TOWN OF WATERTOWN, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

TOWN OF WATERTOWN, CONNECTICUT

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Prepared by:

Finance Department
Frank J. Nardelli, Jr., Director

TOWN OF WATERTOWN, CONNECTICUT

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INTRODUCTORY SECTION

TOWN OF WATERTOWN CONNECTICUT
Town Hall Annex, 424 Main Street
Watertown, Connecticut 06795-2200

Finance Department, (860)945-5258 FAX (860)945-0393

January 28, 2016

Robert Scannell Jr., 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, 2015 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. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 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.

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

PROFILE OF THE 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 December 2011. The nine (9) members of the Town Council shall be elected for the term of four (4) years in alternate biennial elections in the following manner: four (4) members shall be elected in the first and succeeding alternate biennial elections and five (5) members in the second and succeeding biennial elections. No political party shall nominate and no elector shall vote for more than three (3) members of the Town Council 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 Town Referendum approves the budget and the Town Council lays the tax rate based on the adopted budget.

PUBLIC BUILDINGS AND INFRASTRUCTURE

During fiscal year 2015 a STEAP Grant was obtained to repave and enhance the roads, walking paths and parking at Veterans Park.

The Town also received a School Security Grant from the State of Connecticut for school security improvements for all of the Town Schools.

ECONOMIC ACTIVITY

A manufacturer has purchased and renovated a building to manufacture computer touch screen devices. A current manufacturer is expanding its facility which specializes in cosmetic containers. Another current manufacture is adding more square footage to meet its demands for deep drawn metal stampings. A current manufacturer is adding 32,200 square feet to its facility which is the world leader in refining and processing waxes.

LONG-TERM FINANCIAL PLANNING

During fiscal year 2015 the Town completed a general obligation refunding of bonds with a savings of $455,000 which will be allocated over fifteen years to help reduce future debt obligations.

The Town's bond rating was upgraded to "AA+" due to its strong economy, fund balance policy, strong budgetary performance and strong cash levels to cover both debt service and expenditures.

The Town also adopted a debt management policy to establish parameters and provide guidance governing the issuance, management, continuing evaluation of the reporting on all debt obligations issued by the Town of Watertown.

SIGNIFICANT FINANCIAL POLICIES

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. There were no changes to financial policies that have a significant effect on the current financial operations.

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.

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, 2014.

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

TOWN OF WATERTOWN, CONNECTICUT

PRINCIPAL OFFICIALS

Town Council

Raymond Primini, Chairman
Joseph Polletta, Vice-Chairman
David Demirs
Louis Esposito
Jonathan Ramsay
Mary Ann Rosa
Thomas L. Winn
Katherine C. Duplissie
Louis Razza

Board of Education

Leslie Crotty, Chairman
Eric Berthel, Vice-Chairman
Raymond Nadella, Secretary
Victor Vicenzi, Jr.
James Gambardella
Thomas Lambert
Don Orsini
Josephine Cavallo-Rosa
Janelle Wilk

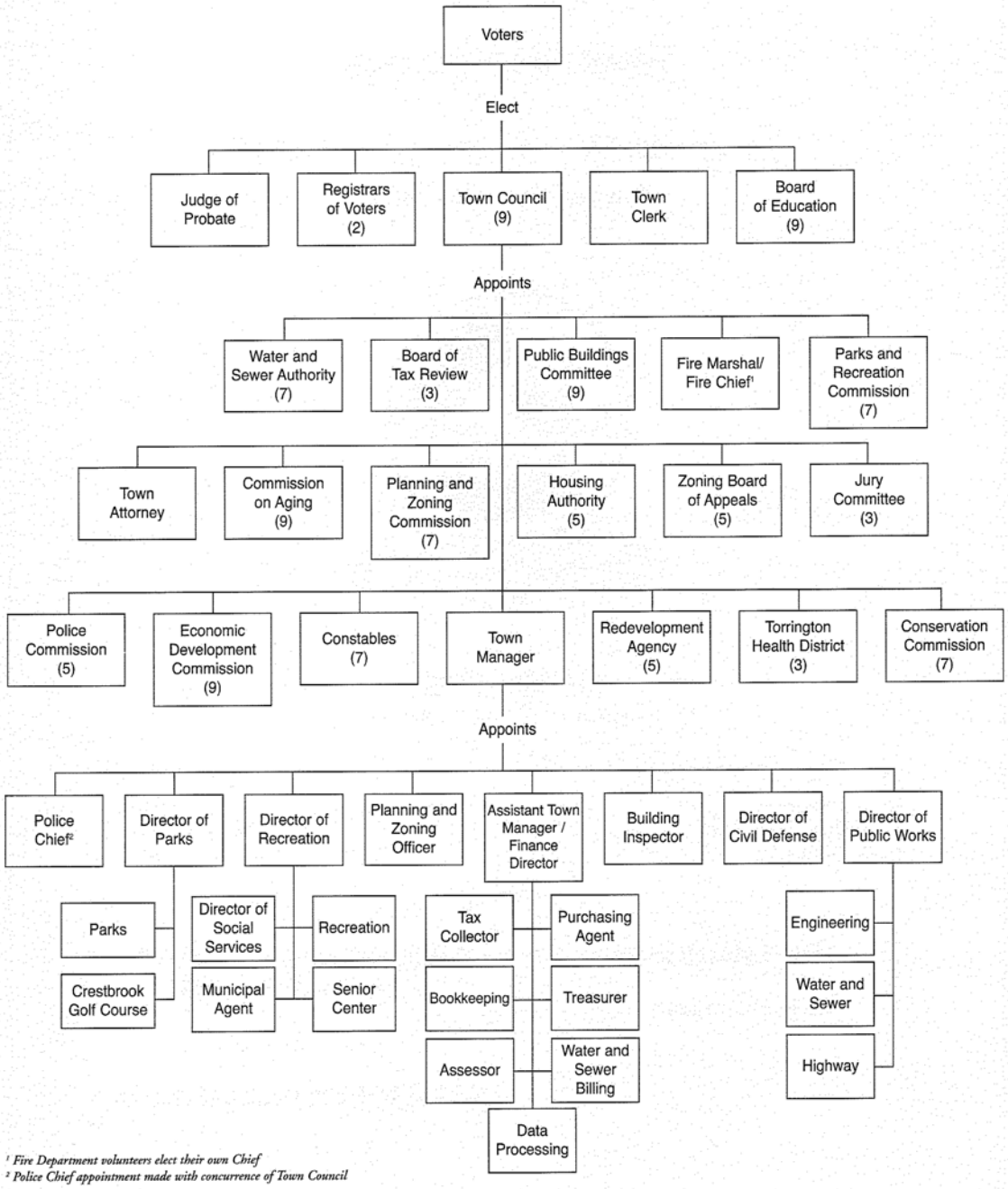
Appointed Officials

Robert Scannell, Town Manager
Bridget Carnemolla, Superintendent of Schools
Frank J. Nardelli, Jr., Assistant Town Manager/Finance Director
Susan Zappone, Assistant Finance Director
Joan Mondak, School and Town Treasurer

TOWN OF WATERTOWN

Watertown, Connecticut

ORGANIZATIONAL CHART



[1] *Fire Department volunteers elect their own Chief*
[2] *Police Chief appointment made with concurrence of Town Council*

Government Finance Officers Association

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, 2014

Executive Director/CEO

FINANCIAL SECTION

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Watertown, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Marcum LLP ■ 555 Long Wharf Drive ■ 12th Floor ■ New Haven, Connecticut 06511 ■ Phone 203.781.9600 ■ Fax 203.781.9601 ■ www.marcumllp.com

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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Method of Accounting for Pensions

As described in Note 2 to the financial statements, the Town changed its method for accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent To the Measurement Date - an Amendment of GASB Statement No. 68*, both effective July 1, 2014, which resulted in the Town restating net position for recognition of the Town's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Prior Period Restatements

As described in Note 17 to the financial statements, the July 1, 2014 opening net position of the governmental activities and the other governmental fund financial statements have been restated to reflect additional claims liability and an elimination of unavailable revenue. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, the budgetary comparison information on pages 87 through 93, the schedule of changes in net pension liability and related ratios – Town Retirement System on page 94, schedule of Town contributions – Town Retirement System on page 95, schedule of investment returns – Town Retirement System on page 96, schedule of changes in net pension liability and related ratios – Police Pension on page 97, schedule of Town contributions – Police Pension on page 99, schedule of investment returns – Police Pension on page 99, schedule of the Town's proportionate share of the net pension liability and related ratios – State Teachers Retirement System on page 100, schedule of contributions – State Municipal Employees Retirement System on page 101, and schedule of Town's proportionate share of the net pension liability – State Municipal Employees Retirement System on page 102, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

The accompanying General Fund balance sheet as of June 30, 2014 included in the combining and individual fund statements for comparative purposes was included in the 2014 financial statements audited by other auditors who expressed an unmodified opinion on those financial statements, and an in relation to opinion on the General Fund balance sheet specifically, in their report dated December 30, 2014.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, on our consideration of the Town of Watertown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Watertown, Connecticut's internal control over financial reporting and compliance.

Marcum LLP

New Haven, CT
January 28, 2016

TOWN OF WATERTOWN, CONNECTICUT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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, 2015. 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 position decreased $10.3 million as a result of this year's operations. Net position of our governmental activities decreased by $9.0 million.
- During the year, the Town had expenses that were $2.3 million more than the $78.4 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, total net position decreased $969 thousand.
- Unrestricted net position decreased by $3.4 million ($2.8 million in 2015 compared with $6.2 million in 2014).
- Total cost of all of the Town's programs was $85.4 million with no new programs added this year.
- The General Fund reported an unassigned fund balance this year of $7.4 million.
- The resources available for appropriation were $995 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 position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and deferred outflows and liabilities and deferred inflows, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other 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 position and the statement of activities, we divide the Town into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, 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 position 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 position 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 position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position decreased from a year ago from $156.4 million to $146.1 million. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

TABLE 1 - NET POSITION (in thousands)

	Governmental Activities		Business-Type Activities		Total	
In Thousands	2015	2014	2015	2014	2015	2014
Current and other assets	$ 30,913	$ 28,892	$ 5,983	$ 7,193	$ 36,896	$ 36,085
Capital assets, net of accumulated depreciation	195,266	197,373	14,810	14,974	210,076	212,347
Total assets	226,179	226,265	20,793	22,167	246,972	248,432
Deferred Outflows of Resources:						
Deferred outflows - pension	128	--	26	--	154	--
Deferred charge on refunding	1,533	1,248	--	--	1,533	1,248
	1,661	1,248	26	--	1,687	1,248
Long-term liabilities outstanding	86,628	77,848	2,289	3,036	88,917	80,884
Other liabilities	11,262	12,136	744	514	12,006	12,650
Total liabilities	97,890	89,984	3,033	3,550	100,923	93,534
Deferred Inflows of Resources:						
Deferred inflows - pension	1,451	--	138	--	1,589	--
Net Position:						
Net investment in capital assets	138,858	132,293	14,810	12,408	153,668	144,701
Restricted	285	289	--	--		
Unrestricted	(10,644)	4,947	2,838	6,209	(7,806)	11,156
Total Net Position	$ 128,499	$ 137,529	$ 17,648	$ 18,617	$ 146,147	$ 156,146

Net position of the Town's governmental activities decreased by $9.0 million ($128.5 million in 2015 compared with $137.5 million in 2014). The 2014 reported net position includes a re-allocation between net investment in capital assets and unrestricted. The Town's unrestricted net position of $(10.6) million decreased $15.6 million compared with last years' unrestricted net position of $4.9 million. The decrease is primarily attributable to the net repayment of bonds of $1.8 million, decreases of net capital assets of $855 thousand, the recognition of net pension liabilities of $7.0 million, and an overall decrease to net position of $2.3 million. Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Net investment in capital assets increased $6.6 million.

During 2015 the net position of the Town's business-type activities decreased by $969 thousand. Unrestricted net position decreased $3.4 million ($2.8 million in 2015 compared with $6.2 million in 2014). Contributing factors to the change in total net position and unrestricted net position follows Table 2. The Town generally can only use this net position to finance the continuing operations of the Sewer Authority, Water Authority and Crestbrook Golf Enterprise Funds.

TABLE 2 - CHANGE IN NET POSITION (in thousands)

	Governmental Activities		Business-Type Activities		Total	
In Thousands	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues	$ 3,806	$ 3,461	$ 3,688	$ 3,837	$ 7,494	$ 7,298
Charges for services						
Operating grants and contributions	18,448	19,480	--	--	18,448	19,480
Capital grants and contributions	2,372	950	--	93	2,372	1,043
General revenues						
Property taxes	50,739	49,498	--	--	50,739	49,498
Grants and contributions not restricted to specific purposes	1,166	1,150	--	--	1,166	1,150
Unrestricted investment earnings	32	29	6	6	38	35
Other general revenues	1,876	444	--	--	1,876	444
Total revenues	78,439	75,012	3,694	3,936	82,133	78,948
Expenses						
General government	14,642	9,637	--	--	14,642	9,637
Public safety	6,771	6,180	--	--	6,771	6,180
Public works	6,030	5,195	--	--	6,030	5,195
Parks and recreation	989	1,363	--	--	989	1,363
Health and welfare	281	529	--	--	281	529
Education	49,788	48,281	--	--	49,788	48,281
Interest on long-term debt	2,169	2,587	--	--	2,169	2,587
Sewer	--	--	2,229	2,098	2,229	2,098
Water	--	--	1,688	1,463	1,688	1,463
Golf	--	--	813	642	813	642
Total expenses	80,670	73,772	4,730	4,203	85,400	77,975
Excess (deficiency) before transfers	(2,231)	1,240	(1,036)	(267)	(3,267)	973
Transfers	(67)	43	67	(43)	--	--
Increase (decrease) in net position	$ (2,298)	$ 1,283	$ (969)	$ (310)	$ (3,267)	$ 973

The Town's total revenues were $82.0 million. The total cost of all programs and services was $85.4 million. Our analysis below separately considers the operations of governmental and business-type activities.

GOVERNMENTAL ACTIVITIES

The Town's governmental activities reported a decrease of $2.2 million in net position in 2015. The decrease was principally driven by the capitalization of public works construction expenditures. The Town's total governmental revenue for the year was $78.4 million. Total program expenses were $80.6 million. During 2015, property taxes increased $1.24 million as the Town's property tax mill rate increased 4.03 mills from 2014 to 2015, due to revaluation.

BUSINESS-TYPE ACTIVITIES

The Town's business-type activities reported a decrease of $969 thousand in net position in 2015.

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	
In Thousands	2015	2014	2015	2014
General government	$ 14,642	$ 9,637	$ 13,392	$ 8,128
Public safety	6,771	6,180	5,962	5,563
Public works	6,030	5,195	5,277	4,232
Parks and recreation	989	1,363	164	866
Education	49,788	48,281	29,047	28,304
All others	2,450	3,116	2,202	2,789
	$ 80,670	$ 73,772	$ 56,044	$ 49,882

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 $15.6 million, which is an increase of $4.3 million from last year's total of $11.3 million. During 2015, the Town's general fund balance increased by $342 thousand and the capital improvement fund increased by $2.65 million and the non-major governmental funds increased by $384 thousand.

PROPRIETARY FUNDS

Net position of the Town's three self-insured internal service funds increased by $117 thousand during the year. The Health and Dental Benefits Fund reported an operating income of $411.6 thousand. Net position of the Town's Workers' Compensation Fund decreased $280.4 thousand as claims experience was higher than last year. Net position of the Town's General Liabilities Deductibles Fund decreased by $13.6 thousand, which was primarily attributable to claim activity.

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

The actual revenue exceeded the budgetary revenues estimate of $66.5 million by $995 thousand as property tax collections exceeded budgetary estimates as the tax collector foreclosed on overdue real estate accounts. During the year the Town approved $895,018 of additional General Fund appropriations to fund various unanticipated expenditures. The Town expended $442 thousand less than the amended appropriated budget amount of $67.5 million.

The Town's General Fund balance of $7.9 million reported on Exhibit III differs from the General Fund's budgetary fund balance of $7.4 million. This is because budgetary fund balance included a reservation of $489 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, 2015, the Town had $210.0 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease of $2.3 thousand, over last year.

TABLE 4 - CAPITAL ASSETS AT YEAR END (in thousands)

	Governmental Activities		Business-Type Activities		Total	
In Thousands	2015	2014	2015	2014	2015	2014
Land	$ 2,598	$ 2,598	$ 1,020	$ 1,020	$ 3,618	$ 3,618
Construction in progress	56,092	71,941	--	--	56,092	71,941
Buildings and improvements	82,982	69,230	947	1,007	83,929	70,237
Vehicles	1,077	1,167	94	52	1,171	1,219
Machinery and equipment	1,289	1,194	6	15	1,295	1,209
Infrastructure	51,229	51,243	12,743	12,880	63,972	64,123
	$ 195,267	$ 197,373	$ 14,810	$ 14,974	$ 210,077	$ 212,347

This year's major capital outlay additions included:

Highway construction equipment	$ 356,603
Motor vehicles	370,314
Road Improvements	941,425
Davis Street water main	296,257
Veterans part improvements	431,416
	$ 2,396,015

The Town's fiscal year 2014-2015 capital budget calls for the continued capital outlay on the $4.0 million of approved project authorization for various public works capital improvements. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

LONG-TERM DEBT

At June 30, 2015, the Town had $66 million in bonds and serial notes outstanding versus $71 million last year as shown in Table 5.

TABLE 5 - OUTSTANDING DEBT AT YEAR END (in thousands)

	Governmental Activities		Business-Type Activities		Total	
In Thousands	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 57,487	$ 58,876	$ --	$ --	$ 57,487	$ 58,876
Serial notes payable	--	--	2,113	2,566	2,113	2,566
Bond anticipation notes (backed by the Town)	6,700	9,700	--	--	6,700	9,700
	$ 64,187	$ 68,576	$ 2,113	$ 2,566	$ 66,300	$ 71,142

The Town's general obligation bond rating is AA+. The State limits the amount of general obligation debt that municipalities 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 $355 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 8 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 2016 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 a decrease, averaging annual rate of 4.99%. Unemployment in the Town now stands at 4.7% versus 5.0% a year ago. This compares with the State's unemployment rate of 4.8% and the national rate of 5.8%.

Inflation in the Northeast area continues to be less than the national Consumer Price Index (CPI) increase. The Town required one budget referendums to pass its 2015-2016 budget. The mill rate for fiscal year 2015-2016 is 30.10 mills, which is a .98 mill increase from the prior year. The Board of Education budget increased 2.99% and the Town's portion increased 3.09%.

In the Town's 2015-2016 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 and debt service.

As for the Town's business-type activities, we expect that the 2015-16 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 position. The Water and Sewer Department has completed a Water and Sewer Cost of Services rate study, which will moderately increase rates in fiscal year 2015-2016.

