net Position:										
Governmental activities	\$ (1,357)	\$ 2,136	\$ 2,717	\$ (5,791)	\$ 1,005	\$ (3,440)	\$ 175	\$ 189	\$ (10,892)	\$ (1,929)
Business-type activities	<u>(1,244)</u>	<u>(1,853)</u>	<u>(793)</u>	<u>(137)</u>	<u>(434)</u>	<u>(1,321)</u>	<u>1,429</u>	<u>(869)</u>	<u>(2,588)</u>	<u>(588)</u>
Total Primary Government	<u>\$ (2,601)</u>	<u>\$ 283</u>	<u>\$ 1,924</u>	<u>\$ (5,928)</u>	<u>\$ 571</u>	<u>\$ (4,761)</u>	<u>\$ 1,604</u>	<u>\$ (680)</u>	<u>\$ (13,480)</u>	<u>\$ (2,517)</u>

Notes:

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

TABLE 3

**TOWN OF WATERFORD, CONNECTICUT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR										
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	
<b>General Fund:</b>											
Nonspendable	\$ 191	\$ 158	\$ 45	\$ 461	\$ 67	\$ 29	\$ 43	\$ 31	\$ 400	\$ 51	
Committed						10,437	8,991	9,455	9,664		
Assigned	287	651	366	513	369	497	569	533	714	774	
Unassigned	<u>16,781</u>	<u>13,980</u>	<u>13,183</u>	<u>10,948</u>	<u>10,138</u>	<u>1,984</u>	<u>2,236</u>	<u>891</u>	<u>420</u>	<u>10,466</u>	
<b>Total General Fund</b>	<b>\$ 17,259</b>	<b>\$ 14,789</b>	<b>\$ 13,594</b>	<b>\$ 11,922</b>	<b>\$ 10,574</b>	<b>\$ 12,947</b>	<b>\$ 11,839</b>	<b>\$ 10,910</b>	<b>\$ 11,198</b>	<b>\$ 11,291</b>	
<b>All other governmental funds:</b>											
Nonspendable	\$ 140	\$ 142	\$ 145	\$ 130	\$ 150	\$ 150	\$ 126	\$ 108	\$ 132	\$ 24	
Restricted	877	1,040	1,033	887	1,112	1,574	1,497	1,433	1,425	21,383	
Committed	7,206	8,061	9,437	10,250	14,367	12,746	13,269	13,634	18,590	3,095	
Assigned	1,189	900	620	364	186	149	183	248	456	872	
Unassigned	<u>(2,942)</u>	<u>(2,980)</u>	<u>(3,699)</u>	<u>(5,924)</u>	<u>(6,021)</u>	<u>(5,844)</u>	<u>(18,255)</u>	<u>(41,121)</u>	<u>(31,233)</u>	<u>(37,324)</u>	
<b>Total All Other Governmental Funds</b>	<b>\$ 6,470</b>	<b>\$ 7,163</b>	<b>\$ 7,536</b>	<b>\$ 5,707</b>	<b>\$ 9,794</b>	<b>\$ 8,775</b>	<b>\$ (3,180)</b>	<b>\$ (25,698)</b>	<b>\$ (10,630)</b>	<b>\$ (11,950)</b>	

