

TOWN OF WATERFORD, CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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Town of Waterford, Connecticut

Annual Comprehensive Financial Report

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**Department of Finance
Kimberly Allen
Director of Finance**

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Introductory Section

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TOWN OF WATERFORD, CONNECTICUT
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JUNE 30, 2021

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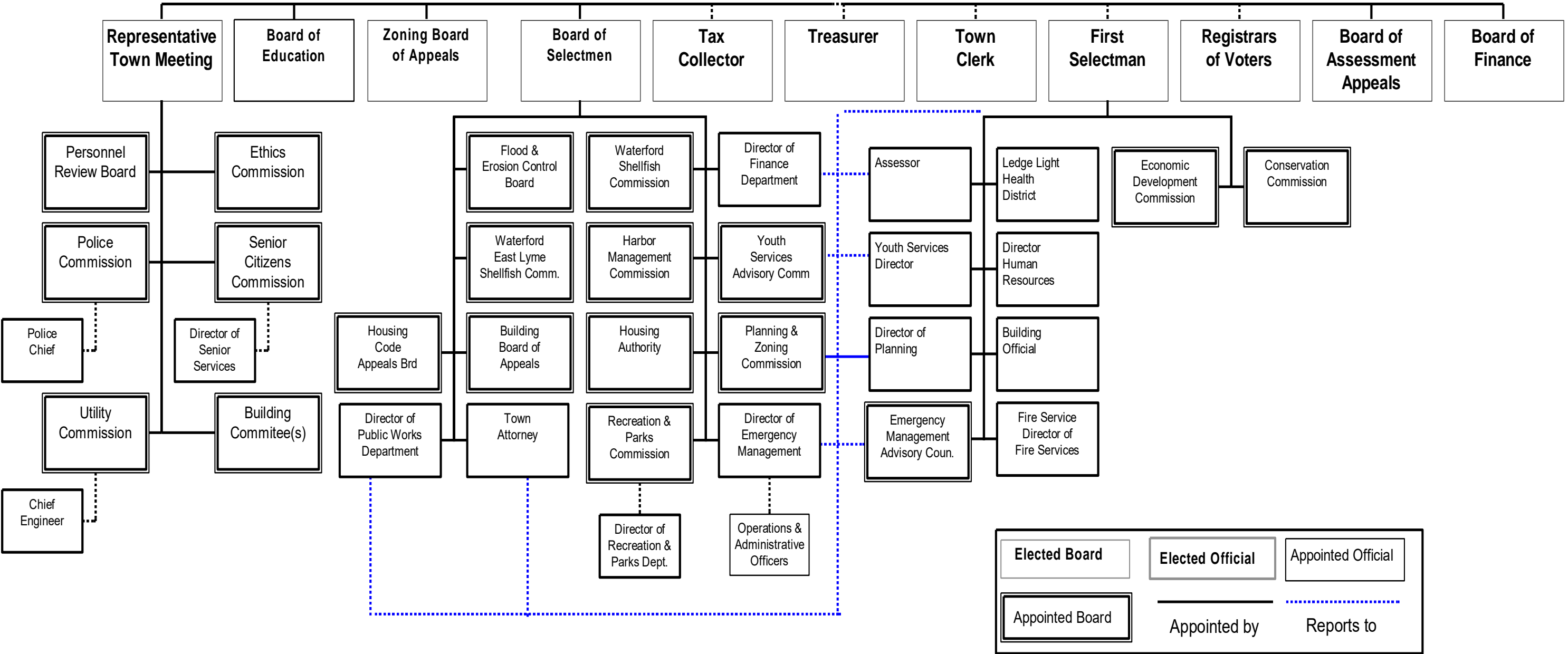
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ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT



Town of Waterford, Connecticut

Principal Town Officials

As of June 30, 2021

Robert J. Brule, Jr.	First Selectman
Thomas W. Giard III	Superintendent of Schools
Kimberly Allen	Director of Finance
Abbas Danesh	Treasurer
Abby Piersall	Planning Director
Gary Schneider	Director of Public Works
Brett Mahoney	Chief of Police
Neftali Soto	Chief Engineer, Utilities Commission
Alan Wilensky	Tax Collector
Vacant	Assessor
Brian Flaherty	Recreation & Parks Director
Lisa Cappuccio	Director of Senior Services
David Campo	Town Clerk
Daniela Gorman	Director of Youth Services
John Murphy	Building Official
Christine Johnson	Library Director
Michael Howley	Director of Fire Services
Vacant	Director of Human Resources



December 17, 2021

To the Honorable First Selectman, Representative Town Meeting and the Citizens of the Town of Waterford:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP (CLA), Certified Public Accountants, have issued an unqualified opinion on the Town of Waterford financial statements for the year ended June 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Government

The Town of Waterford separated from the City of New London, the neighboring urban seaport, a century and a half after European settlers arrived. Waterford was incorporated in 1801. Covering an area of 33.2 square miles, the Town is located in the southeastern region of the state. Waterford is bordered by the Towns of East Lyme to the west, New London, Groton and Ledyard to the east, and Montville to the north. It borders Long Island Sound to the south.

The Town has a Selectmen/Board of Finance/Representative Town Meeting form of government. The Representative Town Meeting exercises the legislative authority of the Town. The Board of Selectmen is composed of three members who are

elected at large for four-year terms. The Representative Town Meeting is elected for two-year terms. The First Selectman is the head of the administrative branch of the Town Government and is responsible to the Representative Town Meeting for the administration of all affairs relating to the Town.

The Town of Waterford provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; municipal solid waste and recycling collection; recreational and cultural activities. Municipal water and sewer services, the Town's one business-type activity, are provided through the Town's Utility Commission.

By Charter, the Representative Town Meeting must hold its Town Budget Meeting no later than the first Monday in May each year. If, within fifteen days of the budget adoption no referendum is called, the budget is considered approved. The annual budget serves as the foundation for Town of Waterford financial planning and control. The budget is prepared by Department/Agency at an object level. With the exception of the Police, Recreation and Parks, Senior Services, Utility and Planning and Zoning Commissions, Board of Finance, Board of Education, Board of Assessment Appeals, Zoning Board of Appeals, Building Board of Appeals, Economic Development Commission, Flood & Erosion Control Board, Conservation Commission, Retirement Commission, Harbor Management Commission and Ethics Commission, all other Town Boards, Commissions or agencies report to the Board of Selectmen. The Board of Selectmen, however, reviews and recommends to the Board of Finance the level of appropriation for all municipal budgets with the exception of the Board of Education. All agencies have the authority to transfer within series any of the budgeted appropriations under their control. Transfers out of series, however, require special approval from the Board of Finance.

Local Economy

Waterford is unique in that its major taxpayer is a nuclear power facility. However, numerous, large retail sales outlets, a production/software development company, several assisted care facilities and numerous financial institutions provide a good mix to tax base diversification. The Waterford Tax Base has a diversified tax base with immediate access to Routes 1, 95, 395 and 85 all of which are major Connecticut arteries.

Dominion Power Facility (Millstone)

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

Jordan Village District

- Zone changes approved to support the area surrounding an established historic district
- District will focus on small businesses, small multi-family and mixed use projects

Waterford Station

- Permitted retail development adjacent to Waterford Commons. Successful OSTA review.

Economic Development Commission Master Plan

- Emphasis on pushing economic development
- Restructure of economic development department
- Changes in zoning and permitting to streamline reviews, and encourage flexibility for small businesses

New Developments

- 98 apartments on Willetts Avenue approved.
- 171 Rope Ferry Rd – 52 Units – 40% Affordable Housing still under construction
- Redevelopment of a gas filling station and convenience store at 446 Boston Post Road approved.
- Special Permit for Agri-Tourism location at 116 Old Colchester Road approved
- Ongoing planning for 40 affordable apartments on Rte 85
- Solar Facility on Oil Mill Road permitted
- Construction underway for new office space at Mago Point
- Permitting and start of construction for medical office facility (Hartford Healthcare) on Dayton Road