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

EXHIBIT I

STATEMENT OF NET POSITION

JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 16,704,398	$ 3,252,574	$ 19,956,972
Receivables, net	13,867,913	936,227	14,804,140
Internal balances	318,975	(318,975)	--
Inventories	21,431	--	21,431
Other charges	--	2,112,839	2,112,839
Capital assets			
Assets not being depreciated	58,690,193	1,019,600	59,709,793
Assets being depreciated, net	136,576,864	13,789,912	150,366,776
Total Assets	226,179,774	20,792,177	246,971,951
Deferred Outflows of Resources			
Deferred outflows - pension	127,669	26,149	153,818
Deferred charge on refunding	1,533,138	--	1,533,138
	1,660,807	26,149	1,686,956
Liabilities			
Accounts and other payables	3,798,855	292,331	4,091,186
Bond anticipation notes payable	6,700,000	451,228	7,151,228
Unearned revenue	763,565	--	763,565
Noncurrent liabilities			
Due within one year	7,154,373	84,038	7,238,411
Due in more than one year	79,473,520	2,204,782	81,678,302
Total Liabilities	97,890,313	3,032,379	100,922,692
Deferred Inflows of Resources			
Deferred inflows - pension	1,451,303	138,157	1,589,460
Net Position			
Net investment in capital assets	138,857,588	14,809,512	153,667,100
Restricted for trust purposes			
Expendable	124,206	--	124,206
Nonexpendable	160,887	--	160,887
Unrestricted	(10,643,716)	2,838,278	(7,805,438)
Total Net Position	$ 128,498,965	$ 17,647,790	$ 146,146,755

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT II

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Total
Governmental activities							
General government	$ 14,642,335	$ 1,239,983	$ 10,372	$ --	$ (13,391,980)	$ --	$ (13,391,980)
Public safety	6,771,122	808,950	--	--	(5,962,172)	--	(5,962,172)
Public works	6,029,759	134,453	27,931	589,962	(5,277,413)	--	(5,277,413)
Parks and recreation	989,044	393,356	5,555	425,716	(164,417)	--	(164,417)
Health and welfare	281,496	--	119,999	--	(161,497)	--	(161,497)
Education	49,786,691	1,228,975	18,284,030	1,226,962	(29,046,724)	--	(29,046,724)
Interest on long-term debt	2,169,068	--	--	129,054	(2,040,014)	--	(2,040,014)
Total Governmental activities	80,669,515	3,805,717	18,447,887	2,371,694	(56,044,217)	--	(56,044,217)
Business-type activities							
Sewer	2,229,460	1,810,092	--	--	--	(419,368)	(419,368)
Water	1,687,777	1,365,078	--	--	--	(322,699)	(322,699)
Golf	812,641	512,715	--	--	--	(299,926)	(299,926)
Total Business-type activities	4,729,878	3,687,885	--	--	--	(1,041,993)	(1,041,993)
Total	$ 85,399,393	$ 7,493,602	$ 18,447,887	$ 2,371,694	(56,044,217)	(1,041,993)	(57,086,210)
General revenues							
Property taxes					50,738,912	--	50,738,912
Grants and contributions not restricted to specific programs					1,165,543	--	1,165,543
Unrestricted investment earnings					32,070	6,130	38,200
Miscellaneous					1,905,304	--	1,905,304
Loss on disposal of assets					(28,595)		(28,595)
Transfers					(66,828)	66,828	--
Total general revenues and transfers					53,746,406	72,958	53,819,364
Change in net position					(2,297,811)	(969,035)	(3,266,846)
Net Position - Beginning of year, as restated					130,796,776	18,616,825	149,413,601
Net Position - End of year					$ 128,498,965	$ 17,647,790	$ 146,146,755

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT III

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2015

	General	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 9,191,841	$ 4,120,274	$ 2,237,289	$ 15,549,404
Accounts receivables, net	4,734,936	8,009,108	1,123,869	13,867,913
Due from other funds	906,009	--	--	906,009
Inventories	--	--	21,431	21,431
Total Assets	$ 14,832,786	$ 12,129,382	$ 3,382,589	$ 30,344,757
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts and other payables	$ 2,576,036	$ 253,086	$ 82,681	$ 2,911,803
Due to other funds	--	433,255	153,779	587,034
Bond anticipation notes payable	--	6,700,000	--	6,700,000
Unearned revenue	609,311	--	154,254	763,565
Total Liabilities	3,185,347	7,386,341	390,714	10,962,402
Deferred Inflows of Resources				
Unavailable revenues				
Property taxes	906,688	--	--	906,688
Special assessments	941,522	--	--	941,522
School building grants	1,842,295	--	--	1,842,295
Other receivables	97,539	--	--	97,539
Total Deferred Inflows of Resources	3,788,044	--	--	3,788,044
Fund Balances				
Nonspendable	--	--	182,318	182,318
Restricted	--	4,743,041	363,804	5,106,845
Committed	--	--	2,438,907	2,438,907
Assigned	488,840	--	--	488,840
Unassigned	7,370,555	--	6,846	7,377,401
Total Fund Balances	7,859,395	4,743,041	2,991,875	15,594,311
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 14,832,786	$ 12,129,382	$ 3,382,589	$ 30,344,757

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT III

BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2015

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position:

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

Fund balances - total governmental funds		$ 15,594,311
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	$ 261,966,068	
Less accumulated depreciation	(66,699,011)	
Net capital assets		195,267,057
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		733,688
Interest receivable on property taxes		173,000
Receivable from the State for school construction projects		1,842,295
Assessment receivables		941,522
Other accounts receivable		97,539
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		(2,010,659)
Deferred outflows and inflows as well as 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		(55,580,000)
Deferred charge on refunding		1,533,138
Deferred outflows - pension		127,669
Deferred inflows - pension		(1,451,303)
Unamortized premiums		(1,907,323)
Interest payable on bonds		(807,723)
Capital leases		(829,470)
Compensated absences		(3,485,992)
Retirement obligations		(353,058)
Net OPEB obligation		(14,542,308)
Landfill closure monitoring obligation		(293,620)
Net pension liabilities		(6,549,798)
Net Position of Governmental Activities (Exhibit I)		$ 128,498,965

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT IV

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

FOR THE YEAR ENDED JUNE 30, 2015

	General	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 50,856,154	$ --	$ --	$ 50,856,154
Intergovernmental revenues	18,117,139	1,624,467	2,573,405	22,315,011
Licenses, permits and charges for services	3,266,303	--	1,621,617	4,887,920
Investment income	24,543	5,808	1,666	32,017
Other revenue	458,913	605	190,212	649,730
Total Revenues	72,723,052	1,630,880	4,386,900	78,740,832
Expenditures				
Current				
General government	2,551,251	--	135,853	2,687,104
Public safety	5,343,081	--	9,059	5,352,140
Public works	3,756,872	--	472,213	4,229,085
Parks and recreation	812,692	--	374,301	1,186,993
Health and welfare	143,104	--	101,274	244,378
Education	44,456,479	--	3,103,297	47,559,776
Other	8,205,314	--	--	8,205,314
Capital outlay	418,681	1,945,212	--	2,363,893
Debt service	6,616,270	400,000	--	7,016,270
Total Expenditures	72,303,744	2,345,212	4,195,997	78,844,953
Excess (Deficiency) of Revenues over Expenditures	419,308	(714,332)	190,903	(104,121)
Other Financing Sources (Uses)				
Transfers in	43,579	366,803	231,232	641,614
Transfers out	(668,631)	(2,029)	(37,782)	(708,442)
Issuance of refunding bonds	6,265,000	--	--	6,265,000
Payment to refunded bond escrow agent	(6,607,647)	--	--	(6,607,647)
Bond premium	472,694	--	--	472,694
Bond proceeds	--	3,000,000	--	3,000,000
Issuance of capital leases	418,681	--	--	418,681
Total Other Financing Sources	(76,324)	3,364,774	193,450	3,481,900
Net Change in Fund Balances	342,984	2,650,442	384,353	3,377,779
Fund Balances - Beginning as restated	7,516,411	2,092,599	2,607,522	12,216,532
Fund Balances - End	$ 7,859,395	$ 4,743,041	$ 2,991,875	$ 15,594,311

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT IV

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

FOR THE YEAR ENDED JUNE 30, 2015

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 are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	$	3,377,779
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		2,160,612
Depreciation expense		(4,238,428)
In the statement of activities, only the loss on the disposal of capital assets is reported. Thus the change in net position differs from the change in fund balance by this loss		(28,595)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds, and revenue recognized in the funds are not reported in the statement of activities:		
School building grant receipts		(551,527)
Property tax receivable - accrual basis change		(79,242)
Property tax interest and lien revenue - accrual basis change		(38,000)
Assessment receivables		47,099
Other accounts receivable - accrual basis change		5,711
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of 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:		
Issuance of bonds		(3,000,000)
Bond principal payments		4,745,000
Issuance of refunding bonds		(6,265,000)
Bonds refunded		6,275,000
Deferred charge on refunding		332,648
Premium on refunded bonds		(472,694)
Amortization of premiums		106,047
Amortization of deferred charge on refunding		(47,943)
Accrued interest on bonds		50,714
Capital lease payments		542,255
Capital lease financing		(418,681)
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		175,526
Change in long-term retirement obligations		167,120
Change in landfill post closure care		125,590
Change in net OPEB obligation		(2,256,838)
Change in net pension obligations		(3,129,587)
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.		117,623
Change in Net Position of Governmental Activities (Exhibit II)	$	(2,297,811)

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT V

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2015

	Business-Type Activities				Governmental Activities
			Nonmajor		
	Sewer Authority	Water Authority	Crestbrook Golf Operation	Total	Internal Service
Assets					
Current assets					
Cash and cash equivalents	$ 1,754,590	$ 1,497,984	$ --	$ 3,252,574	$ 1,154,994
Receivables, net					
User charges	588,756	347,471	--	936,227	--
Total current assets	2,343,346	1,845,455	--	4,188,801	1,154,994
Noncurrent assets					
Other charges	2,112,839	--	--	2,112,839	--
Capital assets					
Assets not being depreciated	--	84,600	935,000	1,019,600	--
Assets being depreciated, net	6,920,264	6,562,895	306,753	13,789,912	--
Total noncurrent assets	9,033,103	6,647,495	1,241,753	16,922,351	--
Total Assets	11,376,449	8,492,950	1,241,753	21,111,152	1,154,994
Deferred Outflows of Resources					
Deferred outflows - pension	7,691	7,691	10,767	26,149	--
Liabilities					
Current liabilities					
Accounts and other payables	161,262	124,008	7,061	292,331	79,328
Due to other funds	9,946	--	309,029	318,975	--
Notes payable	451,228	--	--	451,228	--
Compensated absences	28,970	28,970	26,098	84,038	--
Risk management claims	--	--	--	--	487,000
Total current liabilities	651,406	152,978	342,188	1,146,572	566,328
Noncurrent liabilities					
Notes payable	1,661,611	--	--	1,661,611	--
Net pension liability	146,453	146,453	124,136	417,042	--
Compensated absences	33,293	33,293	59,543	126,129	--
Risk management claims	--	--	--	--	2,599,325
Total noncurrent liabilities	1,841,357	179,746	183,679	2,204,782	2,599,325
Total Liabilities	2,492,763	332,724	525,867	3,351,354	3,165,653
Deferred Inflows of Resources					
Deferred inflows - pension	43,615	43,615	50,927	138,157	--
Net Position					
Net investment in capital assets	6,920,264	6,647,495	1,241,753	14,809,512	--
Unrestricted	1,927,498	1,476,807	(566,027)	2,838,278	(2,010,659)
Total Net Position	$ 8,847,762	$ 8,124,302	$ 675,726	$ 17,647,790	$ (2,010,659)

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT VI

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities				Governmental Activities
			Nonmajor		
	Sewer Authority	Water Authority	Crestbrook Golf Operation	Total	Internal Service
Operating Revenues					
Charges for services	$ 1,807,452	$ 1,317,659	$ 498,765	$ 3,623,876	$ 12,749,049
Permits and fees	2,640	1,200	--	3,840	--
Other	--	46,219	13,950	60,169	--
Total Operating Revenues	1,810,092	1,365,078	512,715	3,687,885	12,749,049
Operating Expenses					
Salaries	243,191	243,193	259,944	746,328	--
Benefits	186,756	186,802	314,609	688,167	--
Purchased services	1,049,355	1,025,589	202,198	2,277,142	--
Depreciation	249,800	232,193	35,890	517,883	--
Amortization of deferred charge	453,213	--	--	453,213	--
Claims	--	--	--	--	10,682,924
Premiums and administrative charges	--	--	--	--	1,948,971
Total Operating Expenses	2,182,315	1,687,777	812,641	4,682,733	12,631,895
Operating Income (Loss)	(372,223)	(322,699)	(299,926)	(994,848)	117,154
Nonoperating Revenue (Expenses)					
Investment earnings	3,253	2,877	--	6,130	469
Interest expense	(47,145)	--	--	(47,145)	--
Net Nonoperating Revenues (Expenses)	(43,892)	2,877	--	(41,015)	469
Income (Loss) Before Transfers	(416,115)	(319,822)	(299,926)	(1,035,863)	117,623
Transfers in	--	95,417	21,411	116,828	--
Transfers out	(10,000)	(40,000)	--	(50,000)	--
Change in Net Position	(426,115)	(264,405)	(278,515)	(969,035)	117,623
Net Position - Beginning of year, as restated	9,273,877	8,388,707	954,241	18,616,825	(2,128,282)
Net Position - End of year	$ 8,847,762	$ 8,124,302	$ 675,726	$ 17,647,790	$ (2,010,659)

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT VII

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities				Governmental Activities
			Nonmajor		
	Sewer Authority	Water Authority	Crestbrook Golf Operation	Total	Internal Service
Cash Flows from Operating Activities					
Cash received from charges for services	$ 1,810,562	$ 1,351,980	$ 512,715	$ 3,675,257	$ 12,583,583
Cash received from others	--	--	--	--	2,466
Cash paid to vendors	(1,163,698)	(1,139,931)	(156,303)	(2,459,932)	
Cash paid to employees for services	(393,742)	(393,790)	(377,823)	(1,165,355)	(12,425,012)
Net Cash Provided by (Used in) Operating Activities	253,122	(181,741)	(21,411)	49,970	161,037
Cash Flows from Noncapital and Related Financing Activities					
Cash received from other funds	--	--	21,411	21,411	--
Cash paid to other funds	(10,000)	55,417	--	45,417	--
Net Cash Provided by (Used in) Noncapital and Related Financing Activities	(10,000)	55,417	21,411	66,828	--
Cash Flows from Capital and Related Financing Activities					
Purchase of capital assets	(28,411)	(324,670)	--	(353,081)	--
Principal payment on notes	(453,213)	--	--	(453,213)	--
Interest payment on notes	(47,145)	--	--	(47,145)	--
Net Cash Used in Capital and Related Financing Activities	(528,769)	(324,670)	--	(853,439)	--
Cash Flows from Investing Activities					
Income on investments	3,253	2,877	--	6,130	469
Net Increase (Decrease) in Cash and Cash Equivalents	(282,394)	(448,117)	--	(730,511)	161,506
Cash and Cash Equivalents -					
Beginning of year	2,036,984	1,946,101	--	3,983,085	993,488
Cash and Cash Equivalents -					
End of year	$ 1,754,590	$ 1,497,984	$ --	$ 3,252,574	$ 1,154,994
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	$ (372,223)	$ (322,699)	$ (299,926)	$ (994,848)	$ 117,154
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization expense	703,013	232,193	35,891	971,097	--
(Increase) decrease in receivables	470	(13,098)	--	(12,628)	--
Decrease in deferred outflows	49,926	49,926	120,709		
Increase (decrease) in accounts payable and accrued liabilities	(114,343)	(114,342)	45,894	(182,791)	43,883
Increase compensated absences	1,536	1,536	3,395	6,467	--
Increase (decrease) in net pension liability	(22,827)	(22,827)	34,331	--	--
Increase in deferred inflows	7,570	7,570	38,295	--	--
	625,345	140,958	278,515	1,044,818	43,883
Net Cash Provided by (Used in) Operating Activities	$ 253,122	$ (181,741)	$ (21,411)	$ 49,970	$ 161,037

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT VIII

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

JUNE 30, 2015

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
Assets			
Cash and cash equivalents	$ --	$ 1,404	$ 472,404
Investments - mutual funds	39,071,182	--	--
Total Assets	39,071,182	1,404	472,404
Liabilities			
Due to student groups and agencies	--	--	$ 472,404
Net Position			
Net position restricted for pensions	$ 39,071,182	$ 1,404	

The accompanying notes are an integral part of these financial statements.

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT IX

STATEMENT OF CHANGES IN PLAN NET POSITION – FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Pension Trust Funds	OPEB Trust Fund
Additions		
Contributions:		
Employer	$ 1,152,929	$ --
Plan members	519,632	--
Total contributions	1,672,561	--
Investment income:		
Net appreciation in fair value of investments	967,732	--
Interest and dividends	863,299	--
Total investment gain	1,831,031	--
Less investment expense	(137,939)	--
Net investment gain	1,693,092	--
Total Additions	3,365,653	--
Deductions		
Benefits	2,200,608	--
Administration	83,020	--
Total Deductions	2,283,628	--
Net Increase in Net Position	1,082,025	--
Net Position Restricted for Pensions - Beginning of year	37,989,157	1,404
Net Position Restricted for Pensions - End of year	$ 39,071,182	$ 1,404

The accompanying notes are an integral part of these financial statements.

NOTE 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 referendum. 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 position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been eliminated from these statements to avoid distorted results. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. *MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

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 OPEB Trust Funds account for the activities of the Town's postemployment benefits system, which accumulates resources for health benefit payments to qualified Town retirees and their spouses.

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. *MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)*

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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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 4.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. *RECEIVABLES AND PAYABLES (CONTINUED)*

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.

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*

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.

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 have 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. *CAPITAL ASSETS (CONTINUED)*

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

Assets	Years
Buildings	50
Vehicles	3
Building improvements	20
Infrastructure	20-100
Machinery and equipment	5

H. *DEFERRED OUTFLOWS/INFLOWS OF RESOURCES*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Town also reports within its government-wide statement of net position as deferred outflows amounts paid during its 2015 year end into pension plans which include Town employees. The net pension liabilities associated with the Town administered plans were measured as of June 30, 2015. The net pension liability for Town employees participating in the State of Connecticut Municipal Employees Retirement Fund (MERS) was measured as of June 30, 2014. The Town amounts paid in 2015 to the MERS plan will be reflected within the Town's pension expense and related liability when the net pension liability is measured for the next fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, school building grants, and other receivables. These amounts are deferred and recognized as an inflow of resources

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. *DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (CONTINUED)*

(revenue) in the period in which the amounts become available. Also, within the government-wide statement of net position the Town reports as deferred inflows amounts representing the net difference between differences between expected and actual results, changes in assumptions and projected and actual earnings of its pension plans. The amounts will be amortized over a five year closed period beginning in the year in which the difference occurred. See Note 13 for further detail.

I. *COMPENSATED ABSENCES*

Under the terms of various Town Employee Union contracts, the following reflects the compensated absences for each contract group:

- Non Organized – accumulate up to 200 days, pay out of ½ up to 100 days
- Police – accumulate up to 150 days, pay out of the full 150 days
- White Collar – accumulate up to 175 days, pay out of ½ up to 87.5 days
- Supervisors – accumulate up to 200 days, pay out of ½ up to 100 days
- Communications – accumulate up to 150 days, pay out of ½ up to 87.5 days
- Highway – accumulate up to 200 days, pay out of ½ up to 100 days

The Board of Education's policy states after twenty (20) years of teaching service in the Town of Waterford and upon death or retirement of a member of the professional staff, the payment shall be based on the teacher's existing per diem rate, and ten (10%) percent of days in excess of one hundred fifty days at that teacher's existing per diem rate, over and above their regular compensation. No teacher hired after May 1, 1997 will be entitled to such pay. The total of such pay, per diem rate and accumulated days is capped on the amount each teacher hired prior to May 1, 1997, as of July 2000.

J. *LONG-TERM OBLIGATIONS*

In the government-wide financial statements, and proprietary fund types fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the year they are incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. *LONG-TERM OBLIGATIONS (CONTINUED)*

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

K. *NET POSITION AND FUND BALANCES*

In the government-wide financial statements, net position is defined as and is classified in the following categories:

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

Restricted Net Position - Restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

In fund financial statements, fund balance is defined as, and is classified in, the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories).

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. *NET POSITION AND FUND BALANCES (CONTINUED)*

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority, the Town Council. The Town Council is the highest level of decision-making authority for the government that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the Ordinance remains in place until a similar action is taken (the adoption of another Ordinance) to remove or reverse the limitation.