TABLE 4

**TOWN OF WATERFORD, CONNECTICUT**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Property taxes, interest and liens	\$ 91,062	\$ 87,828	\$ 86,168	\$ 81,756	\$ 78,907	\$ 76,356	\$ 73,304	\$ 68,990	\$ 65,896	\$ 61,480
System benefit charge									1,088	2,058
Intergovernmental	8,196	14,049	15,149	11,367	12,055	13,140	16,929	13,903	11,951	15,258
Assessments and connections	53	70	33	95	1	145	50	7	66	54
Licenses and permits	1,737	1,624	1,175	1,021	1,040	1,028	1,387	1,043	880	884
Fines, penalties and charges for services	1,771	1,591	1,806	1,524	1,511	1,524	1,389	1,511	1,686	1,685
Investment earnings	1,254	659	304	181	156	135	166	220	220	493
Other	134	162	708	740	1,002	1,393	2,023	1,730	1,246	1,262
<b>Total revenues</b>	<b>104,207</b>	<b>105,983</b>	<b>105,343</b>	<b>96,684</b>	<b>94,672</b>	<b>93,721</b>	<b>95,248</b>	<b>87,404</b>	<b>83,033</b>	<b>83,174</b>
<b>Expenditures:</b>										
General government	13,453	13,480	13,493	13,180	12,290	11,837	11,409	11,394	9,734	8,652
Public safety	10,737	10,248	10,053	10,022	9,690	9,269	9,055	8,636	8,424	8,688
Public works	4,822	4,341	4,763	4,435	4,401	4,863	5,503	4,804	5,137	5,364
Recreation	1,412	1,382	1,728	1,634	1,670	1,645	1,533	1,481	1,844	1,723
Library	1,022	1,003	1,037	1,546	1,438	1,465	1,032	1,024	993	1,012
Social services	1,199	1,242	1,244	2,990	3,187	3,104	1,165	1,119	1,127	1,304
Education	54,883	59,613	56,983	50,786	50,850	50,512	51,428	50,163	48,210	46,987
Capital outlay	7,314	6,424	5,156	7,414	5,438	9,025	21,885	37,732	17,838	27,012
Debt service:										
Principal	5,020	4,980	4,585	4,430	4,005	2,670	2,015	1,265	1,250	800
Interest	2,565	2,449	2,937	2,985	3,057	2,601	2,481	781	1,252	1,424
<b>Total expenditures</b>	<b>102,429</b>	<b>105,162</b>	<b>101,979</b>	<b>99,422</b>	<b>96,026</b>	<b>96,991</b>	<b>107,506</b>	<b>118,399</b>	<b>95,809</b>	<b>102,966</b>
Excess of revenues over (under) expenditures	1,778	821	3,364	(2,738)	(1,354)	(3,270)	(12,258)	(30,995)	(12,776)	(19,792)
<b>Other financing sources (uses):</b>										
Transfers in	4,978	4,834	5,274	3,509	6,646	3,776	4,079	7,399	3,263	14,240
Transfers out	(4,978)	(4,834)	(5,274)	(3,509)	(6,646)	(3,776)	(3,733)	(7,399)	(3,263)	(14,240)
Bonds issued			14,585			15,930	33,750	15,640	14,000	8,500
Bond premium			2,842			404	1,608			
Payment to refunding bond escrow agent										
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>-</b>	<b>16,334</b>	<b>35,704</b>	<b>15,640</b>	<b>14,000</b>	<b>8,500</b>
Net change in fund balances	1,778	821	3,502	(2,738)	(1,354)	13,064	23,446	(15,355)	1,224	(11,292)
<b>Fund Balances at Beginning of Year</b>	<b>21,952</b>	<b>21,131</b>	<b>17,629</b>	<b>20,367</b>	<b>21,721</b>	<b>8,657</b>	<b>(14,789)</b>	<b>566</b>	<b>(658)</b>	<b>10,634</b>
<b>Fund Balances at End of Year</b>	<b>\$ 23,729</b>	<b>\$ 21,952</b>	<b>\$ 21,131</b>	<b>\$ 17,629</b>	<b>\$ 20,367</b>	<b>\$ 21,721</b>	<b>\$ 8,657</b>	<b>\$ (14,789)</b>	<b>\$ 566</b>	<b>\$ (658)</b>
Debt Service as a Percentage of Noncapital Expenditures	8.67%	8.14%	8.42%	8.77%	8.45%	6.37%	5.54%	2.60%	3.32%	3.02%

TABLE 5

## TOWN OF WATERFORD, CONNECTICUT

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

## LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate						Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (Mill Rate)	Estimated Actual Taxable Value
		Residential	Commercial	Industrial	Personal Property	Motor Vehicles					
2019	2017	\$ 1,487,852	\$ 818,493	\$ 343,321	\$ 834,617	\$ 155,805	\$ 339,574	\$ 3,300,514	27.42	\$ 4,715,020	
2018	2016	1,469,387	410,093	734,321	814,973	152,334	342,048	3,239,060	27.03	4,627,229	
2017	2015	1,463,583	399,505	734,321	791,659	150,220	345,424	3,193,864	26.78	4,562,663	
2016	2014	1,460,280	404,196	734,321	760,024	149,335	349,274	3,158,882	25.83	4,512,689	
2015	2013	1,447,859	402,598	738,064	803,517	149,082	343,699	3,197,421	24.80	4,567,744	
2014	2012	1,447,758	430,568	799,766	789,947	146,841	441,933	3,172,947	24.08	4,532,781	
2013	2011	1,894,137	433,114	781,274	799,238	148,736	343,864	3,712,635	19.77	5,303,764	
2012	2010	1,894,682	424,348	784,968	799,628	142,437	346,231	3,699,832	18.79	5,285,474	
2011	2009	1,889,773	427,550	777,795	782,269	137,739	346,740	3,668,386	18.04	5,240,551	
2010	2008	1,886,920	424,572	773,690	783,780	136,633	349,314	3,656,281	16.86	5,223,259	

