

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**WATERTOWN, CONNECTICUT**

**Fiscal Year Ended June 30, 2011**



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

of the

**Town of Watertown,  
Connecticut**

Fiscal Year Ended June 30, 2011

Prepared by:

Finance Department

Frank J. Nardelli, Jr., Director

**TOWN OF WATERTOWN, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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# **Introductory Section**

# **TOWN OF WATERTOWN, CONNECTICUT**

## **Principal Officials**

### **Town Council**

Raymond Primini, Chairman  
Mary Ann Rosa, Vice-Chairman  
Elaine H. Adams  
Paul H. Rinaldi  
Richard DiFederico, Jr.  
Richard Fusco  
Thomas L. Winn  
Katherine C. Duplissie  
Linda A. Masayda

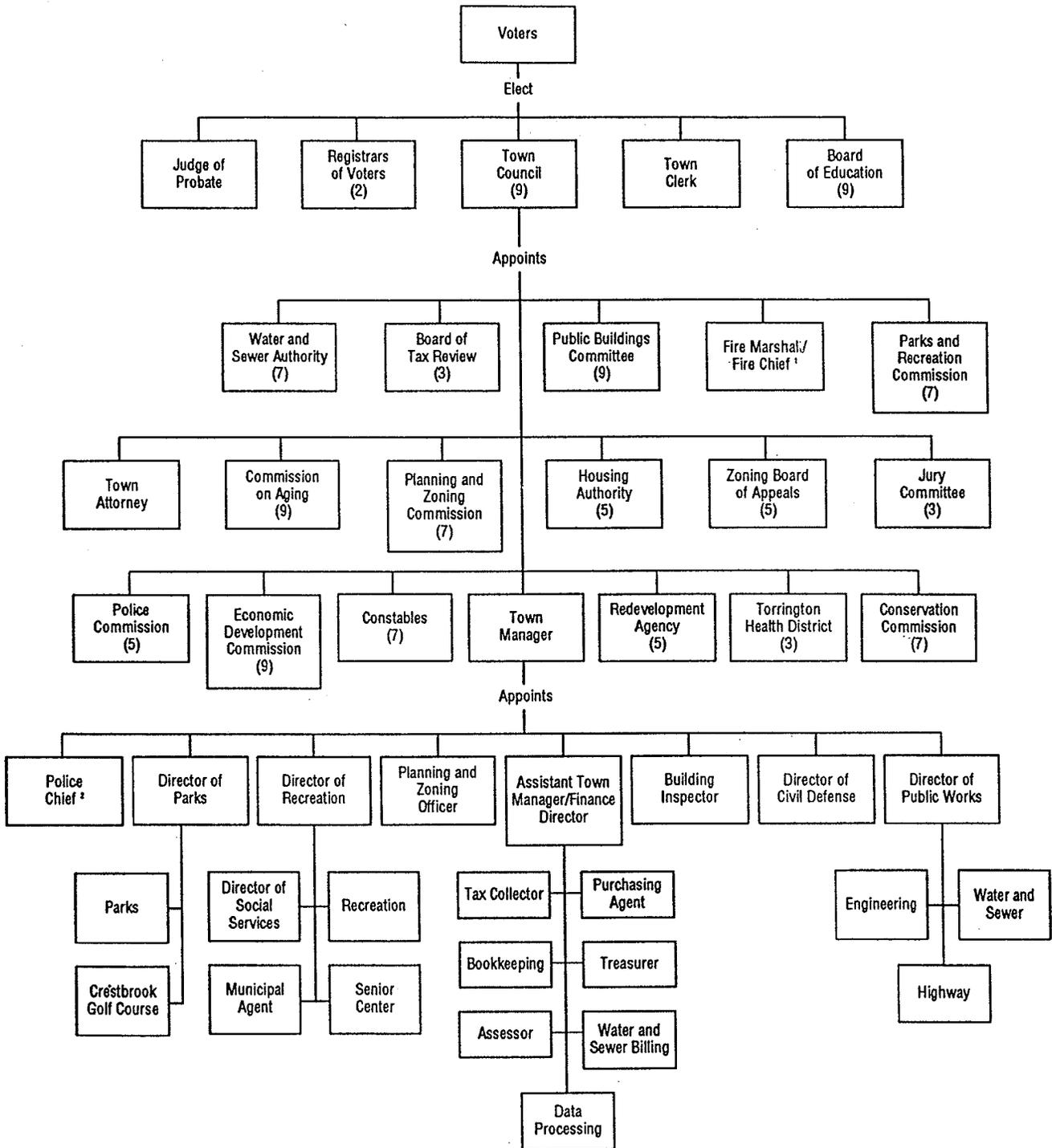
### **Board of Education**

Richard Mazzamaro, Chairman  
Thomas Lambert, Vice-Chairman  
Mary Colangelo  
Kevin Killeen  
Jacob Irwin  
Richard Beland  
Guy Buzzannco  
Sean Butterly  
Susan McCabe

### **Appointed Officials**

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

# ORGANIZATIONAL CHART



<sup>1</sup>Fire Department volunteers elect their own Chief (same individual as Fire Marshal )

<sup>2</sup>Police Chief appointment made with concurrence of Town Council.



# TOWN OF WATERTOWN CONNECTICUT

Town Hall Annex, 424 Main Street  
Watertown, Connecticut 06795-2200

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

December 27, 2011

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

The comprehensive annual financial report of the Town of Watertown, Connecticut, for the fiscal year ended June 30, 2011 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.

## PROFILE OF THE TOWN

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

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

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

## FACTORS AFFECTING FINANCIAL CONDITION

### **Budget**

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

### **Public Buildings and Infrastructure**

During fiscal year 2011, the renovation and expansion of Watertown High School, Judson Elementary School and Polk Elementary School is continuing. Each building will be completely renovated, including classrooms, science labs, administrative offices and libraries. Bonds issued during the construction phases, in accordance with approved project bond authorizations, will provide funding for the Town's locally funded costs for these projects. Also during fiscal year 2011 replacement and upgrades to the Town's Communication system was completed and the Town received a \$300,000 grant through the U.S. Department of Justice to defray part of the cost. The Town also received a Small Cities Grant to be loaned to residents in economically low areas, to be used to renovate and for code upgrades for their residents.

### **Economic Activity**

A new car dealership is renovating a 50,000 sq. ft. building on a six acre parcel that will employ approximately 30 employees. A commercial retail shopping center is being proposed on three acres for a total of 50,000 sq. ft. Another retail shopping center on five acres is being proposed for a total of 30,000 sq. ft. A new retail store with approximately 20,000 sq. ft. on six acres is to be constructed on property that was formerly an old school site.

## **Long-Term Financial Planning**

The Town has taken a conservative approach in estimating revenues so as not to be severely effected by the economic slowdown. Investment earnings, conveyance fees and building permits were reduced in the budget in anticipation of the economic slowdown. The Town has taken steps on the expenditures side of the budget, such as no new hires, and closely monitoring budgetary expenses in order to maintain its financial position.

## **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, 2010.

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

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

### **Acknowledgments**

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

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

Respectfully submitted,



Frank J. Nardelli, Jr.  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Watertown Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Town Council  
Town of Watertown, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Watertown, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Watertown, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Watertown, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2011 on our consideration of the Town of Watertown, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10, and the budgetary comparison information on pages 52 through 56 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

December 27, 2011

**TOWN OF WATERTOWN, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

**Financial Highlights**

- The Town's total net assets increased \$7.7 million as a result of this year's operations. Net assets of our governmental activities increased by \$8.2 million, or nearly 6.5%. Included in the \$7.7 million increase was the receipt of school building construction grants from the State during the year, primarily related to the Judson School and High School addition and renovation projects.
- During the year, the Town had expenses that were \$8.2 million less than the \$75.3 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, total net assets decreased \$467 thousand. Unrestricted net assets decreased by \$204 thousand (\$5.4 million in 2011 compared with \$5.6 million in 2010).
- Total cost of all of the Town's programs was \$71.5 million with no new programs added this year.
- The General Fund reported an unassigned fund balance this year of \$5.6 million.
- The resources available for appropriation were \$119 thousand more than budgeted for the General Fund. Expenditures were kept within spending limits.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements**

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

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

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

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, parks and recreation, health and welfare and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer, water and golf course operations are reported here.

### **Fund Financial Statements**

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

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

**Government-Wide Financial Analysis**

The Town’s combined net assets increased from a year ago increasing from \$145.8 million to \$153.5 million. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental and business-type activities.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 28,068	\$ 42,680	\$ 9,908	\$ 11,012	\$ 37,977	\$ 53,692
Capital assets, net of accumulated depreciation	195,409	183,709	16,423	16,686	211,832	200,395
Total assets	<u>223,477</u>	<u>226,389</u>	<u>26,331</u>	<u>27,698</u>	<u>249,808</u>	<u>254,087</u>
Long-term liabilities						
outstanding	74,228	78,365	7,661	8,499	81,889	86,864
Other liabilities	13,576	20,520	812	874	14,387	21,394
Total liabilities	<u>87,803</u>	<u>98,885</u>	<u>8,473</u>	<u>9,373</u>	<u>96,276</u>	<u>108,258</u>
Net Assets:						
Invested in capital assets, net of related debt	134,315	124,600	12,505	12,768	146,820	137,368
Restricted	340	332			340	332
Unrestricted	<u>1,019</u>	<u>2,572</u>	<u>5,353</u>	<u>5,557</u>	<u>6,373</u>	<u>8,129</u>
Total Net Assets	<u>\$ 135,674</u>	<u>\$ 127,504</u>	<u>\$ 17,858</u>	<u>\$ 18,325</u>	<u>\$ 153,532</u>	<u>\$ 145,829</u>

Net assets of the Town’s governmental activities increased by \$8.2 million (\$135.7 million in 2011 compared with \$127.5 million in 2010). The Town’s unrestricted net assets of \$1.0 million decreased \$1.6 million or 61.5% compared with last years’ unrestricted net assets of \$2.6 million. Unrestricted net assets can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements. Net assets invested in capital assets, net of debt increased \$9.7 million. The Town realized a capital grant contribution under the State’s school building construction grant program which funded \$10.7 million of school building capitalized additions during the year encompassing the majority of the increase in net assets invested in capital assets.

During 2011, the net assets of the Town’s business-type activities decreased by \$467 thousand. Unrestricted net assets decreased \$204 thousand (\$5.4 million in 2011 compared with \$5.6 million in 2010). Contributing factors to the change in total net assets and unrestricted net assets follows Table 2. The Town generally can only use these net assets to finance the continuing operations of the Sewer Authority, Water Authority and Crestbrook Golf Enterprise Funds.

**TABLE 2**  
**CHANGE IN NET ASSETS**  
**(In Thousands)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,957	\$ 3,246	\$ 3,470	\$ 3,499	\$ 6,427	\$ 6,745
Operating grants and contributions	19,035	19,743	105	253	19,140	19,996
Capital grants and contributions	7,703	18,951	391	34	8,094	18,985
General revenues:						
Property taxes	44,140	42,930			44,140	42,930
Grants and contributions not restricted to specific purposes	1,049	1,325			1,049	1,325
Unrestricted investment earnings	93	147	11	24	104	171
Other general revenues	297	178			297	178
Total revenues	<u>75,274</u>	<u>86,520</u>	<u>3,977</u>	<u>3,810</u>	<u>79,251</u>	<u>90,330</u>
Expenses:						
General government	8,640	8,570			8,640	8,570
Public safety	8,309	5,785			8,309	5,785
Public works	5,015	442			5,015	442
Parks and recreation	1,056	1,057			1,056	1,057
Health and welfare	97	263			97	263
Education	35,657	45,058			35,657	45,058
Interest on long-term debt	8,446	2,620			8,446	2,620
Sewer			2,301	1,356	2,301	1,356
Water			1,323	1,602	1,323	1,602
Golf			705	729	705	729
Total expenses	<u>67,220</u>	<u>63,795</u>	<u>4,329</u>	<u>3,687</u>	<u>71,549</u>	<u>67,482</u>
Excess (deficiency) before transfers	8,054	22,725	(352)	123	7,702	22,848
Transfers	115	(577)	(115)	577	-	-
Increase (Decrease) in Net Assets	<u>\$ 8,169</u>	<u>\$ 22,148</u>	<u>\$ (467)</u>	<u>\$ 700</u>	<u>\$ 7,702</u>	<u>\$ 22,848</u>

The Town's total revenues were \$72.4 million. The total cost of all programs and services was \$64.7 million. Our analysis below separately considers the operations of governmental and business-type activities.

### **Governmental Activities**

The Town's governmental activities reported an increase of \$8.2 million in net assets in 2011. The increase was principally driven by the capitalization of school building construction expenditures. The Town's total governmental revenue for the year was \$68.5 million. Total program expenses were \$60.4 million. During 2011 operating grants and contributions decreased by \$708 thousand from 19.7 million in 2010 to 19.0 million in 2011 which is primarily attributable to reduction stimulus funding from the federal government.

Property taxes increased \$1.2 million as the Town's property tax mill rate increased .53 mills from 2010 to 2011.

## Business-Type Activities

The Town's business-type activities reported a decrease of \$467 thousand in net assets in 2011. Charges for services revenue from the Town's business-type activities was consistent with last year decreasing by \$29 thousand. Operating grants and contributions were \$105 thousand this year as compared with \$253 thousand last year.

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)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General government	\$ 8,640	\$ 8,570	\$ 7,148	\$ 7,318
Public safety	8,310	5,786	6,977	5,244
Public works	5,015	442	4,648	3,047
Parks and recreation	1,056	1,057	727	772
Education	35,657	45,058	9,800	10,291
All others	<u>8,542</u>	<u>2,881</u>	<u>8,224</u>	<u>2,032</u>
Total	\$ <u>67,220</u>	\$ <u>63,794</u>	\$ <u>37,524</u>	\$ <u>28,704</u>

## 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 \$9.5 million, which is a decrease of 8.0 million from last year's total of \$17.5 million. During 2011, Capital Improvement fund's capital outlay of \$15.5 million was attributable to school construction expenditures which resulted in a net decrease in fund balance of \$7.5 million.

During the year, the Town realized \$8.0 million in intergovernmental grants from the State towards the costs of the Town's ongoing school renovation projects. The Town incurred \$15.5 million of capital expenditures during the year for school renovations at Watertown High School, Judson School and Polk School and other capital related projects.

## Proprietary Funds

Net assets of the Town's three self-insured internal service funds increased by \$509 thousand resulting in a combined net asset of \$606 thousand as of June 30, 2011. The Health and Dental Benefits Fund reported an operating income of \$612 thousand. Net assets of the Town's Workers' Compensation Fund decreased \$58 thousand as claims experience deteriorated from last year. Net assets of the Town's General Liabilities Deductibles Fund decreased by \$46 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 revenues exceeded the budgetary revenues estimate of \$58.5 million by \$119 thousand as tax collections exceeded budgetary estimates. During the year the Town approved \$234 thousand of additional General Fund appropriations to fund various unanticipated expenditures. The Town expended \$240 thousand less than the amended appropriated budget amount of \$59.1 million.

The Town's General Fund balance of \$6.4 million reported on Exhibit III differs from the General Fund's budgetary fund balance of 5.6 million. This is because budgetary fund balance included a reservation of \$800 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, 2011, the Town had \$211.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net increase of \$11.4 million, or 5.7%, over last year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 2,598	\$ 2,598	\$ 1,020	\$ 1,020	\$ 3,618	\$ 3,618
Construction in progress	78,158	91,714	2,557	2,557	80,715	94,271
Buildings and improvements	64,454	40,030	1,031	1,124	65,485	41,154
Vehicles	680	119	45	50	725	169
Machinery and equipment	714	891	320	316	1,034	1,207
Infrastructure	48,805	48,358	11,451	11,619	60,257	59,977
<b>Total</b>	<b>\$ 195,409</b>	<b>\$ 183,709</b>	<b>\$ 16,423</b>	<b>\$ 16,686</b>	<b>\$ 211,832</b>	<b>\$ 200,396</b>

This year's major capital outlay additions included:

Polk School Reconstruction	\$ 2,310,238
Watertown High School Renovation	<u>10,794,509</u>
 Total	 <u>\$ 13,104,747</u>

The Town's fiscal year 2011-2012 capital budget calls for the continued capital outlay on the \$84.5 million of approved project authorizations for renovations and additions to the Watertown High School and Polk Elementary School. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2011, the Town had \$81.1 million in bonds and serial notes outstanding versus \$91.3 million last year – a decrease of 11.2% - as shown in Table 5.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 63,180	\$ 67,487	\$ 3,535	\$ 3,918	\$ 66,715	\$ 71,405
Serial notes payable			3,962	4,426	3,962	4,426
Bond anticipation notes (backed by the Town)	<u>10,400</u>	<u>15,500</u>			<u>10,400</u>	<u>15,500</u>
	<u>\$ 73,580</u>	<u>\$ 82,987</u>	<u>\$ 7,497</u>	<u>\$ 8,344</u>	<u>\$ 81,077</u>	<u>\$ 91,331</u>

The Town's general obligation bond rating was recalibrated in May 2010 and was upgraded from Aa3 to Aa2. The State limits the amount of general obligation debt that cities can issue based on formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this \$308.8 million state-imposed limit.

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

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2011 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The Town's unemployment had an increase, averaging annual rate of 8.8%. Unemployment in the Town now stands at 9.0% versus 8.6% a year ago. This compares with the State's unemployment rate of 9.1% and the national rate of 9.2%.

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

The Town required one budget referendum to pass its 2011-2012 budget. The mill rate for fiscal year 2011-2012 is 23.32 mills, which is a 0.41 mill increase from the prior year. The Board of Education budget increased 1.73% and the Town's portion increased 1.38%.