Assigned Fund Balance - This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or Town department heads who have been delegated authority to assign amounts by the Town Charter.

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

L. *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.

NOTE 2 – CHANGE IN METHOD FOR ACCOUNTING FOR PENSIONS

On July 1, 2014, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB No. 68 requires cost-sharing employers to recognize liabilities, deferred outflows of resources, deferred inflows or resources, and expenses for their proportionate share of the totals for the plans in which its employees participated (Connecticut Municipal Employees Retirement System (MERS), Town of Watertown Employees Plan, and Town of Watertown Police Benefit Fund). The Connecticut Municipal Employees' Retirement System did not have all of the information needed to fully restate the prior period financial statements, the Town has elected to apply the "cumulative effect" method, as discussed in GASB No. 68, for the MERS plan by restating beginning net position as of July 1, 2014. As of July 1, 2014, the Town recorded adjustments totaling $5,010,222 to reduce beginning net position in accordance with GASB o. 68, as amended for all its pension plans as follows:

Governmental Activities	$ 4,743,845
Business-Type Activities	266,377
	$ 5,010,222

GASB No. 71 requires that, at transition, a government recognize a deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the net pension liability at the end of the government's reporting period. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB No 68. As of July 1, 2014, the Town recorded an adjustment of $165,978, included above, to increase beginning net position for contributions made to MERS from July 1, 2013 through June 30, 2014 as follows:

Governmental Activities	$ 137,573
Business-Type Activities	28,405
	$ 165,978

See Note 17 for a detail of the effect on opening net position of these adjustments.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 referendum 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 $895,018 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 either reserved, committed or assigned fund balance, depending on the level of restriction. These reservations do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

LOSSES AND DEFICITS

Certain individual funds had losses or fund balance/net position deficits at June 30, 2015 as follows:

	Operational Loss	Deficit Fund Balance / Net Position
Business-Type Activities:		
Sewer Fund	$ 416,115	$ --
Water Fund	319,822	--
Crestbrook Golf Course	299,926	--
Internal Service Funds		
Workers' Compensation	280,385	2,420,404
General Liability Deductibles	13,615	--
Nonmajor Governmental Funds:		
Summer Studies Program	1,815	--
Pay for Play Sports Program	33,145	--
Preservation of historical documents	23,233	--
Small Cities	45,987	--
Oakville Green Development Trust	602	--
Town Improvement Trust	2,109	--
Park Development Trust	932	
Police Asset Forfeitures	1,611	
Public Works Equipment Replacement	89,880	--

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

NOTE 4 – 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 position values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net position 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 3-270) 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.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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.

As of June 30, 2015, the carrying amount of all Town deposits and cash on hand was $20,430,780. The bank balances of these funds totaled $21,178,718, and of that amount, $19,664,980 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	$ 17,698,482
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	1,966,448
Total amount subject to custodial credit risk	$ 19,664,930

CASH EQUIVALENTS

At June 30, 2015, the Town's cash equivalents amounted to $513,738. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by a nationally recognized statistical rating organization. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAA/m

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

CASH EQUIVALENTS (CONTINUED)

The Treasurer's Short-Term Investment Fund (STIF) is an investment pool of high-quality, short-term money market instruments. Operated in a manner similar to money market mutual funds. STIF is rated AAAm by Standards & Poor's, and has an average maturity of under 60 days. Created in 1972, STIF serves as an investment vehicle for the operating cash of the State Treasury, state agencies and authorities, municipalities, and other political subdivisions of the State. STIF seeks a high level of current income as is consistent with, first, the safety of principal invested by the State, municipalities and others, and, second, the provision of liquidity to meet investors' daily cash flow requirements.

INVESTMENTS

As of June 30, 2015, the Town had the following investments, all within their pension funds:

Investment Type	Credit Rating	Fair Value
Other investments:		
Mutual funds	N/A	$ 39,071,182

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 that have not been rated by nationally recognized statistical rating organizations. The Town's Pension Trust investments are maintained with Prudential.

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.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

At June 30, 2015, the investments below, within the Town's pension funds, exceeded five percent of total Town investments:

Guaranteed Deposit Account	$	5,647,437
Bond Enhanced Index Fund		3,244,980
S&P 500 Index		3,369,339
Private Placement Fund		4,613,396

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, 2015, 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.

NOTE 5 – RECEIVABLES

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

	General	Capital Improvement Fund	Sewer Authority	Water Authority	Nonmajor Funds	Total
Receivables:						
Taxes	$ 1,198,868	$ --	$ --	$ --	$ --	$ 1,198,868
Accrued interest on taxes	331,000	--	--	--	--	331,000
Intergovernmental	2,025,600	8,009,108	--	--	236,669	10,271,377
User charges	--	--	588,756	347,471	--	936,227
Assessments	941,522	--	--	--	--	941,522
Accounts	419,409	--	--	--	--	419,409
Housing loans	--	--	--	--	887,200	887,200
Gross receivables	4,916,399	8,009,108	588,756	347,471	1,123,869	14,985,603
Less allowance for uncollectible:						
Taxes	(125,000)	--	--	--	--	(125,000)
Accrued interest on taxes	(33,000)	--	--	--	--	(33,000)
Accounts	(23,463)	--	--	--	--	(23,463)
Total allowance	(181,463)	--	--	--	--	(181,463)
Net total receivables	$ 4,734,936	$ 8,009,108	$ 588,756	$ 347,471	$ 1,123,869	$ 14,804,140

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,597,876	$ --	$ --	$ 2,597,876
Construction in progress	71,940,935	27,351	15,875,969	56,092,317
Total capital assets not being depreciated	74,538,811	27,351	15,875,969	58,690,193
Capital assets being depreciated				
Buildings and improvements	92,840,078	15,875,969	--	108,716,047
Vehicles	8,379,009	313,490	56,445	8,636,054
Machinery and equipment	5,912,244	446,930	--	6,359,174
Infrastructure	78,191,759	1,372,841	--	79,564,600
Total capital assets being depreciated	185,323,090	18,009,230	56,445	203,275,875
Less accumulated depreciation for				
Buildings and improvements	23,609,901	2,124,024	--	25,733,925
Vehicles	7,211,698	374,686	27,850	7,558,534
Machinery and equipment	4,718,235	351,272	--	5,069,507
Infrastructure	26,948,599	1,388,446	--	28,337,045
Total accumulated depreciation	62,488,433	4,238,428	27,850	66,699,011
Total capital assets being depreciated, net	122,834,657	13,770,802	28,595	136,576,864
Governmental Activities Capital Assets, net	$ 197,373,468	$ 13,798,153	$ 15,904,564	$ 195,267,057

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 1,019,600	$ --	$ --	$ 1,019,600
Total capital assets not being depreciated	1,019,600	--	--	1,019,600
Capital assets being depreciated				
Buildings and improvements	2,759,827	--	--	2,759,827
Vehicles	290,390	56,824	--	347,214
Machinery and equipment	953,799	--	--	953,799
Infrastructure	23,240,251	296,257	--	23,536,508
Total capital assets being depreciated	27,244,267	353,081	--	27,597,348
Less accumulated depreciation for				
Buildings and improvements	1,752,465	60,563	--	1,813,028
Vehicles	237,917	15,540	--	253,457
Machinery and equipment	939,202	8,486	--	947,688
Infrastructure	10,359,968	433,295	--	10,793,263
Total accumulated depreciation	13,289,552	517,884	--	13,807,436
Total capital assets being depreciated, net	13,954,715	(164,803)	--	13,789,912
Business-Type Activities Capital Assets, net	$ 14,974,315	$ (164,803)	$ --	$ 14,809,512

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities	
General government	$ 24,492
Public safety	566,024
Public works	1,798,572
Parks and recreation	182,826
Education	1,666,514
Total Depreciation Expense - Governmental Activities	$ 4,238,428
Business-type activities	
Sewer	$ 249,800
Water	232,193
Golf	35,891
Total Depreciation Expense - Business-Type Activities	$ 517,884

CONSTRUCTION COMMITMENTS

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

	Project Authorization	Current Expenditures	Cumulative Expenditures	Encumbered	Project Balance
Watertown High School Renovation	$ 56,157,000	$ 27,351	$ 56,092,317	$ --	$ 64,683
Polk School Renovation	12,517,000	899	9,850,199	5,751	2,661,050
Swift School Reconstruction	34,368,919	2,851	34,100,726	2,514	265,679
Roadway and Drainage Improvements	2,034,704	4,725	1,816,614	6,445	211,645
Road, Bridge & Drainage Improvements	4,000,000	1,075,861	1,915,709	251,824	1,832,467
	$ 109,077,623	$ 1,111,687	$ 103,775,565	$ 266,534	$ 5,035,524

NOTE 7 – 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, 2015 is presented below:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	$ 433,255
	Special Revenue Fund (LOCIP)	153,779
	Sewer Fund	9,946
	Crestbrook Golf Operation	309,029
		$ 906,009

A summary of interfund transfers is presented below:

	Transfers in					
	General Fund	Capital Improvement Fund	Water Authority	Crestbrook Golf	Nonmajor Governmental Funds	Total Transfers Out
Transfers:						
General Fund	$ --	$ 366,803	$ 85,417	$ 21,411	$ 195,000	$ 668,631
Capital Improvement Fund	2,029	--	--	--	--	2,029
Water Authority	40,000	--	--	--	--	40,000
Sewer Authority			10,000			10,000
Nonmajor Governmental Funds	1,550	--	--	--	36,232	37,782
Total Transfers In	$ 43,579	$ 366,803	$ 95,417	$ 21,411	$ 231,232	$ 758,442

The Town pays the debt service of the water and sewer funds. 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.

NOTE 8 – LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	$ 57,335,000	$ 9,265,000	$ 11,020,000	$ 55,580,000	$ 4,905,000
Add unamortized premiums	1,540,676	472,694	106,047	1,907,323	--
Total bonds payable	58,875,676	9,737,694	11,126,047	57,487,323	4,905,000
Capital leases	953,043	418,681	542,255	829,469	398,006
Compensated absences	3,661,518	614,249	789,775	3,485,992	1,174,059
Retirement obligations	520,178	183,814	350,934	353,058	172,308
Landfill closure	419,210	--	125,590	293,620	18,000
Net OPEB obligation	12,285,470	3,455,906	1,199,068	14,542,308	--
Risk management claims	3,121,770	10,629,014	10,664,459	3,086,325	487,000
Net pension obligations	5,010,222	2,886,563	1,346,987	6,549,798	--
Governmental Activity Long-Term Liabilities	$ 84,847,087	$ 27,925,921	$ 26,145,115	$ 86,627,893	$ 7,154,373

Typically, the General Fund liquidates the liabilities for the retirement obligations, the OPEB obligation and compensated absences.

Bonds and serial notes payable at June 30, 2015 comprise the following:

	Year of Issue	Maturity Date	Interest Rate %	Original Amount Issue	Balance June 30, 2015
Governmental					
General purpose and schools	2009	04/01/2016	2.50 - 4.50	$ 16,200,000	$ 810,000
General purpose and schools	2013	03/15/2028	2.00 - 3.00	2,000,000	1,730,000
General purpose	2015	03/15/2035	2.00 - 4.00	3,000,000	3,000,000
Refunding bonds (2010 - Series B)	2015	09/15/2029	2.00 - 4.00	5,550,000	5,550,000
Refunding bonds (2007 - Series C)	2018	09/15/2027	2.00 - 4.00	715,000	715,000
Refunding bonds (1996, 1999 and 2000)	2005	08/01/2019	3.00 - 5.00	15,535,000	4,590,000
Refunding bonds (2003 - 2009)	2010	06/30/2023	3.00 - 5.00	18,760,000	15,510,000
Refunding bonds (2003, 2004, 2005)	2012	08/02/2025	2.00 - 4.00	6,110,000	5,570,000
Refunding bonds (2007, 2008, 2009)	2012	05/29/2029	2.00 - 3.00	9,505,000	9,505,000
Refunding bonds (2008, 2009)	2013	01/15/2033	2.50 - 4.00	8,600,000	8,600,000
Total General Town Bonds				$ 85,975,000	$ 55,580,000

NOTE 8 – LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize bonds payable as of June 30, 2015 are as follows:

Due During Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 4,905,000	$ 1,952,323	$ 6,857,323
2017	4,955,000	1,774,281	6,729,281
2018	5,030,000	1,572,806	6,602,806
2019	5,045,000	1,354,181	6,399,181
2020	4,370,000	1,162,188	5,532,188
2021 - 2025	19,095,000	3,591,129	22,686,129
2026 - 2030	10,215,000	1,016,869	11,231,869
2031 - 2035	1,965,000	142,350	2,107,350
	$ 55,580,000	$ 12,566,127	$ 68,146,127

GENERAL OBLIGATION BONDS – ADVANCE REFUNDINGS

On April 15, 2015, the Town issued $6,265,000 of general obligation refunding bonds with interest rates ranging from 2% to 4%. The proceeds of the two issues, $6,737,694 (including bond premium of $472,694) were used to advance refund the remaining principal amounts of $5,625,000 of 2010 Series B bonds and $650,000 of 2007 Series C bonds. The net proceeds of $6,607,647 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments of the refunded bonds. As a result, the remaining portions of the 2007 Series C and 2010 Series B bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The refunding will reduce total debt service payments over the next fifteen years by approximately $456,000 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of approximately $355,000. At June 30, 2015, the balance in escrow was $5,913,425, and balance of the refunded bonds was $5,625,000.

PRIOR YEARS DEFEASANCE OF DEBT

In prior years, the Town advance refunded certain bond issuances to reduce its total debt service payments. As a result, the refunded bonds are considered defeased and have been removed from the Town's financial statements. At June 30, 2015, the amount of defeased bonds outstanding is $10,530,000. The amount held in escrow related to these bonds is $10,865,409 at June 30, 2015.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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	$ 3,953,457
Machinery and equipment	888,627
Total gross value	4,842,084
Less accumulated depreciation	3,495,724
Net undepreciated value	$ 1,346,360

The net undepreciated value approximates the capital lease principal balance payable at June 30, 2015.

The following is a summary of capital lease commitments as of June 30, 2015:

Year Ending June 30,	Amount
2016	$ 422,430
2017	280,452
2018	127,788
2019	41,938
Total lease payments	872,608
Less amount representing interest	(43,139)
Present Value of Minimum Lease Payments	$ 829,469

NOTE 8 – LONG-TERM DEBT (CONTINUED)

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 are $293,620. The cost estimate is subject to change due to inflation or changes in cost estimate components. Current year costs amounted to $18,094.

RETIREMENT OBLIGATIONS

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2015 is $353,058. This amount consists of payments due to retired individuals for compensated absences payments and retirement incentives that have been amortized over the following years:

Fiscal Year Ending June 30,	Amount
2016	$ 172,308
2017	119,478
2018	61,272
	$ 353,058

BOND ANTICIPATION NOTES

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2015:

Outstanding, July 1, 2014	$ 9,700,000
Repayments	(9,700,000)
New borrowings	6,700,000
Outstanding, June 30, 2015	$ 6,700,000

The bond anticipation notes outstanding on June 30, 2015 mature on March 26, 2016 and bear interest of 1.25%.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

BUSINESS-TYPE ACTIVITIES

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015 was as follows:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
State of Connecticut - serial note	$ 2,566,052	$ --	$ 453,213	$ 2,112,839	$ 451,228
Net pension liability	266,377	235,387	84,722	417,042	--
Compensated absences	203,700	6,467	--	210,167	84,038
Business-Type Activity Long-Term Liabilities	$ 3,036,129	$ 241,854	$ 537,935	$ 2,740,048	$ 535,266

SERIAL NOTES AND OTHER 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 $2,112,839 as of June 30, 2015.

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, an Other Charge of $2,112,839 has been recorded to offset the related liability reported in the Sewer Authority Enterprise Fund. The Other Charge will be amortized annually by the amount of principal paid to the State of Connecticut on the serial notes. Amortization for 2015 totaled $453,213.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

SERIAL NOTES AND OTHER CHARGES (CONTINUED)

Serial notes payable at June 30, 2015 comprise the following:

	Year of Issue	Maturity Date	Interest Rate %	Original Amount Issue	Balance June 30, 2015
State of Connecticut serial note					
CWF 201-D-1	2001	07/31/2016	2.0	$ 616,135	$ 39,681
CWF 201-C-2	2001	06/30/2020	2.0	8,085,318	2,073,158
Total State of Connecticut serial notes				8,701,453	2,112,839
Total Business-Type Activity Bonds and Serial Notes				$ 8,701,453	$ 2,112,839

The annual requirements to amortize serial notes payable as of June 30, 2015 are as follows:

Due During Fiscal Year Ending June 30,	Principal	Interest	Total
2016	$ 451,228	$ 38,121	$ 489,349
2017	417,715	29,375	447,090
2018	414,632	21,077	435,709
2019	414,632	12,784	427,416
2020	414,632	4,492	419,124
	$ 2,112,839	$ 105,849	$ 2,218,688

NOTE 8 – LONG-TERM DEBT (CONTINUED)

BONDS AUTHORIZED/UNISSUED

Bonds authorized/unissued are as follows:

Description	Authorized	Bonds/ Notes	Grants Received	Authorized Unissued
Watertown High School Renovations and Additions	$ 56,157,000	$ 24,600,000	$ 26,262,988	$ 5,294,012
Judson Elementary School Renovations and Additions	15,859,000	7,500,000	7,389,408	969,592
Polk School Renovation Renovations and Additions	12,517,000	5,500,000	5,030,678	1,986,322
Swift School Recontruction	33,768,919	13,900,000	18,328,315	1,540,604
Roadway and Drainage Improvements	1,730,000	1,700,000	--	30,000
Communications System Upgrade	1,881,000	1,460,000	300,000	121,000
Road, Bridge, and Drainage Improvements	4,000,000	4,000,000	--	--
Fire Truck Aerial Ladder	1,000,000	1,000,000	--	--
	$ 126,912,919	$ 59,660,000	$ 57,311,389	$ 9,941,530

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 Limitation	Net Indebtedness *	Balance
General purpose	$ 114,022	$ 12,278	$ 126,300
Schools	228,045	48,261	276,306
Sewers	190,037	3,840	193,877
Urban renewal	164,699	--	164,699
Pension deficit	152,030	--	152,030

* The indebtedness includes Watertown Fire District underlying debt of approximately $274 thousand.

NOTE 8 – LONG-TERM DEBT (CONTINUED)

LEGAL DEBT LIMIT (CONTINUED)

The total of the Town's net statutory indebtedness of $64.4 million does not exceed the legal debt limitation of $354.7 million (seven times the base for debt limitation computation).

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 $1.9 million are reflected in the computation of net indebtedness.

NOTE 9 – FUND EQUITY

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	$ --	$ --	$ 21,431	$ 21,431
Trust	--	--	160,887	160,887
Restricted for				
Bonds	--	4,743,041	--	4,743,041
Grants	--	--	363,804	363,804
Committed to				
General government	--	--	1,409,190	1,409,190
Public safety	--	--	6,620	6,620
Public works	--	--	581,268	581,268
Parks and recreation	--	--	253,889	253,889
Health and welfare	--	--	40,348	40,348
Education	--	--	147,592	147,592
Assigned to				
Education - encumbrances	96,462	--	--	96,462
General government - encumbrances	24,541	--	--	24,541
Public safety - encumbrances	23,503	--	--	23,503
Public works - encumbrances	321,848	--	--	321,848
Parks and recreation - encumbrances	22,486	--	--	22,486
Unassigned	7,370,555	--	6,846	7,377,401
Total Fund Balances	$ 7,859,395	$ 4,743,041	$ 2,991,875	$ 15,594,311

NOTE 9 – FUND EQUITY (CONTINUED)

Significant encumbrances at June 30, 2015 are contained in the above table in the assigned category of the General Fund.