New Industry

- Cross Rd Surgery – 2000 sq. ft. expansion project completed Tractor Supply – open
- Hartford Healthcare medical offices have opened on the site of the old Toys R Us location

Electric Boat

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

Long Term Financial Planning

In 1998 the Representative Town Meeting formed its Long Range Fiscal Planning Committee. In FY01 the Board of Finance appointed an Ad Hoc Long-Range Budget Planning Committee to analyze the impact of the annual tax revenue loss due to the Dominion deregulation and to provide guidance in developing budgets that would sustain a consistent level of service with a declining revenue base over the ten-year period. This proactive approach to long-range operational budget planning, combined with multi-year capital planning, has become an effective budgetary management tool. Despite the fact that the Town has successfully absorbed the impact to its tax base due to deregulation, the Long-Range Budget Planning Committee remains active and is in the process of developing an updated long-term financial plan based of GFOA guidelines.

The Town implemented a Fleet Management Program that served as the basis for sizing the fleet and provided a 5 year approach to managing a fleet valued in excess of \$4.4 million. This program allows the Town to undertake a needs assessment of its rolling stock, and based upon established life-cycle parameters, provided a forty-year replacement plan that uses a combination of residual values, investment income, vehicle rental revenues and an equalized level of budget over a sustained period of time to fund all rolling stock replacements.

Major Initiatives

In compliance with GASB 54 and to strengthen Waterford's commitment to sound financial management and fiscal accountability, the Town still maintains the adopted fund balance policy from 2015. In that regard, the Town's 2021 Audited Financial Waterford has an Unassigned Fund Balance of \$22,981,081

In May of 2019, the Town began the first phase of the construction on a new Municipal Complex project for the Public Works Department. The project consists of a full demolition of the existing structure and construction of a new 60,100 sq. ft. facility. The cost of the project was bonded in July 2020 and the project is expected to be complete in early Fall 2021.

Increase school enrollment

- Attract students from neighboring districts to Waterford High School on a tuition basis
 - 5 students enrolled in 2021

Eco Friendly Town

- Achieved Bronze Certificate as a Sustainable CT Community
- Land Preservation
 - Easements, Purchase and Donations
- Plan of Conservation and Development
 - DEEP analysis
 - Fall 2019-2021
- Energy audit of buildings
- LED Streetlight conversion project completed

Affordable Housing Plan

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

Town Center Improvements (“Main Street”)

- Committee Formed in June 2020
- Support Infrastructure for Farmer’s Market
- Improved Recreational Amenities
 - Accessible walking paths, sidewalks and boardwalks
- Improved Fiber Connectivity
- Board of Selectman adoption of the Community Waterford Park Master Plan

Acknowledgements

Although the preparation of the comprehensive annual financial report is primarily the responsibility of the Director of Finance, it could not have been accomplished without the support of numerous town staff. Special recognition goes to the Finance department staff. Without their dedication, oversight and hard work the Town could never have achieved this prestigious award. I appreciate the unflagging support of First Selectman Robert Brule, Superintendent of Schools Thomas Girard and his staff, as well as, the entire Board of Selectmen, Board of Finance and the Representative Town Meeting who continually show their commitment to fiscal integrity and financial leadership.

Respectfully submitted,



Kimberly Allen
Director of Finance

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Financial Section

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Independent Auditors' Report

To the Board of Finance
Town of Waterford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2021, the Town of Waterford, Connecticut adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Waterford, Connecticut reported a restatement for the change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

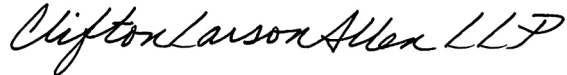
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterford, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021 on our consideration of the Town of Waterford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Waterford, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 17, 2021