In the Town's 2010-2011 budget, the Town used \$350,000 of the fund balance to balance the budget.

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

As for the Town's business-type activities, we expect that the 2011-12 operating income will increase based on recent decisions. The Water and Sewer Department continues to expand its utilities, which increases users. This expansion program combined with maintaining stable rates and low operating costs should enable an increase in net assets. The Water and Sewer Department has completed a Water and Sewer Cost of Services rate study, which will moderately increase rates in fiscal year 2011-2012.

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

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Watertown, 424 Main Street, Watertown, Connecticut 06795.

# **Basic Financial Statements**

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 16,834,981	\$ 4,215,326	\$ 21,050,307
Receivables, net	10,993,947	1,933,918	12,927,865
Internal balances	203,182	(203,182)	-
Inventories	27,008		27,008
Deferred charges and other	9,210	3,962,122	3,971,332
Capital assets:			
Assets not being depreciated	80,756,046	3,576,202	84,332,248
Assets being depreciated, net	<u>114,652,826</u>	<u>12,846,549</u>	<u>127,499,375</u>
Total assets	<u>223,477,200</u>	<u>26,330,935</u>	<u>249,808,135</u>
Liabilities:			
Accounts and other payables	1,793,611	811,779	2,605,390
Bond anticipation notes payable	10,400,000		10,400,000
Unearned revenue	709,291		709,291
Deferred credits	672,692		672,692
Noncurrent liabilities:			
Due within one year	5,915,143	788,615	6,703,758
Due in more than one year	<u>68,312,750</u>	<u>6,872,464</u>	<u>75,185,214</u>
Total liabilities	<u>87,803,487</u>	<u>8,472,858</u>	<u>96,276,345</u>
Net Assets:			
Invested in capital assets, net of related debt	134,314,785	12,504,751	146,819,536
Restricted for trust purposes:			
Expendable	129,665		129,665
Nonexpendable	210,069		210,069
Unrestricted	<u>1,019,194</u>	<u>5,353,326</u>	<u>6,372,520</u>
Total Net Assets	<u>\$ 135,673,713</u>	<u>\$ 17,858,077</u>	<u>\$ 153,531,790</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 8,639,591	\$ 899,801	\$ 591,359	\$	\$ (7,148,431)	\$	\$ (7,148,431)
Public safety	8,308,759	484,188	847,702		(6,976,869)		(6,976,869)
Public works	5,015,065	129,407	58,836	178,819	(4,648,003)		(4,648,003)
Parks and recreation	1,055,517	322,562	5,885		(727,070)		(727,070)
Health and welfare	97,227		102,064		4,837		4,837
Education	35,657,507	1,121,296	17,212,013	7,523,932	(9,800,266)		(9,800,266)
Interest on long-term debt	8,445,611		217,564		(8,228,047)		(8,228,047)
Total governmental activities	<u>67,219,277</u>	<u>2,957,254</u>	<u>19,035,423</u>	<u>7,702,751</u>	<u>(37,523,849)</u>	<u>-</u>	<u>(37,523,849)</u>
Business-type activities:							
Sewer	2,300,675	1,760,145	67,361	194,299		(278,870)	(278,870)
Water	1,322,928	1,109,393	38,066	196,222		20,753	20,753
Golf	705,047	600,635				(104,412)	(104,412)
Total business-type activities	<u>4,328,650</u>	<u>3,470,173</u>	<u>105,427</u>	<u>390,521</u>	<u>-</u>	<u>(362,529)</u>	<u>(362,529)</u>
Total	<u>\$ 71,547,927</u>	<u>\$ 6,427,427</u>	<u>\$ 19,140,850</u>	<u>\$ 8,093,272</u>	<u>(37,523,849)</u>	<u>(362,529)</u>	<u>(37,886,378)</u>
		General revenues:					
		Property taxes			44,139,795		44,139,795
		Grants and contributions not restricted to specific programs			1,049,245		1,049,245
		Unrestricted investment earnings			91,970	11,340	103,310
		Miscellaneous			296,883		296,883
		Transfers			115,353	(115,353)	-
		Total general revenues and transfers			<u>45,693,246</u>	<u>(104,013)</u>	<u>45,589,233</u>
		Change in net assets			8,169,397	(466,542)	7,702,855
		Net Assets at Beginning of Year			<u>127,504,316</u>	<u>18,324,619</u>	<u>145,828,935</u>
		Net Assets at End of Year			<u>\$ 135,673,713</u>	<u>\$ 17,858,077</u>	<u>\$ 153,531,790</u>

**TOWN OF WATERTOWN, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,254,215	\$ 7,408,306	\$ 1,918,717	\$ 15,581,238
Accounts receivable, net	5,584,002	4,765,725	644,220	10,993,947
Due from other funds	203,182			203,182
Inventories			27,008	27,008
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 12,041,399</u>	<u>\$ 12,174,031</u>	<u>\$ 2,589,945</u>	<u>\$ 26,805,375</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts and other payables	\$ 573,014	\$	\$ 68,022	\$ 641,036
Bond anticipation notes payable		10,400,000		10,400,000
Deferred revenue	5,044,580	246,478	999,635	6,290,693
Total liabilities	<u>5,617,594</u>	<u>10,646,478</u>	<u>1,067,657</u>	<u>17,331,729</u>
Fund balances:				
Nonspendable			237,077	237,077
Restricted		1,527,553	221,036	1,748,589
Committed			1,080,367	1,080,367
Assigned	849,103			849,103
Unassigned	5,574,702		(16,192)	5,558,510
Total fund balances	<u>6,423,805</u>	<u>1,527,553</u>	<u>1,522,288</u>	<u>9,473,646</u>
Total Liabilities and Fund Balances	<u>\$ 12,041,399</u>	<u>\$ 12,174,031</u>	<u>\$ 2,589,945</u>	<u>\$ 26,805,375</u>

(Continued to next page)

## TOWN OF WATERTOWN, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

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

Fund balances - total governmental funds	\$ 9,473,646
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 247,517,055	
Less accumulated depreciation	<u>(52,108,183)</u>	
Net capital assets		195,408,872

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	695,138
Interest receivable on property taxes	219,000
Receivable from the State for school construction projects	4,061,435
Housing rehabilitation loans receivable	579,220
Other accounts receivables	26,609

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

	606,167
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(63,180,000)
Deferred credits on refunding	(672,692)
Interest payable on bonds	(1,091,289)
Capital leases	(544,721)
Compensated absences	(2,140,702)
Retirement obligations	(1,015,171)
Net OPEB obligation	(6,134,665)
Landfill closure monitoring obligation	<u>(617,134)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 135,673,713</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 44,110,778	\$	\$	\$ 44,110,778
Intergovernmental revenues	15,509,642	7,983,062	3,777,678	27,270,382
Licenses, permits and charges for services	1,596,353		1,518,809	3,115,162
Investment income	38,143	49,210	3,397	90,750
Other revenue	292,984	222,379	717,093	1,232,456
Total revenues	<u>61,547,900</u>	<u>8,254,651</u>	<u>6,016,977</u>	<u>75,819,528</u>
Expenditures:				
Current:				
General government	2,376,039		165,800	2,541,839
Public safety	4,723,743		542,613	5,266,356
Public works	3,075,343		350,046	3,425,389
Parks and recreation	635,176		330,518	965,694
Health and welfare	147,660		138,711	286,371
Education	36,930,006		4,752,256	41,682,262
Other	6,835,366			6,835,366
Capital outlay		15,492,045		15,492,045
Debt service	7,103,314		375,000	7,478,314
Total expenditures	<u>61,826,647</u>	<u>15,492,045</u>	<u>6,654,944</u>	<u>83,973,636</u>
Deficiency of Revenues over Expenditures	<u>(278,747)</u>	<u>(7,237,394)</u>	<u>(637,967)</u>	<u>(8,154,108)</u>
Other Financing Sources (Uses):				
Transfers in	482,573		125,000	607,573
Transfers out	(218,183)	(273,261)	(776)	(492,220)
Total other financing sources (uses)	<u>264,390</u>	<u>(273,261)</u>	<u>124,224</u>	<u>115,353</u>
Net Change in Fund Balances	(14,357)	(7,510,655)	(513,743)	(8,038,755)
Fund Balance at Beginning of Year	<u>6,438,162</u>	<u>9,038,208</u>	<u>2,036,031</u>	<u>17,512,401</u>
Fund Balance at End of Year	<u>\$ 6,423,805</u>	<u>\$ 1,527,553</u>	<u>\$ 1,522,288</u>	<u>\$ 9,473,646</u>

(Continued on next page)

## TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (8,038,755)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	14,266,514
Depreciation expense	(2,566,704)

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

School building grant receipts	(564,535)
Property tax receivable - accrual basis change	60,436
Property tax interest and lien revenue - accrual basis change	53,000
Other accounts receivable - accrual basis change	69,958

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	4,307,000
Amortization of deferred credit on refunding	61,154
Accrued interest on bonds	275,372
Capital lease payments	253,477
Capital lease financing	(339,209)

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	1,423,004
Change in long-term retirement obligations	277,096
Change in landfill post closure care	61,451
Change in net OPEB obligation	(1,939,242)

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.

509,380
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Change in Net Assets of Governmental Activities (Exhibit II)

<u><u>\$ 8,169,397</u></u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2011

	Business-Type Activities				Governmental
	Sewer Authority	Water Authority	Nonmajor	Total	Internal Service
			Crestbrook Golf Operation		
Assets:					
Current:					
Cash and cash equivalents	\$ 2,289,991	\$ 1,925,335	\$	\$ 4,215,326	\$ 1,253,743
Receivables, net:					
User charges	539,185	262,463		801,648	
Assessments	1,020,668	111,602		1,132,270	
Other asset				-	9,210
Total current assets	<u>3,849,844</u>	<u>2,299,400</u>	<u>-</u>	<u>6,149,244</u>	<u>1,262,953</u>
Noncurrent:					
Deferred charges	3,962,122			3,962,122	
Capital assets:					
Assets not being depreciated	2,067,240	573,962	935,000	3,576,202	
Assets being depreciated, net	<u>5,747,867</u>	<u>6,685,881</u>	<u>412,801</u>	<u>12,846,549</u>	
Total noncurrent assets	<u>11,777,229</u>	<u>7,259,843</u>	<u>1,347,801</u>	<u>20,384,873</u>	<u>-</u>
Total assets	<u>15,627,073</u>	<u>9,559,243</u>	<u>1,347,801</u>	<u>26,534,117</u>	<u>1,262,953</u>
Liabilities:					
Current liabilities:					
Accounts and other payables	711,495	52,447	2,133	766,075	61,286
Accrued interest payable	22,852	22,852		45,704	
Due to other funds	9,946		193,236	203,182	
Bond and notes payable	601,670	106,000		707,670	
Compensated absences	29,150	29,150	22,645	80,945	
Risk management claims				-	479,500
Total current liabilities	<u>1,375,113</u>	<u>210,449</u>	<u>218,014</u>	<u>1,803,576</u>	<u>540,786</u>
Noncurrent liabilities:					
Bond and notes payable	5,520,450	1,269,000		6,789,450	
Compensated absences	18,306	18,306	46,402	83,014	
Risk management claims				-	116,000
Total noncurrent liabilities	<u>5,538,756</u>	<u>1,287,306</u>	<u>46,402</u>	<u>6,872,464</u>	<u>116,000</u>
Total liabilities	<u>6,913,869</u>	<u>1,497,755</u>	<u>264,416</u>	<u>8,676,040</u>	<u>656,786</u>
Net Assets:					
Invested in capital assets, net of related debt	5,443,107	5,713,843	1,347,801	12,504,751	
Unrestricted	<u>3,270,097</u>	<u>2,347,645</u>	<u>(264,416)</u>	<u>5,353,326</u>	<u>606,167</u>
Total Net Assets	<u>\$ 8,713,204</u>	<u>\$ 8,061,488</u>	<u>\$ 1,083,385</u>	<u>\$ 17,858,077</u>	<u>\$ 606,167</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities				Governmental
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operation	Total	Internal Service
Operating Revenues:					
Charges for services	\$ 1,742,332	\$ 1,074,698	\$ 531,526	\$ 3,348,556	\$ 10,231,378
Permits and fees	17,813	1,400		19,213	
Other		33,295	69,109	102,404	
Total operating revenues	<u>1,760,145</u>	<u>1,109,393</u>	<u>600,635</u>	<u>3,470,173</u>	<u>10,231,378</u>
Operating Expenses:					
Salaries	252,622	250,831	291,203	794,656	
Benefits	110,450	110,331	119,131	339,912	
Purchased services	1,039,378	662,529	224,146	1,926,053	
Depreciation	227,606	236,759	70,567	534,932	
Amortization of deferred charge	464,000			464,000	
Claims				-	8,772,012
Premiums and administrative charges				-	951,210
Total operating expenses	<u>2,094,056</u>	<u>1,260,450</u>	<u>705,047</u>	<u>4,059,553</u>	<u>9,723,222</u>
Operating Income (Loss)	<u>(333,911)</u>	<u>(151,057)</u>	<u>(104,412)</u>	<u>(589,380)</u>	<u>508,156</u>
Nonoperating Revenues (Expenses):					
Investment earnings	5,742	5,598		11,340	1,224
Assessments	67,361	38,066		105,427	
Interest expense	(206,619)	(62,478)		(269,097)	
Net nonoperating revenues (expenses)	<u>(133,516)</u>	<u>(18,814)</u>	<u>-</u>	<u>(152,330)</u>	<u>1,224</u>
Income (Loss) Before Transfers and Contributions	(467,427)	(169,871)	(104,412)	(741,710)	509,380
Transfers in		93,183		93,183	
Transfers out	(75,064)	(92,787)	(40,685)	(208,536)	
Capital contributions	194,299	196,222		390,521	
Change in Net Assets	(348,192)	26,747	(145,097)	(466,542)	509,380
Net Assets at Beginning of Year	<u>9,061,396</u>	<u>8,034,741</u>	<u>1,228,482</u>	<u>18,324,619</u>	<u>96,787</u>
Net Assets at End of Year	<u>\$ 8,713,204</u>	<u>\$ 8,061,488</u>	<u>\$ 1,083,385</u>	<u>\$ 17,858,077</u>	<u>\$ 606,167</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Business-Type Activities				Governmental
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operation	Total	Internal Service
Cash Flows from Operating Activities:					
Cash received from charges for services	\$ 1,753,842	\$ 1,167,178	\$ 600,635	\$ 3,521,655	\$ 1,565,417
Cash receipts from interfund services provided				-	8,665,961
Cash paid to vendors	(900,530)	(841,925)	(237,815)	(1,980,270)	(9,859,701)
Cash paid to employees for services	(358,018)	(356,108)	(411,544)	(1,125,670)	
Net cash provided by (used in) operating activities	<u>495,294</u>	<u>(30,855)</u>	<u>(48,724)</u>	<u>415,715</u>	<u>371,677</u>
Cash Flows from Noncapital and Related Financing Activities:					
Cash received from other funds		93,183	119,962	213,145	
Cash paid to other funds	(75,064)	(92,787)	(40,685)	(208,536)	
Net cash provided by (used in) noncapital and related financing activities	<u>(75,064)</u>	<u>396</u>	<u>79,277</u>	<u>4,609</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Assessments	67,361	38,066		105,427	
Capital grant contributions	194,299	196,222		390,521	
Purchase of capital assets		(241,025)	(30,553)	(271,578)	
Principal payment on bonds and notes	(676,002)	(171,000)		(847,002)	
Interest payment on bonds and notes	(216,374)	(61,024)		(277,398)	
Net cash used in capital and related financing activities	<u>(630,716)</u>	<u>(238,761)</u>	<u>(30,553)</u>	<u>(900,030)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Income on investments	<u>5,742</u>	<u>5,598</u>	<u>-</u>	<u>11,340</u>	<u>1,224</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(204,744)	(263,622)	-	(468,366)	372,901
Cash and Cash Equivalents at Beginning of Year	<u>2,494,735</u>	<u>2,188,957</u>	<u>-</u>	<u>4,683,692</u>	<u>880,842</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,289,991</u>	<u>\$ 1,925,335</u>	<u>\$ -</u>	<u>\$ 4,215,326</u>	<u>\$ 1,253,743</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ (333,911)	\$ (151,057)	\$ (104,412)	\$ (589,380)	\$ 508,156
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	691,606	236,759	70,567	998,932	
(Increase) decrease in receivables	(6,303)	57,785		51,482	
Increase (decrease) in accounts payable and accrued liabilities	138,848	(179,396)	(13,669)	(54,217)	(136,479)
Increase (decrease) in compensated absences	5,054	5,054	(1,210)	8,898	
Total adjustments	<u>829,205</u>	<u>120,202</u>	<u>55,688</u>	<u>1,005,095</u>	<u>(136,479)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 495,294</u>	<u>\$ (30,855)</u>	<u>\$ (48,724)</u>	<u>\$ 415,715</u>	<u>\$ 371,677</u>
Noncash Capital and Financing Activities:					
Capital grant contribution	\$ 194,299	\$ 196,222	\$	\$ 390,521	\$

The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$	\$ 300,023	\$ 560,358
Investments - mutual funds	<u>29,507,877</u>		
Total Assets	<u>29,507,877</u>	<u>300,023</u>	<u>\$ 560,358</u>
Liabilities:			
Due to student groups and agencies			<u>\$ 560,358</u>
Net Assets:			
Held in trust for pension benefits	<u>\$ 29,507,877</u>	<u>\$ 300,023</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF WATERTOWN, CONNECTICUT

## STATEMENT OF CHANGES IN PLAN NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 982,625	\$ 300,000
Plan members	494,252	
Total contributions	<u>1,476,877</u>	<u>300,000</u>
Investment income:		
Net appreciation in fair value of investments	4,259,663	
Interest and dividends	723,683	23
Total investment gain	<u>4,983,346</u>	<u>23</u>
Less investment expense	<u>(69,168)</u>	
Net investment gain	<u>4,914,178</u>	<u>23</u>
Total additions	<u>6,391,055</u>	<u>300,023</u>
Deductions:		
Benefits	1,726,142	
Administration	64,800	
Total deductions	<u>1,790,942</u>	<u>-</u>
Net Increase in Net Assets	4,600,113	300,023
Net Assets Held in Trust for Pension Benefits at Beginning of Year	<u>24,907,764</u>	<u>-</u>
Net Assets Held in Trust for Pension Benefits at End of Year	<u>\$ 29,507,877</u>	<u>\$ 300,023</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF WATERTOWN, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and pension trust funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

The OPEB Trust Funds account for the activities of the Town's post-employment 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.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. 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 3.