The Town has adopted a fund balance policy to maintain a minimum (total fund balance) of 7% of the fiscal years operating revenue with a target maximum of 12%.

NOTE 10 – 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 $2,599,325 (Workers' Compensation Fund) reported at June 30, 2015 is based on a summary report of outstanding liabilities on incurred claims as well as claims incurred but not reported. The health, dental and medical claims liability of $487,000 (Health and Dental Benefits Fund) reported at June 30, 2015 is based on estimated claims incurred but not reported. The changes in the claims liability were as follows:

	Liability July 1,	Current Year Claim and Changes in Estimates	Claim Payment	Liability June 30,
Workers' Compensation Fund				
2014-2015	$ 2,471,770	$ 839,854	$ (712,299)	$ 2,599,325
2013-2014, as restated	2,746,770	48,136	(323,136)	2,471,770
Health and Dental Benefits Fund				
2014-2015	$ 650,000	$ 9,789,160	$ (9,952,160)	$ 487,000
2013-2014	739,000	9,489,344	(9,578,344)	650,000

NOTE 11 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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 BC65 High Option, Century Preferred, Century Preferred HAS, Lumenos HAS, Hospital Plans and more. Also, the Town offers Group Term Life Insurance in varying amounts based on contract and retirement date. All retired program members receiving benefits are required to contribute up to 13% of premiums for medical (teachers & BOE administrators pay 100% of 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.

The RWP is a single-employer defined-benefit plan. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post Employment Benefits (OPEB) Trust Fund. The plan does not issue stand-alone financial statements.

At July 1, 2014, plan membership consisted of the following:

	Retiree Welfare Plan
Retired participants and spouses	261
Active plan members	408
	669

FUNDING POLICY

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town expects to contribute $0 beyond the pay-as-you-go in the future. 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. For the 2015 fiscal year, the Town premiums plus implicit costs for the retiree medical program are $1,199,068.

NOTE 11 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

FUNDING POLICY (CONTINUED)

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 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

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 No. 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)	$ 2,917,842
Interest on net OPEB obligation	491,416
Adjustment to annual required contribution	(683,144)
Amortization of actuarial losses	729,792
Annual OPEB cost	3,455,906
Contributions made	1,199,068
Increase in net OPEB obligation	2,256,838
Net OPEB obligation - beginning of year	12,285,470
Net OPEB obligation - end of year	$ 14,542,308

NOTE 11 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

ANNUAL OPEB COST AND NET OPEB OBLIGATIONS (CONTINUED)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2013	$ 3,424,645	$ 1,338,660	39.09%	$ 10,162,101
6/30/2014	3,561,560	1,438,191	40.38%	12,285,470
6/30/2015	3,455,906	1,199,068	34.70%	14,542,308

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2011	$ 312,000	$ 35,743,333	$ (35,431,333)	0.87%	$ 26,545,547	-133.47%
7/1/2012	600,613	38,325,972	(37,725,359)	1.57%	26,415,121	-142.82%
7/1/2013	624,638	40,413,326	(39,788,688)	1.55%	27,207,575	-146.24%
7/1/2014	1,404	40,730,369	(40,728,965)	0.00%	27,349,936	-148.92%

NOTE 11 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

ANNUAL OPEB COST AND NET OPEB OBLIGATIONS (CONTINUED)

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2009	$ 2,968,986	$ 787,965	26.54%
6/30/2010	2,899,351	837,045	28.87%
6/30/2011	2,953,318	1,155,270	39.12%
6/30/2012	2,950,503	1,227,816	41.61%
6/30/2013	3,061,982	1,338,660	43.72%
6/30/2014	3,115,459	1,438,191	46.16%
6/30/2015	2,917,842	1,199,068	41.09%

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, 2014 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. Healthcare trend rates range were set at 5% for fiscal year 2015. The actuarial value of assets was determined using the market value method. The general inflation assumption is 2.5% per annum. Annual compensation increases are estimated to be 3.0%. The UAAL is being amortized on a level-dollar basis with a 30-year closed amortization period at July 1, 2009. The remaining amortization period was 24 years as of July 1, 2014.

In the event that healthcare trend rates were 1% higher than forecast and employee contributions were to increase at the forecast rates, the Actuarial Accrued Liability would increase to $53,452,769 or by 31.2% and the corresponding Normal Cost would increase to $1,855,297 or by 57.6%. If such healthcare trend rates were 1% less than forecast and employee contributions were to increase at the forecast rate, the Actuarial Accrued Liability would decrease to $34,390,351 or by 15.6% and the corresponding Normal Cost would decrease to $910,326 or by 22.7%.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

TOWN ADMINISTERED PLANS

PLAN DESCRIPTION

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

Town of Watertown Retirement System - 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 plans' assets.

Management of the pension plans rest with the Town Manager.

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

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 that 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) postretirement death benefits that 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, 2015, plan memberships consisted of:

	Town Retirement System	Police
Inactive plan members or beneficiaries currently receiving benefits	93	28
Inactive plan members entitled to but not yet receiving benefits	19	--
Active plan members	133	38
	245	66

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

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

There were no plan changes to either plan.

PLAN EXPENSES

Expenses of administering the plan are paid for by the Town's annual contribution to the plan.

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 5.7% for the Town Retirement System and 26.7% for the Police Benefit Fund.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

INVESTMENTS

INVESTMENT POLICY

The Town's pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Town Manager at any time. It is the policy of the Town Manager to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policies Pension plans, respectively, as of June 30, 2015:

	Target Allocations	
Asset Class	Town Retirement System	Police Pension Plan
Large Cap Equity	31.00%	26.00%
Mid-Cap Equity	4.00%	7.00%
Small Cap Equity	8.00%	7.00%
International Equity	12.00%	10.00%
Fixed Income	24.00%	27.00%
Real Estate	5.00%	5.00%
Stable Value	16.00%	18.00%
Total Portfolio	100.00%	100.00%

RATE OF RETURN

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.4% for the Town Retirement System and 4.5% for the Police Pension plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

NET PENSION LIABILITY OF THE TOWN PLANS

In accordance with GASB No. 68, the net pension liability of the Town at the measurement date of June 30, 2015 was as follows:

Town Retirement System

Total pension liability	$ 21,837,832
Plan fiduciary net position	20,144,142
Net pension liability	$ 1,693,690
Plan fiduciary net position as a percentage of the total pension liability	92.24%

Police Pension

Total pension liability	$ 23,571,702
Plan fiduciary net position	18,927,040
Net pension liability	$ 4,644,662
Plan fiduciary net position as a percentage of the total pension liability	80.30%

The above net pension liabilities, along with the Town's net pension liability ($628,487) for all employees participating in the State of Connecticut's Municipal Employees Retirement Fund (MERF), are recorded within long-term liabilities in government-wide statement of net position.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

CHANGES IN THE NET PENSION LIABILITY OF THE TOWN PLANS

	Town of Watertown Retirement System	Police Plan
Change in Total Pension Liability		
Total pension liability - beginning of year	$ 20,382,466	$ 22,703,939
Service cost	505,034	343,549
Interest cost	1,489,691	1,646,496
Differences between expected and actual experience including assumption changes	531,097	7,870
Benefits paid including refunds of employee contributions	(1,070,456)	(1,130,152)
Total pension liability - end of year	21,837,832	23,571,702
Change in Plan Net Position		
Plan net position - beginning of year	19,726,466	18,262,691
Net investment income	866,764	826,329
Employer contributions	372,789	780,140
Plan participants' contributions	301,598	218,034
Benefits paid including refunds of employee contributions	(1,070,456)	(1,130,152)
Expenses paid	(53,019)	(30,002)
Plan net position - end of year	20,144,142	18,927,040
Net Pension Liability	$ 1,693,690	$ 4,644,662
Plan Net Position as a percentage of Total Pension Liability	92.24%	80.30%

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS

The net pension liabilities were determined by an actuarial valuation as of January 1, 2014 using the following actuarial assumptions:

Town Retirement System Pension	
Inflation	2.50%
Salary increases	3.50%
Investment rate of return, net of investment and contract fees	7.25%
Police Pension	
Inflation	2.50%
Salary increases	4.00%
Investment rate of return, net of investment and contract fees	7.25%

Mortality rates were based on the RP-2000 Mortality Table Projected to 2010 with Scale AA for males or females, as appropriate.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period of January 1, 2013 to December 31, 2014.

The long-term expected rate of return on the Town Pension plan assets has been determined by applying the most recent capital market assumptions, as developed by Prudential Retirement, to the asset allocation strategy of the Town of Watertown Retirement Income Plan using a building block approach.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the Town Retirement System's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Large Cap Equity	31.00%	8.25%	2.56%
Mid-Cap Equity	4.00%	8.75%	0.35%
Small Cap Equity	8.00%	9.00%	0.72%
International Equity	12.00%	8.00%	0.96%
Fixed Income	24.00%	5.00%	1.20%
Real Estate	5.00%	7.00%	0.35%
Stable Value	16.00%	4.50%	0.72%
Total Portfolio	100.00%		6.86%
Long-Term Inflation Expectation			2.50%
Long-Term Expected Nominal Return			9.36%

The long-term expected rate of return on the Police Pension plan assets has been determined by applying the most recent capital market assumptions, as developed by Prudential Retirement, to the asset allocation strategy of the Town of Watertown Retirement System using a building block approach.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the Police pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
Large Cap Equity	26.00%	8.25%	2.15%
Mid-Cap Equity	7.00%	8.75%	0.61%
Small Cap Equity	7.00%	9.00%	0.63%
International Equity	10.00%	8.00%	0.80%
Fixed Income	27.00%	5.00%	1.35%
Real Estate	5.00%	7.00%	0.35%
Stable Value	18.00%	4.50%	0.81%
Total Portfolio	100.00%		6.70%
Long-Term Inflation Expectation			2.50%
Long-Term Expected Nominal Return			9.20%

The discount rate used to measure the total pension liability was 7.25% (previously 7.5%) for both plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Town and Police pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

ACTUARIAL ASSUMPTIONS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 7.5% as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Town Pension			
Net pension liability (asset) as of June 30, 2015	$ 3,920,546	$ 656,000	$ (484,866)
Police Pension			
Net pension liability (asset) as of June 30, 2015	$ 7,083,264	$ 4,441,248	$ 2,391,492

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

	Town of Watertown Retirement System	Police Benefit Fund
Actuarial Valuation Date	January 1, 2014	January 1, 2014
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Cost	Level Cost
Remaining amortization period (Frozen Actuarial Accrued Liability)	15 years, open	20 years, open
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions		
Investment Rare of Return	7.25% per annum	7.25% per annum
Projected Salary Increase *	6.0% per annum	6.5% per annum

* Inflation rate included 2.5%

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

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 position held in trust for pension benefits at June 30, 2015 and the changes in net position for the year then ended.

	Combining Schedule of Plan Net Position Employee Retirement Funds		
	Town	Police	Totals
Assets			
Investments	$ 20,144,142	$ 18,927,040	$ 39,071,182
Net Position			
Held in Trust for Pension Benefits	$ 20,144,142	$ 18,927,040	$ 39,071,182

	Combining Schedule of Changes in Plan Net Position Employee Retirement Funds		
	Town	Police	Totals
Additions			
Contributions			
Employer	$ 372,789	$ 780,140	$ 1,152,929
Plan members	301,598	218,034	519,632
Total contributions	674,387	998,174	1,672,561
Investment income			
Net appreciation in fair value of investments	496,026	471,706	967,732
Interest and dividends	443,076	420,223	863,299
	939,102	891,929	1,831,031
Investment expense	(72,338)	(65,601)	(137,939)
Net investment income	866,764	826,328	1,693,092
Total additions	1,541,151	1,824,502	3,365,653

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

TOWN ADMINISTERED PLANS (CONTINUED)

PENSION TRUST FUNDS (CONTINUED)

	Combining Schedule of Changes in Plan Net Position Employee Retirement Funds		
	Town	Police	Totals
Deductions			
Benefits	$ 1,070,456	$ 1,130,152	$ 2,200,608
Administration	53,019	30,001	83,020
Total deductions	1,123,475	1,160,153	2,283,628
Net increase	417,676	664,349	1,082,025
Net position restricted for pension benefits - beginning of year,	19,726,466	18,262,691	37,989,157
Net position restricted for pension benefits - end of year	$ 20,144,142	$ 18,927,040	$ 39,071,182

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. At June 30, 2014, the Town had 28 participants (16 active, 12 receiving benefits, 0 non-vested). 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.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT FUND (CONTINUED)

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 11.9% 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, 2015, 2014 and 2013 were $153,818, $165,978 and $160,951, respectively, equal to the required contributions for each year.

BENEFIT PROVISIONS

The plan provides retirement, disability and death benefits. General Employees -Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service; Policemen and Firemen -Compulsory retirement age for police and fire members is age 65; Normal Retirement - For members not covered by social security, the benefit is 2% of average final compensation times years of service; for members covered by social security, the benefit is 1% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is $1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT FUND (CONTINUED)

BENEFIT PROVISIONS (CONTINUED)

Employees are eligible for non-service-related disability benefits with 1 0 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The plan also offers a lump sum return of contributions with interest or surviving spouse benefit depending on length of service.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2014, the Town did not report a liability for its proportionate share of the net pension liability. Due to the implementation GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Town must now report its proportionate share of net pension liability, effective for fiscal year 2015, which is as of the June 30, 2014 measurement date. The Town's proportionate share of net pension liability as of June 30, 2013, $878,983, has been recorded as an adjustment to opening net position. GASB No. 68 requires the Town to recognize a net pension liability for the difference between the present value of projected benefits for past services, known as the Total Pension Liability (TPL), and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (FNP). For purposes of measuring the net position liability, deferred outflows or resources, deferred inflows of resources, and pension expense, information about the FNP of SERS and additions to and deductions from SERS FNP have been determined on the same basis as reported by SERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

At June 30, 2014, the Town reported a liability of $628,487 for its proportionate share of the net pension liability. The net pension liability at June 30, 2015 was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating component units, actuarially determined. At June 30, 2015, the Town's proportion was 0.610965% based on payroll of $1,355,765.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT FUND (CONTINUED)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

For the year ended June 30, 2015, the Town recognized pension expense of $113,501, which is included in benefits and payroll taxes on the accompanying Statement of Revenues, Expenses and Changes in Net Position. At June 30, 2015, the Town reported deferred outflows of resources of $153,818 for its contributions subsequent to the June 30, 2014 measurement date through June 30, 2015, and deferred inflows of resources $201,234 for the difference between projected and actual earnings on investments. The deferred outflows will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred inflows are amortizable over a four year closed period beginning in the year in which the differences occurred and will be recognized annually in expense at $50,308 per year, June 30, 2016 through 2019.

ACTUARIAL ASSUMPTIONS

The pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT FUND (CONTINUED)

DISCOUNT RATE

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

LONG-TERM RATE OF RETURN

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT FUND (CONTINUED)

LONG-TERM RATE OF RETURN (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
Total	100.0%	

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability, calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
Town's proportionate share of the net pension liability	$ 1,276,268	$ 628,487	$ 80,086

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

STATE OF CONNECTICUT 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 is 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 approximately $16,670,000. The teachers' contributions totaled approximately $1,209,000 for the year ended June 30, 2015.

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.

The State’s share of the Plan’s net pension liability as of the June 30, 2014 measurement date associated with the Town, was $44,796,041, based upon 2014 Board of Education payroll of $4,189,817 which represented 0.441712% of the Plan’s total payroll used in computing and allocating the net pension liability.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

STATE OF CONNECTICUT TEACHERS' RETIREMENT SYSTEM (CONTINUED)

BENEFIT PROVISIONS

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

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

In addition, amounts derived from the accumulation of 1% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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

Disability Retirement: Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

STATE OF CONNECTICUT TEACHERS' RETIREMENT SYSTEM (CONTINUED)

BENEFIT PROVISIONS (CONTINUED)

A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contribution with interest or surviving spouse benefit depending on length of service.

ACTUARIAL ASSUMPTIONS

The pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75% to 7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

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

Future Cost-of-Living increases for members who retire on or after September 1, 1992 are assumed to receive an annual cost-of-living adjustment of 2%. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

STATE OF CONNECTICUT TEACHERS' RETIREMENT SYSTEM (CONTINUED)

DISCOUNT RATE

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

LONG-TERM RATE OF RETURN

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2014 are summarized in the following table.

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

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

The State makes all contributions to the System on behalf of employees of the participating municipalities and school districts. Therefore, participating employers are considered to be in a special funding situation as defined by GASB No. 68 and the State is treated as a non-employer contributing entity in the System. Since the municipalities and school districts do not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in the financial statements of the Town. The portion of the net pension liability that was associated with the Town was $44,796,041 and 100% of the collective net pension liability is allocated to the State.

The Town recognized the total pension expense associated with the Town as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the Town. For the fiscal year ended June 30, 2015, the Town recognized $4,206,000 (on-behalf revenues and expenditures) as the amount expended by the State on behalf of the Town to meet the State's funding requirements.

OTHER INFORMATION

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

NOTE 13 – SUMMARY OF DEFERRED INFLOWS AND DEFERRED OUTFLOWS

The following table summarized the components of deferred inflows and outflows at June 30, 2015:

	Government Activities				Business-Type Activities			Total		
	Town Retirement System	Police Pension	MERS System	Total	Town Retirement System	Police Pension	MERS System	Town Retirement System	Police Pension	MERS System
Deferred Inflows										
Difference between expected and actual experience	$ 48,439	$ 717,468	$ --	$ 765,907	$ 4,791	$ --	$ 4,791	$ 53,230	$ 717,468	$ --
Change in assumptions	(366,495)	(983,570)	--	(1,350,065)	(36,247)	--	(36,247)	(402,742)	(983,570)	--
Difference between projected and actual earnings	1,072,504	875,573	87,384	2,035,461	106,072	63,542	169,614	1,178,576	875,573	150,926
Total	$ 754,448	$ 609,471	$ 87,384	$ 1,451,303	$ 74,616	$ 63,542	$ 138,158	$ 829,064	$ 609,471	$ 150,926
Deferred Outflows										
Difference between projected and actual earnings	$ --	$ --	$ 127,669	$ 127,669	$ --	$ 26,149	$ 26,149	$ --	$ --	$ 153,818

NOTE 14 – 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 that would materially affect its financial position.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The Town received funding from Federal, State and local sources, much of which is based on expenditures incurred for specific programs. All such programs are subject to audit by those sources. Management believes that expenditures incurred are chargeable to such programs, and any disallowances by those funders would be immaterial to the Town's financial position.

NOTE 16 – RECENTLY ISSUED GASB STATEMENTS

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

- GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68*, completes the suite of pension standards. Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements Nos. 67 and 68). The requirements in Statement No. 73 for reporting pensions generally are the same as in Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net positon and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.

NOTE 16 – RECENTLY ISSUED GASB STATEMENTS (CONTINUED)

- GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

  - Governments that are responsible for only OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability – the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

  - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.

  - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

  Statement No. 75 carries forward from Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

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

NOTE 16 – RECENTLY ISSUED GASB STATEMENTS (CONTINUED)

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

- GASB Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information that they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

  - Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement receipts.

  - The gross dollar amount of taxes abated during the period.

  - Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

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

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

NOTE 16 – RECENTLY ISSUED GASB STATEMENTS (CONTINUED)

For those tax abatement agreements, a reporting government should disclose:

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

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

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

The implementation of GASB Statements Nos. 68 and 71, along with other items as explained below require that opening net position and fund balances be restated as follows:

	Governmental Activities	Business-Type Activities	Non-major Governmental Funds
Net position as reported in 2014 financial statements	$137,529,391	$ 18,883,202	$ 1,708,203
Prior periods - adjustment to reflect net pension liability for GASB 68 and GASB 71 for all plans	(4,743,845)	(266,377)	
Prior period adjustment - recognition of worker's compensation liability for incurred but not reported claims at June 30, 2014 (internal service fund)	(1,988,770)		
Prior period adjustment - adjustment to eliminate unavailable revenue - loans receivable at June 30, 2014	--	--	899,319
Net position, beginning of year, as restated	130,796,776	18,616,825	2,607,522

	Business-Type Activities				Internal Service Fund
	Sewer Fund	Water Fund	Golf Course	Total	
Net position as reported in 2014 financial statements	$ 9,421,585	$ 8,536,415	$ 925,202	$ 18,883,202	$ (139,512)
Prior period adjustment - adjustment to reflect net pension liability for GASB 68 and GASB 71	(147,708)	(147,708)	29,039	(266,377)	
Prior period adjustment - recognition of worker's compensation liability for incurred but not reported claims at June 30, 2014 (internal service fund)	--	--	--	--	(1,988,770)
Net position, beginning of year, as restated	$ 9,273,877	$ 8,388,707	$ 954,241	$ 18,616,825	$ (2,128,282)

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WATERTOWN, CONNECTICUT

RSI-1

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Property taxes				
Current year	$ 49,388,334	$ 49,388,334	$ 49,743,104	$ 354,770
Prior year	475,000	475,000	688,966	213,966
Interest and lien fees	295,000	295,000	424,084	129,084
Total property taxes	50,158,334	50,158,334	50,856,154	697,820
Intergovernmental				
State of Connecticut - Education				
School construction	551,527	551,527	548,926	(2,601)
Interest subsidy	115,567	115,567	129,054	13,487
Public transportation	144,151	144,151	183,207	39,056
Nonpublic health and social services	28,254	28,254	57,718	29,464
Equalization (ECS)	11,949,987	11,949,987	11,840,373	(109,614)
Adult education	4,736	4,736	--	(4,736)
Total State of Connecticut - Education	12,794,222	12,794,222	12,759,278	(34,944)
Federal and State of Connecticut - Other				
PILOT state property	29,387	29,387	35,613	6,226
Elderly tax relief	197,925	197,925	197,554	(371)
PILOT - Mashantucket Pequot	83,299	83,299	85,337	2,038
Tax relief - Veterans	29,538	29,538	33,057	3,519
Mini Bus	--	--	--	--
Video grant	34,926	34,926	--	(34,926)
Skilton Road bridge	--	--	27,931	27,931
Municipal aid adjustment	604,064	604,064	604,064	--
School security grant	--	--	168,305	168,305
Total Federal and State of Connecticut - Other	979,139	979,139	1,151,861	172,722
Total intergovernmental	13,773,361	13,773,361	13,911,139	137,778

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Departmental				
Local revenues				
Communication tower rental	$ 235,300	$ 235,300	$ 200,659	$ (34,641)
Equipment and scrap sales	23,500	23,500	13,720	(9,780)
Town Clerk fees	35,000	35,000	39,095	4,095
Town Clerk recording	170,000	170,000	164,586	(5,414)
Town Clerk dog licenses	13,112	13,112	12,291	(821)
Town Clerk marriage licenses	1,100	1,100	1,444	344
Transfer station fees	70,910	70,910	81,247	10,337
Landfill fees	61,200	61,200	48,822	(12,378)
Damage claims	1,800	1,800	3,626	1,826
Recreation mini-bus	1,000	1,000	862	(138)
Fishing and hunting licenses	15,000	15,000	12,818	(2,182)
Conveyance tax	155,000	155,000	155,259	259
Assessor - photocopying	750	750	674	(76)
Town vehicle use	12,500	12,500	11,799	(701)
Housing Authority	20,967	20,967	--	(20,967)
3-LOCIP preservation	11,500	11,500	8,058	(3,442)
Miscellaneous	78,700	78,700	315,417	236,717
Total local revenues	907,339	907,339	1,070,377	163,038
Permits and fees				
Zoning Board of Appeals	2,500	2,500	3,820	1,320
Planning and Zoning	15,500	15,500	19,441	3,941
Zoning compliance fees	25,500	25,500	30,210	4,710
Subdivision inspection fees	2,000	2,000	--	(2,000)
Soil/water State fee	19,000	19,000	22,920	3,920
Inland - wetlands	5,500	5,500	6,490	990
Building permits	358,000	358,000	276,423	(81,577)
Building inspection	4,500	4,500	3,051	(1,449)
Blasting permits	240	240	240	--
Street opening permits	2,000	2,000	4,384	2,384
Pool fees	8,300	8,300	9,553	1,253
Miscellaneous	1,000	1,000	735	(265)
Total permits and fees	444,040	444,040	377,267	(66,773)

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Police				
Parking tickets	$ 3,500	$ 3,500	$ 5,818	$ 2,318
Pistol permits	47,229	47,229	21,930	(25,299)
Police reports	1,650	1,650	2,021	371
Solicitor permits	1,200	1,200	593	(607)
Bingo and raffle	100	100	35	(65)
Alarm charges	10,000	10,000	7,348	(2,652)
Police service	689,500	689,500	706,997	17,497
Animal control fees	4,700	4,700	4,882	182
Miscellaneous	55,500	55,500	52,880	(2,620)
Total police	813,379	813,379	802,504	(10,875)
Board of Education				
Latchkey program	5,400	5,400	7,268	1,868
Tuition	--	--	--	--
Miscellaneous	3,400	3,400	3,334	(66)
Total Board of Education	8,800	8,800	10,602	1,802
Total departmental	2,173,558	2,173,558	2,260,750	87,192
Investment income	20,853	20,853	24,543	3,690
Other				
Taft contributions	140,000	140,000	160,000	20,000
Telephone access	52,000	52,000	49,918	(2,082)
Scholarship fund	1,600	1,600	1,102	(498)
Heritage bond reimbursement	79,130	79,130	79,130	--
Fusion Centers	60,000	60,000	60,000	--
Other miscellaneous revenue	84,194	84,194	108,763	24,569
Cancellation of prior years' encumbrances	--	--	29,810	-- 29,810
Total other	416,924	416,924	488,723	71,799
Total Revenues	66,543,030	66,543,030	67,541,309	998,279

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Other Financing Sources				
Transfers in				
Water and Sewer Authority	$ --	$ --	$ 42,166	$ 42,166
Crestbrook Golf Operations	46,615	46,615	--	(46,615)
Board of Education community services	500	500	1,413	913
Total other financing sources	47,115	47,115	43,579	(3,536)
Total	$ 66,590,145	$ 66,590,145	67,584,888	$ 994,743

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.	4,206,000
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reported. This amount is excluded for GAAP financing reporting purposes.	(29,810)
Capital lease issuances are not budgeted.	418,681
Issuance of refunding bonds	6,265,000
Bond premium on refunding bonds	472,694
The Board of Education does not budget for intergovernmental grants that are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,005,553
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 79,923,006

TOWN OF WATERTOWN, CONNECTICUT

RSI-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
General government				
Town Council	$ 1,600	$ 2,001	$ 2,001	$ --
Town Manager	248,813	329,081	328,390	(691)
Finance Department				
Administration	485,849	535,410	531,012	(4,398)
Treasurer	55,538	55,538	55,536	(2)
Tax Collector	184,769	192,769	191,479	(1,290)
Assessor	176,011	175,514	169,994	(5,520)
Board of Tax Review	1,500	1,500	1,500	--
Town Clerk	199,095	199,593	199,388	(205)
Elections	93,599	80,994	77,423	(3,571)
Planning and Zoning	223,304	225,218	220,798	(4,420)
Board of Appeals	13,976	13,402	12,400	(1,002)
Conservation Commission	14,476	13,137	12,798	(339)
Public building	554,560	579,346	578,758	(588)
Building inspections	176,495	176,495	173,853	(2,642)
Economic development	46,630	36,830	31,707	(5,123)
Total general government	2,476,215	2,616,828	2,587,037	(29,791)
Public safety				
Fire Department				
Administration	240,724	223,691	222,166	(1,525)
Suppression and rescue	417,675	376,580	366,296	(10,284)
Maintenance and support	207,890	209,590	202,949	(6,641)
Police Department				--
Administration	432,681	435,650	427,386	(8,264)
Patrol and detectives	3,068,724	3,334,436	3,328,951	(5,485)
Maintenance and support	121,435	122,537	122,117	(420)
Traffic	3,500	4,525	4,411	(114)
Animal control	100,766	74,647	73,806	(841)
Communications	604,234	575,979	575,308	(671)
Total public safety	5,197,629	5,357,635	5,323,390	(34,245)

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Public works				
Engineering and administration	$ 559,694	$ 559,134	$ 546,228	$ (12,906)
Highway	2,232,142	2,215,678	2,184,984	(30,694)
Snow removal	419,050	610,744	558,804	(51,940)
Solid waste disposal	272,551	225,082	206,185	(18,897)
Street lighting	173,000	173,000	169,945	(3,055)
Tree removal	31,500	31,500	30,001	(1,499)
Total public works	3,687,937	3,815,138	3,696,147	(118,991)
Parks and recreation				
Parks administration	387,911	379,133	369,305	(9,828)
Recreation administration	321,516	324,546	321,423	(3,123)
Senior Center	106,365	112,396	108,395	(4,001)
Total parks and recreation	815,792	816,075	799,123	(16,952)
Health and welfare				
Social services	20,000	17,389	17,387	(2)
Health services	125,717	125,718	125,717	(1)
Total health and welfare	145,717	143,107	143,104	(3)
Board of Education	39,224,427	39,224,427	39,220,975	(3,452)
Miscellaneous				
Legal	154,639	138,760	137,912	(848)
Employee benefits	5,216,376	5,123,971	5,123,531	(440)
Centralized services	814,788	823,325	817,725	(5,600)
Non-town agencies	1,696,833	1,840,589	1,839,213	(1,376)
Reserved for contingency	35,000	8,390	8,294	(96)
Reserved for wages and benefits	180,464	251,377	251,376	(1)
Historic district	575	573	316	(257)
Total miscellaneous	8,098,675	8,186,985	8,178,367	(8,618)
Debt service	6,656,336	6,656,336	6,446,223	(210,113)
Total expenditures	66,302,728	66,816,531	66,394,366	(422,165)

TOWN OF WATERTOWN, CONNECTICUT

RSI-2

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) – GENERAL FUND
(CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance
Other financing uses				
Transfers out				
Vehicle Replacement Fund	$ 132,000	$ 513,215	$ 513,214	$ (1)
Public Works Equipment Replacement Fund	70,000	70,000	70,000	--
Water Authority	85,417	85,417	85,417	--
Total other financing uses	287,417	668,632	668,631	(1)
Total	$ 66,590,145	$ 67,485,163	67,062,997	$ (422,166)

Budgetary expenditures are different than GAAP expenditures because:	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	4,206,000
Payments on capital leases are not budgeted.	418,681
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.	(488,840)
The Town and Board of Education do not budget for accrued payroll services earned at year end. These amounts are recorded as a current year expenditure for GAAP financial statements purposes. This amount is the difference between beginning and ending accruals.	34,807
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.	563,130
Payment to refunded bond escrow agent	6,607,647
Bond issuance and other debt costs included in debt service expenses	170,047
The Board of Education does not budget for intergovernmental grants that are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	1,005,553
Total Revenues and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV	$ 79,580,022

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOWN'S RETIREMENT SYSTEM
NET PENSION LIABILITY AND RELATED RATIOS

LAST TWO FISCAL YEARS – TOWN RETIREMENT SYSTEM PENSION

	2015	2014
Total pension liability		
Service cost	$ 505,034	$ 493,898
Interest	1,489,691	1,421,610
Differences between expected and actual experience	531,097	(225,659)
Benefit payments, including refunds of member contributions	(1,070,456)	(958,346)
Net change in total pension liability	1,455,366	731,503
Total pension liability - beginning	20,382,466	19,650,963
Total pension liability - ending	21,837,832	20,382,466
Plan fiduciary net position		
Contributions - employer	372,789	364,691
Contributions - member	301,598	319,890
Net investment income	866,764	2,802,274
Benefit payments, including refunds of member contributions	(1,070,456)	(958,346)
Administrative expense	(53,019)	(52,566)
Net change in plan fiduciary net position	417,676	2,475,943
Plan fiduciary net position - beginning	19,726,466	17,250,523
Plan fiduciary net position - ending	20,144,142	19,726,466
Net Pension Liability - Ending	$ 1,693,690	$ 656,000
Plan fiduciary net position as a percentage of the total pension liability	92.24%	96.78%
Covered-employee payroll	$ 6,505,288	$ 6,409,573
Net pension liability as a percentage of covered-employee payroll	26.04%	10.23%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN CONTRIBUTIONS – TOWN RETIREMENT SYSTEM PENSION

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 364,691	$ 364,691	$ 367,373	$ 360,695	$ 316,948	$ 299,018	$ 198,970	$ 161,247	$ 215,530	$ 257,541
Contributions in relation to the Actuarially determined contribution	364,691	364,691	367,373	360,695	316,948	299,018	198,970	161,247	215,530	257,541
Contribution Deficiency (Excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Covered-employee payroll	$ 6,409,573	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	5.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date	January 1, 2014
Measurement date	June 30, 2015

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

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level cost, open
Remaining amortization period	15 years, open
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	3.5%
Investment rate of return	7.25%
Retirement age - Highway division	Earlier of either (1) Age 55 with 25 years of service or (2) Age 65
Retirement age - All other divisions	Age 65 Participants at or beyond this age are assumed to retire immediately
Mortality - Male	The RP2000 Mortality Table Projected to 2010 with Scale AA (male)
Mortality - Female	The RP2000 Mortality Table Projected to 2010 with Scale AA (female)

TOWN OF WATERTOWN, CONNECTICUT

RSI-5

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS – TOWN RETIREMENT SYSTEM PENSION

LAST TWO FISCAL YEARS

	2015	2014
Annual money-weighted rate of return, net of investment expense	4.40%	16.40%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

RSI-6

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST TWO FISCAL YEARS – POLICE PENSION

	2015	2014
Total pension liability		
Service cost	$ 343,549	$ 329,808
Interest	1,646,496	1,600,613
Differences between expected and actual experience	7,870	317,189
Benefit payments, including refunds of member contributions	(1,130,152)	(1,115,817)
Net change in total pension liability	867,763	1,131,793
Total pension liability - beginning	22,703,939	21,572,146
Total pension liability - ending	23,571,702	22,703,939
Plan fiduciary net position		
Contributions - employer	780,140	770,262
Contributions - member	218,034	186,890
Net investment income	826,329	2,422,469
Benefit payments, including refunds of member contributions	(1,130,152)	(1,115,817)
Administrative expense	(30,002)	(25,288)
Net change in plan fiduciary net position	664,349	2,238,516
Plan fiduciary net position - beginning	18,262,691	16,024,175
Plan fiduciary net position - ending	18,927,040	18,262,691
Net pension liability - ending	$ 4,644,662	$ 4,441,248
Plan fiduciary net position as a percentage of the total pension liability	80.30%	80.44%
Covered-employee payroll	$ 2,909,407	$ 3,059,132
Net pension liability as a percentage of covered-employee payroll	159.64%	145.18%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN CONTRIBUTIONS

LAST TEN FISCAL YEARS – POLICE PENSION

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 770,262	$ 770,262	$ 736,930	$ 689,641	$ 665,677	$ 625,539	$ 457,440	$ 425,017	$ 419,198	$ 401,147
Contributions in relation to the Actuarially determined contribution	770,262	770,262	736,930	689,641	665,677	625,539	457,440	425,017	419,198	401,147
Contribution Deficiency (Excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Covered-employee payroll	$ 2,909,407	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	26.47%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date	January 1, 2014

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

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level cost, open
Remaining amortization period	20 years, open
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	4.0%
Investment rate of return	7.25%
Retirement age	Age 55 or the completion of 25 years of service, if later. Participants at or beyond this age are assumed to retire immediately.
Mortality - Male	The RP2000 Mortality Table Projected to 2010 with Scale AA (male)
Mortality - Female	The RP2000 Mortality Table Projected to 2010 with Scale AA (female)

TOWN OF WATERTOWN, CONNECTICUT

RSI-8

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS – POLICE PENSION

LAST TWO FISCAL YEARS

	2015	2014
Annual money-weighted rate of return, net of investment expense	4.50%	15.20%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION
STATE TEACHERS' RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2015

Town's proportion of the net pension liability	0.00%
Town's proportionate share of the net pension liability	$ --
State's proportionate share of the net pension liability associated with the Town	44,796,041
Total	$ 44,796,041
Town's covered-employee payroll	$ 16,670,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%
Plan's fiduciary net position as a percentage of the total pension liability	61.51%

NOTES TO SCHEDULE

CHANGES IN ASSUMPTIONS

In 2011, rates of withdrawal, retirement and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the vive year period ended June 30, 2010.

METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date. The following actuarial methods and assumptions were used to determine the most recent contributions reported in that schedule:

Note to Schedule	
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	22.4 years
Asset valuation method	4-year smoothed market

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

RSI-10

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – STATE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

LAST TWO FISCAL YEARS

	2015	2014
Actuarially determined contribution	$ 153,818	$ 165,978
Contributions in relation to the actuarially determined contribution	153,818	165,978
Contribution deficiency (excess)	$ --	$ --
Covered-employee payroll	$ 1,283,958	$ 1,385,459
Contributions as a percentage of covered-employee payroll	11.98%	11.98%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

TOWN OF WATERTOWN, CONNECTICUT

RSI-11

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – STATE MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2015

Town's proportion of the net pension liability	0.611%
Town's proportionate share of the net pension liability	$ 628,487
Town's covered-employee payroll	$ 1,355,765
Town's proportionate share of the net pension liability as a percentage of its covered payroll	46.36%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10 year trend is compiled, information is presented for those years available.