Source: Assessor's Office - Town of Waterford

Notes: (1) Revaluation October 1, 2012

TABLE 6

**TOWN OF WATERFORD, CONNECTICUT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
**(In Thousands)**

Business Name	Nature of Business	2017 GL			2008 GL		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion Nuclear Connecticut	Nuclear Power	\$ 1,131,315	1	34.28%	\$ 1,111,526	1	30.40%
CL&P/Yankee Gas	Utility	83,845	2	2.54%	37,142	3	1.02%
Crystal Mall	Shopping Center	50,338	3	1.53%	87,533	2	2.39%
Centro GA	Shopping Center	29,145	4	0.88%	30,951	6	0.85%
Mass Municipal	Business Corp	27,751	5	0.84%	31,906	5	0.87%
Chase Crossroads & Waterford Plaza	Shopping Center	22,877	6	0.69%	32,832	4	0.90%
Walmart	Shopping Center	17,180	7	0.52%	18,800	7	0.51%
Sonalysts Inc.	Government Contractor	12,960	8	0.39%	11,459	8	0.31%
VTR Northeast Holdings	Healthcare	11,816	9	0.36%	10,710	10	0.29%
Charter Oak Federal Credit Union	Banking Headquarters	11,315	10	0.34%			
Waterford Real Estate Holdings LLC	Medical Offices				10,945	9	0.30%
Total		\$ 1,398,542		42.37%	\$ 1,383,804		37.84%

Source: Town of Waterford, Office of Tax Assessor

TABLE 7

**TOWN OF WATERFORD, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(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		Total Collections to Date	
		Amount	Percentage			Collections in Subsequent Years	Amount	Percentage	
2019	27.42	\$ 90,489	\$ 89,774	(188)	90,301	99.21%	\$ 87,279	99.45%	
2018	27.03	87,763	86,952	(219)	87,544	99.08%	327	85,499	99.70%
2017	26.78	85,757	85,025	(185)	85,572	99.15%	474	81,232	99.60%
2016	25.83	81,681	80,913	(126)	81,555	99.06%	319	78,624	99.59%
2015	24.80	79,312	78,331	(367)	78,945	98.76%	293	75,692	99.73%
2014	24.08	76,344	75,511	(448)	75,896	98.91%	181	73,063	99.81%
2013	19.77	73,354	72,501	(150)	73,204	98.84%	562	69,110	99.84%
2012	18.79	69,485	68,573	(263)	69,222	98.69%	537	65,700	99.91%
2011	18.04	66,093	65,359	(335)	65,758	98.89%	341	61,136	99.95%
2010	16.86	61,554	60,816	(386)	61,168	98.80%	320		

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

TABLE 8

**TOWN OF WATERFORD, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Utility Commission</b>	<b>Total Primary Government</b>	<b>Ratio of Debt to Per Capita Income</b>	<b>Ratio of Debt to Taxable Assessed Value</b>	<b>Debt per Capita</b>
	\$	\$	\$	\$			
2019	\$ 69,465	\$	\$	\$ 69,465	8.70%	2.10%	\$ 3,655
2018		74,485		74,485	9.32%	2.30%	3,919
2017		79,465		79,465	9.95%	2.49%	4,181
2016		85,715		85,715	10.68%	2.71%	4,487
2015		90,145		90,145	11.12%	2.82%	4,675
2014		94,885		94,885	11.62%	2.99%	4,884
2013		91,625		91,625	12.00%	2.47%	4,698
2012		83,640		83,640	10.94%	2.26%	4,282
2011		64,465		64,465	8.52%	1.76%	3,314
2010		55,765		55,765	7.35%	1.53%	2,857