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**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This discussion and analysis of the Town of Waterford, Connecticut (the Town) financial performance is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2021. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net position decreased as a result of this year's operations. While net position of our business-type activities decreased by \$1.6 million, or 3.1 %, net position of our governmental activities decreased by \$688 thousand after restatement or 0.4 %.
- During the year, the Town had expenses that were \$2.3 million more than the \$121.6 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues and transfers in increased by \$39 thousand or 1.0%, while expenses increased by \$81.0 thousand or 1.5 %.
- The total cost of all of the Town's programs was \$123.9 million, with no new programs added this year.
- The General Fund reported a fund balance this year of \$23.8 million.
- The resources available for appropriation were \$1.7 million more than anticipated for the General Fund. There were additional appropriations of \$41.1 thousand to transfer funding to the Capital Improvement Fund. However, unused appropriations of \$2.2 million were returned to fund balance at yearend. Overall, the operating results increased the General Fund balance by \$3.9 million

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, recreation, library, social services and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Utility Commission Enterprise Fund is reported here.

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position decreased from \$210.7 to \$208.4 million or 1.1 %. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 54,085	\$ 46,328	\$ 5,413	\$ 5,331	\$ 59,498	\$ 51,659
Capital assets, net of accumulated depreciation	241,132	243,891	45,671	47,418	286,803	291,309
Total assets	<u>295,217</u>	<u>290,219</u>	<u>51,084</u>	<u>52,749</u>	<u>346,301</u>	<u>342,968</u>
Deferred outflows of resources	18,301	17,947	-	-	18,301	17,947
Long-term debt outstanding	135,326	134,964	316	345	135,642	135,309
Other liabilities	11,226	8,251	330	378	11,556	8,629
Total liabilities	<u>146,552</u>	<u>143,215</u>	<u>646</u>	<u>723</u>	<u>147,198</u>	<u>143,938</u>
Deferred inflows of resources	8,998	6,296	-	-	8,998	6,296
Net Position:						
Net investment in capital assets	165,530	177,425	45,670	47,417	211,200	224,842
Restricted	1,440	127	-	-	1,440	127
Unrestricted	<u>(9,002)</u>	<u>(18,897)</u>	<u>4,768</u>	<u>4,609</u>	<u>(4,234)</u>	<u>(14,288)</u>
Total Net Position	<u>\$ 157,968</u>	<u>\$ 158,655</u>	<u>\$ 50,438</u>	<u>\$ 52,026</u>	<u>\$ 208,406</u>	<u>\$ 210,681</u>

Net position of the Town's governmental activities decreased by 0.4 % (\$158.0 million in 2021 compared to 158.7 million in 2020). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased by \$9.9 million (\$18.9 million) in 2020 compared to (\$9.0 million) at the end of this year.

By far the largest portion of the Town's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). Since the Town's investment in its capital assets, net of accumulated depreciation, must also be reported net of related debt, it should be noted that the Town's outstanding debt is related to bonds payable as of June 30, 2021.

The net position of our business-type activities decreased by 3.1% (\$50.4 million in 2021 compared to \$52.0 million in 2020).