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

EXHIBIT A-1

COMPARATIVE BALANCE SHEET – GENERAL FUND

JUNE 30, 2015 AND 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 9,191,841	$ 8,035,042
Receivables		
Property taxes receivable (net of allowance of $125,000 in 2015 and $126,000 in 2014)	1,073,868	1,072,102
Property taxes accrued interest receivable (net of allowance of $24,000 in 2015 and $24,000 in 2014)	298,000	211,000
Intergovernmental receivable		
School building grants receivable	2,025,600	2,393,822
Accounts receivable, net of allowance of $23,463 in 2015 and $184,000 in 2014	395,946	307,988
Assessment receivables	941,522	894,423
Due from other funds	906,009	279,685
Total Assets	$ 14,832,786	$ 13,194,062
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable and accrued expenses	$ 2,576,036	$ 653,452
Unearned revenue	609,311	620,196
Total Liabilities	3,185,347	1,273,648
Deferred Inflows of Resources		
Unavailable revenues - property taxes	906,688	1,023,930
Unavailable revenues - special assessments	941,522	894,423
Unavailable revenues - school building grants	1,842,295	2,393,822
Unavailable revenues - other receivables	97,539	91,828
Total Deferred Inflows of Resources	3,788,044	4,404,003
Fund Balance		
Assigned	488,840	563,130
Unassigned	7,370,555	6,953,281
Total Fund Balance	7,859,395	7,516,411
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 14,832,786	$ 13,194,062

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT A-2

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2015

		Lawful Corrections				Collections					
Grand List	Uncollected Taxes July 1, 2014	Additions	Deductions	Transfers to Suspense	Adjusted Taxes Collectible	Taxes	Interest	Lien Fees	Total	Overpayments	Uncollected Taxes June 30, 2015
2013	$ 50,464,344	$ 98,568	$ 341,824	$ 3,923	$ 50,217,165	$ 49,593,100	$ 140,213	$ 15,789	$ 49,749,102	$ 87,290	$ 711,355
2012	677,137	9,075	4,193	9,057	672,962	392,447	90,034	7,163	489,644	1,548	282,063
2011	276,590	9,001	994	4,538	280,059	192,597	64,954	1,682	259,233	994	88,456
2010	86,790	25	--	9,683	77,132	42,915	20,128	649	63,692	--	34,217
2009	63,181	--	--	12,495	50,686	23,489	16,851	460	40,800	--	27,197
2008	38,190	--	--	6,876	31,314	10,970	7,830	295	19,095	--	20,344
2007	26,766	--	--	7,222	19,544	3,930	4,067	107	8,104	--	15,614
2006	10,748	32	--	313	10,467	1,840	2,428	111	4,379	--	8,627
2005	7,531	34	--	656	6,909	1,859	2,625	64	4,548	--	5,050
2004	5,693	--	--	458	5,235	1,438	2,267	64	3,769	--	3,797
2003	1,544	--	--	--	1,544	900	2,200	54	3,154	--	644
2002	1,249	--	--	--	1,249	624	2,074	44	2,742	--	625
2001	1,202	--	--	2	1,200	600	1,420	58	2,078	--	600
2000	741	--	--	--	741	591	1,601	68	2,260	--	150
1999	696	--	--	--	696	567	1,408	48	2,023	--	129
	$ 51,662,402	$ 116,735	$ 347,011	$ 55,223	$ 51,376,903	$ 50,267,867	$ 360,100	$ 26,656	50,654,623	$ 89,832	$ 1,198,868

Suspense collections	1,998
Tax overpayment collections	
Prior year	109,811
Current year	(89,832)
Total collections	50,676,600
Property taxes receivable considered available	
June 30, 2014	(259,172)
June 30, 2015	205,242
	$ 50,622,670

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
Town Aid	Intergovernmental grants	Road maintenance
LOCIP	Intergovernmental grants	Capital improvements
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
Drug Enforcement	Intergovernmental grants	Drug enforcement activities
Public Investment Community Grant	Intergovernmental grants	Economic development
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	Recreation programs
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
Police Asset Forfeitures	Other income	Police seizure activity
Town Clerk	Charges for services	General governmental activities
Veterans Park Playground	Contributions and investment income	Public parks improvements
Tax Sale Proceeds	Other income	Tax sales
Student Activities	Other income	Student programs
Youth Service Bureau	Other income	Youth activities

CAPITAL PROJECTS FUNDS

Fund	Funding source	Function
Capital Nonrecurring	Town appropriation	Capital purchases
Public Works Equipment Replacement	Town appropriation	Replace public works equipment
Vehicle Replacement	Town appropriation	Replace and upgrade vehicle fleet

PERMANENT FUNDS

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

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	Special Revenue Funds									
	Special Welfare	Housing Rehabilitation Loan	Dog	Town Aid	LOCIP	Crestbrook Improvement	Sidewalk Improvement	WASA Grants	Advertising	Town Hall Preservation
Assets										
Cash and cash equivalents	$ 40,801	$ 1,157	$ 6,710	$ 342,732	$ --	$ 12,440	$ 4,668	$ 5,540	$ 4,563	$ 11,210
Receivables										
Intergovernmental	--	--	--	--	161,674	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--
Inventories	--	--	--	--	--	--	--	--	--	--
Total Assets	$ 40,801	$ 1,157	$ 6,710	$ 342,732	$ 161,674	$ 12,440	$ 4,668	$ 5,540	$ 4,563	$ 11,210
Liabilities and Fund Balance										
Liabilities										
Accounts and other payables	$ 453	$ --	$ 90	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Due to other funds	--	--	--	--	153,779	--	--	--	--	--
Unearned revenue	--	1,157	--	--	--	--	--	--	--	--
Total Liabilities	453	1,157	90	--	153,779	--	--	--	--	--
Fund Balances										
Nonspendable	--	--	--	--	--	--	--	--	--	--
Restricted	--	--	--	342,732	7,895	--	--	5,540	--	--
Committed	40,348	--	6,620	--	--	12,440	4,668	--	4,563	11,210
Unassigned	--	--	--	--	--	--	--	--	--	--
Total Fund Balances	40,348	--	6,620	342,732	7,895	12,440	4,668	5,540	4,563	11,210
Total Liabilities and Fund Balance	$ 40,801	$ 1,157	$ 6,710	$ 342,732	$ 161,674	$ 12,440	$ 4,668	$ 5,540	$ 4,563	$ 11,210

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2015

	Special Revenue Funds									
	Town Hall Beautification	Board of Ed. Community Service	Drug Enforcement	Public Inv. Community Grant	Summer Preschool Development	Professional Development	Summer Studies	Pay for Play Sports Programs	Cafeteria	Educational Grants
Assets										
Cash and cash equivalents	$ 1,262	$ 102,522	$ 2,879	$ 167	$ 495	$ 348	$ 473	$ --	$ 14,117	$ 376,072
Receivables										
Intergovernmental	--	--	--	--	--	--	--	--	72,062	2,933
Other	--	--	--	--	--	--	--	--	--	--
Inventories	--	--	--	--	--	--	--	--	21,431	--
Total Assets	$ 1,262	$ 102,522	$ 2,879	$ 167	$ 495	$ 348	$ 473	$ --	$ 107,610	$ 379,005
Liabilities and Fund Balance										
Liabilities										
Accounts and other payables	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 68,896	$ --
Due to other funds	--	--	--	--	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--	--	28,240	--
Total Liabilities	--	--	--	--	--	--	--	--	97,136	--
Fund Balances										
Nonspendable	--	--	--	--	--	--	--	--	21,431	--
Restricted	--	--	2,879	--	--	--	--	--	--	--
Committed	1,262	102,522	--	167	495	348	473	--	--	379,005
Unassigned	--	--	--	--	--	--	--	--	(10,957)	--
Total Fund Balances	1,262	102,522	2,879	167	495	348	473	--	10,474	379,005
Total Liabilities and Fund Balance	$ 1,262	$ 102,522	$ 2,879	$ 167	$ 495	$ 348	$ 473	$ --	$ 107,610	$ 379,005

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2015

	Special Revenue Funds									
	Parks and Recreation	Police Grants	Open Space	Preservation of Historical Documents	Small Cities	Oakville Green Dvmt. Trust	Marion A. Munson Trust	Mutual Police Trust	Town Improvement Trust	Liability Trust
Assets										
Cash and cash equivalents	$ 65,516	$ 267	$ 227,558	$ 44,068	$ 43,863	$ 2,209	$ 1,106	$ 7,560	$ 62,155	$ 11,947
Receivables										
Intergovernmental	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	887,200	--	--	--	--	--
Inventories	--	--	--	--	--	--	--	--	--	--
Total Assets	$ 65,516	$ 267	$ 227,558	$ 44,068	$ 931,063	$ 2,209	$ 1,106	$ 7,560	$ 62,155	$ 11,947
Liabilities and Fund Balance										
Liabilities										
Accounts and other payables	$ 587	$ --	$ --	$ 10,108	$ --	$ --	$ --	$ --	$ 2,200	$ --
Due to other funds	--	--	--	--	--	--	--	--	--	--
Unearned revenue	47,126	--	--	--	77,731	--	--	--	--	--
Total Liabilities	47,713	--	--	10,108	77,731	--	--	--	2,200	--
Fund Balances										
Nonspendable	--	--	--	--	--	--	--	--	--	--
Restricted	--	267	--	--	--	--	--	--	--	--
Committed	--	--	227,558	33,960	853,332	2,209	1,106	7,560	59,955	11,947
Unassigned	17,803	--	--	--	--	--	--	--	--	--
Total Fund Balances	17,803	267	227,558	33,960	853,332	2,209	1,106	7,560	59,955	11,947
Total Liabilities and Fund Balance	$ 65,516	$ 267	$ 227,558	$ 44,068	$ 931,063	$ 2,209	$ 1,106	$ 7,560	$ 62,155	$ 11,947

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2015

	Special Revenue Funds							Capital Project Funds		
	Park Development Trust	Police Asset Forfeitures	Town Clerk	Veterans Park Playground	Tax Sale Proceeds	Student Activities	Youth Service Bureau	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement
Assets										
Cash and cash equivalents	$ 41,429	$ 4,838	$ 5,420	$ 13,891	$ --	$ 39,191	$ 628	$ 99	$ 76,284	$ 500,217
Receivables										
Intergovernmental	--	--	--	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--	--	--
Inventories	--	--	--	--	--	--	--	--	--	--
Total Assets	$ 41,429	$ 4,838	$ 5,420	$ 13,891	$ --	$ 39,191	$ 628	$ 99	$ 76,284	$ 500,217
Liabilities and Fund Balance										
Liabilities										
Accounts and other payables	$ --	$ 347	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Due to other funds	--	--	--	--	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--	--	--	--
Total Liabilities	--	347	--	--	--	--	--	--	--	--
Fund Balances										
Nonspendable	--	--	--	--	--	--	--	--	--	--
Restricted	--	4,491	--	--	--	--	--	--	--	--
Committed	41,429	--	5,420	13,891	--	39,191	628	99	76,284	500,217
Unassigned	--	--	--	--	--	--	--	--	--	--
Total Fund Balances	41,429	4,491	5,420	13,891	--	39,191	628	99	76,284	500,217
Total Liabilities and Fund Balance	$ 41,429	$ 4,838	$ 5,420	$ 13,891	$ --	$ 39,191	$ 628	$ 99	$ 76,284	$ 500,217

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2015

	Permanent Funds										
	Education Enrichment	Old Cemetery	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Magraff	Special Police	Town Deposit	Total
Assets											
Cash and cash equivalents	$ 71,946	$ 3,493	$ 31,464	$ 628	$ 3,163	$ 5,907	$ 17,549	$ 1,207	$ 1,506	$ 24,024	$ 2,237,289
Receivables											
Intergovernmental	--	--	--	--	--	--	--	--	--	--	236,669
Other	--	--	--	--	--	--	--	--	--	--	887,200
Inventories	--	--	--	--	--	--	--	--	--	--	21,431
Total Assets	$ 71,946	$ 3,493	$ 31,464	$ 628	$ 3,163	$ 5,907	$ 17,549	$ 1,207	$ 1,506	$ 24,024	$ 3,382,589
Liabilities and Fund Balance											
Liabilities											
Accounts and other payables	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	82,681
Due to other funds	--	--	--	--	--	--	--	--	--	--	153,779
Unearned revenue	--	--	--	--	--	--	--	--	--	--	154,254
Total Liabilities	--	--	--	--	--	--	--	--	--	--	390,714
Fund Balances											
Nonspendable	71,946	3,493	31,464	628	3,163	5,907	17,549	1,207	1,506	24,024	182,318
Restricted	--	--	--	--	--	--	--	--	--	--	363,804
Committed	--	--	--	--	--	--	--	--	--	--	2,438,907
Unassigned	--	--	--	--	--	--	--	--	--	--	6,846
Total Fund Balances	71,946	3,493	31,464	628	3,163	5,907	17,549	1,207	1,506	24,024	2,991,875
Total Liabilities and Fund Balance	$ 71,946	$ 3,493	$ 31,464	$ 628	$ 3,163	$ 5,907	$ 17,549	$ 1,207	$ 1,506	$ 24,024	$ 3,382,589

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds									
	Special Welfare	Housing Rehabilitation Loan	Dog	Town Aid	LOCIP	Crestbrook Improvement	Sidewalk Improvement	WASA Grants	Advertising	Town Hall Preservation
Revenues										
Intergovernmental	$ --	$ --	$ --	$ 353,011	$ 161,674	$ --	$ --	$ --	$ --	$ --
Licenses, permits and charges for services	--	--	770	--	--	--	--	--	--	--
Investment income	22	--	8	68	--	17	71	6	--	16
Other revenue	62,281	--	415	--	--	--	--	--	--	--
Total Revenues	62,303	--	1,193	353,079	161,674	17	71	6	--	16
Expenditures										
Current:										
General government	--	--	--	--	--	--	--	--	--	--
Public safety	--	--	765	--	--	--	--	--	--	--
Public works	--	--	--	150,640	161,674	--	--	--	--	--
Parks and recreation	--	--	--	--	--	--	--	--	--	--
Health and welfare	55,236	--	--	--	--	--	--	--	--	--
Education	--	--	--	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total Expenditures	55,236	--	765	150,640	161,674	--	--	--	--	--
Excess (Deficiency) of Revenues of Expenditures	7,067	--	428	202,439	--	17	71	6	--	16
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	--	--	--	--	--	--
Transfers out	--	--	--	--	--	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	--	--	--	--	--	--
Net Change in Fund Balances	7,067	--	428	202,439	--	17	71	6	--	16
Fund Balances - Beginning of year (as restated)	33,281	--	6,192	140,293	7,895	12,423	4,597	5,534	4,563	11,194
Fund Balances - End of year	$ 40,348	$ --	$ 6,620	$ 342,732	$ 7,895	$ 12,440	$ 4,668	$ 5,540	$ 4,563	$ 11,210

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds									
	Town Hall Beautification	Board of Ed. Community Service	Drug Enforcement	Public Inv. Community Grant	Summer Preschool Development	Professional Development	Summer Studies	Pay for Play Sports Programs	Cafeteria	Educational Grants
Revenues										
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 406,662	$ 1,646,686
Licenses, permits and charges for services	--	361,320	--	--	--	--	9,920	--	756,218	--
Investment income	2	--	5	--	--	--	--	--	--	--
Other revenue	--	--	--	--	--	--	--	--	--	--
Total Revenues	2	361,320	5	--	--	--	9,920	--	1,162,880	1,646,686
Expenditures										
Current:										
General government	--	--	--	--	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--	--	--
Public works	--	--	--	--	--	--	--	--	--	--
Parks and recreation	--	--	--	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	--	--	--	--
Education	--	314,960	--	--	--	--	11,735	308	1,160,429	1,521,384
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total Expenditures	--	314,960	--	--	--	--	11,735	308	1,160,429	1,521,384
Excess (Deficiency) of Revenues of Expenditures	2	46,360	5	--	--	--	(1,815)	(308)	2,451	125,302
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	--	--	--	--	--	--
Transfers out	--	(1,413)	--	--	--	--	--	(32,837)	--	--
Total Other Financing Sources (Uses)	--	(1,413)	--	--	--	--	--	(32,837)	--	--
Net Change in Fund Balances	2	44,947	5	--	--	--	(1,815)	(33,145)	2,451	125,302
Fund Balances - Beginning of year (as restated)	1,260	57,575	2,874	167	495	348	2,288	33,145	8,023	253,703
Fund Balances - End of year	$ 1,262	$ 102,522	$ 2,879	$ 167	$ 495	$ 348	$ 473	$ --	$ 10,474	$ 379,005

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds									
	Parks and Recreation	Police Grants	Open Space	Preservation of Historical Documents	Small Cities	Oakville Green Dvmt. Trust	Marion A. Munson Trust	Mutual Police Trust	Town Improvement Trust	Liability Trust
Revenues										
Intergovernmental	$ --	$ --	$ --	$ 5,372	$ --	$ --	$ --	$ --	$ --	$ --
Licenses, permits and charges for services	382,906	--	--	107,068	--	--	--	--	--	--
Investment income	3	--	422	--	51	3	2	11	91	17
Other revenue	--	--	--	--	--	--	--	--	--	--
Total Revenues	382,909	--	422	112,440	51	3	2	11	91	17
Expenditures										
Current:										
General government	--	--	--	135,673	--	--	--	--	--	--
Public safety	--	--	--	--	--	--	--	--	--	--
Public works	--	--	--	--	--	--	--	--	--	--
Parks and recreation	364,961	--	--	--	--	605	--	--	2,200	--
Health and welfare	--	--	--	--	46,038	--	--	--	--	--
Education	--	--	--	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total Expenditures	364,961	--	--	135,673	46,038	605	--	--	2,200	--
Excess (Deficiency) of Revenues of Expenditures	17,948	--	422	(23,233)	(45,987)	(602)	2	11	(2,109)	17
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	3,395	--	--	--	--	--
Transfers out	--	--	--	--	(3,395)	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	--	--	--	--	--	--
Net Change in Fund Balances	17,948	--	422	(23,233)	(45,987)	(602)	2	11	(2,109)	17
Fund Balances - Beginning of year (as restated)	(145)	267	227,136	57,193	899,319	2,811	1,104	7,549	62,064	11,930
Fund Balances - End of year	$ 17,803	$ 267	$ 227,558	$ 33,960	$ 853,332	$ 2,209	$ 1,106	$ 7,560	$ 59,955	$ 11,947

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds							Capital Project Funds		
	Park Development Trust	Police Asset Forfeitures	Town Clerk	Veterans Park Playground	Tax Sale Proceeds	Student Activities	Youth Service Bureau	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement
Revenues										
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ --			
Licenses, permits and charges for services	--	--	3,180	--	--	--	--	--	--	--
Investment income	48	6	--	--	137	--	--	--	19	459
Other revenue	5,555	6,677	--	13,821	--	100,835	628	--	--	--
								--	--	--
Total Revenues	5,603	6,683	3,180	13,821	137	100,835	628	--	19	459
Expenditures										
Current:										
General government	--	--	--	--	--	--	--	--	--	--
Public safety	--	8,294	--	--	--	--	--	--	--	--
Public works	--	--	--	--	--	--	--	--	159,899	--
Parks and recreation	6,535	--	--	--	--	--	--	--	--	--
Health and welfare	--	--	--	--	--	--	--	--	--	--
Education	--	--	--	--	--	94,481	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--	--	--
Total Expenditures	6,535	8,294	--	--	--	94,481	--	--	159,899	--
Excess (Deficiency) of Revenues of Expenditures	(932)	(1,611)	3,180	13,821	137	6,354	628	--	(159,880)	459
Other Financing Sources (Uses)										
Transfers in	--	--	--	--	--	32,837	--	--	70,000	125,000
Transfers out	--	--	--	--	(137)	--	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--	(137)	32,837	--	--	70,000	125,000
Net Change in Fund Balances	(932)	(1,611)	3,180	13,821	--	39,191	628	--	(89,880)	125,459
Fund Balances - Beginning of year (as restated)	42,361	6,102	2,240	70	--	--	--	99	166,164	374,758
Fund Balances - End of year	$ 41,429	$ 4,491	$ 5,420	$ 13,891	$ --	$ 39,191	$ 628	$ 99	$ 76,284	$ 500,217

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT B-2

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

FOR THE YEAR ENDED JUNE 30, 2015

	Permanent Funds										
	Education Enrichment	Old Cemetery	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Magraff	Special Police	Town Deposit	Total
Revenues											
Intergovernmental	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ 2,573,405
Licenses, permits and charges for services	104	5	46	1	5	8	26	2	3	35	1,621,617
Investment income	--	--	--	--	--	--	--	182	--	--	1,666
Other revenue	--	--	--	--	--	--	--	--	--	--	190,212
Total Revenues	104	5	46	1	5	8	26	184	3	35	4,386,900
Expenditures											
Current:											
General government	--	--	--	--	--	--	--	180	--	--	135,853
Public safety	--	--	--	--	--	--	--	--	--	--	9,059
Public works	--	--	--	--	--	--	--	--	--	--	472,213
Parks and recreation	--	--	--	--	--	--	--	--	--	--	374,301
Health and welfare	--	--	--	--	--	--	--	--	--	--	101,274
Education	--	--	--	--	--	--	--	--	--	--	3,103,297
Capital outlay	--	--	--	--	--	--	--	--	--	--	--
Total Expenditures	--	--	--	--	--	--	--	180	--	--	4,195,997
Excess (Deficiency) of Revenues of Expenditures	104	5	46	1	5	8	26	4	3	35	190,903
Other Financing Sources (Uses)											
Transfers in	--	--	--	--	--	--	--	--	--	--	231,232
Transfers out	--	--	--	--	--	--	--	--	--	--	(37,782)
Total Other Financing Sources (Uses)	--	--	--	--	--	--	--	--	--	--	193,450
Net Change in Fund Balances	104	5	46	1	5	8	26	4	3	35	384,353
Fund Balances - Beginning of year (as restated)	71,842	3,488	31,418	627	3,158	5,899	17,523	1,203	1,503	23,989	2,607,522
Fund Balances - End of year	$ 71,946	$ 3,493	$ 31,464	$ 628	$ 3,163	$ 5,907	$ 17,549	$ 1,207	$ 1,506	$ 24,024	$ 2,991,875

