

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WATERTOWN, CONNECTICUT

Fiscal Year Ended June 30, 2009



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

**Town of Watertown,
Connecticut**

Fiscal Year Ended June 30, 2009

Prepared by:

Finance Department

Frank J. Nardelli, Jr., Director

TOWN OF WATERTOWN, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section

TOWN OF WATERTOWN, CONNECTICUT

Principal Officials

Town Council

Elaine H. Adams, Chairman
Raymond Primini, Vice-Chairman
Gary L. Bernier
Paul H. Rinaldi
David J. Demirs
Carl R. Mancini
Richard DiFederico
Richard Fusco
Thomas L. Winn

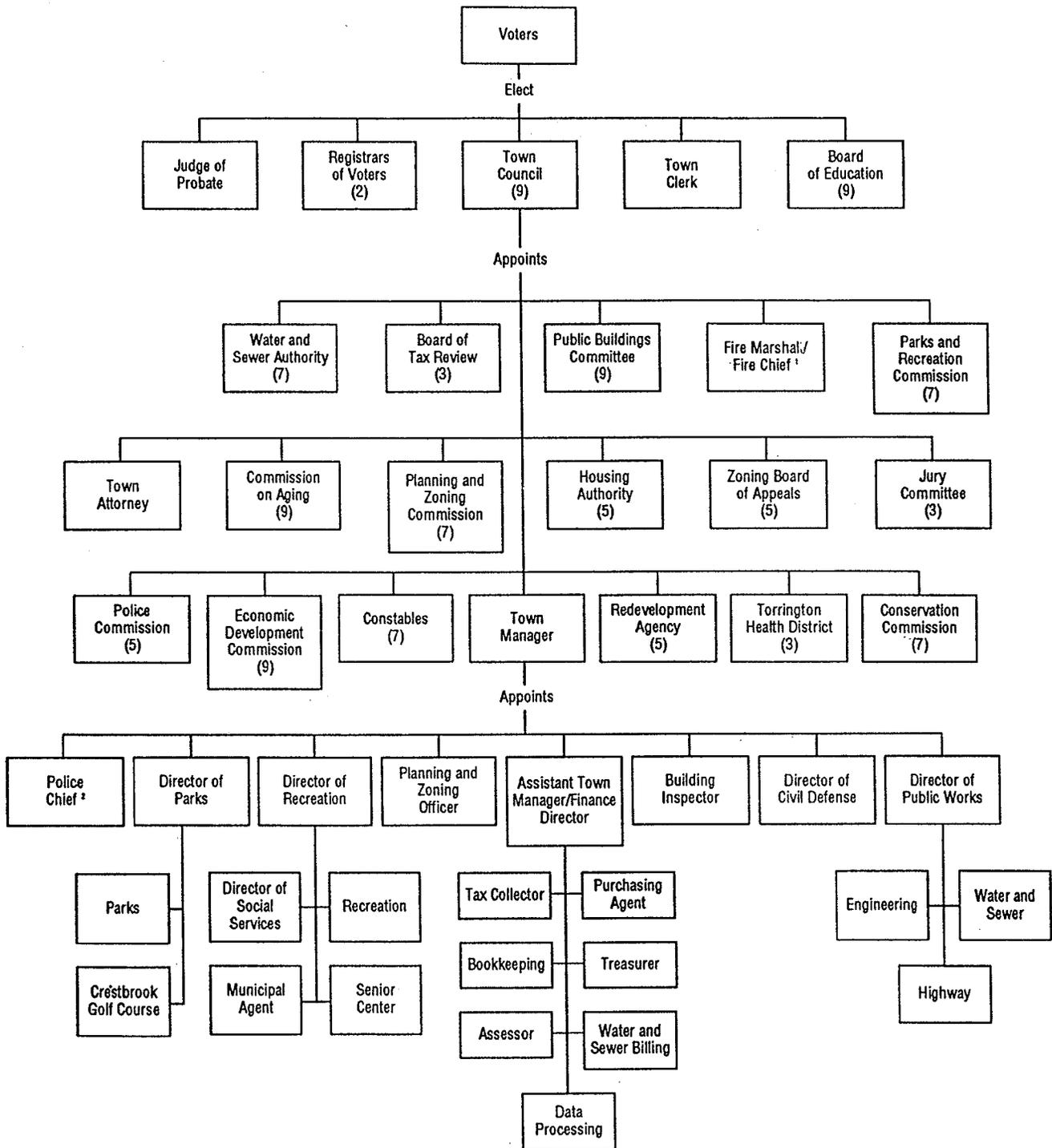
Board of Education

Gina L. Calabrese, Chairman
Richard Mazzamaro, Vice-Chairman
Joseph Apicella
Mary Colangelo
Todd Griffin
Kevin Killeen
Janice Pond
Thomas Lambert
Jacob Irwin

Appointed Officials

Charles Frigon, Town Manager
Karen Baldwin, Superintendent of Schools
Frank J. Nardelli, Jr., Assistant Town Manager/Finance Director
Susan Zappone, Assistant Finance Director
Joan Mondak, School and Town Treasurer

ORGANIZATIONAL CHART



¹Fire Department volunteers elect their own Chief (same individual as Fire Marshal)

²Police Chief appointment made with concurrence of Town Council.



OFFICE OF THE TOWN MANAGER
WATERTOWN, CONNECTICUT

December 19, 2009

Charles Frigon, Town Manager
Members of the Watertown Town Council
Watertown, Connecticut

The comprehensive annual financial report of the Town of Watertown, Connecticut, for the fiscal year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit is issued as a separate report.

The State of Connecticut has enacted legislation referred to as the *State Single Audit Act*. The Act requires financial and compliance audits of State assistance received by municipalities. Information related to this single audit is issued as a separate report.

This report includes all funds of the Town. The Town provides a full range of services. These services include education, encompassing grades K-12; police and fire protection; zoning; building inspection; Watertown landfill closure and contractual sanitation landfill disposal; construction and maintenance of highways, streets and infrastructure; and parks and recreational activities. In addition to general government services, the Town provides water and sewer utilities to a portion of Watertown and provides an eighteen-hole community golf course at Crestbrook Park. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE TOWN

The Town is located in the west central part of the State, bordered by Plymouth and Thomaston to the north, Bethlehem and Woodbury to the west and Middlebury and Waterbury to the south and southeast.

Watertown is primarily a residential community which enjoys a diversified commercial and industrial economic base. Principal industries include eyelet manufacturers, metal finishing companies, nylon, plastic, rayon, synthetic thread instrumentation, regional distribution warehousing, and electronic component and paint manufacturers.

Watertown utilizes the Council/Manager form of government under a Town Charter first adopted in 1961 and last revised in November 1987. The nine-member Council is elected at-large every two years and acts as the legislative body, enacting and amending ordinances and determining Town policies, programs and legislation. The Town Manager, appointed by the Council, serves as the Chief Executive Officer of the Town and administers Council policy.

FACTORS AFFECTING FINANCIAL CONDITION

Budget

The Council also acts as the fiscal authority, assisted by a Director of Finance appointed by the Town Manager and a full-time Treasurer appointed by the Director of Finance. A Budget Town Meeting approves the budget and the Town Council lays the tax rate based on the adopted budget.

Public Buildings and Infrastructure

During fiscal year 2009, the renovation and expansion of Watertown High School, Judson Elementary School and Polk Elementary School is continuing. Each building will be completely renovated, including classrooms, science labs, administrative offices and libraries. Bonds issued during the construction phases, in accordance with approved project bond authorizations, will provide funding for the Town's locally funded costs for these projects. The Town completed the extension of a water main to provide service to an industrial area. The Town also received a Small Cities Grant to be loaned to residents in economically low areas, to be used to renovate and for code upgrades for their residents.

Economic Activity

A Renewable Energy Company has obtained all necessary permits for constructing a facility focused on the development and operation of biomass-based energy supply and generation. The Taft School, a private co-educational boarding school for grades nine through post graduate is in the process of completing a major renovation to its dining facilities. A manufacturer is in the process of relocating to Watertown from a surrounding town to a 44,000 sq ft facility bringing approximately 80 employees.

Long-Term Financial Planning

The expansion and renovation of three schools will require the Town to incur additional debt. This debt is being issued over three years to reduce the bonding impact on the budget and to correspond to current debt being retired. The Town has taken a conservative approach in estimating revenues so as not to be severely affected by the economic slowdown. Investment earnings, conveyance fees and building permits were reduced in the budget in anticipation of the economic slowdown. The Town has taken steps on the expenditures side of the budget, such as no new hires, and closely monitoring budgetary expenses in order to maintain its financial position.

General Fund Policy

The Town has adopted a fund balance policy to maintain a minimum of 7% of the fiscal years operating revenue with a target maximum of 12%. The Town with its financial management is well within this goal even under the current economic climate.

FINANCIAL INFORMATION

Budgetary Controls

The Town of Watertown maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Watertown voters at the Budget Town Meeting. The Town Council is authorized to make additional appropriations of less than \$25,000 during the year. Town Meeting approval is required for additional appropriations over \$25,000. Activities of the General Fund are included in the annual appropriated budget.

Cash Management

Cash temporarily idle during the year was invested in the State Short-Term Investment Fund (STIF) and time deposits for periods ranging from 1 to 298 days. Banking institutions doing business in Connecticut are invited weekly to bid on these investments, with the award going to that institution giving the Town the highest yield on investments.

Risk Management

The Town is exposed to various risks of loss including torts, thefts of, damage to, and destruction of assets; error or omissions; injuries to employees and natural disaster. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation through a Workers' Compensation Fund, and employee health, dental and medical claims (Health and Dental Benefits Fund). These funds are reported as Internal Service Funds. Various Town funds contribute to these funds based on estimates made using historical data. The Town has contracted with outside organizations to pay claims and provide administrative services. Additionally, stop loss insurance coverage has been purchased to limit the Town's liability for health and medical claims.

Independent Audit

State statutes require an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and State of Connecticut Single Audit Act. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audits are issued separately.

Single Audit

As a recipient of federal and state financial assistance, the Town of Watertown also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Watertown for its comprehensive annual financial report for fiscal year ended June 30, 2008.

In order to receive the Certificate of Achievement, the Town published an easily readable and efficiently organized comprehensive annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

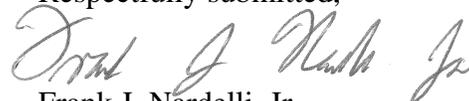
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report on a timely basis was made possible by the efficient and dedicated service of school and Town staff.

My appreciation is also expressed to the Town Council, the Board of Education, the Town Manager, and Superintendent of Schools for their cooperation and assistance with issues pertaining to financial matters of the Town.

Respectfully submitted,



Frank J. Nardelli, Jr.
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Watertown
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Town Council
Town of Watertown
Watertown, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Watertown, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Watertown, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 49 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the

Blum, Shapiro & Company, P.C.

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United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2009 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 19, 2009

**TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

This discussion and analysis of the Town of Watertown, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2009. 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 total net assets increased \$13.4 million as a result of this year's operations. Net assets of our governmental activities increased by \$14.4 million, or nearly 15.8%. Included in the \$14.4 million increase was the receipt of \$14.6 million in school building construction grants from the State during the year, primarily related to the Judson School and High School addition and renovation projects.
- During the year, the Town had expenses that were \$14.4 million less than the \$79.0 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, total net assets decreased \$928 thousand. Unrestricted net assets decreased 2.3 million (\$5.4 million in 2009 compared with \$7.7 million in 2008).
- Total cost of all of the Town's programs was \$69.7 million with no new programs added this year.
- The General Fund reported an unreserved fund balance this year of \$5.4 million.
- The resources available for appropriation were \$642 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net assets 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

The analysis of the Town as a whole begins on Exhibits I and II. The statement of net assets and the statement of activities report information about the Town as a whole and about its activities for the current period. 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 assets and changes in them. The Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial 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 assets 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, parks and recreation, health and welfare 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 sewer, water and golf course operations are 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 Town Council establishes many other funds to help control and manage financial activities for particular purposes (like the Board of Education Community Service Fund) or to show that it is meeting legal responsibilities for using grants and other money (like grants received for education from the state and federal governments). 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 you 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 assets and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and 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 assets and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are 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 Health and Dental Benefits and Workers' Compensation Internal Service Funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. 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 assets increased from a year ago increasing from \$109.6 million to \$123.0 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental and business-type activities.

**TABLE 1
NET ASSETS
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 35,473	\$ 32,434	\$ 12,803	\$ 14,430	\$ 48,276	\$ 46,864
Capital assets, net of accumulated depreciation	<u>146,695</u>	<u>121,399</u>	<u>16,854</u>	<u>15,583</u>	<u>163,549</u>	<u>136,982</u>
Total assets	<u>182,168</u>	<u>153,833</u>	<u>29,657</u>	<u>30,013</u>	<u>211,825</u>	<u>183,846</u>
Long-term liabilities outstanding	73,228	59,083	9,707	10,249	82,934	69,332
Other liabilities	<u>3,584</u>	<u>3,752</u>	<u>2,324</u>	<u>1,210</u>	<u>5,909</u>	<u>4,962</u>
Total liabilities	<u>76,812</u>	<u>62,835</u>	<u>12,031</u>	<u>11,459</u>	<u>88,843</u>	<u>74,294</u>
Net Assets:						
Invested in capital assets, net of related debt	100,078	86,502	12,211	10,840	112,289	97,342
Restricted	325	316			325	316
Unrestricted	<u>4,953</u>	<u>4,180</u>	<u>5,415</u>	<u>7,714</u>	<u>10,368</u>	<u>11,894</u>
Total Net Assets	\$ <u>105,356</u>	\$ <u>90,998</u>	\$ <u>17,626</u>	\$ <u>18,554</u>	\$ <u>122,982</u>	\$ <u>109,552</u>

Net assets of the Town’s governmental activities increased by \$14.4 million (\$105.4 million in 2009 compared with \$91.0 million in 2008). The Town’s unrestricted net assets of \$5.0 million increased \$800 thousand or 19.0% compared with last years’ unrestricted net assets of \$4.2 million. Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Net assets invested in capital assets, net of debt increased \$13.6 million. The Town realized a capital grant contribution under the State’s school building construction grant program which funded \$14.6 million of school building capitalized additions during the year encompassing the majority of the increase in net assets invested in capital assets.

During 2009, the net assets of the Town’s business-type activities decreased by \$928 thousand. Unrestricted net assets decreased \$2.3 million (\$5.4 million in 2009 compared with \$7.7 million in 2008). Contributing factors to the change in total net assets and unrestricted net assets follows Table 2. The Town generally can only use these net assets to finance the continuing operations of the Sewer Authority, Water Authority and Crestbrook Golf Enterprise Funds.

TABLE 2
CHANGE IN NET ASSETS
(In Thousands)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program revenues:						
Charges for services	\$ 3,592	\$ 3,440	\$ 3,504	\$ 3,538	\$ 7,096	\$ 6,978
Operating grants and contributions	17,062	26,838	18	980	17,080	27,818
Capital grants and contributions	15,032	12,721	454	41	15,486	12,762
General revenues:						
Property taxes	41,531	38,206			41,531	38,206
Grants and contributions not restricted to specific purposes	1,226	1,336			1,226	1,336
Unrestricted investment earnings	370	914	80	300	450	1,214
Other general revenues	246	907			246	907
Total revenues	<u>79,059</u>	<u>84,362</u>	<u>4,056</u>	<u>4,859</u>	<u>83,115</u>	<u>89,221</u>
Expenses:						
General government	8,472	8,347			8,472	8,347
Public safety	5,808	5,093			5,808	5,093
Public works	3,680	4,843			3,680	4,843
Parks and recreation	1,130	1,224			1,130	1,224
Health and welfare	255	160			255	160
Education	42,822	50,151			42,822	50,151
Interest on long-term debt	2,223	1,893			2,223	1,893
Sewer			3,018	3,110	3,018	3,110
Water			1,546	1,522	1,546	1,522
Golf			731	780	731	780
Total expenses	<u>64,390</u>	<u>71,711</u>	<u>5,295</u>	<u>5,412</u>	<u>69,685</u>	<u>77,123</u>
Excess (deficiency) before transfers	14,669	12,651	(1,239)	(553)	13,430	12,098
Transfers	<u>(311)</u>	<u>(140)</u>	<u>311</u>	<u>140</u>	<u>-</u>	<u>-</u>
Increase in Net Assets	<u>\$ 14,358</u>	<u>\$ 12,511</u>	<u>\$ (928)</u>	<u>\$ (413)</u>	<u>\$ 13,430</u>	<u>\$ 12,098</u>

The Town's total revenues were \$83.1 million. The total cost of all programs and services was \$69.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

The Town's governmental activities reported an increase of \$14.4 million in net assets in 2009. The increase was principally driven by the receipt of capital grants and contributions of \$15.0 million used to fund increases in the Town's capital assets. The Town's total governmental revenue for the year was \$79.0 million. Total program expenses were \$64.4 million. During 2009 operating grants and contributions decreased by 9.8 million from 26.8 million in 2008 to 17.0 million in 2009 due to the states contributions in 2008 for issuance of pension obligation bonds and transferring those proceeds into the STRP plan. An amount equal to the State Teachers Retirement Board on behalf contributions is reflected as a decrease in 2009 education expenses as this on behalf contribution was made in 2008. Capital grants and contributions increased \$2.3 million as the Town realized \$14.6 million in

grant contributions associated mostly related to the Judson School and High School addition and renovation projects. Property taxes increased \$3.3 million as the Town's property tax mill rate increased 1.63 mills from 2008 to 2009.

Business-Type Activities

The Town's business-type activities reported a decrease of \$929 thousand in net assets in 2009. Charges for services revenue from the Town's business-type activities was consistent with last year decreasing by \$34 thousand. Operating grants and contributions was \$18 thousand this year as compared with \$980 thousand last year. Last year's contribution revenue includes the Sewer Authority's accrual of \$906 thousand from a private entity in accordance with a sewer connection and service agreement to share a percentage of the Authority's cost incurred during 2008 to install a sanitary sewer interceptor.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, education and parks 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 that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General government	\$ 8,472	\$ 8,347	\$ 7,318	\$ 7,126
Public safety	5,809	5,093	5,244	4,655
Public works	3,680	4,843	3,047	2,732
Parks and recreation	1,130	1,224	772	869
Education	42,822	50,151	10,291	11,625
All others	2,478	2,053	2,032	1,705
Total	\$ 64,390	\$ 71,711	\$ 28,704	\$ 28,712

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 \$25.7 million, which is an increase of 3.6 million from last year's total of \$22.1 million. During 2009, the Town realized \$16.0 million in bond proceeds derived from the issuance of general obligation bonds to fund the Town's local share of three school renovation projects. A significant portion of those bond proceeds had not been expended as of year end and are, therefore, reflected in the Capital Improvement Fund's total fund balance of \$18.3 million as of June 30, 2009. Also, included in this year's governmental funds total change in fund balance is a decrease of \$233 thousand in the Town's General Fund. The primary reasons for the General Fund's decrease mirror activities reporting in RSI-1 and RSI-2. The Town budgeted for the use of \$578 thousand of fund balance, of which none of the appropriation from fund balance was used, as the Town exceeded its budgetary revenue estimates by \$642 thousand in addition to spending \$322 thousand less than anticipated on budgeted expenditures.

The Town's Capital Improvement Fund reported a fund balance increase of \$3.8 million during the year as discussed above. During the year, the Town realized \$14.6 million in intergovernmental grants from the State towards the costs of the Town's ongoing school renovation projects, along with \$16.0 million of bond issuance proceeds. The Town incurred \$26.4 million of capital expenditures during the year for school renovations at Watertown High School, Judson School and Polk School.

Proprietary Funds

Net assets of the Town's three self-insured internal service funds decreased by \$20 thousand resulting in a combined net asset deficit of \$20 thousand as of June 30, 2009. The Health and Dental Benefits Fund reported an operating gain of \$262 thousand as claims paid decreased significantly during the year. Net assets of the Town's Workers' Compensation Fund increased \$89 thousand as claims experience improved over last year.