The Town's total revenues (excluding special items) were \$121.6 million. The total cost of all programs and services was \$123.9 million. Our analysis below separately considers the operations of governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,346	\$ 3,091	\$ 3,841	\$ 3,710	\$ 7,187	\$ 6,801
Operating grants and contributions	19,990	13,901			19,990	13,901
Capital grants and contributions	578	658	16		594	658
General revenues:						
Property taxes	93,198	92,136			93,198	92,136
Grants and contributions not restricted to specific purposes	356	351			356	351
Unrestricted investment earnings	133	1,082	3	47	136	1,129
Miscellaneous revenue	175	197			175	197
Total revenues	<u>117,776</u>	<u>111,416</u>	<u>3,860</u>	<u>3,757</u>	<u>121,636</u>	<u>115,173</u>
Program expenses:						
General government	15,705	15,856			15,705	15,856
Public safety	13,999	13,150			13,999	13,150
Public works	8,780	8,086			8,780	8,086
Recreation	1,763	1,941			1,763	1,941
Library	1,156	1,159			1,156	1,159
Social services	1,285	1,427			1,285	1,427
Education	74,351	68,539			74,351	68,539
Interest and fiscal charges	1,393	2,057			1,393	2,057
Utility Commission			5,479	5,399	5,479	5,399
Total program expenses	<u>118,432</u>	<u>112,215</u>	<u>5,479</u>	<u>5,399</u>	<u>123,911</u>	<u>117,614</u>
Excess (deficiency) of revenues over expenses before transfers	(656)	(799)	(1,619)	(1,642)	(2,275)	(2,441)
Transfers	<u>(31)</u>	<u>(95)</u>	<u>31</u>	<u>95</u>	<u>-</u>	<u>-</u>
Change in Net Position	(687)	(894)	(1,588)	(1,547)	(2,275)	(2,441)
Beginning Net Position, as restated	<u>158,655</u>	<u>159,312</u>	<u>52,026</u>	<u>53,573</u>	<u>210,681</u>	<u>212,885</u>
Restatement		237			-	237
Ending Net Position	<u>\$ 157,968</u>	<u>\$ 158,655</u>	<u>\$ 50,438</u>	<u>\$ 52,026</u>	<u>\$ 208,406</u>	<u>\$ 210,681</u>

Governmental Activities

Approximately 79.1% of these revenues were derived from property taxes, followed by 17.9% from operating and capital grants and contributions, 2.8% from charges for services and 0.2% from investment and other general revenues.

Major factors affecting operations include:

- Operating grants and contributions were up by \$6.0 million due primarily to the following:
There was an increase in the State's on-behalf contribution for the Teachers' Retirement System of \$3.2 million.
There was an increase in the State's on-behalf contribution for the Teachers' Retirement System OPEB of \$1.8 million.
There was an increase in Special Assistance grants of \$796.4 thousand.
There was an increase in assistance to the School Cafeteria fund of \$280.0 thousand.
- Property tax revenues were up by \$1.1 million.

- Investment earnings were down by \$949.3 thousand from FY20 due to significantly lower interest rates.
- Charges for services up by \$255.0 thousand due to the addition of the Student Activity fund for \$158.3 thousand and many services starting up again.
- Capital grants and contributions decreased by \$80 thousand, due to the mainly following:
 - General Government capital grants were down by \$13.6 due to a one-time Electrical rebate in FY20 for the same amount.
 - Public Works Capital grants were down by \$56.6 thousand due to the following:
 - Electrical rebate for the Street Light project Town HVAC was down by \$120.8 thousand.
 - LOCIP grant for Pepperbox Lane was down by \$185.6 thousand.
 - There was an increase of \$249.8 for the Thames River grant.
 - Recreation capital grants were down by \$9.2 thousand due to the following:
 - Playground donations were down by \$10 thousand from FY20.
 - There was an increase for donations to the Civic Triangle Memorial of \$.8 thousand.
- Miscellaneous Revenue was down by \$22.2 thousand

Table 3 presents the cost of each of the Town's five largest programs - education, general government, public safety, public works and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden to the Town's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Education	\$ 74,351	\$ 68,539	\$ 54,693	\$ 54,670
General government	15,705	15,856	13,826	14,679
Public safety	13,999	13,150	13,337	12,308
Public works	8,780	8,086	7,341	6,850
Recreation	1,763	1,941	1,647	1,738
All others	3,835	4,643	3,675	4,320
Totals	<u>\$ 118,433</u>	<u>\$ 112,215</u>	<u>\$ 94,519</u>	<u>\$ 94,565</u>

Business-Type Activities

Net position of the Town's business-type activities (see Table 2) decreased by 3.1% (\$50.4 million in 2021 compared to \$52.0 million in 2020). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$39 thousand (\$3.9 million in 2021 compared to \$3.9 million in 2020). The factors driving these results include:

- An increase in Sewer use fee revenue of \$115 thousand.
- A decrease in transfers in of \$64 thousand
- A decrease of investment earnings of \$44 thousand.
- An increase of operating grants of \$17 thousand
- An increase of capital grants and contributions of \$16 thousand
- An increase in expenses of \$81.0 thousand.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$35.6 million, which is increase of \$4.1 million from last year's total of \$31.5 million as restated. Included in this year's total change in fund balance is an increase of \$3.7 million in the General Fund, a decrease of \$265.6 thousand in the Capital and NonRecurring Fund and an increase of \$730.8 thousand for Nonmajor Governmental Funds.