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 receipts 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

EXHIBIT C-1

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2015

	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Assets				
Current assets				
Cash and cash equivalents	$ 896,733	$ 258,249	$ 12	$ 1,154,994
Liabilities				
Current liabilities				
Accounts and other payables	--	79,328	--	79,328
Risk management claims	487,000	--	--	487,000
Noncurrent liabilities				
Risk management claims	--	2,599,325	--	2,599,325
Total Liabilities	487,000	2,678,653	--	3,165,653
Net Position				
Unrestricted	$ 409,733	$ (2,420,404)	$ 12	$ (2,010,659)

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT C-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Operating Revenues				
Charges for services	$ 12,050,215	$ 696,368	$ --	$ 12,746,583
Other	--	1,505	961	2,466
Total Operating Revenues	12,050,215	697,873	961	12,749,049
Operating Expenses				
Claims	9,828,461	839,854	14,609	10,682,924
Premiums and administrative charges	1,810,567	138,404	--	1,948,971
Total Operating Expenses	11,639,028	978,258	14,609	12,631,895
Operating Income (Loss)	411,187	(280,385)	(13,648)	117,154
Nonoperating Revenue				
Investment earnings	436	--	33	469
Change in Net Position	411,623	(280,385)	(13,615)	117,623
Net Position - Beginning of year (as restated)	(1,890)	(2,140,019)	13,627	(2,128,282)
Net Position - End of year	$ 409,733	$ (2,420,404)	$ 12	$ (2,010,659)

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT C-3

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Cash Flows from Operating Activities				
Cash received from charges for services	$ 11,887,215	$ 696,368	$ --	$ 12,583,583
Cash received from other	--	1,505	961	2,466
Cash paid to vendors	(11,639,028)	(771,375)	(14,609)	(12,425,012)
Net Cash Provided by (Used in) Operating Activities	248,187	(73,502)	(13,648)	161,037
Cash Flows from Investing Activities				
Investment income	436	--	33	469
Net Increase (Decrease) in Cash and Cash Equivalents	248,623	(73,502)	(13,615)	161,506
Cash and Cash Equivalents - Beginning of year	648,110	331,751	13,627	993,488
Cash and Cash Equivalents - End of year	$ 896,733	$ 258,249	$ 12	$ 1,154,994
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	$ 411,187	$ (280,385)	$ (13,648)	$ 117,154
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase in risk management claims	(163,000)	206,883	--	43,883
Net Cash Provided by (Used in) Operating Activities	$ 248,187	$ (73,502)	$ (13,648)	$ 161,037

FIDUCIARY FUNDS

FIDUCIARY FUNDS

PENSION TRUST FUNDS

These funds, which are administered by the Town as Trust Funds, are used to accumulate resources to provide for and pay out retirement benefits for all Town Employees participating in them.

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

EXHIBIT D-1

COMBINING BALANCE SHEET
PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Town	Police	Totals
Assets			
Investments	$ 20,144,142	$ 18,927,040	$ 39,071,182
Net Position			
Held in Trust for Pension Benefits	$ 20,144,142	$ 18,927,040	$ 39,071,182

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT D-2

COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Town Retirement System	Police	Totals
Additions			
Contributions			
Employer	$ 372,789	$ 780,140	$ 1,152,929
Plan members	301,598	218,034	519,632
Total contributions	674,387	998,174	1,672,561
Investment income			
Net appreciation in fair value of investments	496,026	471,706	967,732
Interest and dividends	443,076	420,223	863,299
	939,102	891,929	1,831,031
Investment expense	(72,338)	(65,601)	(137,939)
Net investment income	866,764	826,328	1,693,092
Total additions	1,541,151	1,824,502	3,365,653
Deductions			
Benefits	1,070,456	1,130,152	2,200,608
Administration	53,019	30,001	83,020
Total deductions	1,123,475	1,160,153	2,283,628
Net increase	417,676	664,349	1,082,025
Net position held in trust for pension benefits - beginning of year, as restated	19,726,466	18,262,691	37,989,157
Net position held in trust for pension benefits - end of year	$ 20,144,142	$ 18,927,040	$ 39,071,182

TOWN OF WATERTOWN, CONNECTICUT

EXHIBIT D-3

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015
Student Activities				
Assets				
Cash and cash equivalents	$ 172,387	$ 436,566	$ 406,130	$ 202,823
Liabilities				
Due to student groups and agencies	$ 172,387	$ 436,566	$ 406,130	$ 202,823
Project Graduation				
Assets				
Cash and cash equivalents	$ 3,974	$ --	$ 3,974	$ --
Liabilities				
Due to student groups and agencies	$ 3,974	$ --	$ 3,974	$ --
Developers' Trust Fund				
Assets				
Cash and cash equivalents	$ 306,214	$ 90,286	$ 139,219	$ 257,281
Liabilities				
Due to student groups and agencies	$ 306,214	$ 90,286	$ 139,219	$ 257,281
School Activities				
Assets				
Cash and cash equivalents	$ 18,314	$ 15,376	$ 21,390	$ 12,300
Liabilities				
Due to student groups and agencies	$ 18,314	$ 15,376	$ 21,390	$ 12,300
Total All Agency Funds				
Assets				
Cash and cash equivalents	$ 500,889	$ 542,228	$ 570,713	$ 472,404
Liabilities				
Due to student groups and agencies	$ 500,889	$ 542,228	$ 570,713	$ 472,404

SUPPLEMENTARY DATA

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE 1

CAPITAL IMPROVEMENT FUND
PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Fund Balance July 1, 2014	Capital Grants	Investment Income	Other Income	Capital Outlay	Bond Proceeds	Bond Premium	Fund Balance June 30, 2015
Current Projects:								
Watertown High School Rnovation	$ 136,515	$ 424,134	$ 291	$ --	$ 27,349	$ --	$ --	$ 533,591
Judson School Renovation	560,380	54,814	4	--	--	--	--	615,198
Polk School Renovation	645,165	582,310	1,533	--	400,899	--	--	828,109
Swift School Renovation	(551,602)	--	33	--	35,721	--	--	(587,290)
High School Track	13,393	--	13	--	--	--	--	13,406
Roadway and Drainage Improvements	82,092	--	35	--	4,725	--	--	77,402
Buckingham Street School	9,089	--	12	--	--	--	--	9,101
Steel Brook Greenway	(75,002)	68,600	--	--	1,137	--	--	(7,539)
Communication Systems Upgrade	2,029	--	--	--	2,029	--	--	--
Debt Service	83,226	--	--	--	83,226	--	68,893	68,893
Public Works Projectes	1,159,802	--	2,438	--	1,075,860	2,000,000	--	2,086,380
Oakville Green Bricks	6,420	--	--	--	5,912	--	--	508
Fire Truck	175	--	1,279	--	14,711	1,000,000	--	986,743
School Security Grant	--		160	366,803	269,956	--		97,007
Other Projects:								
Veterans Memorial Park	630	--	1	605	--	--	--	1,236
Echo Lake Park	1,630	--	2	--	--	--	--	1,632
French Street Reconstruction	2,378	--	--	--	--	--	--	2,378
Heminway Park	11,388	--	--	--	--	--	--	11,388
Sidewalk Upgrades	50	--	--	--	--	--	--	50
Oakville Green Transportation	4,841	--	7	--	--	--	--	4,848
Total	$ 2,092,599	$ 1,129,858	$ 5,808	$ 367,408	$ 1,921,525	$ 3,000,000	$ 68,893	$ 4,743,041

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE 2

REPORT OF SEWER AND WATER ASSESSMENT COLLECTIONS

FOR THE YEAR ENDED JUNE 30, 2015

Fiscal Year	Program	Uncollected Balance July 1, 2014	Additions	Deductions	Adjusted Amount Collectible	Collections: Assessments	Collections: Interest	Collections: Lien Fees	Collections: Total	Uncollected Balance, June 30, 2015
Sewer										
1959	D	$ 150	$ --	$ --	$ 150	$ --	$ --	$ --	$ --	$ 150
2008	TT	11,699	--	--	11,699	2,300	31	20	2,351	9,399
1992	EE	14,850	--	--	14,850	--	--	--	--	14,850
1995	LL	4,434	--	--	4,434	--	--	--	--	4,434
2004	OO	13,945	--	--	13,945	--	400	--	400	13,945
2004	QQ	6,023	--	--	6,023	--	--	--	--	6,023
2010	RR	63,217	--	--	63,217	11,067	2,136	--	13,203	52,150
2010	VV	20,545	--	--	20,545	9,585	662	20	10,267	10,960
2015	XX	--	83,950	--	83,950	7,305	--	--	7,305	76,645
Total Sewer		134,863	83,950	--	218,813	30,257	3,229	40	33,526	188,556
Water										
1998	WE	1,232	--	--	1,232	178	222	--	400	1,054
2004	WF	5,756	--	--	5,756	2,540	190	20	2,750	3,216
2004	WG	27,548	--	--	27,548	6,048	8,646	60	14,754	21,500
2015	WH	--	12,931	--	12,931	735	--	--	735	12,196
Total Water		34,536	12,931	--	47,467	9,501	9,058	80	18,639	37,966
		$ 169,399	$ 96,881	$ --	$ 266,280	$ 39,758	$ 12,287	$ 120	$ 52,165	$ 226,522

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

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	$138,857,588	$132,293,489	$135,726,900	$132,762,669	$134,314,785	$124,600,580	$100,078,111	$ 86,502,225	$ 73,490,497	$ 63,489,201
Restricted	285,093	288,469	292,240	340,167	339,734	332,168	325,523	316,168	311,112	273,892
Unrestricted	(10,643,716)	4,947,433	227,884	1,428,111	1,019,194	2,571,568	4,952,636	4,180,098	4,685,860	4,930,851
Total governmental activities net position	128,498,965	137,529,391	136,247,024	134,530,947	135,673,713	127,504,316	105,356,270	90,998,491	78,487,469	68,693,944
Business-type activities										
Net investment in capital assets	14,809,512	12,408,263	12,362,356	12,409,667	12,504,751	12,768,105	12,211,170	10,839,674	10,612,014	10,910,559
Unrestricted	2,838,278	6,474,939	6,831,855	7,287,947	5,353,326	5,556,514	5,414,493	7,714,639	8,354,957	7,872,118
Total business-type activities net position	17,647,790	18,883,202	19,194,211	19,697,614	17,858,077	18,324,619	17,625,663	18,554,313	18,966,971	18,782,677
Primary government										
Net investment in capital assets	153,667,100	144,701,752	148,089,256	145,172,336	146,819,536	137,368,685	112,289,281	97,341,899	84,102,511	74,399,760
Restricted	285,093	288,469	292,240	340,167	339,734	332,168	325,523	316,168	311,112	273,892
Unrestricted	(7,805,438)	11,422,372	7,059,739	8,716,058	6,372,520	8,128,082	10,367,129	11,894,737	13,040,817	12,802,969
Total primary government net position	$146,146,755	$156,412,593	$155,441,235	$154,228,561	$153,531,790	$145,828,935	$122,981,933	$109,552,804	$ 97,454,440	$ 87,476,621

TOWN OF WATERTOWN, CONNECTICUT

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
General government	$ 14,642,335	$ 9,636,520	$ 10,660,604	$ 10,644,902	$ 8,639,591	$ 8,570,229	$ 8,471,740	$ 8,346,852	$ 8,504,190	$ 7,622,554
Public safety	6,771,122	6,180,199	6,495,809	6,475,126	8,308,759	5,784,893	5,808,433	5,093,325	4,328,372	4,257,876
Public works	6,029,759	5,194,580	5,273,316	4,433,879	5,015,065	441,914	3,680,442	4,843,199	4,151,630	4,477,683
Parks and recreation	989,044	1,362,980	1,208,453	1,016,148	1,055,517	1,057,114	1,130,178	1,223,957	1,144,828	1,007,920
Health and welfare	281,496	528,987	116,003	288,383	97,227	262,670	255,107	160,475	132,738	136,780
Education	49,786,691	48,281,395	47,759,993	46,868,694	35,657,507	45,058,186	42,822,088	50,151,146	38,034,804	35,752,303
Interest on long-term debt	2,169,068	2,586,640	2,187,600	2,507,123	8,445,611	2,619,388	2,222,436	1,892,883	1,588,659	1,604,605
Total governmental activities net position	80,669,515	73,771,301	73,701,778	72,234,255	67,219,277	63,794,394	64,390,424	71,711,837	57,885,221	54,859,721
Business-type activities										
Sewer	2,229,460	2,098,201	2,080,549	2,137,859	2,300,675	1,355,824	3,018,119	3,109,996	1,860,498	1,278,716
Water	1,687,777	1,462,966	1,461,250	1,624,940	1,322,928	1,602,256	1,546,437	1,521,404	1,287,905	1,374,271
Golf	812,641	642,255	587,850	582,147	705,047	729,289	730,840	780,081	742,519	795,756
Total business-type activities net position	4,729,878	4,203,422	4,129,649	4,344,946	4,328,650	3,687,369	5,295,396	5,411,481	3,890,922	3,448,743
Total primary government expenses	85,399,393	77,974,723	77,831,427	76,579,201	71,547,927	67,481,763	69,685,820	77,123,318	61,776,143	58,308,464
Program Revenues										
Governmental activities										
Charges for services										
General government	1,239,983	1,192,778	1,354,593	1,086,487	899,801	948,584	1,136,805	1,208,614	1,236,145	1,416,315
Public safety	808,950	617,309	744,841	1,123,212	484,188	615,931	564,378	432,684	439,286	293,589
Public works	134,453	153,864	120,147	122,345	129,407	62,901	204,824	172,955	101,024	154,288
Parks and recreation	393,356	363,279	289,902	332,908	322,562	261,319	320,615	351,129	416,776	298,278
Education	1,228,975	1,133,310	1,100,860	1,251,867	1,121,296	1,357,137	1,365,557	1,274,910	1,379,601	1,431,964
Operating grants and contributions	18,447,887	19,479,640	18,553,194	20,140,022	19,035,423	19,742,965	17,062,011	26,838,219	14,481,312	13,932,246
Capital grants and contributions	2,371,694	949,550	3,678,088	2,738,626	7,702,751	18,950,759	15,031,714	12,721,359	9,045,451	3,222,889
Total governmental activities program revenues	24,625,298	23,889,730	25,841,625	26,795,467	29,695,428	41,939,596	35,685,904	42,999,870	27,099,595	20,749,569
Business-type activities										
Charges for services										
Sewer	1,810,092	2,063,450	1,971,475	2,008,764	1,760,145	1,708,749	1,689,525	1,703,226	1,780,891	1,967,089
Water	1,365,078	1,254,222	1,216,655	1,196,710	1,109,393	1,144,225	1,143,510	1,135,691	1,127,314	1,156,288
Golf	512,715	519,223	524,716	662,910	600,635	646,402	670,471	698,595	664,466	689,514
Operating grants and contributions	--	--	--	14,518	105,427	253,009	18,266	980,178	30,633	56,004
Capital grants and contributions	--	92,558	--	--	390,521	33,655	453,987	41,500	39,463	77,675
Total business-type activities program revenues	3,687,885	3,929,453	3,712,846	3,882,902	3,966,121	3,786,040	3,975,759	4,559,190	3,642,767	3,946,570
Total primary government program revenues	28,313,183	27,819,183	29,554,471	30,678,369	33,661,549	45,725,636	39,661,663	47,559,060	30,742,362	24,696,139
Net (Expense) Revenue										
Governmental activities	(56,044,217)	(49,881,571)	(47,860,153)	(45,438,788)	(37,523,849)	(21,854,798)	(28,704,520)	(28,711,967)	(30,785,626)	(34,110,152)
Business-type activities	(1,041,993)	(273,969)	(416,803)	(462,044)	(362,529)	98,671	(1,319,637)	(852,291)	(248,155)	497,827
Total primary government net expense	$ (57,086,210)	$ (50,155,540)	$ (48,276,956)	$ (45,900,832)	$ (37,886,378)	$ (21,756,127)	$ (30,024,157)	$ (29,564,258)	$ (31,033,781)	$ (33,612,325)

TOWN OF WATERTOWN, CONNECTICUT

TABLE 2

CHANGES IN NET POSITION (CONTINUED)

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental activities										
Property taxes	$ 50,738,912	$ 49,498,071	$ 47,378,859	$ 45,108,220	$ 44,139,795	$ 42,929,988	$ 41,530,674	$ 38,206,068	$ 37,848,503	$ 34,352,094
Grants and contributions not restricted to specific programs	1,165,543	1,150,077	1,131,237	1,083,242	1,049,245	1,325,434	1,225,990	1,335,598	1,437,438	1,303,174
Unrestricted investment earnings	32,070	29,017	34,747	39,655	91,970	146,461	370,165	914,113	1,141,078	1,141,571
Other general revenues (including gain on sale of capital assets)	1,905,304	443,722	338,430	360,762	296,883	177,654	246,045	907,230	195,595	322,720
Transfers	(66,828)	43,051	692,957	106,873	115,353	(576,693)	(310,575)	(140,020)	(43,463)	164,941
Total governmental activities	53,775,001	51,163,938	49,576,230	46,698,752	45,693,246	44,002,844	43,062,299	41,222,989	40,579,151	37,284,500
Business-type activities										
Unrestricted investment earnings	6,130	6,011	6,357	5,724	11,340	23,592	80,412	299,613	388,986	326,187
Transfers	66,828	(43,051)	(92,957)	(106,873)	(115,353)	576,693	310,575	140,020	43,463	(164,941)
Special items	--	--	--	--	--	--	--	--	--	2,158,641
Total business-type activities	72,958	(37,040)	(86,600)	(101,149)	(104,013)	600,285	390,987	439,633	432,449	2,319,887
Total primary government	$ 53,847,959	$ 51,126,898	$ 49,489,630	$ 46,597,603	$ 45,589,233	$ 44,603,129	$ 43,453,286	$ 41,662,622	$ 41,011,600	$ 39,604,387
Changes in Net Position										
Governmental activities	$ (2,297,811)	$ 1,282,367	$ 1,716,077	$ 1,259,964	$ 8,169,397	$ 22,148,046	$ 14,357,779	$ 12,511,022	$ 9,793,525	$ 3,174,348
Business-type activities	(969,035)	(311,009)	(503,403)	(563,193)	(466,542)	698,956	(928,650)	(412,658)	184,294	2,817,714
Total primary government	$ (3,266,846)	$ 971,358	$ 1,212,674	$ 696,771	$ 7,702,855	$ 22,847,002	$ 13,429,129	$ 12,098,364	$ 9,977,819	$ 5,992,062

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

TOWN OF WATERTOWN, CONNECTICUT

TABLE 3

FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Reserved	$ --	$ --	$ --	$ --	$ --	$ 698,945	$ 305,098	$ 916,410	$ 890,284	$ 930,145
Unreserved	--	--	--	--	--	5,739,217	5,400,261	5,022,065	4,545,367	4,185,380
Nonspendable	--	--	--	--	--	--	--	--	--	--
Restricted	--	--	--	--	--	--	--	--	--	--
Committed	--	--	--	--	--	--	--	--	--	--
Assigned	488,840	563,130	797,675	981,642	849,103	--	--	--	--	--
Unassigned	7,370,555	6,953,281	5,574,608	5,772,945	5,574,702	--	--	--	--	--
Total General Fund	$ 7,859,395	$ 7,516,411	$ 6,372,283	$ 6,754,587	$ 6,423,805	$ 6,438,162	$ 5,705,359	$ 5,938,475	$ 5,435,651	$ 5,115,525
All other governmental funds										
Reserved	$ --	$ --	$ --	$ --	$ --	$ 4,312,392	$ 40,380,281	$ 2,882,437	$ 9,138,645	$ 30,383,137
Unreserved, reported in										
Special revenue funds	--	--	--	--	--	1,373,615	1,197,459	1,228,952	1,079,564	532,480
Capital projects funds	--	--	--	--	--	5,388,232	(21,571,443)	12,069,977	(5,576,765)	(15,986,214)
Nonspendable	182,318	184,438	184,993	239,617	237,077	--	--	--	--	--
Restricted	5,106,845	2,255,564	3,690,783	2,102,579	1,748,589	--	--	--	--	--
Committed	2,438,907	1,376,710	1,224,717	1,287,833	1,080,367	--	--	--	--	--
Assigned	--	--	--	--	--	--	--	--	--	--
Unassigned	6,846	(15,910)	(8,458)	(3,784)	(16,192)	--	--	--	--	--
Total All Other Governmental Funds	$ 7,734,916	$ 3,800,802	$ 5,092,035	$ 3,626,245	$ 3,049,841	$ 11,074,239	$ 20,006,297	$ 16,181,366	$ 4,641,444	$ 14,929,403

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.