The Town operates three enterprise funds that comprise the Town's business-type activities. The enterprise funds account for the operations of providing sewer and water services to Town businesses and residents and to account for the Town's Crestbrook golf course. Analysis of the Town's enterprise funds is included in the above business-type activities section.

General Fund Budgetary Highlights

During the year, the Town approved \$481 thousand of additional General Fund appropriations to fund various unanticipated expenditures in addition to \$97 thousand appropriated to balance the original adopted budget for 2009. The budgetary revenue estimate of \$58.5 million was exceeded by \$642 thousand as the Town realized a budgetary based revenue of \$385 thousand resulting from the underliquidation of prior year encumbrance commitments. As evidence of the economic downturn, conveyance tax and investment income revenues were below budgetary estimates. The Town's expended \$322 thousand less than the amended appropriated budget amount of \$59.1 million.

The Town's General Fund balance of \$5.7 million reported on Exhibit III differs from the General Fund's budgetary fund balance of \$5.4 million. This is because budgetary fund balance includes a reservation of \$300 thousand of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2009, the Town had \$164 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 increase of \$26.6 million, or 19.4%, over last year.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Land	\$ 2,598	\$ 2,598	\$ 1,020	\$ 1,020	\$ 3,618	\$ 3,618
Construction in progress	56,758	35,725	2,555	1,954	59,313	37,679
Buildings and improvements	40,906	37,408	896	870	41,802	38,278
Vehicles	222	395	19	19	241	414
Machinery and equipment	1,093	1,251	333	305	1,426	1,556
Infrastructure	45,118	44,022	12,031	11,415	57,149	55,437
Total	\$ 146,695	\$ 121,399	\$ 16,854	\$ 15,583	\$ 163,549	\$ 136,982

This year's major capital outlay additions included:

Swift School Reconstruction	\$	412
Watertown High School Renovation		15,668
Judson School Renovation		<u>9,676</u>
Total	\$	<u><u>25,756</u></u>

The Town's fiscal year 2008-2009 capital budget calls for the continued capital outlay on the \$84.5 million of approved project authorizations for renovations and additions to the Watertown High School, Judson Elementary School and Polk Elementary School. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2009, the Town had \$74.9 million in bonds and serial notes outstanding versus \$61.7 million last year - an increase of 21.4% - as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 64,187	\$ 51,607	\$ 4,643	\$ 4,743	\$ 68,830	\$ 56,350
Serial notes payable			4,889	5,352	4,889	5,352
Bond anticipation notes (backed by the Town)	<u>1,200</u>				<u>1,200</u>	
	<u>\$ 65,387</u>	<u>\$ 51,607</u>	<u>\$ 9,532</u>	<u>\$ 10,095</u>	<u>\$ 74,919</u>	<u>\$ 61,702</u>

The Town issued \$16 million in general obligation bonds to provide funding towards the \$84.5 million of approved renovations and additions to the Watertown High School, Judson Elementary School and Polk Elementary School.

The Town's general obligation bond rating continues to carry an Aa3 rating, a rating that has been assigned by national rating agencies to the Town's debt since 1999. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$289.6 million state-imposed limit.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2010 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The Town's unemployment had an increase, averaging annual rate of 8.10%. Unemployment in the Town now stands at 8.6% versus 4.9% a year ago. This compares with the State's unemployment rate of 8.1% and the national rate of 9.7%.

Inflation in the Northeast area continues to be less than the national Consumer Price Index (CPI) increase.

The Town required three budget referendums to pass its 2009-2010 budget. Revaluation was completed as of October 1, 2008. The mill rate for fiscal year 2009-2010 is 22.38 mills, which is a 1.97 mill decrease from the prior year, because of revaluation. The Board of Education budget increased 0% and the Town's portion increased 6.1% because of increase in debt services for bonding the three school projects.

In the Town's 2009-2010 budget, the Town did not use any of the fund balance to balance the budget.

Future year's budgets will be impacted by health, insurance, energy costs and debt service.

As for the Town's business-type activities, we expect that the 2009-10 operating income will increase based on recent decisions. The Water and Sewer Department continues to expand its utilities, which increases users. This expansion program combined with maintaining stable rates and low operating costs should enable an increase in net assets. The Water and Sewer Department is in the process of a Water and Sewer Cost of Services rate study, which will be completed in FY 2009-2010.

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 Finance Department, Town of Watertown, 424 Main Street, Watertown, Connecticut 06795.

Basic Financial Statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 22,328,377	\$ 6,002,396	\$ 28,330,773
Receivables, net	13,021,804	1,975,200	14,997,004
Internal balances	64,791	(64,791)	-
Inventories	18,723		18,723
Deferred charges and other	40,000	4,889,471	4,929,471
Capital assets:			
Assets not being depreciated	59,356,078	3,574,742	62,930,820
Assets being depreciated, net	87,338,500	13,279,428	100,617,928
Total assets	<u>182,168,273</u>	<u>29,656,446</u>	<u>211,824,719</u>
Liabilities:			
Accounts and other payables	2,102,419	2,324,234	4,426,653
Bond anticipation notes payable	1,200,000		1,200,000
Unearned revenue	282,073		282,073
Noncurrent liabilities:			
Due within one year	6,206,356	866,635	7,072,991
Due in more than one year	67,021,155	8,839,914	75,861,069
Total liabilities	<u>76,812,003</u>	<u>12,030,783</u>	<u>88,842,786</u>
Net Assets:			
Invested in capital assets, net of related debt	100,078,111	12,211,170	112,289,281
Restricted for trust purposes:			
Expendable	119,588		119,588
Nonexpendable	205,935		205,935
Unrestricted	4,952,636	5,414,493	10,367,129
Total Net Assets	<u>\$ 105,356,270</u>	<u>\$ 17,625,663</u>	<u>\$ 122,981,933</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 8,471,740	\$ 1,136,805	\$ 17,250	\$ -	\$ (7,317,685)	\$ -	\$ (7,317,685)
Public safety	5,808,433	564,378	10	-	(5,244,045)	-	(5,244,045)
Public works	3,680,442	204,824	1,985	426,485	(3,047,148)	-	(3,047,148)
Parks and recreation	1,130,178	320,615	4,270	33,111	(772,182)	-	(772,182)
Health and welfare	255,107	-	184,884	-	(70,223)	-	(70,223)
Education	42,822,088	1,365,557	16,592,953	14,572,118	(10,291,460)	-	(10,291,460)
Interest on long-term debt	2,222,436	-	260,659	-	(1,961,777)	-	(1,961,777)
Total governmental activities	<u>64,390,424</u>	<u>3,592,179</u>	<u>17,062,011</u>	<u>15,031,714</u>	<u>(28,704,520)</u>	<u>-</u>	<u>(28,704,520)</u>
Business-type activities:							
Sewer	3,018,119	1,689,525	-	-	-	(1,328,594)	(1,328,594)
Water	1,546,437	1,143,510	18,266	453,987	-	69,326	69,326
Golf	730,840	670,471	-	-	-	(60,369)	(60,369)
Total business-type activities	<u>5,295,396</u>	<u>3,503,506</u>	<u>18,266</u>	<u>453,987</u>	<u>-</u>	<u>(1,319,637)</u>	<u>(1,319,637)</u>
Total	<u>\$ 69,685,820</u>	<u>\$ 7,095,685</u>	<u>\$ 17,080,277</u>	<u>\$ 15,485,701</u>	<u>(28,704,520)</u>	<u>(1,319,637)</u>	<u>(30,024,157)</u>
General revenues:							
Property taxes	-	-	-	-	41,530,674	-	41,530,674
Grants and contributions not restricted to specific programs	-	-	-	-	1,225,990	-	1,225,990
Unrestricted investment earnings	-	-	-	-	370,165	80,412	450,577
Miscellaneous	-	-	-	-	246,045	-	246,045
Transfers	-	-	-	-	(310,575)	310,575	-
Total general revenues and transfers	-	-	-	-	<u>43,062,299</u>	<u>390,987</u>	<u>43,453,286</u>
Change in net assets	-	-	-	-	14,357,779	(928,650)	13,429,129
Net Assets at Beginning of Year	-	-	-	-	<u>90,998,491</u>	<u>18,554,313</u>	<u>109,552,804</u>
Net Assets at End of Year	-	-	-	-	<u>\$ 105,356,270</u>	<u>\$ 17,625,663</u>	<u>\$ 122,981,933</u>

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The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 5,898,594	\$ 13,569,487	\$ 2,072,069	\$ 21,540,150
Accounts receivable, net	6,682,182	5,983,675	355,947	13,021,804
Due from other funds	97,399			97,399
Inventories			18,723	18,723
Total Assets	<u>\$ 12,678,175</u>	<u>\$ 19,553,162</u>	<u>\$ 2,446,739</u>	<u>\$ 34,678,076</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 779,275	\$ 36,806	\$ 210,773	\$ 1,026,854
Bond anticipation notes payable		1,200,000		1,200,000
Due to other funds			32,608	32,608
Deferred revenue	6,193,541		513,417	6,706,958
Total liabilities	<u>6,972,816</u>	<u>1,236,806</u>	<u>756,798</u>	<u>8,966,420</u>
Fund balances:				
Reserved	305,098	39,887,799	492,482	40,685,379
Unreserved, reported in:				
General Fund	5,400,261			5,400,261
Special Revenue Funds			1,197,459	1,197,459
Capital Project Funds		(21,571,443)		(21,571,443)
Total fund balances	<u>5,705,359</u>	<u>18,316,356</u>	<u>1,689,941</u>	<u>25,711,656</u>
Total Liabilities and Fund Balances	<u>\$ 12,678,175</u>	<u>\$ 19,553,162</u>	<u>\$ 2,446,739</u>	<u>\$ 34,678,076</u>

(Continued to next page)

TOWN OF WATERTOWN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:
 Amounts reported for governmental activities in the statement of net assets (Exhibit I) are
 different because of the following:

Fund balances - total governmental funds	\$	25,711,656
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	193,559,685
Less accumulated depreciation		<u>(46,865,107)</u>
Net capital assets		146,694,578
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		562,292
Interest receivable on property taxes		154,000
Receivable from the State for school construction projects		5,296,136
Housing rehabilitation loans receivable		231,344
Other accounts receivables		181,113
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 assets.		
		(20,299)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable		(64,187,000)
Interest payable on bonds		(942,039)
Capital leases		(543,122)
Compensated absences		(4,337,974)
Retirement obligations		(582,756)
Net OPEB obligation		(2,181,291)
Landfill closure monitoring obligation		<u>(680,368)</u>
Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>105,356,270</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	General	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 41,428,222	\$	\$	\$ 41,428,222
Intergovernmental revenues	17,032,238	14,596,204	1,681,188	33,309,630
Licenses, permits and charges for services	2,001,022		1,713,525	3,714,547
Investment income	179,968	163,340	20,471	363,779
Other revenue	405,319	233,653	176,561	815,533
Total revenues	<u>61,046,769</u>	<u>14,993,197</u>	<u>3,591,745</u>	<u>79,631,711</u>
Expenditures:				
Current:				
General government	2,381,697		115,136	2,496,833
Public safety	4,382,794		6,723	4,389,517
Public works	3,297,676		592,392	3,890,068
Parks and recreation	716,319		373,237	1,089,556
Health and welfare	130,342		276,436	406,778
Education	38,620,195		2,533,818	41,154,013
Other	6,465,866			6,465,866
Capital outlay		26,436,339		26,436,339
Debt service	5,559,514			5,559,514
Total expenditures	<u>61,554,403</u>	<u>26,436,339</u>	<u>3,897,742</u>	<u>91,888,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(507,634)</u>	<u>(11,443,142)</u>	<u>(305,997)</u>	<u>(12,256,773)</u>
Other Financing Sources (Uses):				
Transfers in	959,594		125,000	1,084,594
Transfers out	(685,076)	(710,000)	(93)	(1,395,169)
Issuance of bonds		16,000,000		16,000,000
Issuance of capital leases			159,163	159,163
Total other financing sources (uses)	<u>274,518</u>	<u>15,290,000</u>	<u>284,070</u>	<u>15,848,588</u>
Net Change in Fund Balances	(233,116)	3,846,858	(21,927)	3,591,815
Fund Balance at Beginning of Year	<u>5,938,475</u>	<u>14,469,498</u>	<u>1,711,868</u>	<u>22,119,841</u>
Fund Balance at End of Year	<u>\$ 5,705,359</u>	<u>\$ 18,316,356</u>	<u>\$ 1,689,941</u>	<u>\$ 25,711,656</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

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)	\$	3,591,815
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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	28,344,402
Depreciation expense	(3,048,925)

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:

School building grant receipts	(675,381)
Property tax receivable - accrual basis change	162,301
Property tax interest and lien revenue - accrual basis change	11,000
Other accounts receivable - accrual basis change	(6,832)

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 assets. 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	3,420,000
Issuance of bonds	(16,000,000)
Accrued interest on bonds	(22,975)
Capital lease payments	339,903
Capital lease financing	(159,163)

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:

Change in long-term compensated absences	(54,322)
Change in long-term retirement obligations	382,281
Change in landfill post closure care	(49,889)
Change in net OPEB obligation	(2,181,291)

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.

304,855

Change in Net Assets of Governmental Activities (Exhibit II)	\$	<u>14,357,779</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

	Business-Type Activities				Governmental
	Nonmajor			Total	Activities
	Sewer Authority	Water Authority	Crestbrook Golf Operation		Internal Service
Assets:					
Current:					
Cash and cash equivalents	\$ 3,427,404	\$ 2,574,992	\$	\$ 6,002,396	\$ 788,227
Receivables, net:					
User charges	432,564	288,210		720,774	
Assessments	1,055,070	199,356		1,254,426	
Other asset				-	40,000
Total current assets	<u>4,915,038</u>	<u>3,062,558</u>	<u>-</u>	<u>7,977,596</u>	<u>828,227</u>
Noncurrent:					
Deferred charges	4,889,471			4,889,471	
Capital assets:					
Assets not being depreciated	2,065,780	573,962	935,000	3,574,742	
Assets being depreciated, net	6,183,195	6,546,181	550,052	13,279,428	
Total noncurrent assets	<u>13,138,446</u>	<u>7,120,143</u>	<u>1,485,052</u>	<u>21,743,641</u>	<u>-</u>
Total assets	<u>18,053,484</u>	<u>10,182,701</u>	<u>1,485,052</u>	<u>29,721,237</u>	<u>828,227</u>
Liabilities:					
Current liabilities:					
Accounts and other payables	2,080,515	162,029	10,555	2,253,099	133,526
Accrued interest payable	39,215	31,920		71,135	
Due to other funds	9,946		54,845	64,791	
Bond and notes payable	636,347	137,000		773,347	
Compensated absences	34,437	34,437	24,414	93,288	
Risk management claims				-	365,000
Total current liabilities	<u>2,800,460</u>	<u>365,386</u>	<u>89,814</u>	<u>3,255,660</u>	<u>498,526</u>
Noncurrent liabilities:					
Bond and notes payable	7,036,124	1,723,000		8,759,124	
Compensated absences	20,078	20,078	40,634	80,790	
Risk management claims				-	350,000
Total noncurrent liabilities	<u>7,056,202</u>	<u>1,743,078</u>	<u>40,634</u>	<u>8,839,914</u>	<u>350,000</u>
Total liabilities	<u>9,856,662</u>	<u>2,108,464</u>	<u>130,448</u>	<u>12,095,574</u>	<u>848,526</u>
Net Assets:					
Invested in capital assets, net of related debt	5,465,975	5,260,143	1,485,052	12,211,170	
Unrestricted	<u>2,730,847</u>	<u>2,814,094</u>	<u>(130,448)</u>	<u>5,414,493</u>	<u>(20,299)</u>
Total Net Assets	<u>\$ 8,196,822</u>	<u>\$ 8,074,237</u>	<u>\$ 1,354,604</u>	<u>\$ 17,625,663</u>	<u>\$ (20,299)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities				Governmental
	Nonmajor			Total	Internal Service
	Sewer Authority	Water Authority	Crestbrook Golf Operation		
Operating Revenues:					
Charges for services	\$ 1,667,536	\$ 1,113,812	\$ 631,280	\$ 3,412,628	\$ 9,357,012
Permits and fees	21,989	16,232		38,221	
Other		13,466	39,191	52,657	42,159
Total operating revenues	<u>1,689,525</u>	<u>1,143,510</u>	<u>670,471</u>	<u>3,503,506</u>	<u>9,399,171</u>
Operating Expenses:					
Salaries	293,278	306,433	292,368	892,079	
Benefits	118,543	119,802	107,337	345,682	
Purchased services	1,699,762	844,889	224,944	2,769,595	
Depreciation	216,613	197,900	106,191	520,704	
Amortization of deferred charge	462,705			462,705	
Claims				-	8,251,825
Premiums and administrative charges				-	848,877
Total operating expenses	<u>2,790,901</u>	<u>1,469,024</u>	<u>730,840</u>	<u>4,990,765</u>	<u>9,100,702</u>
Operating Loss	<u>(1,101,376)</u>	<u>(325,514)</u>	<u>(60,369)</u>	<u>(1,487,259)</u>	<u>298,469</u>
Nonoperating Revenues (Expenses):					
Investment earnings	41,718	38,694		80,412	6,386
Assessments	(40,596)	18,266		(22,330)	
Interest expense	(186,622)	(77,413)		(264,035)	
Total nonoperating revenue (expenses)	<u>(185,500)</u>	<u>(20,453)</u>	<u>-</u>	<u>(205,953)</u>	<u>6,386</u>
Loss Before Transfers and Contributions	<u>(1,286,876)</u>	<u>(345,967)</u>	<u>(60,369)</u>	<u>(1,693,212)</u>	<u>304,855</u>
Transfers in	246,819	313,257		560,076	
Transfers out	(41,832)	(159,802)	(47,867)	(249,501)	
Capital contributions		453,987		453,987	
Change in Net Assets	<u>(1,081,889)</u>	<u>261,475</u>	<u>(108,236)</u>	<u>(928,650)</u>	<u>304,855</u>
Net Assets at Beginning of Year	<u>9,278,711</u>	<u>7,812,762</u>	<u>1,462,840</u>	<u>18,554,313</u>	<u>(325,154)</u>
Net Assets at End of Year	<u>\$ 8,196,822</u>	<u>\$ 8,074,237</u>	<u>\$ 1,354,604</u>	<u>\$ 17,625,663</u>	<u>\$ (20,299)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities				Governmental
	Nonmajor			Total	Internal Service
	Sewer Authority	Water Authority	Crestbrook Golf Operation		
Cash Flows from Operating Activities:					
Cash received from charges for services	\$ 1,886,130	\$ 1,224,086	\$ 655,255	\$ 3,765,471	\$ 1,422,175
Cash receipts from interfund services provided				-	7,976,996
Cash paid to vendors	(520,503)	(837,729)	(234,943)	(1,593,175)	(9,264,876)
Cash paid to employees for services	(402,774)	(417,188)	(397,184)	(1,217,146)	
Net cash provided by (used in) operating activities	<u>962,853</u>	<u>(30,831)</u>	<u>23,128</u>	<u>955,150</u>	<u>134,295</u>
Cash Flows from Noncapital and Related Financing Activities:					
Principal payment on serial notes	(462,705)			(462,705)	
Interest payment on serial notes	(102,803)			(102,803)	
Cash received from other funds	246,819	313,257	24,739	584,815	
Cash paid to other funds	(41,886)	(159,802)	(47,867)	(249,555)	
Net cash provided by (used in) noncapital and related financing activities	<u>(360,575)</u>	<u>153,455</u>	<u>(23,128)</u>	<u>(230,248)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Assessments	(40,596)	18,266		(22,330)	
Capital grant contributions		453,987		453,987	
Purchase of capital assets	(243,085)	(1,549,115)		(1,792,200)	
Bonds issued	200,000			200,000	
Principal payment on bonds and notes	(163,000)	(137,000)		(300,000)	
Interest payment on bonds and notes	(129,274)	(79,192)		(208,466)	
Net cash used in capital and related financing activities	<u>(375,955)</u>	<u>(1,293,054)</u>	<u>-</u>	<u>(1,669,009)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Income on investments	41,718	38,694	-	80,412	6,386
Net Increase (Decrease) in Cash and Cash Equivalents	268,041	(1,131,736)	-	(863,695)	140,681
Cash and Cash Equivalents at Beginning of Year	3,159,363	3,706,728	-	6,866,091	647,546
Cash and Cash Equivalents at End of Year	<u>\$ 3,427,404</u>	<u>\$ 2,574,992</u>	<u>\$ -</u>	<u>\$ 6,002,396</u>	<u>\$ 788,227</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	<u>\$ (1,101,376)</u>	<u>\$ (325,514)</u>	<u>\$ (60,369)</u>	<u>\$ (1,487,259)</u>	<u>\$ 298,469</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	679,318	197,900	106,191	983,409	
Rent reduction for leasehold improvements			(15,216)	(15,216)	
(Increase) decrease in receivables	196,605	80,576		277,181	
(Increase) decrease in other assets					(20,000)
Increase (decrease) in accounts payable and accrued liabilities	1,179,259	7,160	(9,999)	1,176,420	(144,174)
Increase (decrease) in compensated absences	9,047	9,047	2,521	20,615	
Total adjustments	<u>2,064,229</u>	<u>294,683</u>	<u>83,497</u>	<u>2,442,409</u>	<u>(164,174)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 962,853</u>	<u>\$ (30,831)</u>	<u>\$ 23,128</u>	<u>\$ 955,150</u>	<u>\$ 134,295</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$	\$ 706,078
Investments - mutual funds	<u>22,306,438</u>	
Total Assets	22,306,438	<u><u>\$ 706,078</u></u>
Liabilities:		
Due to student groups and agencies		<u><u>\$ 706,078</u></u>
Net Assets:		
Held in trust for pension benefits	<u><u>\$ 22,306,438</u></u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 656,410
Plan members	466,237
Total contributions	<u>1,122,647</u>
Investment income (loss):	
Net depreciation in fair value of investments	(4,108,857)
Interest and dividends	804,314
Total investment loss	<u>(3,304,543)</u>
Less investment expense	(45,538)
Net investment loss	<u>(3,350,081)</u>
Total reductions	<u>(2,227,434)</u>
Deductions:	
Benefits	1,695,138
Administration	50,284
Total deductions	<u>1,745,422</u>
Net Decrease in Net Assets	(3,972,856)
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>26,279,294</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u><u>\$ 22,306,438</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was settled in 1780 and adopted its current Charter in 1961. The Town operates under a Town Council/Town Manager form of government as prescribed by the Connecticut General Statutes and its Charter. The Town Manager is responsible for presenting fiscal operating budgets to the Town Council for its recommendation prior to presentation to the Town Meeting for approval. The Town provides the following services as authorized by its Charter: public safety (police and fire), public works (streets and highway), public health and social services, sewers and water, a free public library and education encompassing grades K-12.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital Improvement Fund accounts for the proceeds of general obligation bonds and grants for various construction, renovation and improvement projects.