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

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

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month.

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

#### **F. Inventories and Prepaid Items**

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

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

### **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure asset thresholds for additions 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.

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

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

### **H. Compensated Absences**

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

### **I. Long-Term Obligations**

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

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

## **J. Equity**

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

Invested in Capital Assets, Net of Related Debt - This component of net assets 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 Assets - Net assets are restricted because they 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 Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Watertown Town Meeting and Town Council).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Town Council or Town department heads which 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.

## **K. Accounting Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

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

Budget control is established at the department level. Under the Town Charter, no officer of the Town may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated for the department until such matter has been approved and voted by the Council. Management may make changes to line items within a department without the approval of the Town Council. Town Meeting approval is required for additional appropriations over \$25,000. Additional appropriations of \$227,962 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.

## B. Deficit Fund Equity

Certain individual funds had fund balance/net asset deficits at June 30, 2011 as follows:

Internal Service Funds:	
Workers' Compensation	64,677
Non-Major Funds:	
Parks and Recreation	16,192

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

## 3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

### Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$16,319,680 of the Town's bank balance of \$17,086,938 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,667,311
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,652,369</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 16,319,680</u>

### Cash Equivalents

At June 30, 2011 the Town's cash equivalents amounted to \$2,712,722. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

### Investments

As of June 30, 2011, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Other Investments:		
Mutual funds	N/A	\$ <u>29,507,877</u>

N/A Not applicable

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

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

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Sewer Authority</u>	<u>Water Authority</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 982,505					\$ 982,505
Accrued interest on taxes	243,000					243,000
Intergovernmental	4,138,099	4,765,725			65,000	8,968,824
User charges			539,185	262,463		801,648
Assessments			1,020,668	111,602		1,132,270
Accounts	488,398					488,398
Housing loans					579,220	579,220
Gross receivables	<u>5,852,002</u>	<u>4,765,725</u>	<u>1,559,853</u>	<u>374,065</u>	<u>644,220</u>	<u>13,195,865</u>
Less allowance for uncollectibles:						
Taxes	(96,000)					(96,000)
Accrued interest on taxes	(24,000)					(24,000)
User charges						-
Accounts	(148,000)					(148,000)
Total allowance	<u>(268,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(268,000)</u>
Net Total Receivables	<u>\$ 5,584,002</u>	<u>\$ 4,765,725</u>	<u>\$ 1,559,853</u>	<u>\$ 374,065</u>	<u>\$ 644,220</u>	<u>\$ 12,927,865</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund:			
Delinquent property taxes	\$ 695,138		\$ 695,138
Accrued interest on delinquent property taxes	219,000		219,000
School building construction grant receivables	4,061,435		4,061,435
Advance tax collections		42,398	42,398
Other deferred receivables	26,609		26,609
Capital Improvement Fund:			
Grant drawdowns prior to meeting all eligibility requirements		246,478	246,478
Nonmajor funds and other funds:			
Housing loans	579,220		579,220
Grant drawdowns prior to meeting all eligibility requirements		373,289	373,289
Advance program fee collections		47,126	47,126
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 5,581,402</u>	<u>\$ 709,291</u>	<u>\$ 6,290,693</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,597,876	\$	\$	\$ 2,597,876
Construction in progress	91,714,226	13,757,236	27,313,292	78,158,170
Total capital assets not being depreciated	<u>94,312,102</u>	<u>13,757,236</u>	<u>27,313,292</u>	<u>80,756,046</u>
Capital assets being depreciated:				
Buildings and improvements	57,302,637	25,345,560		82,648,197
Vehicles	6,895,773	772,584	148,308	7,520,049
Machinery and equipment	4,643,282	46,945		4,690,227
Infrastructure	70,245,055	1,657,481		71,902,536
Total capital assets being depreciated	<u>139,086,747</u>	<u>27,822,570</u>	<u>148,308</u>	<u>166,761,009</u>
Less accumulated depreciation for:				
Buildings and improvements	17,272,779	921,782		18,194,561
Vehicles	6,777,070	211,576	148,308	6,840,338
Machinery and equipment	3,752,611	223,592		3,976,203
Infrastructure	21,887,327	1,209,754		23,097,081
Total accumulated depreciation	<u>49,689,787</u>	<u>2,566,704</u>	<u>148,308</u>	<u>52,108,183</u>
Total capital assets being depreciated, net	<u>89,396,960</u>	<u>25,255,866</u>	<u>-</u>	<u>114,652,826</u>
Governmental Activities Capital Assets, Net	<u>\$ 183,709,062</u>	<u>\$ 39,013,102</u>	<u>\$ 27,313,292.00</u>	<u>\$ 195,408,872</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,600	\$	\$	\$ 1,019,600
Construction in progress	2,556,602			2,556,602
Total capital assets not being depreciated	<u>3,576,202</u>	<u>-</u>	<u>-</u>	<u>3,576,202</u>
Capital assets being depreciated:				
Buildings and improvements	2,537,529			2,537,529
Vehicles	259,511		15,746	243,765
Machinery and equipment	1,169,895	30,553		1,200,448
System infrastructure	20,314,275	241,024		20,555,299
Total capital assets being depreciated	<u>24,281,210</u>	<u>271,577</u>	<u>15,746</u>	<u>24,537,041</u>
Less accumulated depreciation for:				
Buildings and improvements	1,413,118	93,314		1,506,432
Vehicles	209,722	5,051	15,746	199,027
Machinery and equipment	853,661	27,235		880,896
System infrastructure	8,694,805	409,332		9,104,137
Total accumulated depreciation	<u>11,171,306</u>	<u>534,932</u>	<u>15,746</u>	<u>11,690,492</u>
Total capital assets being depreciated, net	<u>13,109,904</u>	<u>(263,355)</u>	<u>-</u>	<u>12,846,549</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,686,106</u>	<u>\$ (263,355)</u>	<u>\$ -</u>	<u>\$ 16,422,751</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 8,714
Public safety	391,599
Public works	1,117,847
Parks and recreation	133,118
Education	<u>915,426</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,566,704</u>
Business-type activities:	
Sewer	\$ 227,606
Water	236,759
Golf	<u>70,567</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 534,932</u>

### Construction Commitments

The Town has the following active construction/renovation projects as of June 30, 2011. At year end, the Town's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Project Balance</u>
Watertown High School Renovation	\$ 56,157,000	\$ 10,794,509	\$ 52,737,451	\$ 148,688	\$ 3,270,861
Judson School Renovation	15,859,000	274,658	15,778,612	18,312	62,076
Polk School Renovation	12,517,000	2,310,238	9,568,590	168,770	2,779,640
Swift School Reconstruction	34,368,919	24,692	33,898,093		470,826
Fire House Renovation and Expansion	6,343,872	(1,700)	6,318,493		25,379
Roadway and Drainage Improvements	<u>1,730,000</u>	<u>145,875</u>	<u>1,363,122</u>		<u>366,878</u>
Total	<u>\$ 126,975,791</u>	<u>\$ 13,548,272</u>	<u>\$ 119,664,361</u>	<u>\$ 335,770</u>	<u>\$ 6,975,660</u>

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

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2011 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Authority	\$ 9,946
	Crestbrook Golf Operation	<u>193,236</u>
		<u>\$ 203,182</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Water Authority</u>	<u>Nonmajor Governmental Funds</u>	
Transfers:				
General Fund	\$	\$ 93,183	\$ 125,000	\$ 218,183
Capital Improvement Fund	273,261			273,261
Sewer Authority	75,064			75,064
Water Authority	92,787			92,787
Crestbrook Golf	40,685			40,685
Nonmajor Governmental	<u>776</u>			<u>776</u>
Total Transfers In	<u>\$ 482,573</u>	<u>\$ 93,183</u>	<u>\$ 125,000</u>	<u>\$ 700,756</u>

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

## 7. LONG-TERM DEBT

### Governmental Activities

#### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 67,487,000	\$	\$ 4,307,000	\$ 63,180,000	\$ 4,257,000
Capital leases	458,989	339,209	253,477	544,721	266,330
Compensated absences	3,563,706	49,664	1,472,668	2,140,702	874,223
Retirement obligations	1,292,267	85,264	362,360	1,015,171	283,559
Landfill closure	678,585		61,451	617,134	44,031
Net OPEB obligation	4,195,423	1,939,242		6,134,665	
Risk management claims	689,000	8,725,823	8,819,323	595,500	190,000
Governmental Activity					
Long-Term Liabilities	<u>\$ 78,364,970</u>	<u>\$ 11,139,202</u>	<u>\$ 15,276,279</u>	<u>\$ 74,227,893</u>	<u>\$ 5,915,143</u>

Bonds and serial notes payable at June 30, 2011 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2011</u>
Governmental:					
General purpose and schools	2004	8/1/2023	3.25-4.63	\$ 2,538,000	\$ 635,000
General purpose and schools	2004	4/1/2024	3.00-5.00	5,500,000	275,000
General purpose and schools	2005	8/1/2024	3.25-5.00	6,000,000	1,200,000
General purpose and schools	2006	8/1/2025	4.00-5.00	10,540,000	3,685,000
General purpose and schools	2007	2/1/2027	4.00-4.75	4,500,000	2,475,000
Schools	2008	9/15/2027	3.75-4.00	4,100,000	2,665,000
Schools	2008	1/15/2033	3.00-5.00	10,000,000	7,600,000
Schools	2009	4/1/2029	2.50-4.50	16,000,000	11,200,000
Schools	2010	3/15/2010	2.00-4.00	7,500,000	7,125,000
Refunding bonds (1996, 1999 and 2000)	2005	8/1/2019	3.00-5.00	15,535,000	8,870,000
Refunding bonds (2003-2009)	2010	6/30/2023	3.00-5.00	18,760,000	17,450,000
Total General Town Bonds				<u>\$ 100,973,000</u>	<u>\$ 63,180,000</u>

The annual requirements to amortize bonds payable as of June 30, 2011 are as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 4,257,000	\$ 2,525,450	\$ 6,782,450
2013	4,242,000	2,356,384	6,598,384
2014	4,222,000	2,215,331	6,437,331
2015	4,205,000	2,059,523	6,264,523
2016	4,225,000	1,882,216	6,107,216
2017-2021	19,630,000	6,685,731	26,315,731
2022-2026	15,064,000	3,184,226	18,248,226
2027-2031	6,535,000	789,900	7,324,900
2032-2034	800,000	49,500	849,500
Total	<u>\$ 63,180,000</u>	<u>\$ 21,748,261</u>	<u>\$ 84,928,261</u>

### 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	\$ 2,087,914
Machinery and equipment	600,414
Total gross value	<u>2,688,328</u>
Less accumulated depreciation	<u>2,329,339</u>
Net Undepreciated Value	<u>\$ 358,989</u>

The net undepreciated value approximates the capital lease principal balance payable at June 30, 2011.

Principal payments for 2010-11 were \$253,477. The following is a summary of capital lease commitments as of June 30, 2011:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 291,035
2013	168,701
2014	82,663
2015	45,274
Total lease payments	<u>587,673</u>
Less amount representing interest	<u>42,952</u>
Present Value of Minimum Lease Payments	<u>\$ 544,721</u>

## Landfill Closure

Solid waste landfill closure and postclosure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the postclosure period are the responsibility of the Town. The estimated project costs of this postclosure period are \$617,134. The cost estimate is subject to change due to inflation or changes in cost estimate components. Current year costs amounted to \$51,200. The estimated future cost was decreased by \$10,251.

## Retirement Obligations

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2011 is \$1,015,171. This amount consists of payments due to retired individuals for compensated absences payments and retirement incentives that have been amortized over the following years:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 283,559
2013	256,560
2014	256,562
2015	<u>218,490</u>
Total	<u>\$ 1,015,171</u>

## 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, 2011:

Outstanding, July 1, 2010	\$ 15,500,000
Repayments	(15,500,000)
New borrowings	<u>10,400,000</u>
Outstanding, June 30, 2011	<u>\$ 10,400,000</u>

The bond anticipation notes outstanding on June 30, 2011 mature March 29, 2012 and bear interest of 2.0%.

## Business-Type Activities

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 3,918,000	\$	\$ 383,000	\$ 3,535,000	\$ 293,038
State of Connecticut - serial note	4,426,122		464,002	3,962,120	414,632
Compensated absences	<u>155,061</u>	<u>89,108</u>	<u>80,210</u>	<u>163,959</u>	<u>80,945</u>
Business-Type Activity:					
Long-Term Liabilities	<u>\$ 8,499,183</u>	<u>\$ 89,108</u>	<u>\$ 927,212</u>	<u>\$ 7,661,079</u>	<u>\$ 788,615</u>

Bonds and serial notes payable at June 30, 2011 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2011</u>
Sewer Authority:					
Sewer bonds	2004	8/1/2023	3.25-4.63	\$ 738,000	\$ 185,000
Sewer Interceptor	2008	9/15/2027	3.75-5.75	1,800,000	1,360,000
Sewer Interceptor	2009	4/1/2029	2.50-4.50	200,000	150,000
Refunding bonds (2003, 2007, 2009)	2010	6/30/2023	3.00-5.00	<u>465,000</u>	<u>465,000</u>
				<u>3,203,000</u>	<u>2,160,000</u>
Water Authority:					
Water bonds	2004	8/1/2023	3.25-4.63	2,109,000	530,000
Refunding bonds (2003)	2010	6/30/2023	3.00-5.00	<u>845,000</u>	<u>845,000</u>
				<u>2,954,000</u>	<u>1,375,000</u>
Total Water and Sewer Authority bonds				<u>6,157,000</u>	<u>3,535,000</u>
State of Connecticut serial note:					
CWF 201-D-1	2001	7/31/2016	2.0	616,135	178,963
CWF 201-C-2	2001	6/30/2020	2.0	8,085,318	3,731,685
CWF 201-P	2001	8/31/2014	2.0	<u>325,085</u>	<u>51,472</u>
Total State of Connecticut serial notes				<u>9,026,538</u>	<u>3,962,120</u>
Total Business-Type Activity Bonds and Serial Notes				<u>\$ 15,183,538</u>	<u>\$ 7,497,120</u>

All bonds are secured by general revenues of the Town.

The annual requirements to amortize bonds and serial notes payable as of June 30, 2011 are as follows:

<b>Due During Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 707,670	\$ 231,772	\$ 939,442
2013	708,351	212,557	920,908
2014	709,048	193,140	902,188
2015	693,213	173,623	866,836
2016	691,228	153,493	844,721
2016-2020	2,851,610	476,328	3,327,938
2021-2025	926,000	140,143	1,066,143
2026-2029	210,000	11,400	221,400
<b>Total</b>	<b>\$ 7,497,120</b>	<b>\$ 1,592,456</b>	<b>\$ 9,089,576</b>

### **Serial Notes and Deferred Charges**

The State of Connecticut Department of Environmental Protection has provided Clean Water Financing in the form of serial notes to the City of Waterbury for sewage treatment plant upgrades. Pursuant to the provisions of the Waterbury/Watertown Intermunicipal Agreement finalized in January 2001 regarding the Sewer Treatment Plant Upgrade Project CWF-201, the Town is responsible for \$9,026,538 (10.166%) of the capital cost of the project. The Watertown Fire District has been allocated 32.72% of the Town's share of the project cost. The Town receives monthly reimbursements from the Watertown Fire District to offset the cost to the Sewer Authority Enterprise Fund. The Town pays its proportionate share of the project costs through the repayment of 2% serial notes directly to the State of Connecticut. The outstanding principal balance that the Town is responsible for is \$3,962,120 as of June 30, 2011. The current and noncurrent portion of the liability recorded in the Sewer Authority Enterprise Fund is \$414,632 and \$3,547,488 respectively.

The costs incurred and capitalized by the City of Waterbury to improve and upgrade its sewer treatment plant are not considered capital assets of the Town. Therefore, a deferred charge of \$3,962,122 has been recorded to offset the related liability reported in the Sewer Authority Enterprise Fund. The deferred charge will be amortized annually by the amount of principal paid to the State of Connecticut on the serial notes.

### **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, 2011, the amount of defeased bonds outstanding is \$15,910,000. The amount held in escrow related to these bonds is \$16,801,437 at June 30, 2011.

**Bonds Authorized/Unissued**

Bonds authorized/unissued are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonds / Notes</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
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	8,400,000	7,389,408	69,592
Polk School Renovation Renovations and Additions	12,517,000	5,500,000	5,030,678	1,986,322
Swift School Reconstruction Roadway and Drainage Improvements	33,768,919	14,900,000	18,328,315	540,604
	<u>1,730,000</u>	<u>1,700,000</u>		<u>30,000</u>
Total	\$ <u>120,031,919</u>	\$ <u>55,100,000</u>	\$ <u>57,011,389</u>	\$ <u>7,920,530</u>

**Legal Debt Limit**

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 93,096	\$ 8,300	\$ 84,796
Schools	186,192	45,570	140,622
Sewers	155,160	2,160	153,000
Urban renewal	134,472		134,472
Pension deficit	124,128		124,128

\* The indebtedness excludes Water Authority bonds of \$1.4 million and includes Watertown Fire District underlying debt of \$902 thousand.