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

**TOWN OF WATERFORD, CONNECTICUT****SCHEDULE OF DEBT LIMITATION****June 30, 2019****(In Thousands)**

Total Tax Collections for Fiscal Year Ended June 30, 2018, Including Interest and Lien Fees	\$	87,828				
Reimbursement for revenue loss on:						
Property tax relief		2				
Base	\$	<u>87,830</u>				
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>	<b>Total</b>
Debt Limitation:						
2-1/4 times base	\$ 197,618	\$ 395,235	\$ 329,363	\$ 285,448	\$ 263,490	\$ 614,811
4-1/2 times base						
3-3/4 times base						
3-1/4 times base						
3 times base						
7 times base						
Total debt limitation	<u>197,618</u>	<u>395,235</u>	<u>329,363</u>	<u>285,448</u>	<u>263,490</u>	<u>614,811</u>
Indebtedness:						
Bonds payable		69,465				
Authorized and unissued	<u>15,000</u>	<u>8,376</u>				
Total indebtedness	<u>15,000</u>	<u>77,841</u>				
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 182,618</u>	<u>\$ 317,394</u>	<u>\$ 329,363</u>	<u>\$ 285,448</u>	<u>\$ 263,490</u>	<u>\$ 614,811</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$615 million.

Note 2: Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or interim financing has been issued.

**TOWN OF WATERFORD, CONNECTICUT**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limit	\$ 614,811	\$ 603,200	\$ 603,192	\$ 572,307	\$ 552,363	\$ 534,504	\$ 513,141	\$ 482,944	\$ 461,286	\$ 430,390
Total net debt applicable to limit	69,465	74,485	87,841	134,033	138,463	137,207	139,957	144,615	147,294	85,413
Legal Debt Margin	\$ 545,346	\$ 528,715	\$ 515,351	\$ 438,274	\$ 413,900	\$ 397,297	\$ 373,184	\$ 338,329	\$ 313,992	\$ 344,977
Total net debt applicable to the limit as a percentage of debt limit	11.3%	12.3%	14.6%	23.4%	25.1%	25.7%	27.3%	29.9%	31.9%	19.8%

(1) In no event shall total debt exceed seven times annual receipts from taxation.

Source: Comprehensive Annual Financial Report - Statement of Debt Limitation

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

TABLE 11

**TOWN OF WATERFORD, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population (1, 7)</b>	<b>Per Capita Personal Income (1,6,7)</b>		<b>Total Personal Income (5)</b>	<b>Median Age (2,7)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>	
2019	19,007	\$	42,028	\$	-	49	2,518	3.7%
2018	19,007		42,028		-	48	2,653	2.8%
2017	19,007		42,028		-	48	2,776	3.7%
2016	19,427		39,498		-	47	2,749	4.8%
2015	19,427		39,498		-	46	2,764	5.4%
2014	19,508		39,042		-	47	2,799	6.0%
2013	19,517		38,245		-	46	2,895	7.6%
2012	19,517		37,690		-	45	2,967	8.0%
2011	19,517		36,626		-	45	3,021	8.2%
2010	18,897		26,807		-	45	3,010	8.0%

(1) U.S. Department of Commerce, Bureau of Census 1960-2010

(2) Connecticut Economic Resource Center based on U.S. Bureau of Census Data. September each year.

(3) Waterford Board of Education (FYE June Reports) Inclusive of Pre-School Enrollment

(4) Connecticut Department of Labor. June each year. Not seasonally adjusted. 2007 is estimated based upon a ten-month average.

(5) Bureau of Economic Analysis September 2007

(6) Data source: American Community Survey 2008-2012 5-year estimates

(7) Data source: American Community Survey 2009-2013 5-year estimates

TABLE 12

**TOWN OF WATERFORD, CONNECTICUT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Business Name	Nature of Business	2019			2010		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dominion Nuclear Connecticut	Nuclear Power	1,650	1	16.74%	1,650	1	16.61%
Town of Waterford	Municipality	692	2	7.02%	645	2	6.29%
Waterford Hotel Group	Hospitality	531	3	5.39%	531	3	5.35%
Wal Mart Stores, Inc	Retail	497	4	5.04%	497	4	5.00%
Sonalysts Inc.	Government Contractor	275	5	2.79%	275	5	2.77%
Home Depot	Hardware & Lumber	200	6	2.03%	186	7	1.87%
Bayview Healthcare Center	Healthcare Facility	198	7	2.01%	225	6	2.26%
Lowe's Home Improvement	Hardware & Lumber	160	8	1.62%	182	8	1.83%
BJ's Wholesale	Retail Store	116	9	1.18%	-	-	
Coca Cola Bottling	Distributor	112	10	1.14%	-	-	
Total		<u><u>4,431</u></u>		<u><u>44.96%</u></u>	<u><u>4,191</u></u>		<u><u>41.98%</u></u>