The Town reports the following major proprietary funds:

Sewer Authority accounts for the cost of operations and collection of fees for the Town's sewer activities.

Water Authority accounts for the cost of operations and collection of fees for the Town's water consumption program.

Additionally, the Town reports the following fund types:

The Internal Service Funds account for the Town's risk management program.

The Pension Trust Funds account for the activities of the Town's retirement system, which accumulates resources for pension benefit payments to qualified Town employees.

The Agency Funds account for monies held by the Town in an agent capacity for student groups and developer funds.

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including

special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and of the Town's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service fund 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 Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. An amount of \$85,000 has been established as an allowance for uncollected taxes. At June 30, 2009, this represents 10.3% of property taxes receivable.

Property tax revenue is recorded when it becomes available. Available means due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, such time thereafter shall not exceed 60 days.

F. Inventories and Prepaid Items

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

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

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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure asset thresholds for additions has been established at \$25,000 for road overlays and \$100,000 for new construction.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Infrastructure	20-100
Vehicles	3
Office equipment	5

H. Compensated Absences

Under the terms of various union contracts, Town and noncertified Board of Education employees may accumulate up to 200 days of sick time which is vested. Upon termination, these employees receive up to 50% of their accumulated sick time. These employees may carryover a limited number of unused vacation days (limited to ten days) to the next year upon approval by the Town Manager. Board of Education teachers can accumulate an unlimited amount of sick time. Upon termination, teachers receive 50% of the value of the first 150 days of sick time and 10% of the value of sick days accumulated in excess of 150 days.

I. Long-Term Obligations

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

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.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. 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

The Town adheres to the following procedures in establishing the budgetary data included in the General Fund.

In January, department heads, offices or agencies of the Town, including the Board of Education, must file estimates of expenditures for the ensuing fiscal year to the Town Manager.

In April, the Town Manager submits a proposed budget for the General Fund to the Town Council. After various public hearings, the Town Council recommends these budgets, as revised, for adoption at the annual Town Meeting in May.

Budget control is established at the department level. Under the Town Charter, no officer of the Town may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated for the department until such matter has been approved and voted by the Council. Management may make changes to line items within a department without the approval of the Town Council. Town Meeting approval is required for additional appropriations over \$25,000. Additional appropriations of \$481,380 from fund balance were approved during the fiscal year for the General Fund in accordance with Charter requirements.

Formal budgetary integration is employed as a management control device for the General Fund during the year. Formal budgetary integration is not employed in Capital Projects and Special Revenue Funds because budgetary control is alternately achieved by constraints imposed by the project authorization or grant awards related to these funds.

Except for encumbrance accounting and budgeting for year end accrued payroll, the budget is prepared on the modified accrual basis of accounting. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

Generally, all unencumbered appropriations lapse at year end except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects even when projects extend more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

Certain individual funds had fund balance/net asset deficits at June 30, 2009 as follows:

Internal Service Funds:		
Health and Dental Benefits	\$	39,374 *
Workers' Compensation		209,898 *

* Deficit will be reduced in future years when additional revenues are recognized by the fund or the General Fund appropriates and transfers funds.

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 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 does 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) and the State Tax Exempt Proceeds Fund (TEPF). 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.

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposit 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*, \$20,671,933 of the Town's bank balance of \$21,830,233 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 18,557,978
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>2,113,955</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 20,671,933</u>

Cash Equivalents

At June 30, 2009 the Town's cash equivalents amounted to \$7,934,062. 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. The pools all have maturities of less than one year.

	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	

Investments

As of June 30, 2009, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Other Investments:		
Mutual funds	N/A	\$ <u>22,306,438</u>

N/A Not applicable

Interest Rate Risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. All of the Town's investments are invested in various pooled accounts and mutual funds which have not been rated by nationally recognized statistical rating organizations. The Town's Pension Trust investments are invested in Prudential Financial Pooled Accounts.

Concentration of Credit Risk - The Town does not have a formal investment policy that restricts investments in any one issuer that is in excess of five percent of the Town's total investments. A listing of the Town's pension investments held by individual organizations that represents more than five percent of the Town's total pension investments are identified in Note 11.

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, 2009, 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.

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:

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Sewer Authority</u>	<u>Water Authority</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 827,344	\$	\$	\$	\$	\$ 827,344
Accrued interest on taxes	171,000					171,000
Intergovernmental	5,341,331	5,983,675			124,603	11,449,609
User charges			442,564	294,210		736,774
Assessments			1,055,070	199,356		1,254,426
Accounts	591,507					591,507
Housing loans					231,344	231,344
Gross receivables	<u>6,931,182</u>	<u>5,983,675</u>	<u>1,497,634</u>	<u>493,566</u>	<u>355,947</u>	<u>15,262,004</u>
Less allowance for uncollectibles:						
Taxes	(85,000)					(85,000)
Accrued interest on taxes	(17,000)					(17,000)
User charges			(10,000)	(6,000)		(16,000)
Accounts	(147,000)					(147,000)
Total allowance	<u>(249,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(6,000)</u>	<u>-</u>	<u>(265,000)</u>
Net Total Receivables	<u>\$ 6,682,182</u>	<u>\$ 5,983,675</u>	<u>\$ 1,487,634</u>	<u>\$ 487,566</u>	<u>\$ 355,947</u>	<u>\$ 14,997,004</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 562,292	\$	\$ 562,292
Accrued interest on delinquent property taxes	154,000		154,000
School building construction grant receivables	5,296,136		5,296,136
Other deferred receivables	181,113		181,113
Nonmajor funds and other funds:			
Housing loans	231,344		231,344
Grant drawdowns prior to meeting all eligibility requirements		246,488	246,488
Advance program fee collections		35,585	35,585
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 6,424,885</u>	<u>\$ 282,073</u>	<u>\$ 6,706,958</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,597,876	\$	\$	\$ 2,597,876
Construction in progress	35,725,029	25,866,915	4,833,742	56,758,202
Total capital assets not being depreciated	<u>38,322,905</u>	<u>25,866,915</u>	<u>4,833,742</u>	<u>59,356,078</u>
Capital assets being depreciated:				
Buildings and improvements	51,969,602	4,856,742		56,826,344
Vehicles	6,850,860	116,738	50,589	6,917,009
Machinery and equipment	4,364,574	193,029		4,557,603
Infrastructure	63,757,931	2,144,720		65,902,651
Total capital assets being depreciated	<u>126,942,967</u>	<u>7,311,229</u>	<u>50,589</u>	<u>134,203,607</u>
Less accumulated depreciation for:				
Buildings and improvements	14,561,344	1,358,647		15,919,991
Vehicles	6,456,075	290,193	50,589	6,695,679
Machinery and equipment	3,113,797	350,383		3,464,180
Infrastructure	19,735,555	1,049,702		20,785,257
Total accumulated depreciation	<u>43,866,771</u>	<u>3,048,925</u>	<u>50,589</u>	<u>46,865,107</u>
Total capital assets being depreciated, net	<u>83,076,196</u>	<u>4,262,304</u>	<u>-</u>	<u>87,338,500</u>
Governmental Activities Capital Assets, Net	<u>\$ 121,399,101</u>	<u>\$ 30,129,219</u>	<u>\$ 4,833,742</u>	<u>\$ 146,694,578</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,600	\$	\$	\$ 1,019,600
Construction in progress	1,954,008	601,134		2,555,142
Total capital assets not being depreciated	<u>2,973,608</u>	<u>601,134</u>	<u>-</u>	<u>3,574,742</u>
Capital assets being depreciated:				
Buildings and improvements	2,077,790	125,133		2,202,923
Vehicles	229,205			229,205
Machinery and equipment	1,103,524	54,492		1,158,016
System infrastructure	19,302,834	1,011,441		20,314,275
Total capital assets being depreciated	<u>22,713,353</u>	<u>1,191,066</u>	<u>-</u>	<u>23,904,419</u>
Less accumulated depreciation for:				
Buildings and improvements	1,207,451	99,706		1,307,157
Vehicles	209,722			209,722
Machinery and equipment	798,898	26,409		825,307
System infrastructure	7,888,216	394,589		8,282,805
Total accumulated depreciation	<u>10,104,287</u>	<u>520,704</u>	<u>-</u>	<u>10,624,991</u>
Total capital assets being depreciated, net	<u>12,609,066</u>	<u>1,711,770</u>	<u>-</u>	<u>13,279,428</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,582,674</u>	<u>\$ 2,312,904</u>	<u>\$ -</u>	<u>\$ 16,854,170</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 12,886
Public safety	479,699
Public works	1,336,917
Parks and recreation	134,950
Education	<u>1,084,473</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,048,925</u>
Business-type activities:	
Sewer	\$ 216,613
Water	197,900
Golf	<u>106,191</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 520,704</u>

Construction Commitments

The Town has the following active construction/renovation projects as of June 30, 2009. At year end, the Town's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Project Balance</u>
Watertown High School Renovation	\$ 56,157,000	\$ 15,686,104	\$ 18,640,662	\$ 34,701,595	\$ 2,814,743
Judson School Renovation	15,859,000	9,676,194	10,484,518	5,142,235	232,247
Polk School Renovation	12,517,000	69,793	689,566	40,975	11,786,459
Swift School Reconstruction	34,368,919	412,023	33,854,638		514,281
Wattles Brook Sanitary Sewer Interceptor	2,036,650	67,941	2,036,650		-
Fire House Renovation and Expansion	6,343,872	13,597	6,315,637	2,994	25,241
Roadway and Drainage Improvements	<u>1,730,000</u>	<u>224,927</u>	<u>1,080,242</u>		<u>649,758</u>
Total	<u>\$ 129,012,441</u>	<u>\$ 26,150,579</u>	<u>\$ 73,101,913</u>	<u>\$ 39,887,799</u>	<u>\$ 16,022,729</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2009 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 32,608
General Fund	Sewer Authority	9,946
General Fund	Crestbrook Golf Operation	<u>54,845</u>
		<u>\$ 97,399</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Sewer Authority</u>	<u>Water Authority</u>	<u>Nonmajor and Other Funds</u>	
Transfers:					
General Fund	\$	\$ 246,819	\$ 313,257	\$ 125,000	\$ 685,076
Capital Improvement Fund	710,000				710,000
Sewer Authority	41,832				41,832
Water Authority	159,802				159,802
Crestbrook Golf	47,867				47,867
Nonmajor Governmental	<u>93</u>				<u>93</u>
Total Transfers In	<u>\$ 959,594</u>	<u>\$ 246,819</u>	<u>\$ 313,257</u>	<u>\$ 125,000</u>	<u>\$ 1,644,670</u>

Transfers from the Town’s General Fund to the Water and Sewer Authority represent the Town’s payment towards debt service on bonds previously issued on water and sewer line extension projects. The Town’s cost is partially offset by transfer of the homeowner assessment payments collected by the Water and Sewer Authority to the Town’s General Fund. Additionally, the Sewer Authority, Water Authority and Crestbrook Golf enterprise funds transfer funds to the Town’s General Fund for reimbursement of indirect administrative costs incurred by the Town.

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 51,607,000	\$ 16,000,000	\$ 3,420,000	\$ 64,187,000	\$ 4,090,000
Capital leases	723,862	159,163	339,903	543,122	219,679
Compensated absences	4,283,652	1,083,236	1,028,914	4,337,974	1,057,969
Retirement obligations	965,037	98,734	481,015	582,756	431,185
Landfill closure	630,479	100,296	50,407	680,368	42,523
Net OPEB obligation	-	2,968,986	787,695	2,181,291	
Risk management claims	873,000	8,201,969	8,359,969	715,000	365,000
Governmental Activity Long-Term Liabilities	<u>\$ 59,083,030</u>	<u>\$ 28,612,384</u>	<u>\$ 14,467,903</u>	<u>\$ 73,227,511</u>	<u>\$ 6,206,356</u>

Bonds and serial notes payable at June 30, 2009 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2009</u>
Governmental:					
General purpose and schools	2004	8/1/2023	3.25-4.63	\$ 2,538,000	\$ 1,905,000
General purpose and schools	2004	4/1/2024	3.00-5.00	5,500,000	4,125,000
General purpose and schools	2005	8/1/2024	3.25-5.00	6,000,000	4,800,000
General purpose and schools	2006	8/1/2025	4.00-5.00	10,540,000	8,950,000
General purpose and schools	2007	2/1/2027	4.00-4.75	4,500,000	4,050,000
Schools	2008	9/15/2027	3.75-4.00	4,100,000	3,895,000
Schools	2008	1/15/2033	3.00-5.00	10,000,000	9,600,000
Schools	2009	4/1/2029	2.50-4.50	16,000,000	16,000,000
Refunding bonds (1996, 1999 and 2000)	2005	8/1/2019	3.00-5.00	15,535,000	10,862,000
Total General Town Bonds				<u>\$ 74,713,000</u>	<u>\$ 64,187,000</u>

The annual requirements to amortize bonds payable as of June 30, 2009 are as follows:

Due During Fiscal Year Ending June 30,	Principal	Interest	Total
2010	\$ 4,090,000	\$ 2,527,724	\$ 6,617,724
2011	4,081,000	2,374,917	6,455,917
2012	3,891,000	2,222,868	6,113,868
2013	3,882,000	2,060,718	5,942,718
2014	3,872,000	1,920,269	5,792,269
2015-2019	19,309,000	7,313,192	26,622,192
2020-2024	14,617,000	3,847,734	18,464,734
2025-2029	8,845,000	1,270,075	10,115,075
2030-2034	1,600,000	164,500	1,764,500
Total	\$ 64,187,000	\$ 23,701,997	\$ 87,888,997

Prior Year Defeasance of Debt

On February 1, 2005, the Town defeased \$16,390,000 in general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2009, \$3,850,000 of bonds outstanding are considered defeased.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of various capital items including public works equipment, vehicles and other office equipment. The assets acquired through capital leases are as follows:

Asset class:	
Vehicles	\$ 1,928,608
Machinery and equipment	<u>600,414</u>
Total gross value	2,529,022
Less accumulated depreciation	<u>1,985,900</u>
 Net Undepreciated Value	 <u>\$ 543,122</u>

The net undepreciated value approximates the capital lease principal balance payable at June 30, 2009.

Principal payments for 2008-09 were \$339,903. The following is a summary of capital lease commitments as of June 30, 2009:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 245,046
2011	191,894
2012	118,912
2013	<u>36,686</u>
Total lease payments	592,538
Less amount representing interest	<u>49,416</u>
 Present Value of Minimum Lease Payments	 <u>\$ 543,122</u>

Landfill Closure

Solid waste landfill closure and postclosure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the postclosure period are the responsibility of the Town. The estimated project costs of this postclosure period is \$680,368. The cost estimate is subject to change due to inflation or changes in cost estimate components. Current year costs amounted to \$50,407. The estimated future cost was increased by \$100,296. The future cost increase has been impacted by the reporting of unacceptable levels of MTBE's requiring the Town to install additional monitoring wells and perform more frequent monitoring.

Compensated Absences

Employees can accumulate additional amounts of unused sick leave (as determined by individual union contracts) payable upon termination of their employment. Compensated absences' liabilities are generally liquidated by the General Fund. The following vested and nonvested estimated liabilities at June 30, 2009 are summarized as follows:

Town:	
Vested:	
Sick	\$ 1,621,073
Vacation	388,687
Board of Education:	
Vested:	
Sick	2,099,275
Vacation	14,480
Nonvested:	
Sick	<u>214,459</u> *
Total	<u>\$ 4,337,974</u>

* Based on estimated percentage of total nonvested obligation that potentially will vest in future years.

Retirement Obligations

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2009 is \$582,756. This amount consists of payments due to retired individuals for compensated absences payments and retirement incentives that have been amortized over the following years:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 431,185
2011	124,570
2012	<u>27,001</u>
Total	\$ <u>582,756</u>

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 4,743,000	\$ 200,000	\$ 300,000	\$ 4,643,000	\$ 310,000
State of Connecticut - serial note	5,352,176		462,705	4,889,471	463,347
Compensated absences	<u>153,463</u>	<u>101,947</u>	<u>81,332</u>	<u>174,078</u>	<u>93,288</u>
Business-Type Activity:					
Long-Term Liabilities	\$ <u>10,248,639</u>	\$ <u>301,947</u>	\$ <u>844,037</u>	\$ <u>9,706,549</u>	\$ <u>866,635</u>

Bonds and serial notes payable at June 30, 2009 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2009</u>
Sewer Authority:					
Sewer bonds	2004	8/1/2023	3.25-4.63	\$ 738,000	\$ 555,000
Refunding bonds (1996)	2005	8/1/2019	3.00-5.00	453,500	318,000
Sewer Interceptor	2008	9/15/2027	3.75-5.75	1,800,000	1,710,000
Sewer Interceptor	2009	4/1/2029	2.50-4.50	<u>200,000</u>	<u>200,000</u>
				<u>3,191,500</u>	<u>2,783,000</u>
Water Authority:					
Water bonds	2004	8/1/2023	3.25-4.63	2,109,000	1,590,000
Refunding bonds (1996)	2005	8/1/2019	3.00-5.00	<u>386,500</u>	<u>270,000</u>
				<u>2,495,500</u>	<u>1,860,000</u>
Total Water and Sewer Authority bonds				<u>5,687,000</u>	<u>4,643,000</u>
State of Connecticut serial note:					
CWF 201-D-1	2001	7/31/2016	2.0	616,135	244,541
CWF 201-C-2	2001	6/30/2020	2.0	8,085,318	4,560,949
CWF 201-P	2001	8/31/2014	2.0	<u>325,085</u>	<u>83,981</u>
Total State of Connecticut serial notes				<u>9,026,538</u>	<u>4,889,471</u>
Total Business-Type Activity Bonds and Serial Notes				<u>\$ 14,713,538</u>	<u>\$ 9,532,471</u>

All bonds are secured by general revenues of the Town.