The total of the Town’s net statutory indebtedness of \$56.0 million does not exceed the legal debt limitation of \$308.8 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 \$17.2 million are reflected in the computation of net indebtedness. In addition an estimated amount of \$26.0 million will be received from the State in the form of proportional progress payments for eligible project costs.

## 8. FUND EQUITY

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$	\$	\$ 27,008	\$ 27,008
Trust			210,069	210,069
Restricted for:				
Bonds		1,527,553		1,527,553
Grants			221,036	221,036
Committed to:				
General government			213,368	213,368
Public Safety			6,266	6,266
Public works			408,353	408,353
Parks and recreation			255,592	255,592
Health and welfare			53,785	53,785
Education			143,003	143,003
Assigned to:				
Education	438,805			438,805
General government	19,932			19,932
Public safety	62,669			62,669
Public works	307,870			307,870
Parks and recreation	15,828			15,828
Other	3,999			3,999
Unassigned	<u>5,574,702</u>		<u>(16,192)</u>	<u>5,558,510</u>
Total Fund Balances	\$ <u>6,423,805</u>	\$ <u>1,527,553</u>	\$ <u>1,522,288</u>	\$ <u>9,473,646</u>

Significant encumbrances at June 30, 2011 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%.

**9. RISK MANAGEMENT**

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

The Town has contracted with outside organizations to pay claims and provide administrative services for the Workers’ Compensation Fund and the Health Benefits Fund. Additionally, stop loss insurance coverage has been purchased to limit the Town’s liability for health and medical claims and workers’ compensation claims. A workers’ compensation claims liability of \$306,000 (Workers’ Compensation Fund) reported at June 30, 2011 is based on a summary report of outstanding liabilities on incurred claims. The health, dental and medical claims liability of \$289,500 (Health and Dental Benefits Fund) reported at June 30, 2011 is based on estimated claims incurred but not reported. The changes in the claims liability were as follows:

<u>Workers’ Compensation Fund</u>	<b>Current Year Claims</b>			
	<u>Liability July 1,</u>	<u>and Changes in Estimates</u>	<u>Claim Payment</u>	<u>Liability June 30,</u>
2010-11	\$ 354,000	\$ 539,909	\$ (587,909)	\$ 306,000
2009-10	500,000	250,287	(396,287)	354,000
 <u>Health and Dental Benefits Fund</u>				
2010-11	\$ 335,000	\$ 8,185,914	\$ (8,231,414)	\$ 289,500
2009-10	215,000	8,304,060	(8,184,060)	335,000

**10. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

**A. Plan Description**

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to eligible retirees and their spouses. The retiree welfare plan (RWP) covers Town and Board of Education retired employees. The plan provides for a self-insured plan administered by Blue Cross including options such as 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% or premiums). Life insurance is 100% employer paid. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town’s various bargaining agreements.

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. This fund was established in the current fiscal year. The plan does not issue stand-alone financial statements.

At July 1, 2010, plan membership consisted of the following:

	<b>Retiree Welfare Plan</b>
Retired participants and spouses	293
Active plan members	860
Total Participants	<u>1,153</u>

## B. 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 2011 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$1,155,270.

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

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

## C. Annual OPEB Cost and Net OPEB Obligations

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

	<b>Retiree Welfare Plan</b>
Annual required contribution (ARC)	\$ 2,953,318
Interest on net OPEB obligation	167,816
Adjustment to annual required contribution	(362,828)
Amortization of Actuarial (Gains)/Losses	<u>336,206</u>
Annual OPEB cost	3,094,512
Contributions made	<u>1,155,270</u>
Increase in net OPEB obligation	1,939,242
Net OPEB obligation - beginning of year	<u>4,195,423</u>
Net OPEB Obligation - End of Year	<u>\$ 6,134,665</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below. Data is only presented for three years as 2009 was the date of implementation.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>OPEB Obligation</u>
6/30/09	\$ 2,968,986	\$ 787,695	26.5%	\$ 2,181,291
6/30/10	2,851,177	837,045	29.3	4,195,423
6/30/11	3,094,512	1,155,270	37.3	6,134,665

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**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) Projected Unit Credit (b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UFAL As a % of Covered Payroll ((b-a)/c)</u>
7/1/08	\$ -	\$ 31,307,168	0 %	\$ 25,480,137	122.8 %
7/1/09	-	32,914,496	0	25,480,137	129.1
7/1/10	300,000	34,311,401	.87	25,402,437	133.9

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/09	\$ 2,968,986	26.5%
6/30/10	2,899,351	28.8
6/30/11	2,953,318	39.1

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, 2010 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 from 8% and decrease to 5% for fiscal year 2015. The actuarial value of assets was determined using the market value method. The general inflation assumption is 3.5% per annum. Annual compensation increases are estimated to be 4.5%. 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 28 years as of July 1, 2010.

## **11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Town Employees**

#### **A. Plan Description**

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

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

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

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

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

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

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

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

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

At January 1, 2011, plan memberships consisted of:

	<b>Town of Watertown Retirement System</b>	<b>Police Benefit Fund</b>
	<u>                    </u>	<u>                    </u>
Retirees, disabled and beneficiaries currently receiving benefits	79	26
Terminated employees entitled to benefits but not yet receiving	20	
Inactive members	4	
Current employees:		
Vested	72	23
Nonvested	<u>72</u>	<u>15</u>
Total	<u><u>247</u></u>	<u><u>64</u></u>

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

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

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

**Plan Changes:** The projected salary increases were changed from 3.0% to 3.5% for the Town plan and from 3.0% to 4.0% for the police plan.

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

**C. Funding Policy**

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members of the Town of Watertown Retirement System are required to contribute 3% of their salary up to \$7,800 plus 4 1/2% of their salary in excess of \$7,800, except for the Highway Division employees who are required to contribute 7.1% of their salary up to \$7,800 plus 8.6% of the salary in excess of \$7,800. Plan members of the Police Benefit Fund are required to contribute 6% of their earnings. The Town is required to contribute the remaining amounts necessary to finance administrative costs and benefits for its employees. The Town’s contributions are actuarially determined by the Prudential Retirement on an annual basis. The current rate for the Town’s contribution is 4.79% for the Town Retirement System and 24.30% for the Police Benefit Fund.

**D. Annual Pension Cost and Net Pension Obligations**

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

	<b>Town of Watertown Retirement System</b>	<b>Police Benefit Fund</b>
	<u>                    </u>	<u>                    </u>
Annual required contribution/annual pension cost	\$ 316,948	\$ 665,677
Contributions made	<u>316,948</u>	<u>665,677</u>
Net Pension Obligation, End of Year	\$ <u>          -</u>	\$ <u>          -</u>

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

	<b>Town of Watertown Retirement System</b>	<b>Police Benefit Fund</b>
	<u>                    </u>	<u>                    </u>
Actuarial Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Cost	Level Cost
Remaining amortization period (Frozen Actuarial Accrued Liability)	10 years	20 years
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.5% per annum	7.5% per annum
Projected Salary Increase	3.5% per annum*	4% per annum*

\* Inflation rate included 2.5%

**E. Trend Information**

<b>Town Retirement System</b>			
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/09	\$ 198,970	100%	\$ -
6/30/10	299,018	100	-
6/30/11	316,948	100	-

<b>Police Benefit Fund</b>			
<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/09	\$ 457,440	100%	\$ -
6/30/10	625,539	100	-
6/30/11	665,677	100	-

**F. Pension Plan Required Supplementary Information**

**Town Retirement System**

**Schedule of Funding Progress**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>(Unfunded) Overfunded AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
1/1/07	\$ 15,093,275	\$ 14,505,712	\$ 587,563	104.1 %	\$ 5,381,014	- %
1/1/08	15,739,354	15,238,116	501,238	103.3	5,779,045	-
1/1/09	13,617,941	14,488,555	(870,614)	93.9	6,245,400	(13.9)
1/1/10	15,888,764	16,624,132	(735,368)	95.5	6,466,618	(11.3)
1/1/11	16,402,816	17,102,475	(699,659)	95.9	6,591,118	(10.6)

**Schedule of Employer Contributions**

		<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/06	\$	257,541	100%
6/30/07		215,530	100
6/30/08		161,247	100
6/30/09		198,970	100
6/30/10		299,018	100
6/30/11		316,948	100

**Police Benefit Fund**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>		<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>		<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
1/1/06	\$	12,329,819	\$ 13,682,663	\$ (1,352,844)	90.1	%	\$ 2,017,179	(67.1) %
1/1/07		13,145,144	14,477,934	(1,332,790)	90.8		2,453,235	(54.3)
1/1/08		13,856,444	15,249,691	(1,393,247)	90.9		2,524,078	(55.2)
1/1/09		12,513,012	16,253,686	(3,740,674)	76.9		2,574,363	(145.3)
1/1/10		14,238,384	17,976,016	(3,737,632)	79.2		2,702,918	(138.2)
1/1/11		14,982,718	18,719,827	(3,737,109)	80.0		2,953,780	(126.5)

**Schedule of Employer Contributions**

		<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/06	\$	401,147	100%
6/30/07		419,198	100
6/30/08		425,017	100
6/30/09		457,440	100
6/30/10		625,539	100
6/30/11		665,677	100

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

## Pension Trust Funds

The Town maintains two pension trust funds (Town Retirement System and Police Benefit Fund) to account for its fiduciary responsibility. The following schedules present the net assets held in trust for pension benefits at June 30, 2011 and the changes in net assets for the year then ended.

<b>Combining Schedule of Plan Net Assets</b>			
<b>Employee Retirement Funds</b>			
	<u><b>Town</b></u>	<u><b>Police</b></u>	<u><b>Totals</b></u>
Assets:			
Investments	\$ 15,348,897	\$ 14,158,980	\$ 29,507,877
Net assets:			
Held in trust for pension benefits	\$ 15,348,897	\$ 14,158,980	\$ 29,507,877
 <b>Combining Schedule of Changes in Plan</b>			
<b>Net Assets</b>			
<b>Employee Retirement Funds</b>			
	<u><b>Town</b></u>	<u><b>Police</b></u>	<u><b>Totals</b></u>
Additions:			
Contributions:			
Employer	\$ 316,948	\$ 665,677	\$ 982,625
Plan members	326,036	168,216	494,252
Total contributions	<u>642,984</u>	<u>833,893</u>	<u>1,476,877</u>
Investment income:			
Net appreciation in fair value of investments	2,298,927	1,960,736	4,259,663
Interest and dividends	377,803	345,880	723,683
Total	<u>2,676,730</u>	<u>2,306,616</u>	<u>4,983,346</u>
Investment expense	(36,090)	(33,078)	(69,168)
Net investment gain	<u>2,640,640</u>	<u>2,273,538</u>	<u>4,914,178</u>
Total additions	<u>3,283,624</u>	<u>3,107,431</u>	<u>6,391,055</u>
Deductions:			
Benefits	844,825	881,317	1,726,142
Administration	<u>45,311</u>	<u>19,489</u>	<u>64,800</u>
Total deductions	<u>890,136</u>	<u>900,806</u>	<u>1,790,942</u>
Net decrease	2,393,488	2,206,625	4,600,113
Net assets held in trust for pension benefits, beginning of year	<u>12,955,409</u>	<u>11,952,355</u>	<u>24,907,764</u>
Net assets held in trust for pension benefits, End of Year	<u>\$ 15,348,897</u>	<u>\$ 14,158,980</u>	<u>\$ 29,507,877</u>

## **Connecticut Municipal Employees' Retirement Fund**

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

*Funding Policy:* Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2011, 2010 and 2009 were \$124,883, \$100,752, and \$89,153, respectively, equal to the required contributions for each year.

## **Teachers' Retirement System**

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

The Board of Education withholds 9.5% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$16,789,378 or 73.0% of the total Board of Education payroll of \$22,967,969. The teachers' contributions totaled \$1,217,215 for the year ended June 30, 2011.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2011, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue and education expenditures in the amount of \$2,668,757 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

## **12. LITIGATION**

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

**Required Supplementary  
Information**

## TOWN OF WATERTOWN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property Taxes:				
Current year	\$ 43,285,855	\$ 43,285,855	\$ 43,209,459	\$ (76,396)
Prior year taxes	400,000	400,000	556,839	156,839
Interest and lien fees	215,000	215,000	344,480	129,480
Total property taxes	<u>43,900,855</u>	<u>43,900,855</u>	<u>44,110,778</u>	<u>209,923</u>
Intergovernmental:				
State of Connecticut - Education:				
School construction	564,535	564,535	668,597	104,062
Interest subsidy	204,422	204,422	217,564	13,142
Public transportation	238,545	238,545	266,249	27,704
Nonpublic health and social services	26,044	26,044	26,800	756
Equalization (ECS)	10,073,157	10,073,157	9,946,796	(126,361)
Adult education	4,394	4,394		(4,394)
Total State of Connecticut - Education	<u>11,111,097</u>	<u>11,111,097</u>	<u>11,126,006</u>	<u>14,909</u>
Federal and State of Connecticut - Other:				
PILOT state property	34,307	34,307	34,503	196
Elderly tax relief	191,035	191,035	188,457	(2,578)
Boat registration	2,511	2,511	3,966	1,455
Reimbursement - new manufacturers	678,144	678,144	521,334	(156,810)
PILOT - Mashantucket Pequot	70,040	70,040	70,898	858
Tax relief - Veterans	21,500	21,500	20,462	(1,038)
Video grant			80,514	80,514
Incentive Housing			20,000	20,000
FEMA			64,164	64,164
Services for the blind	1,400	1,400		(1,400)
Total Federal and State of Connecticut - Other	<u>998,937</u>	<u>998,937</u>	<u>1,004,298</u>	<u>5,361</u>
Total intergovernmental	<u>12,110,034</u>	<u>12,110,034</u>	<u>12,130,304</u>	<u>20,270</u>
Departmental:				
Local revenues:				
Communication tower rental	206,685	206,685	199,012	(7,673)
Equipment and scrap sales	15,000	15,000	25,461	10,461
Town Clerk fees	35,000	35,000	42,513	7,513
Town Clerk recording	95,000	95,000	106,874	11,874
Town Clerk dog licenses	14,598	14,598	16,001	1,403
Town Clerk marriage licenses	1,710	1,710	1,159	(551)
Transfer Station fees	82,935	82,935	83,190	255
Landfill fees	54,500	54,500	42,742	(11,758)
Damage claims	25,000	25,000	10,995	(14,005)

(Continued on next page)

## TOWN OF WATERTOWN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Local revenues (continued):				
Recreation mini-bus	\$ 1,000	\$ 1,000	\$ 1,206	\$ 206
Fishing and hunting licenses	18,000	18,000	13,606	(4,394)
Conveyance tax	155,000	155,000	133,546	(21,454)
Assessor - photocopying	1,200	1,200	740	(460)
Town vehicle use	12,400	12,400	9,738	(2,662)
Housing Authority	17,300	17,300	21,654	4,354
3-LOCIP preservation	12,500	12,500	11,775	(725)
Miscellaneous	47,000	47,000	43,120	(3,880)
Total local revenues	<u>794,828</u>	<u>794,828</u>	<u>763,332</u>	<u>(31,496)</u>
Permits and fees:				
Zoning Board of Appeals	4,000	4,000	1,800	(2,200)
Planning and Zoning	30,000	30,000	33,596	3,596
Zoning compliance fees	22,500	22,500	27,766	5,266
Subdivision inspection fees	9,500	9,500		(9,500)
Soil/water State fee	12,100	12,100	18,720	6,620
Inland - wetlands	4,500	4,500	7,045	2,545
Building permits	200,000	200,000	123,347	(76,653)
Building inspection	4,400	4,400	2,067	(2,333)
Blasting permits	500	500	180	(320)
Street opening permits	1,700	1,700	2,575	875
Pool fees	10,000	10,000	10,714	714
Solid waste fees			750	750
Miscellaneous	1,000	1,000	1,130	130
Total permits and fees	<u>300,200</u>	<u>300,200</u>	<u>229,690</u>	<u>(70,510)</u>
Police:				
Parking tickets	4,200	4,200	3,850	(350)
Pistol permits	3,200	3,200	7,210	4,010
Police reports	2,300	2,300	2,295	(5)
Solicitor permits	100	100	312	212
Bingo and raffle	50	50	85	35
Alarm charges	24,000	24,000	14,700	(9,300)
Police service	455,000	455,000	443,340	(11,660)
Animal control fees	4,150	4,150	7,042	2,892
Miscellaneous	37,500	37,500	68,095	30,595
Total police	<u>530,500</u>	<u>530,500</u>	<u>546,929</u>	<u>16,429</u>
Board of Education:				
Latchkey Program	5,640	5,640	7,680	2,040
Tuition			2,350	2,350
Miscellaneous			9,593	9,593
Total Board of Education	<u>5,640</u>	<u>5,640</u>	<u>19,623</u>	<u>13,983</u>
Total departmental	<u>1,631,168</u>	<u>1,631,168</u>	<u>1,559,574</u>	<u>(71,594)</u>
Investment income	<u>85,000</u>	<u>85,000</u>	<u>38,143</u>	<u>(46,857)</u>

(Continued on next page)