Source: Employment Data - Official Statement July 2019

TABLE 13

**TOWN OF WATERFORD, CONNECTICUT**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government	92	92	92	92	92	92	93	93	95	94
Police	54	54	54	54	54	54	56	56	56	56
Fire	15	15	15	15	20	15	15	15	15	15
Refuse collection	6	6	6	6	6	5	5	5	5	5
Other public works	24	24	24	24	24	28	28	28	32	32
Recreation and parks	10	10	10	10	10	13	13	13	14	14
Library	24	24	24	24	24	23	23	23	24	24
Education	463	461	456	455	455	455	440	440	466	473
Total	688	686	681	680	685	685	673	673	707	713

Source: Town and Board of Education Human Resources Departments

TABLE 14

**TOWN OF WATERFORD, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>General Government</i>										
Building permits issued	28	31	24	15	15	19	22	17	13	13
Building inspections conducted	475	490	312	195	282	408	460	223	179	179
<i>Police</i>										
Physical arrests	1,062	1,170	1,128	1,914	1,955	2,104	1,718	1,283	1,861	1,861
Parking violations	146	147	162	176	38	57	58	54	120	120
Traffic violations	6,344	5,162	3,509	4,066	3,691	4,937	5,046	4,431	4,371	4,371
<i>Fire</i>										
Emergency responses	3,930	4,167	3,860	3,896	3,668	3,624	3,823	3,297	3,520	3,520
Fires extinguished	47	60	62	82	60	68	61	53	62	62
Inspections	272	323	311	425	488	539	558	648	593	593
<i>Refuse Collection</i>										
Refuse collected (tons per day)	28	28	25	48	27	42	45	44	44	44
Recyclables collected (tons per day)	15	17	17	17	13	9	9	9	7	7
<i>Other Public Works</i>										
Street resurfacing (miles)	3	2	2	3	4	3	5	8	4	4
Potholes repaired	453	534	372	510	989	747	422	400	425	425
<i>Recreation and Parks</i>										
Athletic field permits issued	2,091	2,003	2,076	2,060	2,832	2,855	2,009	2,087	1,994	1,994
Community center admissions (1)	61,784	61,000	61,218	62,240	61,689	61,630	61,742	62,439	53,085	53,085
Number of program registrations	6,146	7,247	6,973	7,531	5,812	5,381	6,596	6,742	5,171	5,171
Program fees	212,071	203,612	201,084	201,885	190,780	190,485	205,803	159,623	139,427	139,427
<i>Senior Services</i>										
Number of program participants	47,159	47,060	45,751	43,931	45,432	44,856	45,173	46,302	48,536	48,536
Program revenue	34,138	32,040	29,135	31,074	27,988	29,911	33,573	31,653	27,341	27,341
<i>Library</i>										
Volumes in collection	81,782	84,904	80,254	83,023	81,283	83,076	82,460	86,105	85,430	85,430
Total volumes borrowed	193,542	200,769	209,508	218,010	232,796	242,724	236,607	231,572	234,774	234,774
<i>Water</i>										
New connections	25	28	22	7	7	8	17	16	27	27
Water main breaks	11	13	7	6	7	9	4	8	10	10
Average daily consumption (MGD)	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6	2.7	2.7
Peak daily consumption (MGD)	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.5	4.6	4.6

Source: Directors at each department

TABLE 15

**TOWN OF WATERFORD, CONNECTICUT**  
**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<i>Police</i>										
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	28	26	26	20	20	20	20	20	20	20
<i>Fire</i>										
Stations	5	5	5	5	5	5	5	5	5	5
<i>Refuse Collection</i>										
Collection trucks	6	6	6	6	6	6	6	6	6	6
<i>Other Public Works</i>										
Streets (Miles)	121	121	121	121	121	121	121	121	121	121
Storm drain (Miles)	61	61	61	61	61	61	61	61	61	61
<i>Recreation and Parks</i>										
Acreage	550	550	550	550	550	550	550	550	550	550
Playgrounds	5	5	5	5	5	5	5	5	4	4
Baseball/softball diamonds	14	14	14	14	14	14	14	14	14	14
Soccer/football fields	10	10	10	10	10	10	10	10	10	8
Community centers	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
Water main (miles)*	111	111	111	111	110	110	109	109	109	109
Fire hydrants	1,134	1,134	1,134	1,134	1,133	1,133	1,128	1,128	1,128	1,128
Storage capacity (000's of gallons)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
<i>Wastewater</i>										
Sanitary sewers (miles)*	148.01	148.01	148.01	148.01	148.01	148.01	146.10	146.10	146.10	146.10
Pump stations	28	28	28	28	28	28	27	27	27	27

Source: Directors at each department

\* Does not include service connections