The annual requirements to amortize bonds and serial notes payable as of June 30, 2009 are as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 773,347	\$ 290,961	\$ 1,064,308
2011	773,002	270,047	1,043,049
2012	763,670	248,935	1,012,605
2013	763,352	227,504	990,856
2014	764,048	206,097	970,145
2015-2019	3,637,420	700,805	4,338,225
2020-2024	1,647,632	245,057	1,892,689
2025-2029	<u>410,000</u>	<u>41,475</u>	<u>451,475</u>
Total	<u>\$ 9,532,471</u>	<u>\$ 2,230,881</u>	<u>\$ 11,763,352</u>

Serial Notes and Deferred Charges

The State of Connecticut Department of Environmental Protection has provided Clean Water Financing in the form of serial notes to the City of Waterbury for sewage treatment plant upgrades. Pursuant to the provisions of the Waterbury/Watertown Intermunicipal Agreement finalized in January 2001 regarding the Sewer Treatment Plant Upgrade Project CWF-201, the Town is responsible for \$9,026,538 (10.166%) of the capital cost of the project. The Watertown Fire District has been allocated 32.72% of the Town's share of the project cost. The Town receives monthly reimbursements from the Watertown Fire District to offset the cost to the Sewer Authority Enterprise Fund. The Town pays its proportionate share of the project costs through the repayment of 2% serial notes directly to the State of Connecticut. The outstanding principal balance that the Town is responsible for is \$4,889,471 as of June 30, 2009. The current and noncurrent portion of the liability recorded in the Sewer Authority Enterprise Fund is \$463,347 and \$4,426,124 respectively.

The costs incurred and capitalized by the City of Waterbury to improve and upgrade its sewer treatment plant are not considered capital assets of the Town. Therefore, a deferred charge of \$4,889,471 has been recorded to offset the related liability reported in the Sewer Authority Enterprise Fund. The deferred charge will be amortized annually by the amount of principal paid to the State of Connecticut on the serial notes.

Bonds Authorized/Unissued

Bonds authorized/unissued are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonded</u>	<u>Previous Paydowns</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
Watertown High School Renovations and Additions	\$ 56,157,000	\$ 17,100,000	\$	\$ 7,556,015	\$ 31,500,985
Judson Elementary School Renovations and Additions	15,859,000	7,500,000		3,980,418	4,378,582
Polk School Renovation Renovations and Additions	12,517,000	5,500,000			7,017,000
Swift School Reconstruction	33,768,919	13,900,000		18,328,315	1,540,604
Wattles Brook Sanitary Sewer Interceptor	2,036,650	2,000,000			36,650
Fire House Renovation and Expansion	6,046,672	6,020,000			26,672
Turkey Brook Flood Drainage Roadway and Drainage Improvements	4,805,000	4,000,000	323,000	416,500	65,500
	<u>1,730,000</u>	<u>1,700,000</u>			<u>30,000</u>
Total	\$ <u>132,920,241</u>	\$ <u>57,720,000</u>	\$ <u>323,000</u>	\$ <u>30,281,248</u>	\$ <u>44,595,993</u>

Legal Debt Limit

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):

Category	Debt Limit	Net Indebtedness*	Balance
General purpose	\$ 93,096	\$ 10,011	\$ 83,085
Schools	186,192	56,728	129,464
Sewers	155,160	7,924	147,236
Urban renewal	134,472		134,472
Pension deficit	124,128		124,128

The total of the Town's net statutory indebtedness of \$74.7 million does not exceed the legal debt limitation of \$289.6 million (seven times the base for debt limitation computation).

* The indebtedness excludes Water Authority bonds of \$1.9 million and includes Watertown Fire District underlying debt of \$215 thousand.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. School building grants receivable for bond principal of \$5.3 million are reflected in the computation of net indebtedness. In addition an estimated amount of \$36.7 million will be received from the State in the form of proportional progress payments for eligible project costs.

8. FUND EQUITY

The following is a description of the various reserve accounts used to indicate that a portion of equity is legally segregated for a specific purpose and is unavailable for appropriation:

Fund Balance

Reserved for Inventory - the balance of inventory accounts has been reserved to indicate that the portion of fund balance represented is not available for appropriation or expenditure.

Reserved for Encumbrances and Commitments - represents outstanding purchase orders at year end on contracts which the Town intends to honor.

Reserved for Trusts - represents the amount of funds accumulated in Other Governmental Funds to pay for specific endowment activities.

Fund balance reserves are as follows:

	General	Capital Improvement Fund	Nonmajor Funds	Total
Encumbrances and commitments	\$ 305,098	\$ 39,887,799	\$ 148,236	\$ 40,341,133
Inventories			18,723	18,723
Trusts			325,523	325,523
Total	<u>\$ 305,098</u>	<u>\$ 39,887,799</u>	<u>\$ 492,482</u>	<u>\$ 40,685,379</u>

9. RISK MANAGEMENT

The Town is exposed to various risks of loss including torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain the risks for workers’ compensation (Workers’ Compensation Fund) and employee health, dental and medical claims (Health Benefits Fund). These funds are reported as Internal Service Funds. Various Town funds contribute to these funds based on estimates made using historical data. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The Town has contracted with outside organizations to pay claims and provide administrative services for the Workers’ Compensation Fund and the Health Benefits Fund. Additionally, stop loss insurance coverage has been purchased to limit the Town’s liability for health and medical claims and workers’ compensation claims. A workers’ compensation claims liability of \$500,000 (Workers’ Compensation Fund) reported at June 30, 2009 is based on a summary report of outstanding liabilities on incurred claims. The health, dental and medical claims liability of \$215,000 (Health and Dental Benefits Fund) reported at June 30, 2009 is based on estimated claims incurred but not reported. The changes in the claims liability were as follows:

<u>Workers’ Compensation Fund</u>	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payment</u>	<u>Liability June 30,</u>
2008-09	\$ 510,000	\$ 689,520	\$ (699,520)	\$ 500,000
2007-08	577,000	526,180	(593,180)	510,000
 <u>Health and Dental Benefits Fund</u>				
2008-09	\$ 363,000	\$ 7,512,449	\$ (7,660,449)	\$ 215,000
2007-08	209,000	7,974,296	(7,820,296)	363,000

10. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

A. Plan Description

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to eligible retirees and their spouses. The retiree welfare plan (RWP) covers Town and Board of Education retired employees. The plan provides for a self-insured plan administered by Blue Cross including options such as BC High Option, BC Low Option, Century Preferred HSA and Hospital Plans, and Group Term Life Insurance. All retired program members receiving benefits are required to contribute up to 13% of premiums for medical (teachers & BOE administrators pay 100% or premiums). Life insurance is 100% employer paid. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town’s various bargaining agreements.

At July 1, 2008, plan membership consisted of the following:

	<u>Retiree Welfare Plan</u>
Retired participants and spouses	269
Active plan members	739
 Total Participants	 <u>1,008</u>

B. Funding Policy

The Town funding and payment of postemployment benefits are accounted for in the Internal Service Fund on a pay-as-you-go basis. The Town has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund may not be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers.

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits on several distinct groups of employees established within their respective collective bargaining units and/or contracts. Full-time employees of the Town of Watertown or Board of Education who retire from the Town are eligible if they meet the following criteria:

- Completion of 25 years of service (Police only)
- Attainment of age 55 as an active member and completion of 10 years of service

C. Annual OPEB Cost and Net OPEB Obligations

The Town of Watertown's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	Retiree Welfare Plan
Annual required contribution (ARC)	\$ 2,968,986
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	2,968,986
Contributions made	787,695
Increase in net OPEB obligation	2,181,291
Net OPEB obligation - beginning of year	-
Net OPEB Obligation - End of Year	\$ <u>2,181,291</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the fiscal year ended June 30, 2009 is presented below. Data is only presented for the fiscal year ended June 30, 2009, due to this being the year of transition.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/09	\$ 2,968,986	\$ 787,695	26.5%	\$ 2,181,291

As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$31,307,000, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$31,307,000. The UAAL as a percentage of covered payroll (annual payroll of active employees covered by the plan) was 122.9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The actuarial value of assets was determined using the market value method. The UAAL is being amortized on a flat dollar basis with a remaining amortization period at July 1, 2008 of 30 years.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Town Employees

A. Plan Description

The Town of Watertown is the administrator of two single employer, contributory, defined benefit plans:

Town of Watertown - General Town Employees
Police Benefit Fund - Police Employees

The pension plans are included in the financial statements as Pension Trust Funds. Individual stand-alone statements are not issued. Prudential Financial is the trustee of the Plan's assets.

The Town of Watertown Retirement System covers all full-time employees other than police officers, supervisors, certified Board of Education teachers and Water and Sewer Authority employees hired prior to February 1986.

All employees working at least 30 hours per week and 40 weeks per year are eligible under the plan. All eligible employees are 100% vested after 10 years of continuous service. The retirement benefit is 2% of final earnings per year of credited service, subject to a maximum percentage offset of the social security benefit defined by division group. Final earnings are defined as the average earnings during the highest three full earnings computation periods prior to normal retirement. Normal retirement date is the first month coinciding with or next following the employee's 65th birthday, except for the Highway Division. The normal retirement date for the Highway Division is the first month coinciding with or next following the earlier of the employee's age of 55 and 25 years of service or age 65. For early retirement, the normal accrued benefit is actuarially reduced for the number of months the annuity commencement date precedes the normal retirement date. Disabled employees are entitled to receive normal pension benefits based on service and final pay at the time of disability.

The Police Benefit Fund is open to all police employees represented by the union for collective bargaining purposes.

All policemen who work more than 20 hours per week and 5 months per calendar year are eligible to participate in the plan. All employees are 100% vested after 10 years of continuous service. The retirement benefit is 2.5% of final earnings per year of credited service, less 35% of social security. Final earnings are defined as the average earnings received in the last three full calendar years before retirement date. A temporary retirement annuity equal to 35% of the social security benefit shall be paid from normal retirement date to age 65. The normal retirement age is 55 or 25 years of service. An employee may accumulate up to 30 years of service. For early retirement, age 50 with 10 years of service, the normal benefit accrued is actuarially reduced for the number of months the annuity commencement date precedes the normal retirement date.

Pension provisions include disability and death benefits to all eligible employees. Disabled employees are entitled to 75% of their salary at disability, less workman's compensation and long-term disability payments. Pre-payment death benefits include: 1) nonservice connected death benefits which include a lump-sum payment based on employee contributions with interest. Spouse's benefits include the greater of \$120 or 35% of the ultimate yearly amount of retirement income which the participant would have received had his date of death been his normal retirement date assuming his earnings remain the same, 2) service connected benefits which include 50% of the annual basic rate of pay at death to spouse or dependent children and 3) post retirement death benefits which include a refund of employee contributions with interest less benefits paid.

Cost of living adjustments to benefits subsequent to retirement are not provided by the Town Retirement System and Police Benefit Fund retirement plans. Benefits of the retirement plans may be amended by Town Council.

At January 1, 2009, plan memberships consisted of:

	Town of Watertown Retirement System	Police Benefit Fund
	<u> </u>	<u> </u>
Retirees, disabled and beneficiaries currently receiving benefits	81	23
Terminated employees entitled to benefits but not yet receiving	19	
Inactive members	5	
Current employees:		
Vested	71	22
Nonvested	<u>72</u>	<u>16</u>
Total	<u><u>248</u></u>	<u><u>61</u></u>

B. Summary of Significant Accounting Policies, Plan Asset Matters and Plan Changes

Basis of Accounting: The Town's Pension Trust Funds' financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefit payments and refunds are payable when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments: All funds are invested through various portfolio management plans of Prudential Financial and are reported at fair value.

Plan Changes: No changes in the plan provisions have been made since the last valuation.

C. Funding Policy

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members of the Town of Watertown Retirement System are required to contribute 3% of their salary up to \$7,800 plus 4 1/2% of their salary in excess of \$7,800, except for the Highway Division employees who are required to contribute 7.1% of their salary up to \$7,800 plus 8.6% of the salary in excess of \$7,800. Plan members of the Police Benefit Fund are required to contribute 6% of their earnings. The Town is required to contribute the remaining amounts necessary to finance administrative costs and benefits for its employees. The Town’s contributions are actuarially determined by the Prudential Retirement on an annual basis. The current rate for the Town’s contribution is 3.44% for the Town Retirement System and 18.12% for the Police Benefit Fund.

D. Annual Pension Cost and Net Pension Obligations

The Town’s annual pension cost and net pension obligation to the Watertown’s Retirement System and Police Benefit Fund for the current year were as follows:

	<u>Town of Watertown Retirement System</u>	<u>Police Benefit Fund</u>
Annual required contribution/annual pension cost	\$ 198,970	\$ 457,440
Contributions made	<u>198,970</u>	<u>457,440</u>
Net Pension Obligation, End of Year	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of certain significant actuarial assumptions and other plan information:

	<u>Town of Watertown Retirement System</u>	<u>Police Benefit Fund</u>
Actuarial Valuation Date	January 1, 2009	January 1, 2009
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Cost	Level Cost
Remaining amortization period (Frozen Actuarial Accrued Liability)	10 years	20 years
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	8% per annum	8% per annum
Projected Salary Increase	3.5% per annum**	4% per annum*

* Inflation rate included 2.5%

** Inflation rate included 2.0%

E. Trend Information

Town Retirement System			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 215,530	100	-
6/30/08	161,247	100	-
6/30/09	198,970	100	-

Police Benefit Fund			
Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 419,198	100	-
6/30/08	425,017	100	-
6/30/09	457,440	100	-

F. Pension Plan Required Supplementary Information

Town Retirement System

Schedule of Funding Progress

The aggregate actuarial cost method that is used for calculating the annual required contribution does not separately identify unfunded actuarial accrued liabilities. The schedule of funding progress presented below has been developed using the entry age actuarial cost method for the Town Retirement System. The actuarial accrued liability prior to January 1, 2007 had not been developed using the entry age actuarial cost method.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Unfunded) Overfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
1/1/07	\$ 15,093,275	\$ 14,505,712	\$ 587,563	104.1 %	\$ 5,381,014	-
1/1/08	15,739,354	15,238,116	501,238	103.3	5,779,045	-
1/1/09	13,617,941	14,488,555	(870,614)	93.9	6,245,400	(13.9)

Schedule of Employer Contributions

		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/04	\$	260,460	100
6/30/05		262,039	100
6/30/06		257,541	100
6/30/07		215,530	100
6/30/08		161,247	100
6/30/09		198,970	100

Police Benefit Fund

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>		<u>Actuarial Value of Assets (a)</u>		<u>Actuarial Accrued Liability(AAL) - Entry Age (b)</u>		<u>(Unfunded) AAL (UAAL) (a-b)</u>		<u>Funded Ratio (a/b)</u>		<u>Covered Payroll (c)</u>		<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
1/1/04	\$	10,867,589	\$	11,758,609	\$	(891,020)		92.4	\$	2,274,737		(39.2)
1/1/05		11,667,744		12,395,851		(728,107)		94.1		2,300,408		(31.7)
1/1/06		12,329,819		13,682,663		(1,352,844)		90.1		2,017,179		(67.1)
1/1/07		13,145,144		14,477,934		(1,332,790)		90.8		2,453,235		(54.3)
1/1/08		13,856,444		15,249,691		(1,393,247)		90.9		2,524,078		(55.2)
1/1/09		12,513,012		16,253,686		(3,740,674)		76.9		2,574,363		(145.3)

Schedule of Employer Contributions

		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/04	\$	383,298	100
6/30/05		418,697	100
6/30/06		401,147	100
6/30/07		419,198	100
6/30/08		425,017	100
6/30/09		457,440	100

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

Pension Trust Funds

The Town maintains two pension trust funds (Town Retirement System and Police Benefit Fund) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2009 and the changes in net assets for the year then ended.

Combining Schedule of Plan Net Assets			
Employee Retirement Funds			
	Town	Police	Totals
Assets:			
Investments	\$ 11,652,623	\$ 10,653,815	\$ 22,306,438
Net assets:			
Held in trust for pension benefits	\$ 11,652,623	\$ 10,653,815	\$ 22,306,438

Combining Schedule of Changes in Plan			
Net Assets			
Employee Retirement Funds			
	Town	Police	Totals
Additions:			
Contributions:			
Employer	\$ 198,970	\$ 457,440	\$ 656,410
Plan members	316,663	149,574	466,237
Total contributions	515,633	607,014	1,122,647
Investment income:			
Net depreciation in fair value of investments	(2,343,880)	(1,764,977)	(4,108,857)
Interest and dividends	418,206	386,108	804,314
Total	(1,925,674)	(1,378,869)	(3,304,543)
Investment expense	(23,605)	(21,933)	(45,538)
Net investment loss	(1,949,279)	(1,400,802)	(3,350,081)
Total reductions	(1,433,646)	(793,788)	(2,227,434)
Deductions:			
Benefits	809,858	885,280	1,695,138
Administration	50,284		50,284
Total deductions	860,142	885,280	1,745,422
Net decrease	(2,293,788)	(1,679,068)	(3,972,856)
Net assets held in trust for pension benefits, beginning of year	13,946,411	12,332,883	26,279,294
Net assets held in trust for pension benefits, End of Year	\$ 11,652,623	\$ 10,653,815	\$ 22,306,438

Connecticut Municipal Employees' Retirement Fund

All water and sewer authority employees hired prior to 1986 and a majority of department heads of the Town participate in the Municipal Employees' Retirement Fund (MERF), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

Funding Policy: Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2009, 2008 and 2007 were \$89,153, \$86,318 and \$75,384, respectively, equal to the required contributions for each year.

Teachers' Retirement System

All Town of Watertown teachers participate in the State of Connecticut Teachers' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS), established under Section 10.183 of the General Statutes of the State of Connecticut. This is a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has: 1) attained age 60 and has accumulated 25 years of credited service in the public schools of Connecticut, or 2) attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$16,910,953 or 72% of the total Board of Education payroll of \$23,463,063. The teachers' contributions totaled \$1,226,044 for the year ended June 30, 2009.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2009, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue and education expenditures in the amount of \$2,611,491 as payments made by the State of Connecticut on behalf of the Town. The total State contribution is significantly lower than the previous year due to the fact that the 2008 contribution included an additional contribution towards the unfunded liability resulting from the State's issuance of pension obligation bonds. The Town does not have any liability for teacher pensions.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

12. LITIGATION

The Town is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town which would materially affect its financial position.