TOWN OF WATERTOWN, CONNECTICUT

TABLE 4

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Property taxes	$ 50,856,154	$ 49,654,477	$ 47,229,837	$ 44,991,044	$ 44,110,778	$ 43,040,294	$ 41,428,222	$ 38,248,288	$ 37,862,867	$ 34,328,688
Intergovernmental revenues	22,315,011	21,542,941	20,780,785	24,138,718	27,270,382	40,035,000	33,309,630	39,789,409	24,022,765	18,705,999
Licenses, permits and charges for services	4,887,920	3,701,187	3,598,197	3,936,266	3,115,162	3,425,029	3,714,547	3,445,957	3,767,376	3,848,049
Investment income	32,017	28,540	34,224	38,574	90,750	145,083	363,779	891,230	1,105,301	1,107,014
Other revenue	649,730	696,492	724,001	776,778	1,232,456	717,221	815,533	1,923,093	447,133	652,221
Total revenues	78,740,832	75,623,637	72,367,044	73,881,380	75,819,528	87,362,627	79,631,711	84,297,977	67,205,442	58,641,971
Expenditures										
General government	2,687,104	2,720,880	2,698,812	2,716,637	2,541,839	2,488,762	2,496,833	2,497,075	2,502,698	2,230,749
Public safety	5,352,140	5,167,815	5,077,899	4,968,844	5,266,356	4,565,974	4,389,517	4,473,367	4,190,652	4,066,016
Public works	4,229,085	4,162,342	3,806,748	3,812,971	3,425,389	3,719,746	3,890,068	3,968,669	3,536,899	3,462,424
Parks and recreation	1,186,993	1,129,699	1,072,466	961,289	965,694	913,654	1,089,556	1,066,960	1,002,225	899,291
Health and welfare	244,378	529,044	428,004	453,323	286,371	612,223	406,778	152,562	132,738	136,780
Education	47,559,776	46,040,759	45,468,561	43,450,153	41,682,262	42,918,560	41,154,013	49,362,282	37,041,008	34,703,830
Other	8,205,314	7,451,025	7,026,858	7,356,740	6,835,366	6,778,146	6,465,866	5,992,706	5,917,185	5,728,912
Capital outlay	2,363,893	2,430,242	1,661,963	4,475,904	15,492,045	35,054,372	26,436,339	14,772,334	23,125,476	7,561,056
Debt service										
Principal	4,425,000	4,425,000	4,425,000	4,307,000	4,307,000	3,135,000	3,420,000	2,849,000	2,663,000	1,728,000
Interest	2,591,270	2,432,649	2,386,471	3,038,894	3,171,314	2,660,979	2,139,514	1,632,356	1,789,035	1,331,630
Total expenditures	78,844,953	76,489,455	74,052,782	75,541,755	83,973,636	102,847,416	91,888,484	86,767,311	81,900,916	61,848,688
Excess of Revenues under Expenditures	(104,121)	(865,818)	(1,685,738)	(1,660,375)	(8,154,108)	(15,484,789)	(12,256,773)	(2,469,334)	(14,695,474)	(3,206,717)
Other Financing Sources (Uses)										
Bonds issued	3,000,000	--	2,000,000	--	--	7,500,000	16,000,000	14,100,000	4,500,000	10,540,000
Multi-year lease purchase agreements	--	--	--	--	--	159,306	159,163	552,100	271,104	126,094
Capital leases issued	418,681	592,437	630,313	678,051	--	--	--	--	--	--
Refunding bonds issued	6,265,000	--	8,600,000	15,615,000	--	18,760,000	--	--	--	--
Payment to refunding bond escrow agent	(6,607,647)	--	(9,446,776)	(14,669,343)	--	(18,557,079)	--	--	--	--
Bond premiums	472,694	83,226	892,729	836,980	--	--	--	--	--	--
Transfers in	641,614	325,787	382,386	476,208	607,573	1,149,570	1,084,594	670,334	397,306	1,067,305
Transfers out	(708,442)	(282,736)	(289,429)	(369,335)	(492,220)	(1,726,263)	(1,395,169)	(810,354)	(440,769)	(902,364)
Total other financing uses	3,481,900	718,714	2,769,223	2,567,561	115,353	7,285,534	15,848,588	14,512,080	4,727,641	10,831,035
Net Change in Fund Balances	$ 3,377,779	$ (147,104)	$ 1,083,485	$ 907,186	$ (8,038,755)	$ (8,199,255)	$ 3,591,815	$ 12,042,746	$ (9,967,833)	$ 7,624,318
Debt Service as a % of Noncapital Expenditures	9.17%	9.35%	9.83%	10.45%	10.73%	9.23%	8.75%	6.25%	7.62%	5.66%

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

TOWN OF WATERTOWN, CONNECTICUT

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Grand List Year	Real Property: Residential	Real Property: Commercial and Industrial	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
2015	2013	$ 1,228,803	$ 233,237	$ 517	$ 133,698	$ 177,678	$ 1,773,933	$ 55,272	$ 1,718,661	$ 29.12	$ 2,455,230	70.00%
2014	2012	1,464,573	238,642	538	129,831	173,905	2,007,489	49,217	1,958,272	25.09	2,797,532	70.00%
2013	2011	1,457,527	239,415	598	133,995	171,389	2,002,926	60,447	1,942,478	24.23	2,774,969	70.00%
2012	2010	1,452,659	240,462	585	122,901	161,772	1,978,382	55,120	1,923,262	23.32	2,747,517	70.00%
2011	2009	1,446,936	237,519	587	123,812	154,501	1,963,356	50,495	1,912,860	22.91	2,732,658	70.00%
2010	2008	1,441,827	240,312	599	131,882	152,475	1,967,095	54,350	1,912,745	22.38	2,732,493	70.00%
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	1,683,554	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%

Source: Town of Watertown, Office of Tax Assessor
Notes:
(1) Assessed Value is 70% of Estimated Actual Value

TOWN OF WATERTOWN, CONNECTICUT

TABLE 6

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
2013	2015	29.12	2015	*	29.12
2012	2014	25.09	2014	*	25.09
2011	2013	24.23	2013	*	24.23
2010	2012	23.22	2012	*	23.22
2009	2011	22.91	2011	*	22.91
2008	2010	22.38	2010	*	22.38
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

* 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

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2013 AND OCTOBER 1, 2014 (in thousands)

		October 1, 2013			October 1, 2004		
Taxpayer	Nature of Business	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
The Siemon Company	Manufacturing	$ 19,700	2	1.15%	$ 27,086	1	1.71%
Connecticut Light & Power	Utility	26,797	1	1.56%	11,022	3	0.70%
Siemon Realty Company	Real estate	7,905	3	0.46%	--		--
JSD Partners	Manufacturing	7,884	4	0.46%	7,576	5	0.48%
Greenbriar Associates, LLC	Real estate	7,222	6	0.42%	5,227	10	0.33%
Straits Commercial Assoc. LTD	Supermarket	6,837	8	0.40%	--		--
ANSTRO Manufacturing Co.	Manufacturing	6,989	7	0.41%	--		--
Truelove & MacLean Inc.	Manufacturing	6,767	9	0.39%	--		--
Global Steering System	Manufacturing	7,444	5	0.43%	--		--
Yankee Gas	Utility	5,177	10	0.30%	--		--
Torrington Company	Manufacturing	--		--	6,547	6	0.41%
Bouffard Metal Goods, Inc.	Manufacturing	--		--	9,560	4	0.60%
Eyelematic Manufacturing Company	Manufacturing	--		--	5,853	8	0.37%
Timkin Company	Manufacturing	--		--	26,633	2	1.68%
OSRAM Sylvania, Inc.	Manufacturing	--		--	6,116	7	0.39%
Risdon-AMS (USA) Inc.	Manufacturing	--		--	5,269	9	0.33%
		$ 102,722		5.98%	$ 110,889		5.21%

Source: Town of Watertown Assessor's Office

TOWN OF WATERTOWN, CONNECTICUT

TABLE 8

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
2015	2013	$ 1,718,661	29.12	$ 50,221,088	$ 49,593,099	98.75	$ --	$ 49,593,099	98.75
2014	2012	1,958,272	25.09	49,217,960	48,628,689	98.80	392,446	48,628,689	98.80
2013	2011	1,942,449	24.23	47,146,848	46,377,576	98.37	492,683	46,870,259	99.41
2012	2010	1,923,262	23.32	44,928,338	44,266,547	98.53	598,611	44,865,158	99.86
2011	2009	1,912,861	22.91	43,871,041	43,199,032	98.47	608,829	43,807,861	99.86
2010	2008	1,912,745	22.38	42,863,646	42,215,395	96.49	610,060	42,825,455	99.91
2009	2007	1,683,564	24.35	41,300,946	40,668,696	98.47	605,484	41,274,180	99.93
2008	2006	1,630,286	22.72	38,028,728	37,617,731	98.92	400,249	38,017,980	99.97
2007	2005	1,584,045	22.72	37,456,205	37,087,621	99.01	361,054	37,448,667	99.98
2006	2004	1,562,270	21.35	34,163,419	33,774,182	99.86	383,544	34,157,726	99.98

TOWN OF WATERTOWN, CONNECTICUT

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Capital Leases	Water	Sewer	Clean Water Fund Notes	Capital Leases	Total Primary Government	Ratio of Debt to Net Taxable Assessed Property Value	Debt per Capita	Ratio of Debt to Personal Income
2015	$ 57,487,323	$ 829,469	$ --	$ --	$ 2,112,839	$ --	$ 60,429,631	3.52	$ 2,719	176.91
2014	58,875,676	953,043	--	--	2,566,050	--	62,394,769	3.19	2,803	8.21
2013	62,292,867	912,593	--	--	3,032,100	--	66,237,560	3.41	2,942	8.61
2012	64,725,147	788,934	--	--	3,497,450	--	69,011,531	3.59	3,101	9.08
2011	63,180,000	544,721	2,160,000	1,375,000	3,962,120	--	71,221,841	3.72	3,206	12.31
2010	67,487,000	458,989	1,546,000	2,372,000	4,426,122	--	76,290,111	3.99	3,453	13.26
2009	64,187,000	543,122	1,860,000	2,783,000	4,889,471	--	74,262,593	3.88	3,358	12.89
2008	51,607,000	723,862	1,997,000	2,746,000	5,352,176	--	62,426,038	3.71	2,793	10.73
2007	40,356,000	702,972	2,134,000	1,020,000	5,814,251	--	50,027,223	3.07	2,240	8.60
2006	38,519,000	792,785	2,267,000	1,094,000	6,275,709	--	48,948,494	3.09	2,198	8.44

TOWN OF WATERTOWN, CONNECTICUT

TABLE 10

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2015
(in thousands)

Total tax collections, including interest and lien fees	$ 50,677
Reimbursement for loss on	
Tax relief for elderly - freeze	--
Base	$ 50,677

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2-1/4 times base	$ 114,022	$ --	$ --	$ --	$ --
4-1/2 times base	--	228,045	--	--	--
3-3/4 times base	--	--	190,037	--	--
3-1/4 times base	--	--	--	164,699	--
3 times base	--	--	--	--	152,030
Total debt limitation	114,022	228,045	190,037	164,699	152,030
Indebtedness					
Bonds payable *	12,127	40,712	1,727	--	--
Ckean Water Fund notes			2,113		
Bonds authorized and unissued	151	9,391	--	--	--
School building grants	--	(1,842)	--	--	--
Total indebtedness	12,278	48,261	3,840	--	--
Debt Limitation in Excess of Outstanding and Authorized Debt	$ 101,744	$ 179,784	$ 186,197	$ 164,699	$ 152,030

* Excludes serial notes of $2,112 and includes Watertown Fire District Underlying debt of $274.

Notes:
(1) In no event shall total debt exceed seven times annual receipts from taxation, $354,736.

TOWN OF WATERTOWN, CONNECTICUT

TABLE 11

COMPUTATION OF DIRECT AND UNDERLYING DEBT

LAST TEN FISCAL YEARS

	Primary Government			Underlying Debt Watertown Fire District		
Fiscal Year	Total General Obligation Bonds	Total Capital Assets	Sub-Total	General Obligation Bonds	Percentage Applicable To Town	Total Direct and Underlying Debt
2015	$ 55,580,000	$ 829,469	$ 56,409,469	$ 274,382	--	$ 56,683,851
2014	57,335,000	953,043	58,288,043	602,272	100.00	58,890,315
2013	61,945,000	912,593	62,857,593	704,013	100.00	63,561,606
2012	64,375,000	788,934	65,163,934	1,823,370	100.00	66,987,304
2011	66,715,000	544,721	67,259,721	2,038,666	100.00	69,298,387
2010	67,487,000	458,989	67,945,989	2,248,986	100.00	70,194,975
2009	64,187,000	543,122	64,730,122	1,085,392	100.00	65,815,514
2008	51,607,000	723,862	52,330,862	1,155,484	100.00	53,486,346
2007	40,356,000	702,972	41,058,972	1,232,405	100.00	42,291,377
2006	38,519,000	792,785	39,311,785	1,368,076	100.00	40,679,861

TOWN OF WATERTOWN, CONNECTICUT

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	$ 354,736	$ 347,991	$ 331,201	$ 315,845	$ 308,791	$ 301,294	$ 289,632	$ 268,051	$ 271,502	$ 246,925
Total net debt applicable to limit	64,379	68,485	72,647	71,116	56,030	82,408	74,663	77,997	46,947	48,863
Legal Debt Margin	$ 290,357	$ 279,506	$ 258,554	$ 244,729	$ 252,761	$ 218,886	$ 214,969	$ 190,054	$ 224,555	$ 198,062
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.15%	19.68%	21.93%	22.52%	18.14%	27.35%	25.78%	29.10%	17.29%	19.79%

TOWN OF WATERTOWN, CONNECTICUT

TABLE 13

DEMOGRAPHIC AND EMPLOYMENT STATISTICS

LAST TEN FISCAL 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
2015	22,228	$ 759,264	$ 34,158	2,829	12,494	655	5.0 %	9.5 %	5.8 %	5.1
2014	22,261	760,391	34,158	2,915	10,995	939	7.9	12.0	7.4	6.8
2013	22,514	769,033	34,158	3,022	10,980	983	8.2	13.3	8.3	7.7
2012	22,253	760,118	34,158	3,075	11,348	888	7.3	12.3	7.5	7.7
2011	22,217	578,620	26,044	3,174	11,205	1,103	9.0	14.5	9.1	9.2
2010	22,095	575,442	26,044	3,254	11,024	1,031	8.6	14.2	8.5	9.5
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

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

TABLE 14

PRINCIPAL EMPLOYERS

2015 AND 2006

		2015			2006		
Business Name	Nature of Business	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Global Steering Systems	Manufacturer	338	1	2.96 %			
The Siemon Company	Manufacturer	300	2	2.62	440	3	3.85
Albea	Manufacturer	300	3	2.62			
The Taft School	Private School	235	4	2.05	125	10	1.09
Crystal Rock	Manufacturer - Bottle Water	230	5	2.01			
Super Stop and Shop	Supermarket	180	6	1.57			
Braxton Manufacturing	Manufacturer	165	7	1.44			
Apple Rehab	Health care	125	8	1.09			
Truelove & Maclean	Manufacturer	120	9	1.05			
Emerson Remote Automation Solutions	Manufacturer	110	10	0.96			
Adams Supermarket	Supermarket	--		--	130	9	9.00
Eyelematic Manufacturing Company	Metal stamping manufacturer	--		--	180	8	1.57
Bristol Inc.	Instrumentation Devices	--		--	350	4	3.06
Engineered Sinterings & Plastics, Inc.	Thermosetting Material	--		--	210	6	1.84
Winchester Electronics	Manufacturer	--		--	695	2	6.08
VNA	Health care	--		--	200	7	1.75
Heminway & Bartlett	Manufacturer	--		--	250	5	2.19

TOWN OF WATERTOWN, CONNECTICUT

TABLE 15

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	56	55	55	55	55	53	53	55	54	53
Police	37	38	37	38	38	38	38	38	38	36
Fire	2	2	3	3	3	3	3	3	3	3
Public works	30	30	30	30	31	31	31	31	31	31
Parks and recreation	8	8	8	8	8	8	8	8	8	8
	133	133	133	134	135	133	133	135	134	131
Board of Education										
Administration and principals	18	18	17	18	21	22	22	22	22	21
Teachers	222	226	241	239	239	254	258	256	258	236
Other	202	210	203	193	184	240	205	186	205	198
	442	454	461	450	444	516	485	464	485	455
Total	575	587	594	584	579	649	618	599	619	586

TOWN OF WATERTOWN, CONNECTICUT

TABLE 16

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Building permits issued	1,422	1,494	2,234	1,434	1,198	1,380	1,355	1,452	1,748	2,140
Police										
Physical arrests	446	526	542	608	604	680	662	723	738	701
Parking violations	203	217	89	91	89	99	180	261	126	92
Traffic violations	1,983	1,780	2,107	2,354	1,855	1,456	2,796	1,351	1,797	991
Fire										
Emergency responses	2,499	1,759	1,767	1,656	1,610	1,569	1,608	2,273	2,266	2,353
Fires extinguished	41	137	127	118	102	67	56	75	58	42
Public works										
Street resurfacing (miles)	4.45	3	3	0.48	1.78	3.27	4.26	1.99	1.89	3.10
Potholes repaired	222	468	223	200	200	189	58	217	131	49
Library										
Volumes in collection	78,194	76,650	74,259	74,724	74,890	74,700	75,755	79,379	70,560	69,197
Water										
Water main breaks	5	3	3	6	4	4	6	4	6	4
Average daily consumption (thousands of gallons)	876	810	893	940	905	890	1,040	965	1,056	1,010

TOWN OF WATERTOWN, CONNECTICUT

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Administrative buildings	3	3	3	3	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	136.29	136.16	135.25	135.00	135.00	133.53	133.40	133.26	132.32	130.62
Miles of sidewalks	83.23	83.23	82.32	82.00	82.00	23.00	22.44	21.59	21.59	19.98
Catch basins	3,438	3,434	3,396	3,392	3,374	3,284	3,171	3,149	3,149	3,065
Number of dams	5	5	5	5	5	5	5	5	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	11	11	12	12	12	12	12	12	12	12
Number of football fields	1	1	2	2	2	2	2	2	2	2
Number of playgrounds	8	8	9	9	9	9	9	9	9	9
Number of soccer fields	5	5	6	6	6	6	6	6	6	6
Number of softball fields (baseball)	14	14	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	5	5	5	5	5	6	6	6	6	6
Administrative buildings	1	1	1	1	1	1	1	1	1	1