## TOWN OF WATERTOWN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other:				
Taft contributions	\$ 125,000	\$ 125,000	\$ 115,000	\$ (10,000)
Telephone access	121,855	121,855	72,971	(48,884)
Scholarship fund	2,000	2,000	1,460	(540)
Heritage bond reimbursement	91,053	91,053	91,053	-
Sale of town property			12,500	12,500
Cancellation of prior years' encumbrances			36,212	36,212
Total other	<u>339,908</u>	<u>339,908</u>	<u>329,196</u>	<u>(10,712)</u>
 Total revenues	 <u>58,066,965</u>	 <u>58,066,965</u>	 <u>58,167,995</u>	 <u>101,030</u>
Other Financing Sources:				
Transfers in:				
Water and Sewer Authority	168,043	168,043	149,906	(18,137)
Crestbrook Golf Operations	40,685	40,685	40,685	-
Board of Education community services			776	776
Residual Equity Transfers - other funds	256	256	291,206	35,206
Total other financing sources	<u>464,728</u>	<u>464,728</u>	<u>482,573</u>	<u>17,845</u>
 Total	 <u>\$ 58,531,693</u>	 <u>\$ 58,531,693</u>	 58,650,568	 <u>\$ 118,875</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	2,668,757
Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.	(36,212)
The Board of Education does not budget for a combination of intergovernmental grants and charges for services revenue received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	<u>747,360</u>

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 62,030,473

## TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General government:				
Town Council	\$ 1,350	\$ 1,350	\$ 1,097	\$ 253
Town Manager	219,790	221,228	220,206	1,022
Finance Department:				
Administration	421,735	437,696	436,799	897
Treasurer	51,145	52,112	52,111	1
Tax Collector	182,308	204,996	204,484	512
Assessor	195,341	189,566	187,052	2,514
Board of Tax Review	1,500	1,500	1,500	-
Town Clerk	180,794	183,507	181,314	2,193
Elections	77,886	84,342	82,858	1,484
Planning and Zoning	211,400	235,863	226,105	9,758
Board of Appeals	13,940	13,040	10,244	2,796
Conservation Commission	15,040	13,940	11,405	2,535
Public building	582,241	592,974	586,127	6,847
Building inspections	160,123	163,047	161,614	1,433
Economic development	28,382	28,382	21,815	6,567
Total general government	2,342,975	2,423,543	2,384,731	38,812
Public safety:				
Fire Department:				
Administration	211,966	220,180	219,622	558
Suppression and rescue	291,657	347,135	343,364	3,771
Maintenance and support	174,940	174,640	170,383	4,257
Police Department:				
Administration	389,230	398,520	397,224	1,296
Patrol and detectives	2,910,421	2,896,639	2,894,993	1,646
Maintenance and support	93,470	94,162	90,786	3,376
Traffic	7,928	8,154	5,240	2,914
Animal control	86,507	88,870	84,020	4,850
Communications	513,412	515,370	514,029	1,341
Total public safety	4,679,531	4,743,670	4,719,661	24,009
Public works:				
Engineering and administration	481,915	502,107	501,638	469
Highway	1,850,212	1,943,594	1,938,077	5,517
Snow removal	402,007	376,820	376,547	273
Solid waste disposal	291,763	291,218	271,750	19,468
Street lighting	175,000	163,663	163,662	1
Tree removal	26,000	28,505	28,505	-
Total public works	3,226,897	3,305,907	3,280,179	25,728
Parks and recreation:				
Parks administration	329,684	335,822	316,616	19,206
Recreation administration	260,876	268,868	264,706	4,162
Senior Center	85,560	67,576	65,684	1,892
Total parks and recreation	676,120	672,266	647,006	25,260
Health and welfare:				
Social services	15,650	37,285	36,535	750
Health services	111,126	111,127	111,125	2
Total health and welfare	126,776	148,412	147,660	752
Board of Education	33,529,590	33,530,040	33,529,795	245

(Continued on next page)

## TOWN OF WATERTOWN, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	Budget Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Miscellaneous:				
Legal	\$ 154,639	\$ 142,647	\$ 133,177	\$ 9,470
Employee benefits	4,603,274	4,501,489	4,471,322	30,167
Centralized services	637,129	673,170	646,566	26,604
Non - Town agencies	1,467,701	1,565,915	1,556,184	9,731
Reserved for contingency	35,000	535		535
Reserved for wages and benefits	61,066	61,066	31,899	29,167
Historic district	675	675	217	458
Total miscellaneous	<u>6,959,484</u>	<u>6,945,497</u>	<u>6,839,365</u>	<u>106,132</u>
Debt service	<u>7,122,137</u>	<u>7,122,137</u>	<u>7,103,314</u>	<u>18,823</u>
Total expenditures	<u>58,663,510</u>	<u>58,891,472</u>	<u>58,651,711</u>	<u>239,761</u>
Other financing uses:				
Transfers out:				
Vehicle Replacement Fund	125,000	125,000	125,000	-
Water Authority	<u>93,183</u>	<u>93,183</u>	<u>93,183</u>	<u>-</u>
Total transfers out	<u>218,183</u>	<u>218,183</u>	<u>218,183</u>	<u>-</u>
Total	<u>\$ 58,881,693</u>	<u>\$ 59,109,655</u>	58,869,894	<u>\$ 239,761</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	2,668,757
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.	(849,103)
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.	662,733
The Town and Board of Education do not budget for accrued payroll services earned at year end. The accrued wages are charged to the subsequent year's budget. These amounts are recorded as a current year expenditure for GAAP financial statement reporting purposes.	275,866
Reversal of prior year accrued payroll services charged to the current budget. These amounts were reported as a prior year expenditure for GAAP financial statement reporting purposes.	(330,677)
The Board of Education does not budget for a combination of intergovernmental grants and charges for services revenues received which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	<u>747,360</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 62,044,830

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

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

**TOWN OF WATERTOWN, CONNECTICUT**  
**COMPARATIVE BALANCE SHEET - GENERAL FUND**

**JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,254,215	\$ 6,607,592
Receivables:		
Property taxes receivable, net	886,505	805,285
Property taxes accrued interest receivable, net	219,000	166,000
Intergovernmental receivable:		
School building grants receivable	4,061,435	4,625,970
Other	76,664	103,515
Accounts receivable, net	340,398	312,772
Due from other funds	<u>203,182</u>	<u>223,948</u>
Total Assets	<u>\$ 12,041,399</u>	<u>\$ 12,845,082</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 573,014	\$ 768,878
Deferred revenue	<u>5,044,580</u>	<u>5,638,042</u>
Total liabilities	<u>5,617,594</u>	<u>6,406,920</u>
Fund balance:		
Assigned	849,103	1,048,945
Unassigned	<u>5,574,702</u>	<u>5,389,217</u>
Total fund balance	<u>6,423,805</u>	<u>6,438,162</u>
Total Liabilities and Fund Balance	<u>\$ 12,041,399</u>	<u>\$ 12,845,082</u>



**Nonmajor  
Governmental Funds**

## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding source	Function
Special Welfare	Contributions	General public assistance
Housing Rehabilitation Loan	Intergovernmental grants	Housing assistance
Dog	Licenses and fees	Animal control program
Town Aid	Intergovernmental grants	Road maintenance
LOCIP	Intergovernmental grants	Capital improvements
Capital Lease	Short-term financing	Capital purchases
Crestbrook Improvement	Transfer appropriation	Improvements to Town golf course
Sidewalk Replacement	Program income	Replace and improve Town sidewalks
WASA Grants	Intergovernmental grants	Prevention and treatment of substance abuse
Advertising	Advertising fees	Education
Town Hall Preservation	Contributions	General improvements
Town Hall Beautification	Contributions	General improvements
Board of Education Community Service	Program income	Community use of facilities and day care program
Police/FBI	Intergovernmental grants	Drug enforcement, training and education
Drug Enforcement	Intergovernmental grants	Drug enforcement activities
Public Investment Community Grant	Intergovernmental grants	Economic development
Highfields Escrow	Other income	Road repairs
Summer Preschool Development	Federal grants	Children's development
Professional Development	Program income	Development of Board of Education personnel
Summer Studies	Participation fees	Parking privileges
Pay for Play Sports Programs	Participation fees	School sports programs
Cafeteria	State and federal grants, program income	School lunch and breakfast programs
Educational Grants	State and federal grants	Specific education programs
Parks and Recreation	Program income	Recreational programs
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
Debt Service	Town appropriation	Debt service
Police Asset Forfeitures	Other income	Police seizure activity

### Capital Projects Funds

Capital Nonrecurring	Town appropriation	Capital purchases
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, may be used for purposes that support the reporting government's programs.

TOWN OF WATERTOWN, CONNECTICUT

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

Special Revenue Funds

	<u>Special Welfare</u>	<u>Housing Rehabilitation Loan</u>	<u>Dog</u>	<u>Town Aid</u>	<u>LOCIP</u>	<u>Crestbrook Improvement</u>	<u>Sidewalk Replacement</u>	<u>WASA Grants</u>	<u>Advertising</u>	<u>Town Hall Preservation</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 53,785	\$ 8,953	\$ 6,266	\$ 206,479	\$ 6,700	\$ 13,360	\$ 220,697	\$ 5,514	\$ 1,158	\$ 11,144
Receivables:										
Intergovernmental										
Other		231,344								
Inventory										
Total Assets	<u>\$ 53,785</u>	<u>\$ 240,297</u>	<u>\$ 6,266</u>	<u>\$ 206,479</u>	<u>\$ 6,700</u>	<u>\$ 13,360</u>	<u>\$ 220,697</u>	<u>\$ 5,514</u>	<u>\$ 1,158</u>	<u>\$ 11,144</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables	\$	\$	\$	\$ 13,188	\$	\$	\$	\$	\$	\$
Deferred revenue		231,344								
Total liabilities	<u>-</u>	<u>231,344</u>	<u>-</u>	<u>13,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Nonspendable										
Restricted		8,953		193,291	6,700			5,514		
Committed	53,785		6,266			13,360	220,697		1,158	11,144
Unassigned										
Total fund balances	<u>53,785</u>	<u>8,953</u>	<u>6,266</u>	<u>193,291</u>	<u>6,700</u>	<u>13,360</u>	<u>220,697</u>	<u>5,514</u>	<u>1,158</u>	<u>11,144</u>
Total Liabilities and Fund Balances	<u>\$ 53,785</u>	<u>\$ 240,297</u>	<u>\$ 6,266</u>	<u>\$ 206,479</u>	<u>\$ 6,700</u>	<u>\$ 13,360</u>	<u>\$ 220,697</u>	<u>\$ 5,514</u>	<u>\$ 1,158</u>	<u>\$ 11,144</u>

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

**JUNE 30, 2011**

	Special Revenue Funds									
	<u>Town Hall Beautification</u>	<u>Board of Education Community Service</u>	<u>Police/ FBI</u>	<u>Drug Enforcement</u>	<u>Public Investment Community Grant</u>	<u>Highfields Escrow</u>	<u>Summer Preschool Development</u>	<u>Professional Development</u>	<u>Summer Studies</u>	<u>Pay for Play Sports Programs</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,255	\$ 1,326	\$ 2,314	\$ 2,861	\$ 165	\$ -	\$ 495	\$ 348	\$ 11,693	\$ 57,618
Receivables:										
Intergovernmental										
Other										
Inventory										
Total Assets	<u>\$ 1,255</u>	<u>\$ 1,326</u>	<u>\$ 2,314</u>	<u>\$ 2,861</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 11,693</u>	<u>\$ 57,618</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue										
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Nonspendable										
Restricted			2,314	2,861						
Committed	1,255	1,326			165		495	348	11,693	57,618
Unassigned										
Total fund balances	<u>1,255</u>	<u>1,326</u>	<u>2,314</u>	<u>2,861</u>	<u>165</u>	<u>-</u>	<u>495</u>	<u>348</u>	<u>11,693</u>	<u>57,618</u>
Total Liabilities and Fund Balances	<u>\$ 1,255</u>	<u>\$ 1,326</u>	<u>\$ 2,314</u>	<u>\$ 2,861</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 11,693</u>	<u>\$ 57,618</u>

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

**JUNE 30, 2011**

	<u>Special Revenue Funds</u>									
	<u>Cafeteria</u>	<u>Educational Grants</u>	<u>Parks and Recreation</u>	<u>Police Grants</u>	<u>Open Space</u>	<u>Preservation of Historical Documents</u>	<u>Small Cities Fund</u>	<u>Oakville Green Development Trust</u>	<u>Marion A. Munson Trust</u>	<u>Mutual Police Trust</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 10,300	\$ 386,488	\$ 50,219	\$ 266	\$ 242,232	\$ 71,139	\$ 17,415	\$ 2,797	\$ 1,100	\$ 7,516
Receivables:										
Intergovernmental	45,380	19,620								
Other							347,876			
Inventory	27,008									
Total Assets	<u>\$ 82,688</u>	<u>\$ 406,108</u>	<u>\$ 50,219</u>	<u>\$ 266</u>	<u>\$ 242,232</u>	<u>\$ 71,139</u>	<u>\$ 365,291</u>	<u>\$ 2,797</u>	<u>\$ 1,100</u>	<u>\$ 7,516</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts and other payables	\$ 35,549		\$ 19,285							
Deferred revenue		355,874	47,126				365,291			
Total liabilities	<u>35,549</u>	<u>355,874</u>	<u>66,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,291</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:										
Nonspendable	27,008									
Restricted				266						
Committed	20,131	50,234			242,232	71,139	2,797	1,100	7,516	
Unassigned			(16,192)							
Total fund balances	<u>47,139</u>	<u>50,234</u>	<u>(16,192)</u>	<u>266</u>	<u>242,232</u>	<u>71,139</u>	<u>-</u>	<u>2,797</u>	<u>1,100</u>	<u>7,516</u>
Total Liabilities and Fund Balances	<u>\$ 82,688</u>	<u>\$ 406,108</u>	<u>\$ 50,219</u>	<u>\$ 266</u>	<u>\$ 242,232</u>	<u>\$ 71,139</u>	<u>\$ 365,291</u>	<u>\$ 2,797</u>	<u>\$ 1,100</u>	<u>\$ 7,516</u>

(Continued on next page)

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

**JUNE 30, 2011**

	<u>Special Revenue Funds</u>					<u>Capital Project Funds</u>		<u>Permanent Funds</u>	
	<u>Town Improvement Trust</u>	<u>Liability Trust</u>	<u>Park Development Trust</u>	<u>Debt Service</u>	<u>Police Asset Forfeiture</u>	<u>Capital Nonrecurring</u>	<u>Vehicle Replacement</u>	<u>Watertown Scholarship Fund</u>	<u>Education Enrichment</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 61,775	\$ 11,877	\$ 44,600	\$ -	\$ 1,137	\$ 38,000	\$ 149,656	\$ 47,352	\$ 71,529
Receivables:									
Intergovernmental									
Other									
Inventory									
Total Assets	<u>\$ 61,775</u>	<u>\$ 11,877</u>	<u>\$ 44,600</u>	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ 38,000</u>	<u>\$ 149,656</u>	<u>\$ 47,352</u>	<u>\$ 71,529</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts and other payables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:									
Nonspendable								47,352	71,529
Restricted					1,137				
Committed	61,775	11,877	44,600			38,000	149,656		
Unassigned									
Total fund balances	<u>61,775</u>	<u>11,877</u>	<u>44,600</u>	<u>-</u>	<u>1,137</u>	<u>38,000</u>	<u>149,656</u>	<u>47,352</u>	<u>71,529</u>
Total Liabilities and Fund Balances	<u>\$ 61,775</u>	<u>\$ 11,877</u>	<u>\$ 44,600</u>	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ 38,000</u>	<u>\$ 149,656</u>	<u>\$ 47,352</u>	<u>\$ 71,529</u>

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

**JUNE 30, 2011**

Permanent Funds

		<u>Old Cemetery</u>	<u>Hinman Platt</u>	<u>Benjamin Curtis</u>	<u>Chester A. Hard</u>	<u>Charles Mattoon</u>	<u>Town Hall Grounds</u>	<u>E.C. Magraff</u>	<u>Special Police</u>	<u>Town Deposit</u>	<u>Total</u>
<b>ASSETS</b>											
Cash and cash equivalents	\$	4,209	\$ 31,277	\$ 743	\$ 3,836	\$ 7,113	\$ 17,445	\$ 1,188	\$ 1,497	\$ 23,880	\$ 1,918,717
Receivables:											
Intergovernmental											65,000
Other											579,220
Inventory											27,008
Total Assets	\$	<u>4,209</u>	<u>\$ 31,277</u>	<u>\$ 743</u>	<u>\$ 3,836</u>	<u>\$ 7,113</u>	<u>\$ 17,445</u>	<u>\$ 1,188</u>	<u>\$ 1,497</u>	<u>\$ 23,880</u>	<u>\$ 2,589,945</u>
<b>LIABILITIES AND FUND BALANCES</b>											
Liabilities:											
Accounts and other payables	\$		\$		\$		\$		\$		\$ 68,022
Deferred revenue											999,635
Total liabilities		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067,657</u>
Fund balances:											
Nonspendable		4,209	31,277	743	3,836	7,113	17,445	1,188	1,497	23,880	237,077
Restricted											221,036
Committed											1,080,367
Unassigned											(16,192)
Total fund balances		<u>4,209</u>	<u>31,277</u>	<u>743</u>	<u>3,836</u>	<u>7,113</u>	<u>17,445</u>	<u>1,188</u>	<u>1,497</u>	<u>23,880</u>	<u>1,522,288</u>
Total Liabilities and Fund Balances	\$	<u>4,209</u>	<u>\$ 31,277</u>	<u>\$ 743</u>	<u>\$ 3,836</u>	<u>\$ 7,113</u>	<u>\$ 17,445</u>	<u>\$ 1,188</u>	<u>\$ 1,497</u>	<u>\$ 23,880</u>	<u>\$ 2,589,945</u>