**Required Supplementary
Information**

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Property Taxes:				
Current year	\$ 40,398,043	\$ 40,398,043	\$ 40,729,838	\$ 331,795
Prior year taxes	350,000	350,000	363,276	13,276
Interest and lien fees	225,000	225,000	335,108	110,108
Total property taxes	<u>40,973,043</u>	<u>40,973,043</u>	<u>41,428,222</u>	<u>455,179</u>
Intergovernmental:				
State of Connecticut - Education:				
School construction	673,800	673,800	684,206	10,406
Interest subsidy	250,542	250,542	260,659	10,117
Public transportation	283,276	283,276	273,879	(9,397)
Nonpublic health and social services	35,924	35,924	32,660	(3,264)
Equalization (ECS)	11,749,383	11,749,383	11,517,768	(231,615)
Adult education	4,578	4,578		(4,578)
Total State of Connecticut - Education	<u>12,997,503</u>	<u>12,997,503</u>	<u>12,769,172</u>	<u>(228,331)</u>
Federal and State of Connecticut - Other:				
PILOT state property	23,370	23,370	23,448	78
Elderly tax relief	195,000	195,000	190,737	(4,263)
Boat registration	4,901	4,901	4,900	(1)
Reimbursement - new manufacturers	746,106	746,106	574,979	(171,127)
PILOT - Mashantucket Pequot	141,663	141,663	141,719	56
Tax relief - Veterans	25,500	25,500	23,221	(2,279)
School heating assistance			40,557	40,557
Capital assistance for elderly and disabled persons			40,000	40,000
Services for the blind			5,756	5,756
Hamilton avenue			1,188	1,188
Total Federal and State of Connecticut - Other	<u>1,136,540</u>	<u>1,136,540</u>	<u>1,046,505</u>	<u>(90,035)</u>
Total intergovernmental	<u>14,134,043</u>	<u>14,134,043</u>	<u>13,815,677</u>	<u>(318,366)</u>
Departmental:				
Local revenues:				
Communication tower rental	222,408	222,408	208,011	(14,397)
Equipment and scrap sales	14,200	14,200	12,936	(1,264)
Town Clerk fees	35,000	35,000	35,368	368
Town Clerk recording	135,000	135,000	103,068	(31,932)
Town Clerk dog licenses	14,598	14,598	13,888	(710)
Town Clerk marriage licenses	2,000	2,000	1,444	(556)
Transfer Station fees	65,500	65,500	148,135	82,635
Landfill fees	66,500	66,500	54,364	(12,136)
Damage claims	25,000	25,000	34,392	9,392

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Local revenues (continued):				
Recreation mini-bus	\$ 1,000	\$ 1,000	\$ 870	\$ (130)
Fishing and hunting licenses	40,000	40,000	17,996	(22,004)
Sale conservation regulations	500	500		(500)
Conveyance tax	255,000	255,000	137,567	(117,433)
Assessor - photocopying	2,000	2,000	1,383	(617)
Deposits on plans	500	500		(500)
Town vehicle use	12,400	12,400	8,733	(3,667)
Housing Authority	15,620	15,620	16,549	929
3-LOCIP preservation	13,500	13,500	11,817	(1,683)
Miscellaneous	24,500	24,500	47,535	23,035
Total local revenues	<u>945,226</u>	<u>945,226</u>	<u>854,056</u>	<u>(91,170)</u>
Permits and fees:				
Zoning Board of Appeals	3,500	3,500	5,055	1,555
Planning and Zoning	35,000	35,000	53,101	18,101
Zoning compliance fees	17,500	17,500	22,445	4,945
Subdivision inspection fees	37,500	37,500	28,275	(9,225)
Soil/water State fee	12,100	12,100	8,980	(3,120)
Inland - wetlands	7,700	7,700	2,974	(4,726)
Building permits	250,000	250,000	349,543	99,543
Building Department fines	500	500		(500)
Building inspection	3,500	3,500	15,418	11,918
Blasting permits	500	500	270	(230)
Street opening permits	1,700	1,700	1,875	175
Miscellaneous	150	150	1,149	999
Total permits and fees	<u>369,650</u>	<u>369,650</u>	<u>489,085</u>	<u>119,435</u>
Police:				
Parking tickets	8,000	8,000	5,567	(2,433)
Pistol permits	1,120	1,120	3,605	2,485
Police reports	2,300	2,300	2,500	200
Solicitor permits	100	100	337	237
Bingo and raffle	35	35	20	(15)
Alarm charges	24,000	24,000	21,487	(2,513)
Police service	318,500	318,500	492,294	173,794
Animal control fees	4,150	4,150	4,477	327
Miscellaneous	33,500	33,500	38,427	4,927
Total police	<u>391,705</u>	<u>391,705</u>	<u>568,714</u>	<u>177,009</u>
Board of Education:				
Latchkey Program	8,145	8,145	5,685	(2,460)
Tuition			31,600	31,600
Miscellaneous			14,101	14,101
Total Board of Education	<u>8,145</u>	<u>8,145</u>	<u>51,386</u>	<u>43,241</u>
Total departmental	<u>1,714,726</u>	<u>1,714,726</u>	<u>1,963,241</u>	<u>248,515</u>
Investment income	<u>325,000</u>	<u>325,000</u>	<u>179,968</u>	<u>(145,032)</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other:				
Taft contributions	\$ 100,000	\$ 100,000	\$ 125,000	\$ 25,000
Telephone access	131,855	131,855	125,437	(6,418)
Scholarship fund	2,000	2,000	1,309	(691)
Heritage bond reimbursement	132,000	132,000	119,629	(12,371)
CRRRA Refund			1,985	1,985
Bond premium			31,908	31,908
Cancellation of prior years' encumbrances			384,503	384,503
Total other	<u>365,855</u>	<u>365,855</u>	<u>789,771</u>	<u>423,916</u>
 Total revenues	 <u>57,512,667</u>	 <u>57,512,667</u>	 <u>58,176,879</u>	 <u>664,212</u>
Other Financing Sources:				
Transfers in:				
Water and Sewer Authority	224,363	224,363	201,634	(22,729)
Crestbrook Golf Operations	47,867	47,867	47,867	-
Board of Education community services			93	93
Residual Equity Transfers - other funds	<u>710,000</u>	<u>710,000</u>	<u>710,000</u>	<u>-</u>
Total other financing sources	<u>982,230</u>	<u>982,230</u>	<u>959,594</u>	<u>(22,636)</u>
 Total	 <u>\$ 58,494,897</u>	 <u>\$ 58,494,897</u>	 59,136,473	 <u>\$ 641,576</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	2,611,491
Underliquidity of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.	(384,503)
The Board of Education does not budget for a combination of intergovernmental grants and charges for services revenue received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	<u>642,902</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 62,006,363

Note: Original budgeted amounts are derived from the Town's legally adopted General Fund budget established on the non-GAAP budgetary basis.

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Town Council	\$ 1,350	\$ 1,350	\$ 1,030	320
Town Manager	209,530	221,126	220,744	382
Finance Department:				
Administration	400,001	429,301	427,308	1,993
Treasurer	46,119	50,864	50,851	13
Tax Collector	169,421	181,715	177,912	3,803
Assessor	242,185	252,609	251,022	1,587
Board of Tax Review	4,500	4,500	4,500	-
Town Clerk	172,303	177,937	177,096	841
Elections	75,244	67,487	66,872	615
Planning and Zoning	206,593	214,898	210,297	4,601
Board of Appeals	15,873	12,987	10,955	2,032
Conservation Commission	27,291	24,599	20,187	4,412
Public building	592,205	609,968	609,122	846
Building inspections	150,265	161,954	159,039	2,915
Economic development	27,628	27,967	22,377	5,590
Total general government	2,340,508	2,439,262	2,409,312	29,950
Public safety:				
Fire Department:				
Administration	207,947	219,843	218,836	1,007
Suppression and rescue	322,128	304,810	301,893	2,917
Maintenance and support	179,040	179,040	173,035	6,005
Police Department:				
Administration	374,210	400,658	399,260	1,398
Patrol and detectives	2,718,577	2,668,749	2,661,553	7,196
Maintenance and support	99,649	104,174	102,944	1,230
Traffic	11,428	6,500	6,399	101
Animal control	79,915	80,834	79,310	1,524
Communications	407,633	471,116	470,892	224
Total public safety	4,400,527	4,435,724	4,414,122	21,602
Public works:				
Engineering and administration	500,818	568,693	562,917	5,776
Highway	1,693,450	1,814,157	1,771,147	43,010
Snow removal	403,340	384,737	382,916	1,821
Solid waste disposal	286,593	274,469	270,142	4,327
Street lighting	201,592	206,820	202,882	3,938
Tree removal	27,500	30,512	30,105	407
Total public works	3,113,293	3,279,388	3,220,109	59,279
Parks and recreation:				
Parks administration	329,343	329,975	313,598	16,377
Recreation administration	238,934	238,449	231,484	6,965
Senior Center	96,758	104,801	103,075	1,726
Total parks and recreation	665,035	673,225	648,157	25,068
Health and welfare:				
Social services	15,650	18,471	18,236	235
Health services	112,106	112,106	112,106	-
Total health and welfare	127,756	130,577	130,342	235
Board of Education	35,205,816	35,232,842	35,229,351	3,491

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Miscellaneous:				
Legal	\$ 150,000	\$ 353,400	\$ 353,400	\$ -
Employee benefits	4,005,329	3,954,721	3,826,580	128,141
Centralized services	736,877	767,457	744,873	22,584
Non - Town agencies	1,373,385	1,557,536	1,528,763	28,773
Reserved for contingency	35,000	2,545		2,545
Reserved for wages and benefits	193,171	1,400	1,400	-
Historic district	675	675	143	532
Total miscellaneous	<u>6,494,437</u>	<u>6,637,734</u>	<u>6,455,159</u>	<u>182,575</u>
Debt service	<u>6,022,525</u>	<u>6,022,525</u>	<u>6,022,525</u>	<u>-</u>
Total expenditures	<u>58,369,897</u>	<u>58,851,277</u>	<u>58,529,077</u>	<u>322,200</u>
Other financing uses:				
Transfers out:				
Vehicle Replacement Fund	125,000	125,000	125,000	-
Water Authority	<u>97,065</u>	<u>97,065</u>	<u>97,065</u>	<u>-</u>
Total transfers out	<u>222,065</u>	<u>222,065</u>	<u>222,065</u>	<u>-</u>
Total	<u>\$ 58,591,962</u>	<u>\$ 59,073,342</u>	58,751,142	<u>\$ 322,200</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement

System for Town teachers are not budgeted.

2,611,491

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 received for GAAP financial reporting purposes.

(253,762)

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.

480,562

The Town and Board of Education do not budget for accrued payroll services earned at year end.

The accrued wages are charged to the subsequent year's budget. These amounts are recorded as a current year expenditure for GAAP financial statement purposes.

356,510

Reversal of prior year accrued payroll services charged to the current budget. These amounts were reported as a prior year expenditure for GAAP financial statement reporting purposes.

(349,366)

The Board of Education does not budget for a combination of intergovernmental grants and charges for services revenues received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

642,902

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

\$ 62,239,479

Note: Original budgeted amounts are derived from the Town's legally adopted General Fund budget established on the non-GAAP budgetary basis.

**Combining and Individual
Fund Statements and Schedules**

General Fund

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the Town (i.e., police, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF WATERTOWN, CONNECTICUT
COMPARATIVE BALANCE SHEET - GENERAL FUND

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 5,898,594	\$ 6,087,941
Receivables:		
Property taxes receivable, net	742,344	523,387
Property taxes accrued interest receivable, net	154,000	143,000
Intergovernmental receivable:		
School building grants receivable	5,296,136	5,971,517
Other	45,195	
Accounts receivable, net	444,507	406,770
Due from other funds	<u>97,399</u>	<u>250,892</u>
Total Assets	<u>\$ 12,678,175</u>	<u>\$ 13,383,507</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 779,275	\$ 742,579
Deferred revenue	<u>6,193,541</u>	<u>6,702,453</u>
Total liabilities	<u>6,972,816</u>	<u>7,445,032</u>
Fund balance:		
Reserved for encumbrances	305,098	916,410
Unreserved:		
Designated for subsequent budget		97,065
Undesignated	<u>5,400,261</u>	<u>4,925,000</u>
Total fund balance	<u>5,705,359</u>	<u>5,938,475</u>
Total Liabilities and Fund Balance	<u>\$ 12,678,175</u>	<u>\$ 13,383,507</u>

TOWN OF WATERTOWN, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2009

55

Grand List	Uncollected Taxes July 1, 2008	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections				Overpayments	Uncollected Taxes June 30, 2009
		Additions	Deductions			Taxes	Interest	Lien Fees	Total		
2007	\$ 41,261,049	\$ 266,910	\$ 290,322	\$ 4,240	\$ 41,233,397	\$ 40,668,696	\$ 188,647	\$ 16,910	\$ 40,874,253	\$ 29,135	\$ 593,836
2006	353,197	95,121	14,097	2,773	431,448	331,312	61,021	5,369	397,702		100,136
2005	80,316	18,909	1,803	3,792	93,630	43,467	14,917	888	59,272		50,163
2004	42,085	1,745	153	9,137	34,540	6,896	3,033	257	10,186		27,644
2003	32,037		177	9,488	22,372	3,417	2,401	155	5,973		18,955
2002	28,657		337	10,408	17,912	1,665	964	121	2,750		16,247
2001	13,030			1,763	11,267	801	1,087	65	1,953		10,466
2000	11,313			2,785	8,528	738	1,016	70	1,824		7,790
1999	1,195			81	1,114	41	1,172	66	1,279		1,073
1998	524		99	114	311	23	963	50	1,036		288
1997	387		99		288		181	15	196		288
1996	367		94		273		245	44	289		273
1995	279		94		185		387	59	446		185
1994					-		184	92	276		-
1993					-		242	20	262		-
	<u>\$ 41,824,436</u>	<u>\$ 382,685</u>	<u>\$ 307,275</u>	<u>\$ 44,581</u>	<u>\$ 41,855,265</u>	<u>\$ 41,057,056</u>	<u>\$ 276,460</u>	<u>\$ 24,181</u>	41,357,697	<u>\$ 29,135</u>	<u>\$ 827,344</u>

Suspense Collections	6,722
Tax overpayment collections:	
Prior year	36,282
Current year	<u>(29,135)</u>
Total collections	41,371,566
Property taxes receivable considered available:	
June 30, 2008	(123,396)
June 30, 2009	<u>180,052</u>
Total	<u>\$ 41,428,222</u>

**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 designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding source	Function
Special Welfare	Contributions	General public assistance
Housing Rehabilitation Loan	Intergovernmental grants	Housing assistance
Dog	Licenses and fees	Animal control program
Capital Nonrecurring	Town appropriation	Capital purchases
Town Aid	Intergovernmental grants	Road maintenance
LOCIP	Intergovernmental grants	Capital improvements
Vehicle Replacement	Town appropriation	Replace and upgrade vehicle fleet
Capital Lease	Short-term financing	Capital purchases
Crestbrook Improvement	Transfer appropriation	Improvements to Town golf course
Sidewalk Replacement	Program income	Replace and improve Town sidewalks
WASA Grants	Intergovernmental grants	Prevention and treatment of substance abuse
Advertising	Advertising fees	Education
Town Hall Preservation	Contributions	General improvements
Town Hall Beautification	Contributions	General improvements
Board of Education Community Service	Program income	Community use of facilities and day care program
Police/FBI	Intergovernmental grants	Drug enforcement, training and education
Drug Enforcement	Intergovernmental grants	Drug enforcement activities
Public Investment Community Grant	Intergovernmental grants	Economic development
Highfields Escrow	Other income	Road repairs
Summer Preschool Development	Federal grants	Children's development
Professional Development	Program income	Development of Board of Education personnel
Summer Studies	Participation fees	Parking privileges
Pay for Play Sports Programs	Participation fees	School sports programs
Cafeteria	State and federal grants, program income	School lunch and breakfast programs
Educational Grants	State and federal grants	Specific education programs
Parks and Recreation	Program income	Recreational programs
Computer Dispatch System	State and federal grants	Computer dispatch system upgrade
Police Grants	State and federal grants	Police equipment and enforcement
Open Space	Fees	Provide for open space acquisition
Preservation of Historical Documents	Intergovernmental grants, and fees	Preserve historical documents
Small Cities	Federal grants	Housing assistance
Oakville Green Development Trust	Contributions and investment income	Parks development
Marion A. Munson Trust	Contributions and investment income	Activities associated with bequests made by former resident of Watertown
Mutual Police Trust	Contributions and investment income	Relief of sick, injured or disabled police officers
Town Improvement Trust	Contributions and investment income	General improvements
Liability Trust	Contributions and investment income	Public risk prevention
Park Development Trust	Contributions and investment income	Public parks improvements

Permanent Funds

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

TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

Special Revenue Funds

	<u>Special Welfare</u>	<u>Housing Rehabilitation Loan</u>	<u>Dog</u>	<u>Capital Nonrecurring</u>	<u>Town Aid</u>	<u>LOCIP</u>	<u>Vehicle Replacement</u>	<u>Capital Lease</u>
ASSETS								
Cash and cash equivalents	\$ 62,385	\$ 18,427	\$ 6,028	\$ 37,777	\$ 162,768		\$ 387,864	
Receivables:								
Intergovernmental						40,502		
Other		231,344						
Inventory								
Total Assets	<u>\$ 62,385</u>	<u>\$ 249,771</u>	<u>\$ 6,028</u>	<u>\$ 37,777</u>	<u>\$ 162,768</u>	<u>\$ 40,502</u>	<u>\$ 387,864</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables					\$ 42,086			
Due to other funds						32,608		
Deferred revenue		231,344						
Total liabilities	<u>-</u>	<u>231,344</u>	<u>-</u>	<u>-</u>	<u>42,086</u>	<u>32,608</u>	<u>-</u>	<u>-</u>
Fund balances:								
Reserved:								
Encumbrances					145,486	2,750		
Inventory								
Trust funds								
Unreserved:								
Undesignated	62,385	18,427	6,028	37,777	(24,804)	5,144	387,864	
Total fund balances	<u>62,385</u>	<u>18,427</u>	<u>6,028</u>	<u>37,777</u>	<u>120,682</u>	<u>7,894</u>	<u>387,864</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 62,385</u>	<u>\$ 249,771</u>	<u>\$ 6,028</u>	<u>\$ 37,777</u>	<u>\$ 162,768</u>	<u>\$ 40,502</u>	<u>\$ 387,864</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>Special Revenue Funds</u>						
	<u>Crestbrook Improvement</u>	<u>Sidewalk Replacement</u>	<u>WASA Grants</u>	<u>Advertising</u>	<u>Town Hall Preservation</u>	<u>Town Hall Beautification</u>	<u>Board of Education Community Service</u>
ASSETS							
Cash and cash equivalents	\$ 13,283	\$ 265,000	\$ 5,489	\$ 17,384	\$ 10,707	\$ 1,247	\$ 5,430
Receivables:							
Intergovernmental							
Other							
Inventory							
Total Assets	<u>\$ 13,283</u>	<u>\$ 265,000</u>	<u>\$ 5,489</u>	<u>\$ 17,384</u>	<u>\$ 10,707</u>	<u>\$ 1,247</u>	<u>\$ 5,430</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$
Due to other funds							
Deferred revenue							
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved:							
Encumbrances							
Inventory							
Trust funds							
Unreserved:							
Undesignated	<u>13,283</u>	<u>265,000</u>	<u>5,489</u>	<u>17,384</u>	<u>10,707</u>	<u>1,247</u>	<u>5,430</u>
Total fund balances	<u>13,283</u>	<u>265,000</u>	<u>5,489</u>	<u>17,384</u>	<u>10,707</u>	<u>1,247</u>	<u>5,430</u>
Total Liabilities and Fund Balances	<u>\$ 13,283</u>	<u>\$ 265,000</u>	<u>\$ 5,489</u>	<u>\$ 17,384</u>	<u>\$ 10,707</u>	<u>\$ 1,247</u>	<u>\$ 5,430</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

Special Revenue Funds

	<u>Police/ FBI</u>	<u>Drug Enforcement</u>	<u>Public Investment Community Grant</u>	<u>Highfields Escrow</u>	<u>Summer Preschool Development</u>	<u>Professional Development</u>	<u>Summer Studies</u>
ASSETS							
Cash and cash equivalents	\$ 1,053	\$ 2,844	\$ 961	\$ 220	\$ 495	\$ 348	\$ 19,678
Receivables:							
Intergovernmental							
Other							
Inventory							
Total Assets	<u>\$ 1,053</u>	<u>\$ 2,844</u>	<u>\$ 961</u>	<u>\$ 220</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 19,678</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$
Due to other funds							
Deferred revenue							
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved:							
Encumbrances							
Inventory							
Trust funds							
Unreserved:							
Undesignated	<u>1,053</u>	<u>2,844</u>	<u>961</u>	<u>220</u>	<u>495</u>	<u>348</u>	<u>19,678</u>
Total fund balances	<u>1,053</u>	<u>2,844</u>	<u>961</u>	<u>220</u>	<u>495</u>	<u>348</u>	<u>19,678</u>
Total Liabilities and Fund Balances	<u>\$ 1,053</u>	<u>\$ 2,844</u>	<u>\$ 961</u>	<u>\$ 220</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 19,678</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

Special Revenue Funds

	<u>Pay for Play Sports Programs</u>	<u>Cafeteria</u>	<u>Educational Grants</u>	<u>Parks and Recreation</u>	<u>Computer Dispatch System</u>	<u>Police Grants</u>	<u>Open Space</u>	<u>Preservation of Historical Documents</u>	<u>Small Cities Fund</u>
ASSETS									
Cash and cash equivalents	\$ 6,480	\$ 6,206	\$ 251,571	\$ 100,151	\$ 53	\$ 266	\$ 253,801	\$ 64,699	43,931
Receivables:									
Intergovernmental		44,167	39,934						
Other									
Inventory		<u>18,723</u>							
Total Assets	<u>\$ 6,480</u>	<u>\$ 69,096</u>	<u>\$ 291,505</u>	<u>\$ 100,151</u>	<u>\$ 53</u>	<u>\$ 266</u>	<u>\$ 253,801</u>	<u>\$ 64,699</u>	<u>43,931</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	\$	\$ 19,188	\$ 87,309	\$ 62,190	\$	\$	\$	\$	
Due to other funds									
Deferred revenue			<u>202,557</u>	<u>35,585</u>					43,931
Total liabilities	<u>-</u>	<u>19,188</u>	<u>289,866</u>	<u>97,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,931</u>
Fund balances:									
Reserved:									
Encumbrances									
Inventory		18,723							
Trust funds									
Unreserved:									
Undesignated	<u>6,480</u>	<u>31,185</u>	<u>1,639</u>	<u>2,376</u>	<u>53</u>	<u>266</u>	<u>253,801</u>	<u>64,699</u>	
Total fund balances	<u>6,480</u>	<u>49,908</u>	<u>1,639</u>	<u>2,376</u>	<u>53</u>	<u>266</u>	<u>253,801</u>	<u>64,699</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,480</u>	<u>\$ 69,096</u>	<u>\$ 291,505</u>	<u>\$ 100,151</u>	<u>\$ 53</u>	<u>\$ 266</u>	<u>\$ 253,801</u>	<u>\$ 64,699</u>	<u>43,931</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>Special Revenue Funds</u>						<u>Permanent Funds</u>	
	<u>Oakville Green Development Trust</u>	<u>Marion A. Munson Trust</u>	<u>Mutual Police Trust</u>	<u>Town Improvement Trust</u>	<u>Liability Trust</u>	<u>Park Development Trust</u>	<u>Watertown Scholarship Fund</u>	<u>Education Enrichment</u>
ASSETS								
Cash and cash equivalents	\$ 2,779	\$ 1,094	\$ 7,472	\$ 61,410	\$ 11,807	\$ 35,026	\$ 44,179	\$ 71,150
Receivables:								
Intergovernmental								
Other								
Inventory								
Total Assets	<u>\$ 2,779</u>	<u>\$ 1,094</u>	<u>\$ 7,472</u>	<u>\$ 61,410</u>	<u>\$ 11,807</u>	<u>\$ 35,026</u>	<u>\$ 44,179</u>	<u>\$ 71,150</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts and other payables	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds								
Deferred revenue								
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Reserved:								
Encumbrances								
Inventory								
Trust funds	2,779	1,094	7,472	61,410	11,807	35,026	44,179	71,150
Unreserved:								
Undesignated								
Total fund balances	<u>2,779</u>	<u>1,094</u>	<u>7,472</u>	<u>61,410</u>	<u>11,807</u>	<u>35,026</u>	<u>44,179</u>	<u>71,150</u>
Total Liabilities and Fund Balances	<u>\$ 2,779</u>	<u>\$ 1,094</u>	<u>\$ 7,472</u>	<u>\$ 61,410</u>	<u>\$ 11,807</u>	<u>\$ 35,026</u>	<u>\$ 44,179</u>	<u>\$ 71,150</u>

(Continued on next page)

**TOWN OF WATERTOWN, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS**

JUNE 30, 2009

Permanent Funds

		<u>Old Cemetery</u>		<u>Hinman Platt</u>		<u>Benjamin Curtis</u>		<u>Chester A. Hard</u>		<u>Charles Mattoon</u>		<u>Town Hall Grounds</u>		<u>E.C. Magraff</u>		<u>Special Police</u>		<u>Town Deposit</u>		<u>Total</u>
ASSETS																				
Cash and cash equivalents	\$	4,184	\$	31,094	\$	739	\$	3,814	\$	7,070	\$	17,344	\$	1,135	\$	1,488	\$	23,738	\$	2,072,069
Receivables:																				
Intergovernmental																				124,603
Other																				231,344
Inventory																				18,723
Total Assets	\$	<u>4,184</u>	\$	<u>31,094</u>	\$	<u>739</u>	\$	<u>3,814</u>	\$	<u>7,070</u>	\$	<u>17,344</u>	\$	<u>1,135</u>	\$	<u>1,488</u>	\$	<u>23,738</u>	\$	<u>2,446,739</u>
LIABILITIES AND FUND BALANCES																				
Liabilities:																				
Accounts and other payables	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	210,773
Due to other funds																				32,608
Deferred revenue																				513,417
Total liabilities		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>756,798</u>
Fund balances:																				
Reserved:																				
Encumbrances																				148,236
Inventory																				18,723
Trust funds		4,184		31,094		739		3,814		7,070		17,344		1,135		1,488		23,738		325,523
Unreserved:																				
Undesignated																				1,197,459
Total fund balances		<u>4,184</u>		<u>31,094</u>		<u>739</u>		<u>3,814</u>		<u>7,070</u>		<u>17,344</u>		<u>1,135</u>		<u>1,488</u>		<u>23,738</u>		<u>1,689,941</u>
Total Liabilities and Fund Balances	\$	<u>4,184</u>	\$	<u>31,094</u>	\$	<u>739</u>	\$	<u>3,814</u>	\$	<u>7,070</u>	\$	<u>17,344</u>	\$	<u>1,135</u>	\$	<u>1,488</u>	\$	<u>23,738</u>	\$	<u>2,446,739</u>

TOWN OF WATERTOWN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

Special Revenue Funds

	Special Welfare	Housing Rehabilitation Loan	Dog	Capital Nonrecurring	Town Aid	LOCIP	Vehicle Replacement	Capital Lease
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$ 179,298	\$ 243,886	\$	\$
Charges for services			140					
Investment income	335	395	81	565	3,805		3,558	
Other revenue	66,222							
Total revenues	<u>66,557</u>	<u>395</u>	<u>221</u>	<u>565</u>	<u>183,103</u>	<u>243,886</u>	<u>3,558</u>	<u>-</u>
Expenditures:								
Current:								
General government								
Public safety			135					
Public works					348,506	243,886		
Parks and recreation								
Health and welfare	32,640	33,942						159,163
Education								
Total expenditures	<u>32,640</u>	<u>33,942</u>	<u>135</u>	<u>-</u>	<u>348,506</u>	<u>243,886</u>	<u>-</u>	<u>159,163</u>
Excess (Deficiency) of Revenues over Expenditures	<u>33,917</u>	<u>(33,547)</u>	<u>86</u>	<u>565</u>	<u>(165,403)</u>	<u>-</u>	<u>3,558</u>	<u>(159,163)</u>
Other Financing Sources (Uses):								
Transfers in							125,000	
Transfers out								
Proceeds from capital leases								159,163
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>159,163</u>
Net Change in Fund Balances	33,917	(33,547)	86	565	(165,403)	-	128,558	
Fund Balances at Beginning of Year	<u>28,468</u>	<u>51,974</u>	<u>5,942</u>	<u>37,212</u>	<u>286,085</u>	<u>7,894</u>	<u>259,306</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 62,385</u>	<u>\$ 18,427</u>	<u>\$ 6,028</u>	<u>\$ 37,777</u>	<u>\$ 120,682</u>	<u>\$ 7,894</u>	<u>\$ 387,864</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	Crestbrook Improvement	Sidewalk Replacement	WASA Grants	Advertising	Town Hall Preservation	Town Hall Beautification	Board of Education Community Service
Revenues:							
Intergovernmental	\$	\$	\$ 3,935	\$	\$	\$	\$
Charges for services				9,200			309,322
Investment income	195	2,823	79		136	19	
Other revenue		2,113			2,370		
Total revenues	<u>195</u>	<u>4,936</u>	<u>4,014</u>	<u>9,200</u>	<u>2,506</u>	<u>19</u>	<u>309,322</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works							
Parks and recreation							
Health and welfare			7,530				
Education				6,836			303,892
Total expenditures	<u>-</u>	<u>-</u>	<u>7,530</u>	<u>6,836</u>	<u>-</u>	<u>-</u>	<u>303,892</u>
Excess (Deficiency) of Revenues over Expenditures	<u>195</u>	<u>4,936</u>	<u>(3,516)</u>	<u>2,364</u>	<u>2,506</u>	<u>19</u>	<u>5,430</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							(93)
Proceeds from capital leases							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93)</u>
Net Change in Fund Balances	195	4,936	(3,516)	2,364	2,506	19	5,337
Fund Balances at Beginning of Year	<u>13,088</u>	<u>260,064</u>	<u>9,005</u>	<u>15,020</u>	<u>8,201</u>	<u>1,228</u>	<u>93</u>
Fund Balances at End of Year	<u>\$ 13,283</u>	<u>\$ 265,000</u>	<u>\$ 5,489</u>	<u>\$ 17,384</u>	<u>\$ 10,707</u>	<u>\$ 1,247</u>	<u>\$ 5,430</u>

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TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds						
	Police/ FBI	Drug Enforcement	Public Investment Community Grant	Highfields Escrow	Summer Preschool Development	Professional Development	Summer Studies
Revenues:							
Intergovernmental	\$ 11						
Charges for services							21,871
Investment income	17	43	12	3			
Other revenue							
Total revenues	<u>28</u>	<u>43</u>	<u>12</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>21,871</u>
Expenditures:							
Current:							
General government							
Public safety	5,416						
Public works							
Parks and recreation							
Health and welfare							
Education					14		20,981
Total expenditures	<u>5,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>20,981</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,388)</u>	<u>43</u>	<u>12</u>	<u>3</u>	<u>(14)</u>	<u>-</u>	<u>890</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Proceeds from capital leases							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,388)	43	12	3	(14)	-	890
Fund Balances at Beginning of Year	<u>6,441</u>	<u>2,801</u>	<u>949</u>	<u>217</u>	<u>509</u>	<u>348</u>	<u>18,788</u>
Fund Balances at End of Year	<u>\$ 1,053</u>	<u>\$ 2,844</u>	<u>\$ 961</u>	<u>\$ 220</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 19,678</u>

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TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

Special Revenue Funds

	Pay for Play Sports Programs	Cafeteria	Educational Grants	Parks and Recreation	Computer Dispatch System	Police Grants	Open Space	Preservation of Historical Documents	Small Cities Fund
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services	87,348	319,208 848,599	884,902	305,706			14,019	7,880 117,320	42,068
Investment income				772		21	2,902		18
Other revenue			95,595						1,075
Total revenues	<u>87,348</u>	<u>1,167,807</u>	<u>980,497</u>	<u>306,478</u>	<u>-</u>	<u>21</u>	<u>16,921</u>	<u>125,200</u>	<u>43,161</u>
Expenditures:									
Current:									
General government								114,996	
Public safety						1,172			
Public works									
Parks and recreation				369,529					
Health and welfare									43,161
Education	84,303	1,131,676	985,441						
Total expenditures	<u>84,303</u>	<u>1,131,676</u>	<u>985,441</u>	<u>369,529</u>	<u>-</u>	<u>1,172</u>	<u>-</u>	<u>114,996</u>	<u>43,161</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,045</u>	<u>36,131</u>	<u>(4,944)</u>	<u>(63,051)</u>	<u>-</u>	<u>(1,151)</u>	<u>16,921</u>	<u>10,204</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Proceeds from capital leases									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,045	36,131	(4,944)	(63,051)	-	(1,151)	16,921	10,204	
Fund Balances at Beginning of Year	<u>3,435</u>	<u>13,777</u>	<u>6,583</u>	<u>65,427</u>	<u>53</u>	<u>1,417</u>	<u>236,880</u>	<u>54,495</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 6,480</u>	<u>\$ 49,908</u>	<u>\$ 1,639</u>	<u>\$ 2,376</u>	<u>\$ 53</u>	<u>\$ 266</u>	<u>\$ 253,801</u>	<u>\$ 64,699</u>	<u>-</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					Permanent Funds		
	Oakville Green Development Trust	Marion A. Munson Trust	Mutual Police Trust	Town Improvement Trust	Liability Trust	Park Development Trust	Watertown Scholarship Fund	Education Enrichment
Revenues:								
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services								
Investment income	37	15	111	926	176	492	636	938
Other revenue						4,270	4,797	
Total revenues	<u>37</u>	<u>15</u>	<u>111</u>	<u>926</u>	<u>176</u>	<u>4,762</u>	<u>5,433</u>	<u>938</u>
Expenditures:								
Current:								
General government								
Public safety								
Public works								
Parks and recreation						3,708		
Health and welfare								
Education							675	
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,708</u>	<u>675</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37</u>	<u>15</u>	<u>111</u>	<u>926</u>	<u>176</u>	<u>1,054</u>	<u>4,758</u>	<u>938</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out								
Proceeds from capital leases								
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	37	15	111	926	176	1,054	4,758	938
Fund Balances at Beginning of Year	<u>2,742</u>	<u>1,079</u>	<u>7,361</u>	<u>60,484</u>	<u>11,631</u>	<u>33,972</u>	<u>39,421</u>	<u>70,212</u>
Fund Balances at End of Year	<u>\$ 2,779</u>	<u>\$ 1,094</u>	<u>\$ 7,472</u>	<u>\$ 61,410</u>	<u>\$ 11,807</u>	<u>\$ 35,026</u>	<u>\$ 44,179</u>	<u>\$ 71,150</u>

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TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

Permanent Funds

	Old Cemetery	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Magraff	Special Police	Town Deposit	Total
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,681,188
Charges for services										1,713,525
Investment income	64	466	12	59	108	258	13	21	360	20,471
Other revenue							119			176,561
Total revenues	<u>64</u>	<u>466</u>	<u>12</u>	<u>59</u>	<u>108</u>	<u>258</u>	<u>132</u>	<u>21</u>	<u>360</u>	<u>3,591,745</u>
Expenditures:										
Current:										
General government							140			115,136
Public safety										6,723
Public works										592,392
Parks and recreation										373,237
Health and welfare										276,436
Education										2,533,818
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>3,897,742</u>
Excess (Deficiency) of Revenues over Expenditures	<u>64</u>	<u>466</u>	<u>12</u>	<u>59</u>	<u>108</u>	<u>258</u>	<u>(8)</u>	<u>21</u>	<u>360</u>	<u>(305,997)</u>
Other Financing Sources (Uses):										
Transfers in										125,000
Transfers out										(93)
Proceeds from capital leases										159,163
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,070</u>
Net Change in Fund Balances	64	466	12	59	108	258	(8)	21	360	(21,927)
Fund Balances at Beginning of Year	<u>4,120</u>	<u>30,628</u>	<u>727</u>	<u>3,755</u>	<u>6,962</u>	<u>17,086</u>	<u>1,143</u>	<u>1,467</u>	<u>23,378</u>	<u>1,711,868</u>
Fund Balances at End of Year	<u>\$ 4,184</u>	<u>\$ 31,094</u>	<u>\$ 739</u>	<u>\$ 3,814</u>	<u>\$ 7,070</u>	<u>\$ 17,344</u>	<u>\$ 1,135</u>	<u>\$ 1,488</u>	<u>\$ 23,738</u>	<u>\$ 1,689,941</u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health and Dental Benefits Fund - This fund is used to pay health and dental insurance claims and to purchase administrative services and stop loss insurance for the health care plans. Both the Town and the Board of Education pay this fund for health insurance.

Workers' Compensation Fund - This fund accounts for the receipt of General Fund contributions to fund Town and Board of Education incurred Workers' Compensation claims.

General Liability Deductibles - This fund accounts for contributions from the General Fund to pay for claims that fall below the Town's premium based deductibles.

TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2009

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 281,625	\$ 268,829	\$ 237,773	\$ 788,227
Other assets		40,000		40,000
	<u>281,625</u>	<u>308,829</u>	<u>237,773</u>	<u>828,227</u>
Total assets				
Liabilities:				
Current liabilities:				
Accounts and other payables	105,999	18,727	8,800	133,526
Risk management claims	<u>215,000</u>	<u>150,000</u>	<u>8,800</u>	<u>365,000</u>
Total current liabilities	320,999	168,727	8,800	498,526
Noncurrent liabilities:				
Risk management claims		<u>350,000</u>		<u>350,000</u>
Total liabilities	<u>320,999</u>	<u>518,727</u>	<u>8,800</u>	<u>848,526</u>
Net Assets:				
Unrestricted	<u>\$ (39,374)</u>	<u>\$ (209,898)</u>	<u>\$ 228,973</u>	<u>\$ (20,299)</u>

TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Operating Revenues:				
Employer contributions	\$ 7,152,180	\$ 824,816	\$	\$ 7,976,996
Charges for services	1,380,016			1,380,016
Other	42,159			42,159
Total operating revenues	<u>8,574,355</u>	<u>824,816</u>	<u>-</u>	<u>9,399,171</u>
Operating Expenses:				
Claims	7,512,449	689,520	49,856	8,251,825
Premiums and administrative charges	802,206	46,671		848,877
Total operating expenses	<u>8,314,655</u>	<u>736,191</u>	<u>49,856</u>	<u>9,100,702</u>
Operating Income (Loss)	259,700	88,625	(49,856)	298,469
Nonoperating Revenue:				
Investment income	<u>2,318</u>		<u>4,068</u>	<u>6,386</u>
Change in Net Assets	262,018	88,625	(45,788)	304,855
Net Assets at Beginning of Year	<u>(301,392)</u>	<u>(298,523)</u>	<u>274,761</u>	<u>(325,154)</u>
Net Assets at End of Year	<u>\$ (39,374)</u>	<u>\$ (209,898)</u>	<u>\$ 228,973</u>	<u>\$ (20,299)</u>

TOWN OF WATERTOWN, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from employer contributions	\$ 7,152,180	\$ 824,816	\$	\$ 7,976,996
Cash received from charges for services	1,422,175			1,422,175
Cash paid to vendors	<u>(8,463,559)</u>	<u>(760,261)</u>	<u>(41,056)</u>	<u>(9,264,876)</u>
Net cash provided by (used in) operating activities	110,796	64,555	(41,056)	134,295
Cash Flows from Investing Activities:				
Investment income	<u>2,318</u>		<u>4,068</u>	<u>6,386</u>
Net Increase (Decrease) in Cash and Cash Equivalents:	113,114	64,555	(36,988)	140,681
Cash and Cash Equivalents at Beginning of Year	<u>168,511</u>	<u>204,274</u>	<u>274,761</u>	<u>647,546</u>
Cash and Cash Equivalents at End of Year	<u>\$ 281,625</u>	<u>\$ 268,829</u>	<u>\$ 237,773</u>	<u>\$ 788,227</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>259,700</u>	\$ <u>88,625</u>	\$ <u>(49,856)</u>	\$ <u>298,469</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
(Increase) decrease in other assets		(20,000)		(20,000)
Increase (decrease) in accounts and other payables	(904)	5,930	8,800	13,826
Increase (decrease) in risk management claims	<u>(148,000)</u>	<u>(10,000)</u>		<u>(158,000)</u>
Total adjustments	<u>(148,904)</u>	<u>(24,070)</u>	<u>8,800</u>	<u>(164,174)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 110,796</u>	<u>\$ 64,555</u>	<u>\$ (41,056)</u>	<u>\$ 134,295</u>

Fiduciary Funds

FIDUCIARY FUNDS

Agency Funds

Student Activities Fund - This fund is used to control various activities as defined by State Statute undertaken by students of the public school system.

Project Graduation - This fund was established to record the activities associated with High School graduation by the students of the public school system.

Developers' Trust - This fund was established to account for cash bonds and other cash and cash equivalent securities held by the Town to ensure compliance with specifications and regulations with respect to various building projects and improvements.

School Activities Fund - This fund is used to account for the collection and payment of activities at the various schools.