**TOWN OF WATERTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds									
	Special Welfare	Housing Rehabilitation Loan	Dog	Town Aid	LOCIP	Crestbrook Improvement	Sidewalk Replacement	WASA Grants	Advertising	Town Hall Preservation
Revenues:										
Intergovernmental	\$	\$ 43,500	\$	\$ 178,819	\$	\$	\$	\$	\$	\$
Charges for services			535							
Investment income	157		13	141		31	844	10		27
Other revenue	55,264						7,215			
Total revenues	<u>55,421</u>	<u>43,500</u>	<u>548</u>	<u>178,960</u>	<u>-</u>	<u>31</u>	<u>8,059</u>	<u>10</u>	<u>-</u>	<u>27</u>
Expenditures:										
Current:										
General government										
Public safety			315							
Public works				14,493	1,194		54,235			
Parks and recreation										
Health and welfare	64,861	35,704								
Education								3,275		
Debt service										
Total expenditures	<u>64,861</u>	<u>35,704</u>	<u>315</u>	<u>14,493</u>	<u>1,194</u>	<u>-</u>	<u>54,235</u>	<u>-</u>	<u>3,275</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(9,440)</u>	<u>7,796</u>	<u>233</u>	<u>164,467</u>	<u>(1,194)</u>	<u>31</u>	<u>(46,176)</u>	<u>10</u>	<u>(3,275)</u>	<u>27</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(9,440)	7,796	233	164,467	(1,194)	31	(46,176)	10	(3,275)	27
Fund Balances at Beginning of Year	<u>63,225</u>	<u>1,157</u>	<u>6,033</u>	<u>28,824</u>	<u>7,894</u>	<u>13,329</u>	<u>266,873</u>	<u>5,504</u>	<u>4,433</u>	<u>11,117</u>
Fund Balances at End of Year	<u>\$ 53,785</u>	<u>\$ 8,953</u>	<u>\$ 6,266</u>	<u>\$ 193,291</u>	<u>\$ 6,700</u>	<u>\$ 13,360</u>	<u>\$ 220,697</u>	<u>\$ 5,514</u>	<u>\$ 1,158</u>	<u>\$ 11,144</u>

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**TOWN OF WATERTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds									
	Town Hall Beautification	Board of Education Community Service	Police/ FBI	Drug Enforcement	Public Investment Community Grant	Highfields Escrow	Summer Preschool Development	Professional Development	Summer Studies	Pay for Play Sports Programs
Revenues:										
Intergovernmental	\$	\$	\$ 1,926	\$	\$	\$	\$	\$	\$	\$
Charges for services		282,370						1,290	90,325	
Investment income	3		10	7	2					
Other revenue										
Total revenues	<u>3</u>	<u>282,370</u>	<u>1,936</u>	<u>7</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>1,290</u>	<u>90,325</u>	
Expenditures:										
Current:										
General government										
Public safety			4,761							
Public works										
Parks and recreation										
Health and welfare					801					
Education		298,350						19,289	32,885	
Debt service										
Total expenditures	<u>-</u>	<u>298,350</u>	<u>4,761</u>	<u>-</u>	<u>801</u>	<u>-</u>	<u>-</u>	<u>19,289</u>	<u>32,885</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>3</u>	<u>(15,980)</u>	<u>(2,825)</u>	<u>7</u>	<u>(799)</u>	<u>-</u>	<u>-</u>	<u>(17,999)</u>	<u>57,440</u>	
Other Financing Sources (Uses):										
Transfers in										
Transfers out		(776)								
Total other financing sources (uses)	<u>-</u>	<u>(776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net Change in Fund Balances	3	(16,756)	(2,825)	7	(799)	-	-	(17,999)	57,440	
Fund Balances at Beginning of Year	<u>1,252</u>	<u>18,082</u>	<u>5,139</u>	<u>2,854</u>	<u>964</u>	<u>-</u>	<u>495</u>	<u>348</u>	<u>29,692</u>	<u>178</u>
Fund Balances at End of Year	<u>\$ 1,255</u>	<u>\$ 1,326</u>	<u>\$ 2,314</u>	<u>\$ 2,861</u>	<u>\$ 165</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 348</u>	<u>\$ 11,693</u>	<u>\$ 57,618</u>

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**TOWN OF WATERTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds									
	Cafeteria	Educational Grants	Parks and Recreation	Police Grants	Open Space	Preservation of Historical Documents	Small Cities Fund	Oakville Green Development Trust	Marion A. Munson Trust	Mutual Police Trust
Revenues:										
Intergovernmental	\$ 314,700	\$ 3,193,602	\$	\$	\$	7,850	\$ 37,281	\$	\$	\$
Charges for services	690,909		269,051		32,143	152,186				
Investment income			90		671		64	7	3	18
Other revenue		109,868								
Total revenues	<u>1,005,609</u>	<u>3,303,470</u>	<u>269,141</u>	<u>-</u>	<u>32,814</u>	<u>160,036</u>	<u>37,345</u>	<u>7</u>	<u>3</u>	<u>18</u>
Expenditures:										
Current:										
General government						165,690				
Public safety										
Public works										
Parks and recreation			279,284		50,765					
Health and welfare							37,345			
Education	1,060,413	3,337,944								
Debt service										
Total expenditures	<u>1,060,413</u>	<u>3,337,944</u>	<u>279,284</u>	<u>-</u>	<u>50,765</u>	<u>165,690</u>	<u>37,345</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(54,804)</u>	<u>(34,474)</u>	<u>(10,143)</u>	<u>-</u>	<u>(17,951)</u>	<u>(5,654)</u>	<u>-</u>	<u>7</u>	<u>3</u>	<u>18</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(54,804)	(34,474)	(10,143)	-	(17,951)	(5,654)	-	7	3	18
Fund Balances at Beginning of Year	<u>101,943</u>	<u>84,708</u>	<u>(6,049)</u>	<u>266</u>	<u>260,183</u>	<u>76,793</u>	<u>-</u>	<u>2,790</u>	<u>1,097</u>	<u>7,498</u>
Fund Balances at End of Year	<u>\$ 47,139</u>	<u>\$ 50,234</u>	<u>\$ (16,192)</u>	<u>\$ 266</u>	<u>\$ 242,232</u>	<u>\$ 71,139</u>	<u>\$ -</u>	<u>\$ 2,797</u>	<u>\$ 1,100</u>	<u>\$ 7,516</u>

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**TOWN OF WATERTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Special Revenue Funds				Capital Project Funds		Permanent Funds		
	Town Improvement Trust	Liability Trust	Park Development Trust	Debt Service	Police Asset Forfeiture	Capital Nonrecurring	Vehicle Replacement	Watertown Scholarship Fund	Education Enrichment
Revenues:									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	
Charges for services									
Investment income	149	29	79			91	472	106	155
Other revenue			5,885		537,265			1,460	
Total revenues	<u>149</u>	<u>29</u>	<u>5,964</u>	<u>-</u>	<u>537,265</u>	<u>91</u>	<u>472</u>	<u>1,566</u>	<u>155</u>
Expenditures:									
Current:									
General government									
Public safety					537,537				
Public works							280,124		
Parks and recreation			469						
Health and welfare									
Education								100	
Debt service				375,000					
Total expenditures	<u>-</u>	<u>-</u>	<u>469</u>	<u>375,000</u>	<u>537,537</u>	<u>-</u>	<u>280,124</u>	<u>100</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>149</u>	<u>29</u>	<u>5,495</u>	<u>(375,000)</u>	<u>(272)</u>	<u>91</u>	<u>(279,652)</u>	<u>1,466</u>	<u>155</u>
Other Financing Sources (Uses):									
Transfers in							125,000		
Transfers out									
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	149	29	5,495	(375,000)	(272)	91	(154,652)	1,466	155
Fund Balances at Beginning of Year	<u>61,626</u>	<u>11,848</u>	<u>39,105</u>	<u>375,000</u>	<u>1,409</u>	<u>37,909</u>	<u>304,308</u>	<u>45,886</u>	<u>71,374</u>
Fund Balances at End of Year	<u>\$ 61,775</u>	<u>\$ 11,877</u>	<u>\$ 44,600</u>	<u>\$ -</u>	<u>\$ 1,137</u>	<u>\$ 38,000</u>	<u>\$ 149,656</u>	<u>\$ 47,352</u>	<u>\$ 71,529</u>

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Permanent Funds</u>									
	<u>Old Cemetery</u>	<u>Hinman Platt</u>	<u>Benjamin Curtis</u>	<u>Chester A. Hard</u>	<u>Charles Mattoon</u>	<u>Town Hall Grounds</u>	<u>E.C. Magraff</u>	<u>Special Police</u>	<u>Town Deposit</u>	<u>Total</u>
Revenues:										
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,777,678
Charges for services										1,518,809
Investment income	10	75	1	9	18	41	2	4	58	3,397
Other revenue							136			717,093
Total revenues	<u>10</u>	<u>75</u>	<u>1</u>	<u>9</u>	<u>18</u>	<u>41</u>	<u>138</u>	<u>4</u>	<u>58</u>	<u>6,016,977</u>
Expenditures:										
Current:										
General government							110			165,800
Public safety										542,613
Public works										350,046
Parks and recreation										330,518
Health and welfare										138,711
Education										4,752,256
Debt service										375,000
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>-</u>	<u>-</u>	<u>6,654,944</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10</u>	<u>75</u>	<u>1</u>	<u>9</u>	<u>18</u>	<u>41</u>	<u>28</u>	<u>4</u>	<u>58</u>	<u>(637,967)</u>
Other Financing Sources (Uses):										
Transfers in										125,000
Transfers out										(776)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,224</u>
Net Change in Fund Balances	10	75	1	9	18	41	28	4	58	(513,743)
Fund Balances at Beginning of Year	<u>4,199</u>	<u>31,202</u>	<u>742</u>	<u>3,827</u>	<u>7,095</u>	<u>17,404</u>	<u>1,160</u>	<u>1,493</u>	<u>23,822</u>	<u>2,036,031</u>
Fund Balances at End of Year	<u>\$ 4,209</u>	<u>\$ 31,277</u>	<u>\$ 743</u>	<u>\$ 3,836</u>	<u>\$ 7,113</u>	<u>\$ 17,445</u>	<u>\$ 1,188</u>	<u>\$ 1,497</u>	<u>\$ 23,880</u>	<u>\$ 1,522,288</u>

## **Internal Service Funds**

## **INTERNAL SERVICE FUNDS**

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

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

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

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

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

**JUNE 30, 2011**

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 879,381	\$ 259,255	\$ 115,107	\$ 1,253,743
Other assets		9,210		9,210
	<u>879,381</u>	<u>268,465</u>	<u>115,107</u>	<u>1,262,953</u>
Total assets				
Liabilities:				
Current liabilities:				
Accounts and other payables	34,144	27,142		61,286
Risk management claims	289,500	190,000		479,500
Total current liabilities	<u>323,644</u>	<u>217,142</u>	-	<u>540,786</u>
Noncurrent liabilities:				
Risk management claims		116,000		116,000
	<u>323,644</u>	<u>333,142</u>	-	<u>656,786</u>
Total liabilities				
Net Assets:				
Unrestricted	<u>\$ 555,737</u>	<u>\$ (64,677)</u>	<u>\$ 115,107</u>	<u>\$ 606,167</u>

## TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Operating Revenues:				
Employer contributions	\$ 8,123,399	\$ 542,562	\$ -	\$ 8,665,961
Charges for services	1,565,417			1,565,417
Total operating revenues	<u>9,688,816</u>	<u>542,562</u>	<u>-</u>	<u>10,231,378</u>
Operating Expenses:				
Claims	8,185,914	539,909	46,189	8,772,012
Premiums and administrative charges	890,895	60,315		951,210
Total operating expenses	<u>9,076,809</u>	<u>600,224</u>	<u>46,189</u>	<u>9,723,222</u>
Operating Income (Loss)	612,007	(57,662)	(46,189)	508,156
Nonoperating Revenue:				
Investment income	851		373	1,224
Change in Net Assets	612,858	(57,662)	(45,816)	509,380
Net Assets at Beginning of Year	<u>(57,121)</u>	<u>(7,015)</u>	<u>160,923</u>	<u>96,787</u>
Net Assets at End of Year	<u>\$ 555,737</u>	<u>\$ (64,677)</u>	<u>\$ 115,107</u>	<u>\$ 606,167</u>

**TOWN OF WATERTOWN, CONNECTICUT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Health and Dental Benefits</u>	<u>Workers' Compensation</u>	<u>General Liability Deductibles</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received from employer contributions	\$ 8,123,399	\$ 542,562	\$	\$ 8,665,961
Cash received from charges for services	1,565,417			1,565,417
Cash paid to vendors	<u>(9,160,882)</u>	<u>(643,830)</u>	<u>(54,989)</u>	<u>(9,859,701)</u>
Net cash provided by (used in) operating activities	527,934	(101,268)	(54,989)	371,677
Cash Flows from Investing Activities:				
Investment income	<u>851</u>		<u>373</u>	<u>1,224</u>
Net Increase (Decrease) in Cash and Cash Equivalents:	528,785	(101,268)	(54,616)	372,901
Cash and Cash Equivalents at Beginning of Year	<u>350,596</u>	<u>360,523</u>	<u>169,723</u>	<u>880,842</u>
Cash and Cash Equivalents at End of Year	<u>\$ 879,381</u>	<u>\$ 259,255</u>	<u>\$ 115,107</u>	<u>\$ 1,253,743</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ <u>612,007</u>	\$ <u>(57,662)</u>	\$ <u>(46,189)</u>	\$ <u>508,156</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase (decrease) in accounts and other payables	(38,573)	4,394	(8,800)	(42,979)
Increase (decrease) in risk management claims	<u>(45,500)</u>	<u>(48,000)</u>		<u>(93,500)</u>
Total adjustments	<u>(84,073)</u>	<u>(43,606)</u>	<u>(8,800)</u>	<u>(136,479)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 527,934</u>	<u>\$ (101,268)</u>	<u>\$ (54,989)</u>	<u>\$ 371,677</u>

## **Fiduciary Funds**

## **FIDUCIARY FUNDS**

### **Agency Funds**

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

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

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

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

## TOWN OF WATERTOWN, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Student Activities</b>				
Assets:				
Cash and cash equivalents	\$ 229,699	\$ 410,422	\$ 462,080	\$ 178,041
Liabilities:				
Due to student groups and agencies	\$ 229,699	\$ 410,422	\$ 462,080	\$ 178,041
<b>Project Graduation</b>				
Assets:				
Cash and cash equivalents	\$ 3,264	\$ 3,067	\$ 4,259	\$ 2,072
Liabilities:				
Due to student groups and agencies	\$ 3,264	\$ 3,067	\$ 4,259	\$ 2,072
<b>Developers' Trust Fund</b>				
Assets:				
Cash and cash equivalents	\$ 480,384	\$ 36,765	\$ 164,170	\$ 352,979
Liabilities:				
Due to student groups and agencies	\$ 480,384	\$ 36,765	\$ 164,170	\$ 352,979
<b>School Activities</b>				
Assets:				
Cash and cash equivalents	\$ 22,311	\$ 34,649	\$ 29,694	\$ 27,266
Liabilities:				
Due to student groups and agencies	\$ 22,311	\$ 34,649	\$ 29,694	\$ 27,266
<b>Total All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 735,658	\$ 484,903	\$ 660,203	\$ 560,358
Liabilities:				
Due to student groups and agencies	\$ 735,658	\$ 484,903	\$ 660,203	\$ 560,358

**Supplementary Data**

TOWN OF WATERTOWN, CONNECTICUT

CAPITAL IMPROVEMENT FUND  
PROJECT STATUS SUMMARY

FOR THE YEAR ENDED JUNE 30, 2011

<u>Project Description</u>	<u>Fund Balance July 1, 2010</u>	<u>Capital Grants</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlay</u>	<u>Bond Proceeds</u>	<u>Transfers In / (Out)</u>	<u>Fund Balance June 30, 2011</u>
Current Projects:								
Watertown High School Renovation	\$ 5,835,833	\$ 6,128,181	\$ 35,660	\$ 99,569	\$ 10,794,509	\$	\$ 1,600	\$ 1,306,334
Judson School Renovation	643,348	180,686	3,925	16,365	274,658			569,666
Polk School Renovation	1,730,630	1,307,148	2,385	35,787	2,310,238		(1,600)	764,112
Swift School Reconstruction	(147,914)	(325,274)	253	15,558	24,692			(482,069)
Fire House Renovation and Expansion	159,047		282		(1,700)		(161,029)	-
Turkey Brook Flood Drainage	21,157		70					21,227
School Roofs	56,159		102		1,004		(55,257)	-
High School Track	13,323		25					13,348
Roadway and Drainage Improvements	616,563		1,903		145,875			472,591
Buckingham Street School	9,034		19					9,053
Steele Brook Greenway	(1,354)							(1,354)
French Street Reconstruction	(411)	392,331	313		379,138		(16,480)	(3,385)
Communication Systems Upgrade		299,990	4,043	33,545	1,563,065			(1,225,487)
Other Projects:								
Veteran's Memorial Park	9,801		16		566			9,251
Sylvan Lake Park	24,634		59					24,693
Echo Lake Park				21,555				21,555
Pond View Water Construction	19,847		35				(19,882)	-
Senior Center Improvements	10,358		23					10,381
Oakville Green Transportation Enhancement	4,775		28					4,803
Beach/East Improvements	20,576		37				(20,613)	-
Deland Field Improvements	12,802		32					12,834
<b>Total</b>	<u>\$ 9,038,208</u>	<u>\$ 7,983,062</u>	<u>\$ 49,210</u>	<u>\$ 222,379</u>	<u>\$ 15,492,045</u>	<u>\$ -</u>	<u>\$ (273,261)</u>	<u>\$ 1,527,553</u>