TOWN OF WATERTOWN, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ <u>261,767</u>	\$ <u>516,943</u>	\$ <u>558,423</u>	\$ <u>220,287</u>
Liabilities:				
Due to student groups and agencies	\$ <u>261,767</u>	\$ <u>516,943</u>	\$ <u>558,423</u>	\$ <u>220,287</u>
Project Graduation				
Assets:				
Cash and cash equivalents	\$ <u>7,955</u>	\$ <u>12,435</u>	\$ <u>17,425</u>	\$ <u>2,965</u>
Liabilities:				
Due to student groups and agencies	\$ <u>7,955</u>	\$ <u>12,435</u>	\$ <u>17,425</u>	\$ <u>2,965</u>
Developers' Trust Fund				
Assets:				
Cash and cash equivalents	\$ <u>618,503</u>	\$ <u>36,346</u>	\$ <u>194,264</u>	\$ <u>460,585</u>
Liabilities:				
Due to student groups and agencies	\$ <u>618,503</u>	\$ <u>36,346</u>	\$ <u>194,264</u>	\$ <u>460,585</u>
School Activities				
Assets:				
Cash and cash equivalents	\$ <u>22,790</u>	\$ <u>23,874</u>	\$ <u>24,423</u>	\$ <u>22,241</u>
Liabilities:				
Due to student groups and agencies	\$ <u>22,790</u>	\$ <u>23,874</u>	\$ <u>24,423</u>	\$ <u>22,241</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ <u>911,015</u>	\$ <u>589,598</u>	\$ <u>794,535</u>	\$ <u>706,078</u>
Liabilities:				
Due to student groups and agencies	\$ <u>911,015</u>	\$ <u>589,598</u>	\$ <u>794,535</u>	\$ <u>706,078</u>

Supplementary Data

TOWN OF WATERTOWN, CONNECTICUT

CAPITAL IMPROVEMENT FUND
PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2009

Project Description	Fund Balance July 1, 2008	Capital Grants	Investment Income	Other Income	Capital Outlay	Bond Proceeds	Transfers Out	Fund Balance June 30, 2009
Current Projects:								
Watertown High School Renovation	\$ 6,827,367	\$ 8,878,029	\$ 69,951	\$	\$ 15,686,104	\$ 9,000,000	\$	\$ 9,089,243
Judson School Renovation	2,669,569	5,448,104	31,782		9,676,194	4,500,000		2,973,261
Polk School Renovation	2,756,972	56,996	36,259	200	69,793	2,500,000		5,280,634
Swift School Reconstruction	642,068	179,964	8,225	40,620	412,023		(600,000)	(141,146)
Fire House Renovation and Expansion	174,311		2,301		13,597			163,015
Turkey Brook Flood Drainage	130,568		1,539				(110,000)	22,107
School Roofs	188,427		841		133,305			55,963
High School Track	13,128		158					13,286
Roadway and Drainage Improvements	963,699		9,877		224,927			748,649
Buckingham Street School	810		894	192,000	184,679			9,025
Indoor Athletic Field	-	33,111			33,111			-
Other Projects:								
Veteran's Memorial Park	8,278		101	833				9,212
Sylvan Lake Park	24,185		364					24,549
Echo Lake Park	2,997		43		2,606			434
Pond View Water Construction	19,486		293					19,779
Senior Center Improvements	10,179		145					10,324
Oakville Green Transportation Enhancement	4,693		66					4,759
Beach/East Improvements	20,200		305					20,505
Deland Field Improvements	12,561		196					12,757
Total	\$ 14,469,498	\$ 14,596,204	\$ 163,340	\$ 233,653	\$ 26,436,339	\$ 16,000,000	\$ (710,000)	\$ 18,316,356

TOWN OF WATERTOWN, CONNECTICUT
REPORT OF SEWER AND WATER ASSESSMENT COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2009

Fiscal Year	Program	Uncollected Balance July 1, 2008	Additions	Deductions	Adjusted Amount Collectible	Collections			Uncollected Balance June 30, 2009	
						Assessments	Interest	Lien Fees Total		
Sewer:										
1959	D	\$ 150	\$	\$	\$ 150	\$	\$	\$	\$ -	\$ 150
2008	TT	16,300			16,300	767	282		1,049	15,533
Special		203			203	201	16	20	237	2
1992	EE	14,850			14,850				-	14,850
1996	KK	1,384			1,384				-	1,384
1998	LL	10,209			10,209		850		850	10,209
2000	AB	5,645			5,645				-	5,645
2005	OO	127,586			127,586	22,993	6,427		29,420	104,593
2005	QQ	54,461			54,461	7,471	2,228		9,699	46,990
Total Sewer		<u>230,788</u>	<u>-</u>	<u>-</u>	<u>230,788</u>	<u>31,432</u>	<u>9,803</u>	<u>20</u>	<u>41,255</u>	<u>199,356</u>
Water										
1998	WE	3,000			3,000		850		850	3,000
1998	WF	949			949	948	33	20	1,001	1
Special		1,250			1,250	1,250	54	20	1,324	-
2002	WE	1,323			1,323	442	77		519	881
2005	WF	49,875			49,875	11,081	1,711	40	12,832	38,794
2005	WG	201,795			201,795	50,371	9,876	180	60,427	151,424
Total Water		<u>258,192</u>	<u>-</u>	<u>-</u>	<u>258,192</u>	<u>64,092</u>	<u>12,601</u>	<u>260</u>	<u>76,953</u>	<u>194,100</u>
Total		<u>\$ 488,980</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,980</u>	<u>\$ 95,524</u>	<u>\$ 22,404</u>	<u>\$ 280</u>	<u>\$ 118,208</u>	<u>\$ 393,456</u>

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF BONDS AND SERIAL NOTES PAYABLE
FOR THE YEAR ENDED JUNE 30, 2009

Description	Interest Rate (%)	Year Issued	Maturity Date	Original Amount Issued	Balance Beginning of Year	Issued During Year	Paid During Year	Balance End of Year
Governmental:								
General purpose	3.55-4.75	1994	01/15/09	\$ 2,084,000	\$ 110,000	\$	\$ 110,000	\$ -
General purpose and schools	3.25-4.63	2004	08/01/23	2,538,000	2,032,000		127,000	1,905,000
General purpose and schools	3.00-5.00	2004	04/01/24	5,500,000	4,400,000		275,000	4,125,000
General purpose and schools	3.25-5.00	2005	08/01/24	6,000,000	5,100,000		300,000	4,800,000
General purpose and schools	4.00-5.00	2006	08/01/25	10,540,000	9,480,000		530,000	8,950,000
General purpose and schools	4.00-4.75	2007	02/01/27	4,500,000	4,275,000		225,000	4,050,000
Schools	3.75-4.00	2008	09/15/27	4,100,000	4,100,000		205,000	3,895,000
Schools	3.00-5.00	2008	01/15/33	10,000,000	10,000,000		400,000	9,600,000
Refunding bonds (1996, 1999, and 2000)	3.00-5.00	2005	08/01/19	15,535,000	12,110,000		1,248,000	10,862,000
School renovations and additions	2.50-4.50	2009	04/01/29	16,000,000	-	16,000,000		16,000,000
				<u>76,797,000</u>	<u>51,607,000</u>	<u>16,000,000</u>	<u>3,420,000</u>	<u>64,187,000</u>
Water Authority:								
Water bonds	3.25-4.63	2004	08/01/23	2,109,000	1,696,000		106,000	1,590,000
Refunding bonds (1996)	3.00-5.00	2005	08/01/19	386,500	301,000		31,000	270,000
				<u>2,495,500</u>	<u>1,997,000</u>	<u>-</u>	<u>137,000</u>	<u>1,860,000</u>
Sewer Authority:								
*State of Connecticut Serial Note CWF 201-D-1	2.00	2001	07/31/16	616,135	276,361		31,820	244,541
*State of Connecticut Serial Note CWF 201-C-2	2.00	2001	06/30/20	8,085,318	4,975,578		414,629	4,560,949
*State of Connecticut Serial Note CWF 201-P	2.00	2001	08/31/14	325,085	100,237		16,256	83,981
Sewer bonds	3.25-4.63	2004	08/01/23	738,000	592,000		37,000	555,000
Sewer bonds	3.75-5.75	2008	09/15/27	1,800,000	1,800,000		90,000	1,710,000
Sewer bonds	2.50-4.50	2009	04/01/29	200,000	-	200,000		200,000
Refunding bonds (1996)	3.00-5.00	2005	08/01/19	453,500	354,000		36,000	318,000
				<u>12,218,038</u>	<u>8,098,176</u>	<u>200,000</u>	<u>625,705</u>	<u>7,672,471</u>
Total				<u>\$ 91,510,538</u>	<u>\$ 61,702,176</u>	<u>\$ 16,200,000</u>	<u>\$ 4,182,705</u>	<u>\$ 73,719,471</u>

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*Intermunicipal Agreement between Watertown/Waterbury

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.

TOWN OF WATERTOWN, CONNECTICUT

NET ASSETS BY COMPONENT

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Governmental activities:							
Invested in capital assets, net of related debt	\$ 100,078,111	\$ 86,502,225	\$ 73,490,497	\$ 63,489,201	\$ 60,874,563	\$ 58,728,824	\$ 57,940,049
Restricted	325,523	316,168	311,112	273,892	209,802	197,569	192,061
Unrestricted	4,952,636	4,180,098	4,685,860	4,930,851	4,435,231	10,271,663	11,924,085
Total governmental activities net assets	<u>105,356,270</u>	<u>90,998,491</u>	<u>78,487,469</u>	<u>68,693,944</u>	<u>65,519,596</u>	<u>69,198,056</u>	<u>70,056,195</u>
Business-type activities:							
Invested in capital assets, net of related debt	12,211,170	10,839,674	10,612,014	10,910,559	10,959,360	10,587,120	10,393,751
Unrestricted	5,414,493	7,714,639	8,354,957	7,872,118	5,005,603	3,646,720	3,555,102
Total business-type activities net assets	<u>17,625,663</u>	<u>18,554,313</u>	<u>18,966,971</u>	<u>18,782,677</u>	<u>15,964,963</u>	<u>14,233,840</u>	<u>13,948,853</u>
Primary government:							
Invested in capital assets, net of related debt	112,289,281	97,341,899	84,102,511	74,399,760	71,833,923	69,315,944	68,333,800
Restricted	325,523	316,168	311,112	273,892	209,802	197,569	192,061
Unrestricted	10,367,129	11,894,737	13,040,817	12,802,969	9,440,834	13,918,383	15,479,187
Total Primary Government Net Assets	<u>\$ 122,981,933</u>	<u>\$ 109,552,804</u>	<u>\$ 97,454,440</u>	<u>\$ 87,476,621</u>	<u>\$ 81,484,559</u>	<u>\$ 83,431,896</u>	<u>\$ 84,005,048</u>

Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF WATERTOWN, CONNECTICUT

CHANGES IN NET ASSETS

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Expenses:							
Governmental activities:							
General government	\$ 8,471,740	\$ 8,346,852	\$ 8,504,190	\$ 7,622,554	\$ 8,256,135	\$ 7,653,902	\$ 6,633,350
Public safety	5,808,433	5,093,325	4,328,372	4,257,876	4,223,554	4,126,988	3,870,753
Public works	3,680,442	4,843,199	4,151,630	4,477,683	5,193,845	4,999,340	5,085,792
Parks and recreation	1,130,178	1,223,957	1,144,828	1,007,920	1,068,516	1,062,261	1,181,599
Health and welfare	255,107	160,475	132,738	136,780	121,529	119,896	112,836
Education	42,822,088	50,151,146	38,034,804	35,752,303	34,284,912	32,523,973	31,626,791
Interest on long-term debt	2,222,436	1,892,883	1,588,659	1,604,605	1,417,615	1,142,189	1,132,417
Total governmental activities expenses	<u>64,390,424</u>	<u>71,711,837</u>	<u>57,885,221</u>	<u>54,859,721</u>	<u>54,566,106</u>	<u>51,628,549</u>	<u>49,643,538</u>
Business-type activities:							
Sewer	3,018,119	3,109,996	1,860,498	1,278,716	1,348,587	1,874,699	2,293,349
Water	1,546,437	1,521,404	1,287,905	1,374,271	1,413,600	1,384,687	1,365,247
Golf	730,840	780,081	742,519	795,756	750,988	743,095	760,331
Total business-type activities expenses	<u>5,295,396</u>	<u>5,411,481</u>	<u>3,890,922</u>	<u>3,448,743</u>	<u>3,513,175</u>	<u>4,002,481</u>	<u>4,418,927</u>
Total primary government expenses	<u>69,685,820</u>	<u>77,123,318</u>	<u>61,776,143</u>	<u>58,308,464</u>	<u>58,079,281</u>	<u>55,631,030</u>	<u>54,062,465</u>
Program Revenues:							
Governmental activities:							
Charges for services:							
General government	1,136,805	1,208,614	1,236,145	1,416,315	1,258,684	1,101,699	722,459
Public safety	564,378	432,684	439,286	293,589	468,153	342,184	310,778
Public works	204,824	172,955	101,024	154,288	780,726	695,704	599,741
Parks and recreation	320,615	351,129	416,776	298,278	244,193	265,395	263,949
Education	1,365,557	1,274,910	1,379,601	1,431,964	1,590,593		1,363,848
Operating grants and contributions	17,062,011	26,838,219	14,481,312	13,932,246	12,835,389	12,342,775	12,783,829
Capital grants and contributions	15,031,714	12,721,359	9,045,451	3,222,889	2,773,859	1,032,086	2,149,305
Total governmental activities program revenues	<u>35,685,904</u>	<u>42,999,870</u>	<u>27,099,595</u>	<u>20,749,569</u>	<u>19,951,597</u>	<u>17,374,619</u>	<u>18,193,909</u>
Business-type activities:							
Charges for services:							
Sewer	1,689,525	1,703,226	1,780,891	1,967,089	1,722,092	1,740,628	1,799,597
Water	1,143,510	1,135,691	1,127,314	1,156,288	1,125,057	1,114,995	1,089,882
Golf	670,471	698,595	664,466	689,514	725,930	752,042	752,749
Operating grants and contributions	18,266	980,178	30,633	56,004	1,481,945	225,033	206,224
Capital grants and contributions	453,987	41,500	39,463	77,675	40,535	333,826	206,851
Total business-type activities program revenues	<u>3,975,759</u>	<u>4,559,190</u>	<u>3,642,767</u>	<u>3,946,570</u>	<u>5,095,559</u>	<u>4,166,524</u>	<u>4,055,303</u>
Total primary government program revenues	<u>39,661,663</u>	<u>47,559,060</u>	<u>30,742,362</u>	<u>24,696,139</u>	<u>25,047,156</u>	<u>21,541,143</u>	<u>22,249,212</u>
Net (Expense) Revenue:							
Governmental activities	(28,704,520)	(28,711,967)	(30,785,626)	(34,110,152)	(34,614,509)	(34,253,930)	(31,449,629)
Business-type activities	<u>(1,319,637)</u>	<u>(852,291)</u>	<u>(248,155)</u>	<u>497,827</u>	<u>1,582,384</u>	<u>164,043</u>	<u>(363,624)</u>
Total Primary Government Net Expense	<u>\$ (30,024,157)</u>	<u>\$ (29,564,258)</u>	<u>\$ (31,033,781)</u>	<u>\$ (33,612,325)</u>	<u>\$ (33,032,125)</u>	<u>\$ (34,089,887)</u>	<u>\$ (31,813,253)</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

CHANGES IN NET ASSETS (CONTINUED)

LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:							
Governmental activities:							
Property taxes	\$ 41,530,674	\$ 38,206,068	\$ 37,848,503	\$ 34,352,094	\$ 32,128,168	\$ 31,775,000	\$ 30,075,443
Grants and contributions not restricted to specific programs	1,225,990	1,335,598	1,437,438	1,303,174	1,227,486	1,407,710	1,761,694
Unrestricted investment earnings	370,165	914,113	1,141,078	1,141,571	484,229	188,367	281,094
Other general revenues (including gain on sale of capital assets)	246,045	907,230	195,595	322,720	210,817	65,903	93,052
Transfers	(310,575)	(140,020)	(43,463)	164,941	22,159	(41,189)	(97,206)
Special items					(3,136,810)		
Total governmental activities	<u>43,062,299</u>	<u>41,222,989</u>	<u>40,579,151</u>	<u>37,284,500</u>	<u>30,936,049</u>	<u>33,395,791</u>	<u>32,114,077</u>
Business-type activities:							
Unrestricted investment earnings	80,412	299,613	388,986	326,187	170,898	79,755	128,003
Transfers	310,575	140,020	43,463	(164,941)	(22,159)	41,189	97,206
Special items				2,158,641			
Total business-type activities	<u>390,987</u>	<u>439,633</u>	<u>432,449</u>	<u>2,319,887</u>	<u>148,739</u>	<u>120,944</u>	<u>225,209</u>
Total Primary Government	<u>\$ 43,453,286</u>	<u>\$ 41,662,622</u>	<u>\$ 41,011,600</u>	<u>\$ 39,604,387</u>	<u>\$ 31,084,788</u>	<u>\$ 33,516,735</u>	<u>\$ 32,339,286</u>
Changes in Net Assets:							
Governmental activities	\$ 14,357,779	\$ 12,511,022	\$ 9,793,525	\$ 3,174,348	\$ (3,678,460)	\$ (858,139)	\$ 664,448
Business-type activities	<u>(928,650)</u>	<u>(412,658)</u>	<u>184,294</u>	<u>2,817,714</u>	<u>1,731,123</u>	<u>284,987</u>	<u>(138,415)</u>
Total Primary Government	<u>\$ 13,429,129</u>	<u>\$ 12,098,364</u>	<u>\$ 9,977,819</u>	<u>\$ 5,992,062</u>	<u>\$ (1,947,337)</u>	<u>\$ (573,152)</u>	<u>\$ 526,033</u>

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Notes:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) The Town began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2003.

TOWN OF WATERTOWN, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
General Fund:							
Reserved	\$ 305,098	\$ 916,410	\$ 890,284	\$ 930,145	\$ 1,006,484	\$ 1,466,643	\$ 1,167,497
Unreserved	<u>5,400,261</u>	<u>5,022,065</u>	<u>4,545,367</u>	<u>4,185,380</u>	<u>3,042,935</u>	<u>3,063,377</u>	<u>3,170,805</u>
Total General Fund	<u>\$ 5,705,359</u>	<u>\$ 5,938,475</u>	<u>\$ 5,435,651</u>	<u>\$ 5,115,525</u>	<u>\$ 4,049,419</u>	<u>\$ 4,530,020</u>	<u>\$ 4,338,302</u>
All other governmental funds:							
Reserved	\$ 40,380,281	\$ 2,882,437	\$ 9,138,645	\$ 30,383,137	\$ 2,200,829	\$ 542,090	\$ 627,800
Unreserved, reported in:							
Special revenue funds	1,197,459	1,228,952	1,079,564	532,480	515,071	502,294	766,975
Capital projects funds	<u>(21,571,443)</u>	<u>12,069,977</u>	<u>(5,576,765)</u>	<u>(15,986,214)</u>	<u>5,655,291</u>	<u>6,958,235</u>	<u>(1,160,425)</u>
Total All Other Governmental Funds	<u>\$ 20,006,297</u>	<u>\$ 16,181,366</u>	<u>\$ 4,641,444</u>	<u>\$ 14,929,403</u>	<u>\$ 8,371,191</u>	<u>\$ 8,002,619</u>	<u>\$ 234,350</u>

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
- (2) Unreserved balances are reported net of amounts reserved for all purchase order and construction commitments in place at year-end.
- (3) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2003.

TOWN OF WATERTOWN, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

	FISCAL YEAR						
	2009	2008	2007	2006	2005	2004	2003
Revenues:							
Property taxes	\$ 41,428,222	\$ 38,248,288	\$ 37,862,867	\$ 34,328,688	\$ 32,053,385	\$ 31,827,072	\$ 30,067,903
Intergovernmental revenues	33,309,630	39,789,409	24,022,765	18,705,999	16,884,383	15,068,234	16,032,545
Licenses, permits, and charges for services	3,714,547	3,445,957	3,767,376	3,848,049	3,969,800	3,786,147	3,121,472
Investment income	363,779	891,230	1,105,301	1,107,014	477,484	176,576	245,134
Other revenue	815,533	1,923,093	447,133	652,221	809,679	359,712	504,117
Total revenues	79,631,711	84,297,977	67,205,442	58,641,971	54,194,731	51,217,741	49,971,171
Expenditures:							
General government	2,496,833	2,497,075	2,502,698	2,230,749	2,210,727	2,259,916	2,016,616
Public safety	4,389,517	4,473,367	4,190,652	4,066,016	3,956,543	3,922,837	3,739,561
Public works	3,890,068	3,968,669	3,536,899	3,462,424	4,804,898	4,309,738	4,183,470
Parks and recreation	1,089,556	1,066,960	1,002,225	899,291	856,261	847,748	1,096,611
Health and welfare	406,778	152,562	132,738	136,780	121,529	119,896	112,836
Education	41,154,013	49,362,282	37,041,008	34,703,830	32,891,291	31,920,114	30,786,797
Other	6,465,866	5,992,706	5,917,185	5,728,912	5,009,781	4,294,378	3,843,389
Capital outlay	26,436,339	14,772,334	23,125,476	7,561,056	8,114,848	1,160,207	1,332,797
Debt service:							
Principal	3,420,000	2,849,000	2,663,000	1,728,000	1,886,300	1,840,300	2,473,150
Interest	2,139,514	1,632,356	1,789,035	1,331,630	1,352,036	1,038,758	1,158,682
Total expenditures	91,888,484	86,767,311	81,900,916	61,848,688	61,204,214	51,713,892	50,743,909
Excess of Revenues over (under) Expenditures	(12,256,773)	(2,469,334)	(14,695,474)	(3,206,717)	(7,009,483)	(496,151)	(772,738)
Other Financing Sources (Uses):							
Bonds issued	16,000,000	14,100,000	4,500,000	10,540,000	6,000,000	8,038,000	
Multi-year lease purchase agreements	159,163	552,100	271,104	126,094	734,328	459,327	240,786
Refunding bonds issued					15,535,000		
Payment to refunding bond escrow agent					(16,207,402)		
Premium on refunding bonds issued					813,369		
Transfers in	1,084,594	670,334	397,306	1,067,305	1,315,596	472,169	447,348
Transfers out	(1,395,169)	(810,354)	(440,769)	(902,364)	(1,293,437)	(513,358)	(544,554)
Total other financing sources (uses)	15,848,588	14,512,080	4,727,641	10,831,035	6,897,454	8,456,138	143,580
Net Change in Fund Balances	\$ 3,591,815	\$ 12,042,746	\$ (9,967,833)	\$ 7,624,318	\$ (112,029)	\$ 7,959,987	\$ (629,158)
Debt service as a % of noncapital expenditures	8.75%	6.25%	7.62%	5.66%	5.74%	5.75%	7.41%

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
(2) Data has not been presented for years prior to the implementation of GASB Statement No. 34 in 2003.

TOWN OF WATERTOWN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Grand List Year	Real Property		Vacant Land	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	
		Residential	Commercial and Industrial										
2009	2007	\$ 1,441,827	\$ 240,312	\$ 599	\$ 131,882	\$ 152,475	\$ 1,967,095	\$ 54,350	\$ 1,912,745	24.35	\$ 2,732,493	70.00	%
2008	2006	1,230,775	199,109	569	132,057	160,556	1,723,066	39,502	1,683,564	22.72	2,405,090	70.00	
2007	2005	1,194,628	196,325	597	133,153	150,817	1,675,520	45,234	1,630,286	22.72	2,328,980	70.00	
2006	2004	1,155,955	202,742	1,635	134,071	140,611	1,635,014	50,969	1,584,045	21.35	2,262,921	70.00	
2005	2003	1,144,827	190,805	1,617	145,529	134,210	1,616,988	54,718	1,562,270	20.37	2,231,814	70.00	
2004	2002	775,732	157,432	48,245	144,735	143,466	1,269,610	58,566	1,211,044	25.91	1,730,063	70.00	
2003	2001	763,662	163,015	41,381	144,205	141,697	1,253,960	67,402	1,186,558	24.91	1,695,083	70.00	
2002	2000	748,466	153,095	42,526	132,440	138,515	1,215,042	66,232	1,148,810	24.56	1,641,157	70.00	
2001	1999	740,271	154,273	45,444	124,375	131,551	1,195,914	62,651	1,133,263	23.56	1,618,947	70.00	
2000	1998	846,066	177,296	37,806	123,846	118,631	1,303,645	64,804	1,238,841	21.36	1,769,773	70.00	

Source: Town of Watertown, Office of Tax Assessor

Notes:

(1) 2003 Real property grand list is adjusted to reflect statutory revaluation

(2) Assessed Value is 70% of Estimated Actual Value

TOWN OF WATERTOWN, CONNECTICUT
PROPERTY TAX RATES
DIRECT AND UNDERLYING GOVERNMENTS
LAST TEN FISCAL YEARS

Grand List Year October 1,	Fiscal Year Ended June 30,	Town of Watertown Mill Rate	Fiscal Year Ended June 30,	Watertown Fire District Mill Rate	Total
2007	2009	24.35	2009	*	24.35
2006	2008	22.72	2008	*	22.72
2005	2007	22.72	2007	2.8	25.52
2004	2006	21.35	2006	2.8	24.15
2003	2005	20.37	2005	3.1	23.47
2002	2004	25.91	2004	3.8	29.71
2001	2003	24.91	2003	3.8	28.71
2000	2002	24.56	2002	3.1	27.68
1999	2001	23.56	2001	2.7	26.22
1998	2000	21.36	2000	2.5	23.86

* In 2008, the Watertown Fire District began billing its users for sewer usage under a user fee consumption based structure. The method of generating operating revenues through the taxation of property assessments was discontinued.

TOWN OF WATERTOWN, CONNECTICUT

PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2007 AND OCTOBER 1, 1998

(In Thousands)

Taxpayer	Nature of Business	October 1, 2007			October 1, 1998		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
The Siemon Company	Manufacturing	\$ 28,276	1	1.48 %	\$ 12,671	2	1.02 %
Connecticut Light & Power	Utility	19,872	2	1.04	8,864	5	0.72
Drivesol	Manufacturing	17,973	3	0.94			
JSD Partners	Manufacturing	7,576	4	0.40			
Global Steering System	Manufacturing	6,547	5	0.34			
Greenbriar Associates, LLC	Real estate	5,227	6	0.27			
Eyelematic Manufacturing Company	Manufacturing	4,798	7	0.25			
Straits Commercial Assoc. LTD	Supermarket	4,635	8	0.24			
Engineered Sinterings	Manufacturing	4,624	9	0.24	5,318	10	0.43
KX Realty, LLC	Supermarket	4,218	10	0.22	9,136	4	0.74
Torrington Company	Manufacturing				14,461	1	1.17
Bouffard Metal Goods, Inc.	Manufacturing				9,409	3	0.76
Winchester Electronics	Manufacturing				8,799	6	0.71
Buckingham Enterprises	Real estate				8,234	7	0.66
OSRAM Sylvania, Inc.	Real estate				6,782	8	0.55
Litton Systems	Manufacturing				5,932	9	0.48
Total		\$ 103,746		5.42 %	\$ 89,606		7.23 %

Source: Town of Watertown Assessor's Office

TABLE 8

TOWN OF WATERTOWN, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Assessed Value (In Thousands)	Tax Rate In Mills	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections To Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2009	2007	\$ 1,912,745	24.35	\$ 41,237,637	\$ 40,668,696	98.62 %	\$ -	\$ 40,668,696	98.62 %
2008	2006	1,683,564	22.72	37,970,928	37,617,731	99.16	331,312	37,949,043	99.94
2007	2005	1,630,286	22.72	37,462,048	37,087,621	99.20	337,578	37,425,199	99.90
2006	2004	1,584,045	21.35	34,181,086	33,774,182	99.08	371,715	34,145,897	99.90
2005	2003	1,562,270	20.37	31,788,549	31,314,140	98.78	445,789	31,759,929	99.91
2004	2002	1,211,044	25.91	31,578,355	31,130,523	98.51	420,840	31,551,363	99.91
2003	2001	1,186,558	24.91	29,775,181	29,370,221	98.60	392,731	29,762,952	99.96
2002	2000	1,148,810	24.56	28,519,927	28,049,427	98.35	459,925	28,509,352	99.96
2001	1999	1,133,263	23.56	27,004,037	26,564,274	98.34	438,609	27,002,883	100.00
2000	1998	1,238,841	21.36	26,605,287	26,299,317	98.83	305,469	26,604,786	100.00

TABLE 9

TOWN OF WATERTOWN, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Ratio of Debt to Net Taxable Assessed Value	Ratio of Debt to Personal Income
	General Obligation Bonds			General Obligation Bonds		Clean Water Fund Notes	Capital Leases			
	General Purpose	Schools	Capital Leases	Water	Sewer					
2009	\$ 9,889,000	\$ 54,298,000	\$ 543,122	\$ 1,860,000	\$ 2,783,000	\$ 4,889,471	\$	\$ 74,262,593	3.88 %	\$ 12.89 %
2008	10,623,000	40,984,000	723,862	1,997,000	2,746,000	5,352,176		62,426,038	3.71	10.73
2007	11,372,000	28,984,000	702,972	2,134,000	1,020,000	5,814,251		50,027,223	3.07	8.60
2006	10,461,000	28,058,000	792,785	2,267,000	1,094,000	6,275,709		48,948,494	3.09	8.44
2005	10,167,000	19,540,000	1,037,682	2,392,500	1,155,500	6,736,562	67,650	41,096,894	2.63	7.12
2004	6,643,300	18,965,000	873,279	2,564,900	1,286,800	7,196,822	120,231	37,650,332	3.11	6.52
2003	980,600	18,430,000	878,425	535,300	694,100	7,656,501		29,174,926	2.46	5.05
2002	1,559,196	20,324,554	1,026,179	649,441	916,809	8,115,610		32,591,789	2.84	5.78
2001	2,157,346	22,236,563	1,298,626	761,572	1,149,519	8,574,161		36,177,787	3.19	6.97
2000	2,905,496	24,178,563	1,210,034	889,712	1,386,229			30,570,034	2.47	5.89

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

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2009

(In Thousands)

Total tax collections, including interest and lien fees					\$ 41,372
Reimbursement for loss on:					
Tax relief for elderly - freeze					<u>4</u>
BASE					<u>\$ 41,376</u>
	<u>General</u>			<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 93,096	\$	\$	\$	\$
4-1/2 times base		186,192			
3-3/4 times base			155,160		
3-1/4 times base				134,472	
3 times base					124,128
Total debt limitation	<u>93,096</u>	<u>186,192</u>	<u>155,160</u>	<u>134,472</u>	<u>124,128</u>
Indebtedness:					
Bonds payable*	9,889	54,298	7,672	**	
Underlying debt			215		
Bonds authorized, and unissued	122	44,437	37		
School building grants		(42,007)			
Total indebtedness	<u>10,011</u>	<u>56,728</u>	<u>7,924</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 83,085</u>	<u>\$ 129,464</u>	<u>\$ 147,236</u>	<u>\$ 134,472</u>	<u>\$ 124,128</u>

*Excludes Water Authority Enterprise Fund bonds of \$1,860 and Watertown Fire District water bonds of \$870.

**Includes Sewer Authority bonds of \$2,783 and serial notes of \$4,889.

NOTES:

- (1) In no event shall total debt exceed seven times annual receipts from taxation, \$289,632.
- (2) Bonds authorized-unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.
- (3) School building grants totaling \$5,296 are applicable to outstanding bond issues. In addition, pursuant to Public Act 97-11, an estimated amount of \$36,711 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects applicable to bonds authorized and unissued.

TOWN OF WATERTOWN, CONNECTICUT
COMPUTATION OF DIRECT AND UNDERLYING DEBT
LAST TEN FISCAL YEARS

Fiscal Year	Underlying Debt Watertown Fire District		Primary Government		Total Direct and Underlying Debt
	General Obligation Bonds	Percentage Applicable To Town	Town General Obligation Bonds		
2009	\$ 1,085,392	100 %	\$ 64,187,000	\$	65,272,392
2008	1,155,484	100	51,607,000		52,762,484
2007	1,232,405	100	40,356,000		41,588,405
2006	1,368,076	100	38,519,000		39,887,076
2005	1,479,739	100	29,707,000		31,186,739
2004	1,611,814	100	25,608,300		27,220,114
2003	555,562	100	19,410,600		19,966,162
2002	627,818	100	21,883,750		22,511,568
2001	696,824	100	24,393,909		25,090,733
2000	780,972	100	27,084,059		27,865,031

TOWN OF WATERTOWN, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Debt Limit	\$ 289,632	\$ 268,051	\$ 271,502	\$ 246,925	\$ 232,092	\$ 229,544	\$ 217,749	\$ 206,470	\$ 194,913	\$ 193,817
Total net debt applicable to limit	<u>74,663</u>	<u>77,997</u>	<u>46,947</u>	<u>48,863</u>	<u>48,152</u>	<u>32,005</u>	<u>24,797</u>	<u>26,115</u>	<u>15,460</u>	<u>19,755</u>
Legal Debt Margin	<u>\$ 214,969</u>	<u>\$ 190,054</u>	<u>\$ 224,555</u>	<u>\$ 198,062</u>	<u>\$ 183,940</u>	<u>\$ 197,539</u>	<u>\$ 192,952</u>	<u>\$ 180,355</u>	<u>\$ 179,453</u>	<u>\$ 174,062</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.78%	29.10%	17.29%	19.79%	20.75%	13.94%	11.39%	12.65%	7.93%	10.19%

TOWN OF WATERTOWN, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS

Calendar Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Income (3)	School Enrollment (2)	Labor Force		Percentage Unemployed (4)			
					Employed (4)	Unemployed (4)	Town of Watertown	Waterbury Labor Market	State of Connecticut	United States
2009	22,113	\$ 575,911	\$ 26,044	3,332	11,438	1,082	8.6 %	13.0 %	8.1 %	9.7 %
2008	22,347	582,005	26,044	3,398	11,939	614	4.9	6.5	4.9	4.6
2007	22,330	581,563	26,044	3,504	12,221	566	4.4	6.1	4.8	4.5
2006	22,268	579,948	26,044	3,556	11,986	491	3.9	5.3	4.4	4.6
2005	22,178	577,604	26,044	3,506	11,673	598	4.9	6.6	5.3	5.1
2004	22,178	577,604	26,044	3,536	11,537	587	4.8	6.1	4.7	5.5
2003	22,178	577,604	26,044	3,569	11,453	698	5.7	7.3	5.5	5.8
2002	21,661	564,139	26,044	3,608	11,776	573	4.6	6.0	4.3	5.8
2001	21,661	519,322	23,975	3,617	11,629	411	3.4	4.6	3.3	4.8
2000	21,661	519,322	23,975	3,585	12,075	234	1.9	2.8	2.3	4.0

Sources:

- (1) U.S. Department of Commerce, Bureau of Census and Connecticut Department of Public Health
- (2) Watertown Board of Education
- (3) U.S. Department of Commerce, Bureau of Census
- (4) State of Connecticut, Department of Labor

TOWN OF WATERTOWN, CONNECTICUT

PRINCIPAL EMPLOYERS

2009 AND 2000

Business Name	Nature of Business	2009			2000		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Eyelematic Manufacturing Company	Metal stamping manufacturer	370	1	3.23 %	315	4	2.61 %
The Siemon Company	Manufacturer	350	2	3.06	650	2	5.38
Bristol Inc.	Instrumentation devices	267	3	2.33	340	3	2.82
The Taft School	Private school	250	4	2.19	180	8	1.49
Super Stop & Shop	Supermarket	200	5	1.75			
Braxton Manufacturing	Manufacturer	175	6	1.53	180	7	1.49
Global Steering System	Manufacturer	137	7	1.20	800	1	6.63
Waterbury Extended Day Care	Health care	130	8	1.14			
LaBonne's	Specialty supermarket	121	9	1.06			
Adams Supermarket	Supermarket	100	10	0.87			
Engineered Sinterings & Plastics	Thermosetting materials	90	11	0.79	225	6	1.86
Kmart	Retail store	82	12	0.72			
VNA	Health care	80	13	0.70			
Truelove & Maclean	Manufacturer	70	14	0.61			
Click Bond	Electronic components	55	15	0.48			
Winchester Electronics	Electronic components				300	5	2.48
Crystal Rock	Manufacturer - bottled water				150	9	1.24
Henlopen Manufacturing	Manufacturer				135	10	1.12
Total		<u>2,477</u>		<u>21.66 %</u>	<u>3,275</u>		<u>27.12 %</u>

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

	FISCAL YEAR									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General government	53	55	54	53	53	53	52	51	50	51
Police	38	38	38	36	36	36	36	36	36	36
Fire	3	3	3	3	3	3	3	3	3	3
Public works	31	31	31	31	31	31	31	30	30	30
Parks and recreation	8	8	8	8	8	8	8	8	7	7
	<u>133</u>	<u>135</u>	<u>134</u>	<u>131</u>	<u>131</u>	<u>131</u>	<u>130</u>	<u>128</u>	<u>126</u>	<u>127</u>
Board of Education:										
Administration and principals	22	22	22	21	21	20	20	20	19	20
Teachers	258	256	258	236	245	242	237	232	226	247
Other	205	186	205	198	204	202	200	197	180	175
	<u>485</u>	<u>464</u>	<u>485</u>	<u>455</u>	<u>470</u>	<u>464</u>	<u>457</u>	<u>449</u>	<u>425</u>	<u>442</u>
Total	<u>618</u>	<u>599</u>	<u>619</u>	<u>586</u>	<u>601</u>	<u>595</u>	<u>587</u>	<u>577</u>	<u>551</u>	<u>569</u>

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

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government:										
Building permits issued	1,355	1,452	1,748	2,140	2,254	2,051	1,699	1,794	1,709	1,703
Police:										
Physical arrests	662	723	738	701	638	640	701	686	710	658
Parking violations	180	261	126	92	72	68	94	82	72	69
Traffic violations	2,796	1,351	1,797	991	945	888	913	894	901	867
Fire:										
Emergency responses	1,608	2,273	2,266	2,353	2,324	2,087	2,173	2,061	1,952	1,841
Fires extinguished	56	75	58	42	46	45	64	51	38	43
Public works:										
Street resurfacing (miles)	4.26	1.99	1.89	3.1	3.27	2.96		2.7	4.49	
Potholes repaired	58	217	131	49	43	18	31	21	43	34
Library:										
Volumes in collection	75,755	79,379	70,560	69,197	68,277	69,825	70,930	66,300	65,500	67,272
Water:										
Water main breaks	6	4	6	4	7	3	5	5	8	3
Average daily consumption (thousands of gallons)	1,040	965	1,056	1,010	987	1,048	1,041	1,132	1,114	1,140

TOWN OF WATERTOWN, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General Government:										
Administrative buildings	2	2	2	2	2	2	2	2	2	2
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of streets	133.4	133.26	132.32	130.62	129.97	128.02	127.85	127.85	127.85	127.85
Miles of sidewalks	22.44	21.59	21.59	19.98	19.77	19.54	19.2	19.2	19.2	19.2
Catch basins	3,171	3,149	3,149	3,065	3,041	3,007	3,007	3,007	3,007	3,007
Number of dams	5	5	4	4	4	4	4	4	4	4
Parks and recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Cemeteries	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Recreation fields and courts:										
Number of basketball courts	12	12	12	12	12	12	12	12	12	7
Number of football fields	2	2	2	2	2	2	2	2	2	2
Number of playgrounds	9	9	9	9	9	9	9	9	9	8
Number of soccer fields	6	6	6	6	6	6	6	6	6	6
Number of softball fields (baseball fields)	17	17	17	17	17	17	17	17	17	17
Number of tennis courts	4	4	4	4	4	4	4	4	4	4
Education:										
School buildings	6	6	6	6	6	6	6	6	6	7
Administrative buildings	1	1	1	1	1	1	1	1	1	1