**TOWN OF WATERTOWN, CONNECTICUT**  
**REPORT OF SEWER AND WATER ASSESSMENT COLLECTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Fiscal Year	Program	Uncollected Balance July 1, 2010	Additions	Deductions	Adjusted Amount Collectible	Collections				Uncollected Balance June 30, 2011
						Assessments	Interest	Lien Fees	Total	
Sewer:										
1959	D	\$ 150	\$	\$	\$ 150	\$	\$	\$	\$ -	\$ 150
2008	TT	14,767			14,767	767	219		986	14,000
1992	EE	14,850			14,850				-	14,850
1998	LL	4,434			4,434		450		450	4,434
2000	AB	5,645			5,645	5,645	7,347	20	13,012	-
2005	OO	77,216			77,216	22,868	2,405	80	25,353	54,348
2005	QQ	29,259			29,259	6,450	1,018		7,468	22,809
2010	RR	117,340			117,340	13,220	3,125	20	16,365	104,120
2010	VV	52,055		13,700	38,355	2,740	986		3,726	35,615
Total Sewer		<u>315,716</u>	<u>-</u>	<u>13,700</u>	<u>302,016</u>	<u>51,690</u>	<u>15,550</u>	<u>120</u>	<u>67,360</u>	<u>250,326</u>
Water										
1998	WE	1,500			1,500		450		450	1,500
2002	WE	440			440	440	26	20	486	-
2005	WF	28,532			28,532	4,500	694		5,194	24,032
2005	WG	114,434			114,434	28,364	3,432	140	31,936	86,070
Total Water		<u>144,906</u>	<u>-</u>	<u>-</u>	<u>144,906</u>	<u>33,304</u>	<u>4,602</u>	<u>160</u>	<u>38,066</u>	<u>111,602</u>
Total		<u>\$ 460,622</u>	<u>\$ -</u>	<u>\$ 13,700</u>	<u>\$ 446,922</u>	<u>\$ 84,994</u>	<u>\$ 20,152</u>	<u>\$ 280</u>	<u>\$ 105,426</u>	<u>\$ 361,928</u>

# **Statistical Section**

## Statistical Section Information

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

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

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

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

## TOWN OF WATERTOWN, CONNECTICUT

## NET ASSETS BY COMPONENT

## LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:									
Invested in capital assets, net of related debt	\$ 134,314,785	\$ 124,600,580	\$ 100,078,111	\$ 86,502,225	\$ 73,490,497	\$ 63,489,201	\$ 60,874,563	\$ 58,728,824	\$ 57,940,049
Restricted	339,734	332,168	325,523	316,168	311,112	273,892	209,802	197,569	192,061
Unrestricted	1,019,194	2,571,568	4,952,636	4,180,098	4,685,860	4,930,851	4,435,231	10,271,663	11,924,085
Total governmental activities net assets	<u>135,673,713</u>	<u>127,504,316</u>	<u>105,356,270</u>	<u>90,998,491</u>	<u>78,487,469</u>	<u>68,693,944</u>	<u>65,519,596</u>	<u>69,198,056</u>	<u>70,056,195</u>
Business-type activities:									
Invested in capital assets, net of related debt	12,504,751	12,768,105	12,211,170	10,839,674	10,612,014	10,910,559	10,959,360	10,587,120	10,393,751
Unrestricted	5,353,326	5,556,514	5,414,493	7,714,639	8,354,957	7,872,118	5,005,603	3,646,720	3,555,102
Total business-type activities net assets	<u>17,858,077</u>	<u>18,324,619</u>	<u>17,625,663</u>	<u>18,554,313</u>	<u>18,966,971</u>	<u>18,782,677</u>	<u>15,964,963</u>	<u>14,233,840</u>	<u>13,948,853</u>
Primary government:									
Invested in capital assets, net of related debt	146,819,536	137,368,685	112,289,281	97,341,899	84,102,511	74,399,760	71,833,923	69,315,944	68,333,800
Restricted	339,734	332,168	325,523	316,168	311,112	273,892	209,802	197,569	192,061
Unrestricted	6,372,520	8,128,082	10,367,129	11,894,737	13,040,817	12,802,969	9,440,834	13,918,383	15,479,187
Total Primary Government Net Assets	<u>\$ 153,531,790</u>	<u>\$ 145,828,935</u>	<u>\$ 122,981,933</u>	<u>\$ 109,552,804</u>	<u>\$ 97,454,440</u>	<u>\$ 87,476,621</u>	<u>\$ 81,484,559</u>	<u>\$ 83,431,896</u>	<u>\$ 84,005,048</u>

## Notes:

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

## TOWN OF WATERTOWN, CONNECTICUT

## CHANGES IN NET ASSETS

## LAST NINE FISCAL YEARS

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses:									
Governmental activities:									
General government	\$ 8,639,591	\$ 8,570,229	\$ 8,471,740	\$ 8,346,852	\$ 8,504,190	\$ 7,622,554	\$ 8,256,135	\$ 7,653,902	\$ 6,633,350
Public safety	8,308,759	5,784,893	5,808,433	5,093,325	4,328,372	4,257,876	4,223,554	4,126,988	3,870,753
Public works	5,015,065	441,914	3,680,442	4,843,199	4,151,630	4,477,683	5,193,845	4,999,340	5,085,792
Parks and recreation	1,055,517	1,057,114	1,130,178	1,223,957	1,144,828	1,007,920	1,068,516	1,062,261	1,181,599
Health and welfare	97,227	262,670	255,107	160,475	132,738	136,780	121,529	119,896	112,836
Education	35,657,507	45,058,186	42,822,088	50,151,146	38,034,804	35,752,303	34,284,912	32,523,973	31,626,791
Interest on long-term debt	8,445,611	2,619,388	2,222,436	1,892,883	1,588,659	1,604,605	1,417,615	1,142,189	1,132,417
Total governmental activities expenses	<u>67,219,277</u>	<u>63,794,394</u>	<u>64,390,424</u>	<u>71,711,837</u>	<u>57,885,221</u>	<u>54,859,721</u>	<u>54,566,106</u>	<u>51,628,549</u>	<u>49,643,538</u>
Business-type activities:									
Sewer	2,300,675	1,355,824	3,018,119	3,109,996	1,860,498	1,278,716	1,348,587	1,874,699	2,293,349
Water	1,322,928	1,602,256	1,546,437	1,521,404	1,287,905	1,374,271	1,413,600	1,384,687	1,365,247
Golf	705,047	729,289	730,840	780,081	742,519	795,756	750,988	743,095	760,331
Total business-type activities expenses	<u>4,328,650</u>	<u>3,687,369</u>	<u>5,295,396</u>	<u>5,411,481</u>	<u>3,890,922</u>	<u>3,448,743</u>	<u>3,513,175</u>	<u>4,002,481</u>	<u>4,418,927</u>
Total primary government expenses	<u>71,547,927</u>	<u>67,481,763</u>	<u>69,685,820</u>	<u>77,123,318</u>	<u>61,776,143</u>	<u>58,308,464</u>	<u>58,079,281</u>	<u>55,631,030</u>	<u>54,062,465</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	899,801	948,584	1,136,805	1,208,614	1,236,145	1,416,315	1,258,684	1,101,699	722,459
Public safety	484,188	615,931	564,378	432,684	439,286	293,589	468,153	342,184	310,778
Public works	129,407	62,901	204,824	172,955	101,024	154,288	780,726	695,704	599,741
Parks and recreation	322,562	261,319	320,615	351,129	416,776	298,278	244,193	265,395	263,949
Education	1,121,296	1,357,137	1,365,557	1,274,910	1,379,601	1,431,964	1,590,593		1,363,848
Operating grants and contributions	19,035,423	19,742,965	17,062,011	26,838,219	14,481,312	13,932,246	12,835,389	12,342,775	12,783,829
Capital grants and contributions	7,702,751	18,950,759	15,031,714	12,721,359	9,045,451	3,222,889	2,773,859	1,032,086	2,149,305
Total governmental activities program revenues	<u>29,695,428</u>	<u>41,939,596</u>	<u>35,685,904</u>	<u>42,999,870</u>	<u>27,099,595</u>	<u>20,749,569</u>	<u>19,951,597</u>	<u>17,374,619</u>	<u>18,193,909</u>
Business-type activities:									
Charges for services:									
Sewer	1,760,145	1,708,749	1,689,525	1,703,226	1,780,891	1,967,089	1,722,092	1,740,628	1,799,597
Water	1,109,393	1,144,225	1,143,510	1,135,691	1,127,314	1,156,288	1,125,057	1,114,995	1,089,882
Golf	600,635	646,402	670,471	698,595	664,466	689,514	725,930	752,042	752,749
Operating grants and contributions	105,427	253,009	18,266	980,178	30,633	56,004	1,481,945	225,033	206,224
Capital grants and contributions	390,521	33,655	453,987	41,500	39,463	77,675	40,535	333,826	206,851
Total business-type activities program revenues	<u>3,966,121</u>	<u>3,786,040</u>	<u>3,975,759</u>	<u>4,559,190</u>	<u>3,642,767</u>	<u>3,946,570</u>	<u>5,095,559</u>	<u>4,166,524</u>	<u>4,055,303</u>
Total primary government program revenues	<u>33,661,549</u>	<u>45,725,636</u>	<u>39,661,663</u>	<u>47,559,060</u>	<u>30,742,362</u>	<u>24,696,139</u>	<u>25,047,156</u>	<u>21,541,143</u>	<u>22,249,212</u>
Net (Expense) Revenue:									
Governmental activities	(37,523,849)	(21,854,798)	(28,704,520)	(28,711,967)	(30,785,626)	(34,110,152)	(34,614,509)	(34,253,930)	(31,449,629)
Business-type activities	(362,529)	98,671	(1,319,637)	(852,291)	(248,155)	497,827	1,582,384	164,043	(363,624)
Total Primary Government Net Expense	<u>\$ (37,886,378)</u>	<u>\$ (21,756,127)</u>	<u>\$ (30,024,157)</u>	<u>\$ (29,564,258)</u>	<u>\$ (31,033,781)</u>	<u>\$ (33,612,325)</u>	<u>\$ (33,032,125)</u>	<u>\$ (34,089,887)</u>	<u>\$ (31,813,253)</u>

(Continued on next page)

**TOWN OF WATERTOWN, CONNECTICUT**  
**CHANGES IN NET ASSETS (CONTINUED)**

**LAST NINE FISCAL YEARS**

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets:									
Governmental activities:									
Property taxes	\$ 44,139,795	\$ 42,929,988	\$ 41,530,674	\$ 38,206,068	\$ 37,848,503	\$ 34,352,094	\$ 32,128,168	\$ 31,775,000	\$ 30,075,443
Grants and contributions not restricted to specific programs	1,049,245	1,325,434	1,225,990	1,335,598	1,437,438	1,303,174	1,227,486	1,407,710	1,761,694
Unrestricted investment earnings	91,970	146,461	370,165	914,113	1,141,078	1,141,571	484,229	188,367	281,094
Other general revenues (including gain on sale of capital assets)	296,883	177,654	246,045	907,230	195,595	322,720	210,817	65,903	93,052
Transfers	115,353	(576,693)	(310,575)	(140,020)	(43,463)	164,941	22,159	(41,189)	(97,206)
Special items							(3,136,810)		
Total governmental activities	<u>45,693,246</u>	<u>44,002,844</u>	<u>43,062,299</u>	<u>41,222,989</u>	<u>40,579,151</u>	<u>37,284,500</u>	<u>30,936,049</u>	<u>33,395,791</u>	<u>32,114,077</u>
Business-type activities:									
Unrestricted investment earnings	11,340	23,592	80,412	299,613	388,986	326,187	170,898	79,755	128,003
Transfers	(115,353)	576,693	310,575	140,020	43,463	(164,941)	(22,159)	41,189	97,206
Special items						2,158,641			
Total business-type activities	<u>(104,013)</u>	<u>600,285</u>	<u>390,987</u>	<u>439,633</u>	<u>432,449</u>	<u>2,319,887</u>	<u>148,739</u>	<u>120,944</u>	<u>225,209</u>
Total Primary Government	<u>\$ 45,589,233</u>	<u>\$ 44,603,129</u>	<u>\$ 43,453,286</u>	<u>\$ 41,662,622</u>	<u>\$ 41,011,600</u>	<u>\$ 39,604,387</u>	<u>\$ 31,084,788</u>	<u>\$ 33,516,735</u>	<u>\$ 32,339,286</u>
Changes in Net Assets:									
Governmental activities	\$ 8,169,397	\$ 22,148,046	\$ 14,357,779	\$ 12,511,022	\$ 9,793,525	\$ 3,174,348	\$ (3,678,460)	\$ (858,139)	\$ 664,448
Business-type activities	(466,542)	698,956	(928,650)	(412,658)	184,294	2,817,714	1,731,123	284,987	(138,415)
Total Primary Government	<u>\$ 7,702,855</u>	<u>\$ 22,847,002</u>	<u>\$ 13,429,129</u>	<u>\$ 12,098,364</u>	<u>\$ 9,977,819</u>	<u>\$ 5,992,062</u>	<u>\$ (1,947,337)</u>	<u>\$ (573,152)</u>	<u>\$ 526,033</u>

## Notes:

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

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

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Fund:									
Reserved	\$	\$ 698,945	\$ 305,098	\$ 916,410	\$ 890,284	\$ 930,145	\$ 1,006,484	\$ 1,466,643	\$ 1,167,497
Unreserved		5,739,217	5,400,261	5,022,065	4,545,367	4,185,380	3,042,935	3,063,377	3,170,805
Assigned		849,103							
Unassigned		<u>5,574,702</u>							
Total General Fund	\$	<u>6,423,805</u>	<u>6,438,162</u>	<u>5,705,359</u>	<u>5,938,475</u>	<u>5,435,651</u>	<u>5,115,525</u>	<u>4,049,419</u>	<u>4,338,302</u>
All other governmental funds:									
Reserved	\$	\$ 4,312,392	\$ 40,380,281	\$ 2,882,437	\$ 9,138,645	\$ 30,383,137	\$ 2,200,829	\$ 542,090	\$ 627,800
Unreserved, reported in:									
Special revenue funds		1,373,615	1,197,459	1,228,952	1,079,564	532,480	515,071	502,294	766,975
Capital projects funds		5,388,232	(21,571,443)	12,069,977	(5,576,765)	(15,986,214)	5,655,291	6,958,235	(1,160,425)
Nonspendable		237,077							
Restricted		1,748,589							
Committed		1,080,367							
Unassigned		<u>(16,192)</u>							
Total All Other Governmental Funds	\$	<u>3,049,841</u>	<u>11,074,239</u>	<u>20,006,297</u>	<u>16,181,366</u>	<u>14,929,403</u>	<u>8,371,191</u>	<u>8,002,619</u>	<u>234,350</u>

## Notes:

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

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

	FISCAL YEAR								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues:</b>									
Property taxes	\$ 44,110,778	\$ 43,040,294	\$ 41,428,222	\$ 38,248,288	\$ 37,862,867	\$ 34,328,688	\$ 32,053,385	\$ 31,827,072	\$ 30,067,903
Intergovernmental revenues	27,270,382	40,035,000	33,309,630	39,789,409	24,022,765	18,705,999	16,884,383	15,068,234	16,032,545
Licenses, permits, and charges for services	3,115,162	3,425,029	3,714,547	3,445,957	3,767,376	3,848,049	3,969,800	3,786,147	3,121,472
Investment income	90,750	145,083	363,779	891,230	1,105,301	1,107,014	477,484	176,576	245,134
Other revenue	1,232,456	717,221	815,533	1,923,093	447,133	652,221	809,679	359,712	504,117
<b>Total revenues</b>	<b>75,819,528</b>	<b>87,362,627</b>	<b>79,631,711</b>	<b>84,297,977</b>	<b>67,205,442</b>	<b>58,641,971</b>	<b>54,194,731</b>	<b>51,217,741</b>	<b>49,971,171</b>
<b>Expenditures:</b>									
General government	2,541,839	2,488,762	2,496,833	2,497,075	2,502,698	2,230,749	2,210,727	2,259,916	2,016,616
Public safety	5,266,356	4,565,974	4,389,517	4,473,367	4,190,652	4,066,016	3,956,543	3,922,837	3,739,561
Public works	3,425,389	3,719,746	3,890,068	3,968,669	3,536,899	3,462,424	4,804,898	4,309,738	4,183,470
Parks and recreation	965,694	913,654	1,089,556	1,066,960	1,002,225	899,291	856,261	847,748	1,096,611
Health and welfare	286,371	612,223	406,778	152,562	132,738	136,780	121,529	119,896	112,836
Education	41,682,262	42,918,560	41,154,013	49,362,282	37,041,008	34,703,830	32,891,291	31,920,114	30,786,797
Other	6,835,366	6,778,146	6,465,866	5,992,706	5,917,185	5,728,912	5,009,781	4,294,378	3,843,389
Capital outlay	15,492,045	35,054,372	26,436,339	14,772,334	23,125,476	7,561,056	8,114,848	1,160,207	1,332,797
Debt service:									
Principal	4,307,000	3,135,000	3,420,000	2,849,000	2,663,000	1,728,000	1,886,300	1,840,300	2,473,150
Interest	3,171,314	2,660,979	2,139,514	1,632,356	1,789,035	1,331,630	1,352,036	1,038,758	1,158,682
<b>Total expenditures</b>	<b>83,973,636</b>	<b>102,847,416</b>	<b>91,888,484</b>	<b>86,767,311</b>	<b>81,900,916</b>	<b>61,848,688</b>	<b>61,204,214</b>	<b>51,713,892</b>	<b>50,743,909</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>(8,154,108)</b>	<b>(15,484,789)</b>	<b>(12,256,773)</b>	<b>(2,469,334)</b>	<b>(14,695,474)</b>	<b>(3,206,717)</b>	<b>(7,009,483)</b>	<b>(496,151)</b>	<b>(772,738)</b>
<b>Other Financing Sources (Uses):</b>									
Bonds issued		7,500,000	16,000,000	14,100,000	4,500,000	10,540,000	6,000,000	8,038,000	
Multi-year lease purchase agreements		159,306	159,163	552,100	271,104	126,094	734,328	459,327	240,786
Refunding bonds issued		18,760,000					15,535,000		
Payment to refunding bond escrow agent		(18,557,079)					(16,207,402)		
Premium on refunding bonds issued							813,369		
Transfers in	607,573	1,149,570	1,084,594	670,334	397,306	1,067,305	1,315,596	472,169	447,348
Transfers out	(492,220)	(1,726,263)	(1,395,169)	(810,354)	(440,769)	(902,364)	(1,293,437)	(513,358)	(544,554)
<b>Total other financing sources (uses)</b>	<b>115,353</b>	<b>7,285,534</b>	<b>15,848,588</b>	<b>14,512,080</b>	<b>4,727,641</b>	<b>10,831,035</b>	<b>6,897,454</b>	<b>8,456,138</b>	<b>143,580</b>
<b>Net Change in Fund Balances</b>	<b>\$ (8,038,755)</b>	<b>\$ (8,199,255)</b>	<b>\$ 3,591,815</b>	<b>\$ 12,042,746</b>	<b>\$ (9,967,833)</b>	<b>\$ 7,624,318</b>	<b>\$ (112,029)</b>	<b>\$ 7,959,987</b>	<b>\$ (629,158)</b>
Debt service as a % of noncapital expenditures	10.73%	9.23%	8.75%	6.25%	7.62%	5.66%	5.74%	5.75%	7.41%

Notes:

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

TOWN OF WATERTOWN, CONNECTICUT

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS  
(In Thousands)

Fiscal Year	Grand List Year	Real Property		Vacant Land	Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
		Residential	Commercial and Industrial									
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	1,683,564	22.72	2,405,090	70.00
2007	2005	1,194,628	196,325	597	133,153	150,817	1,675,520	45,234	1,630,286	22.72	2,328,980	70.00
2006	2004	1,155,955	202,742	1,635	134,071	140,611	1,635,014	50,969	1,584,045	21.35	2,262,921	70.00
2005	2003	1,144,827	190,805	1,617	145,529	134,210	1,616,988	54,718	1,562,270	20.37	2,231,814	70.00
2004	2002	775,732	157,432	48,245	144,735	143,466	1,269,610	58,566	1,211,044	25.91	1,730,063	70.00
2003	2001	763,662	163,015	41,381	144,205	141,697	1,253,960	67,402	1,186,558	24.91	1,695,083	70.00
2002	2000	748,466	153,095	42,526	132,440	138,515	1,215,042	66,232	1,148,810	24.56	1,641,157	70.00

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Source: Town of Watertown, Office of Tax Assessor

Notes:

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

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

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

<b>Grand List Year October 1,</b>	<b>Fiscal Year Ended June 30,</b>	<b>Town of Watertown Mill Rate</b>	<b>Fiscal Year Ended June 30,</b>	<b>Watertown Fire District Mill Rate</b>	<b>Total</b>
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
2003	2005	20.37	2005	3.1	23.47
2002	2004	25.91	2004	3.8	29.71
2001	2003	24.91	2003	3.8	28.71
2000	2002	24.56	2002	3.1	27.68

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

## TOWN OF WATERTOWN, CONNECTICUT

## PRINCIPAL PROPERTY TAXPAYERS

OCTOBER 1, 2009 AND OCTOBER 1, 2000

(In Thousands)

Taxpayer	Nature of Business	October 1, 2009			October 1, 2000		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
The Siemon Company	Manufacturing	\$ 19,347	2	1.01 %	\$ 25,165	1	1.32 %
Connecticut Light & Power	Utility	23,772	1	1.24	9,983	3	0.52
Siemon Realty Company	Real estate	8,137	3	0.43			
JSD Partners	Manufacturing	7,836	4	0.41			
Greenbriar Associates, LLC	Real estate	6,430	7	0.34			
Straits Commercial Assoc. LTD	Supermarket	6,930	5	0.36			
Echo Manufacturing Co.	Manufacturing	6,772	6	0.35			
DP 38 LLC & FP 3 LLC	Real estate	4,962	9	0.26			
PM Engineered Solutions	Manufacturing	5,928	8	0.31			
Guernseytown Farms LLC	Real estate	4,811	10	0.25			
Torrington Company	Manufacturing				18,138	2	0.95
Bouffard Metal Goods, Inc.	Manufacturing				8,943	5	0.47
Winchester Electronics	Manufacturing				9,058	4	0.47
Buckingham Enterprises	Real estate				5,734	7	0.30
Eyelematic Manufacturing Company	Manufacturing				4,721	9	0.25
Litton Systems	Manufacturing				4,703	10	0.25
OSRAM Sylvania, Inc.	Real estate				6,107	6	0.32
Engineered Sinterings and Plastics	Manufacturing				4,783	8	0.25
Total		\$ 94,925		4.96 %	\$ 97,335		5.09 %

Source: Town of Watertown Assessor's Office

TABLE 8

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

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Assessed Value (In Thousands)	Tax Rate In Mills	Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections To Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2011	2009	\$ 1,912,861	22.91	\$ 43,775,364	\$ 43,199,032	98.68 %	\$	\$ 43,199,032	98.68 %
2010	2008	1,912,745	22.38	42,762,988	42,215,395	98.72	457,453	42,672,848	99.79
2009	2007	1,683,564	24.35	41,285,103	40,668,696	98.62	572,789	41,241,485	99.89
2008	2006	1,630,286	22.72	38,052,048	37,617,731	99.16	390,237	38,007,968	99.88
2007	2005	1,584,045	22.72	37,474,713	37,087,621	99.20	358,379	37,446,000	99.92
2006	2004	1,562,270	21.35	34,173,166	33,774,182	99.08	380,998	34,155,180	99.95
2005	2003	1,211,044	20.37	31,777,292	31,314,140	98.78	451,100	31,765,240	99.96
2004	2002	1,186,558	25.91	31,559,672	31,130,523	98.51	421,672	31,552,195	99.98
2003	2001	1,148,810	24.91	29,767,033	29,370,221	98.60	393,166	29,763,387	99.99
2002	2000	1,133,263	24.56	28,511,888	28,049,427	98.35	460,595	28,510,022	99.99

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

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Ratio of Debt to Net Taxable Assessed Property Value	Debt Per Capita	Ratio of Debt to Personal Income
	General Obligation Bonds			General Obligation Bonds		Clean Water Fund Notes	Capital Leases				
	General Purpose	Schools	Capital Leases	Water	Sewer						
2011	\$ 8,270,000	\$ 54,910,000	\$ 544,721	\$ 1,375,000	\$ 2,160,000	\$ 3,962,120	\$	\$ 71,221,841	3.72 %	\$ 3,206	12.31 %
2010	9,652,000	57,835,000	458,989	1,546,000	2,372,000	4,426,122		76,290,111	3.99	3,453	13.26
2009	9,889,000	54,298,000	543,122	1,860,000	2,783,000	4,889,471		74,262,593	3.88	3,358	12.89
2008	10,623,000	40,984,000	723,862	1,997,000	2,746,000	5,352,176		62,426,038	3.71	2,793	10.73
2007	11,372,000	28,984,000	702,972	2,134,000	1,020,000	5,814,251		50,027,223	3.07	2,240	8.60
2006	10,461,000	28,058,000	792,785	2,267,000	1,094,000	6,275,709		48,948,494	3.09	2,198	8.44
2005	10,167,000	19,540,000	1,037,682	2,392,500	1,155,500	6,736,562	67,650	41,096,894	2.63	1,853	7.12
2004	6,643,300	18,965,000	873,279	2,564,900	1,286,800	7,196,822	120,231	37,650,332	3.11	1,698	6.52
2003	980,600	18,430,000	878,425	535,300	694,100	7,656,501		29,174,926	2.46	1,315	5.05
2002	1,559,196	20,324,554	1,026,179	649,441	916,809	8,115,610		32,591,789	2.84	1,505	5.78

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

## TOWN OF WATERTOWN, CONNECTICUT

## SCHEDULE OF DEBT LIMITATION

**JUNE 30, 2011**  
**(In Thousands)**

Total tax collections, including interest and lien fees					\$ 44,111
Reimbursement for loss on:					
Tax relief for elderly - freeze					<u>2</u>
BASE					<u>\$ 44,113</u>
	<u>General</u>			<u>Urban</u>	<u>Pension</u>
	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Renewal</u>	<u>Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 93,096	\$	\$	\$	\$
4-1/2 times base		186,192			
3-3/4 times base			155,160		
3-1/4 times base				134,472	
3 times base					124,128
Total debt limitation	<u>93,096</u>	<u>186,192</u>	<u>155,160</u>	<u>134,472</u>	<u>124,128</u>
Indebtedness:					
Bonds payable*	8,270	54,910	2,160	**	
Bonds authorized, and unissued	30	7,891			
School building grants		(17,231)			
Total indebtedness	<u>8,300</u>	<u>45,570</u>	<u>2,160</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 84,796</u>	<u>\$ 140,622</u>	<u>\$ 153,000</u>	<u>\$ 134,472</u>	<u>\$ 124,128</u>

\*Excludes Water Authority Enterprise Fund bonds of \$1,375 and Watertown Fire District water bonds of \$902.

\*\*Includes Sewer Authority bonds of \$2,160 and excludes serial notes of \$3,962.

## NOTES:

- (1) In no event shall total debt exceed seven times annual receipts from taxation, \$308,791.
- (2) Bonds authorized-unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued.
- (3) School building grants totaling \$17,231 are applicable to outstanding bond issues. In addition, pursuant to Public Act 97-11, an estimated amount of \$26,042 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects applicable to bonds authorized and unissued.

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

<b>Fiscal Year</b>	<b>Underlying Debt Watertown Fire District</b>		<b>Primary Government</b>		<b>Total Direct and Underlying Debt</b>
	<b>General Obligation Bonds</b>	<b>Percentage Applicable To Town</b>	<b>Town General Obligation Bonds</b>		
2011	\$ 902,064	100 %	\$ 63,180,000	\$	64,082,064
2010	990,510	100	67,487,000		68,477,510
2009	1,085,392	100	64,187,000		65,272,392
2008	1,155,484	100	51,607,000		52,762,484
2007	1,232,405	100	40,356,000		41,588,405
2006	1,368,076	100	38,519,000		39,887,076
2005	1,479,739	100	29,707,000		31,186,739
2004	1,611,814	100	25,608,300		27,220,114
2003	555,562	100	19,410,600		19,966,162
2002	627,818	100	21,883,750		22,511,568

## TOWN OF WATERTOWN, CONNECTICUT

## LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Debt Limit	\$ 308,791	\$ 301,294	\$ 289,632	\$ 268,051	\$ 271,502	\$ 246,925	\$ 232,092	\$ 229,544	\$ 217,749	\$ 206,470
Total net debt applicable to limit	<u>56,030</u>	<u>82,408</u>	<u>74,663</u>	<u>77,997</u>	<u>46,947</u>	<u>48,863</u>	<u>48,152</u>	<u>32,005</u>	<u>24,797</u>	<u>26,115</u>
Legal Debt Margin	<u>\$ 252,761</u>	<u>\$ 383,702</u>	<u>\$ 214,969</u>	<u>\$ 190,054</u>	<u>\$ 224,555</u>	<u>\$ 198,062</u>	<u>\$ 183,940</u>	<u>\$ 197,539</u>	<u>\$ 192,952</u>	<u>\$ 180,355</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	18.14%	27.35%	25.78%	29.10%	17.29%	19.79%	20.75%	13.94%	11.39%	12.65%

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

Calendar Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Income (3)	School Enrollment (2)	Labor Force		Percentage Unemployed (4)			
					Employed (4)	Unemployed (4)	Town of Watertown	Waterbury Labor Market	State of Connecticut	United States
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
2005	22,178	577,604	26,044	3,506	11,673	598	4.9	6.6	5.3	5.1
2004	22,178	577,604	26,044	3,536	11,537	587	4.8	6.1	4.7	5.5
2003	22,178	577,604	26,044	3,569	11,453	698	5.7	7.3	5.5	5.8
2002	21,661	564,139	26,044	3,608	11,776	573	4.6	6.0	4.3	5.8

## Sources:

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

## TOWN OF WATERTOWN, CONNECTICUT

## PRINCIPAL EMPLOYERS

2011 AND 2002

Business Name	Nature of Business	2011			2002		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Eyelematic Manufacturing Company	Metal stamping manufacturer	290	1	2.54 %	250	5	2.19 %
The Siemon Company	Manufacturer	270	2	2.36	514	1	4.49
The Taft School	Private school	250	3	2.19	220	7	1.92
Super Stop & Shop	Supermarket	200	4	1.75			
Braxton Manufacturing	Manufacturer	167	5	1.46	180	8	1.57
Global Steering System	Manufacturer	138	6	1.21			
Apple Rehab	Health care	137	7	1.20			
Emerson Remote Automation	Manufactures	128	8	1.12			
LaBonne's	Specialty supermarket	125	9	1.09			
Adams Supermarket	Supermarket	100	10	0.87			
Kmart	Retail store	89	11	0.78			
VNA	Health care	80	12	0.70			
Bristol Inc.	Instrumentation Devices				350	3	3.06
Winchester Electronics	Electronic components				175	9	1.53
Henlopen Manufacturing	Manufacturer				230	6	2.01
Engineered Sinterings & Plastics, Inc.	Thermosetting Material				250	4	2.19
Torrington Company	Manufacturer				500	2	4.37
Total		<u>1,974</u>		<u>17.26 %</u>	<u>3,135</u>		<u>23.33 %</u>

## TOWN OF WATERTOWN, CONNECTICUT

## FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

## LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government	55	53	53	55	54	53	53	53	52	51
Police	38	38	38	38	38	36	36	36	36	36
Fire	3	3	3	3	3	3	3	3	3	3
Public works	31	31	31	31	31	31	31	31	31	30
Parks and recreation	8	8	8	8	8	8	8	8	8	8
	<u>135</u>	<u>133</u>	<u>133</u>	<u>135</u>	<u>134</u>	<u>131</u>	<u>131</u>	<u>131</u>	<u>130</u>	<u>128</u>
Board of Education:										
Administration and principals	21	22	22	22	22	21	21	20	20	20
Teachers	239	254	258	256	258	236	245	242	237	232
Other	184	240	205	186	205	198	204	202	200	197
	<u>444</u>	<u>516</u>	<u>485</u>	<u>464</u>	<u>485</u>	<u>455</u>	<u>470</u>	<u>464</u>	<u>457</u>	<u>449</u>
Total	<u>579</u>	<u>649</u>	<u>618</u>	<u>599</u>	<u>619</u>	<u>586</u>	<u>601</u>	<u>595</u>	<u>587</u>	<u>577</u>

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

<u>Function/Program</u>	<u>FISCAL YEAR</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government:										
Building permits issued	1,198	1,380	1,355	1,452	1,748	2,140	2,254	2,051	1,699	1,794
Police:										
Physical arrests	604	680	662	723	738	701	638	640	701	686
Parking violations	89	99	180	261	126	92	72	68	94	82
Traffic violations	1,855	1,456	2,796	1,351	1,797	991	945	888	913	894
Fire:										
Emergency responses	1,610	1,569	1,608	2,273	2,266	2,353	2,324	2,087	2,173	2,061
Fires extinguished	102	67	56	75	58	42	46	45	64	51
Public works:										
Street resurfacing (miles)	2	3	4.26	1.99	1.89	3.1	3.27	2.96		2.7
Potholes repaired	200	189	58	217	131	49	43	18	31	21
Library:										
Volumes in collection	74,890	74,700	75,755	79,379	70,560	69,197	68,277	69,825	70,930	66,300
Water:										
Water main breaks	4	4	6	4	6	4	7	3	5	5
Average daily consumption (thousands of gallons)	905	890	1,040	965	1,056	1,010	987	1,048	1,041	1,132

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

<b>Function/Program</b>	<b>FISCAL YEAR</b>									
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
General Government:										
Administrative buildings	2	2	2	2	2	2	2	2	2	2
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of streets	134.85	133.53	133.4	133.26	132.32	130.62	129.97	128.02	127.85	127.85
Miles of sidewalks	82	23.05	22.44	21.59	21.59	19.98	19.77	19.54	19.2	19.2
Catch basins	3,374	3,284	3,171	3,149	3,149	3,065	3,041	3,007	3,007	3,007
Number of dams	5	5	5	5	4	4	4	4	4	4
Parks and recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Cemeteries	3	3	3	3	3	3	3	3	3	3
Golf courses	1	1	1	1	1	1	1	1	1	1
Recreation fields and courts:										
Number of basketball courts	12	12	12	12	12	12	12	12	12	12
Number of football fields	2	2	2	2	2	2	2	2	2	2
Number of playgrounds	9	9	9	9	9	9	9	9	9	9
Number of soccer fields	6	6	6	6	6	6	6	6	6	6
Number of softball fields (baseball fields)	17	17	17	17	17	17	17	17	17	17
Number of tennis courts	4	4	4	4	4	4	4	4	4	4
Education:										
School buildings	5	6	6	6	6	6	6	6	6	6
Administrative buildings	1	1	1	1	1	1	1	1	1	1