Capital Projects Funds:

- The Capital and Nonrecurring Fund balance decreased by \$265.6 thousand due to expenditures of \$6.8 million and revenues of \$36.5 thousand and other financing sources or \$6.5 million. Included in other financing sources were transfers in of \$1.4 million, bond proceeds of \$3.7 million along with a premium on the bond of 1.4 million.

Non-Major Capital Projects Funds:

- The Fleet Management Fund increased by \$451.3 thousand due to expenditures of \$596.3 thousand being offset by revenues and transfers in of \$1.1 million.
- The Capital Improvement Fund increased by \$253.6 thousand due to expenditures of \$986.2 thousand and net transfers in and out \$1.2 million.
- The Sewer Development and Maintenance Fund increased by \$55.7 thousand due to expenditures of \$68.1 thousand being offset by revenues of \$123.8 thousand.

Special Revenue Funds:

- The Nuclear Safety Emergency Preparedness Fund decreased by \$84.8 thousand due to expenditures of \$133.3 Thousand and grant reimbursements received of \$48.5 thousand.
- The Small Cities Grant Fund increased by \$78.4 thousand due to loan repayments of the same amount.

Proprietary Funds

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

Overall, proprietary funds net assets total \$56.7 million at the end of the year, which includes a \$6.2 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$50.4 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2021, net position of the Internal Service fund increased by \$426.5 thousand from fiscal year 2020. This is due to \$11.9 million in contributions and other revenues (an increase of \$433.5 thousand over fiscal year 2020), reduced by expenses for claims and program administration of \$11.5 million (an increase of \$1.2 million over fiscal year 2020).

General Fund Budgetary Highlights

Revenues were higher than budgetary estimates by \$1.7 million and expenditures were less than original budgetary estimates by \$2.2 million. Overall revenues over expenditures on a budgetary basis were \$3.9 million. In the current year, revenues increased by \$955.7 thousand or 1.0 % over the prior year and expenditures decreased by \$665.4 thousand or 0.7%.

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

- Property tax revenue was over budgetary estimates by \$651.1 thousand and over prior year revenue by \$1.3 million.
- State and Federal grant funding was over budgetary estimates by \$223.8 thousand and over prior year revenue by \$205.3 thousand.
- Assessment revenue is over budgetary estimates by \$7.8 thousand and under the prior year by \$6.5 thousand.
- License and permit revenue is over budgetary estimates by \$777.0 thousand and over the prior year by \$619.0 thousand. Town clerk fees increased by \$70.9 thousand over fiscal year 2020. The building department is up from FY20 by \$384.4 thousand, conveyance tax revenue is up from FY20 by \$202.6 thousand. Planning & zoning, had an increase of \$35.5 thousand over the prior year. Miscellaneous fees and permits were up from FY20 by \$16.5 thousand. Recreation and parks revenue is down from FY20 by \$91.0 thousand
- Fines, Penalties and Charges for Services are over budgetary estimates by \$4.7 thousand and over the prior year revenue by \$179.2 thousand. The biggest change was an increase for miscellaneous revenue of \$66.2 thousand, followed by an increase for tuition fees of \$50.3 thousand. There was an increase of \$61.4 thousand in tipping fee revenue. Recycling revenue increased by \$13.5 thousand. Senior Services program revenue was down by 21.5 thousand and the library was down by \$10.3 thousand.
- Other sources of revenue were over budgetary estimates by \$49.1 thousand and under the prior year revenue by \$325.9 thousand.
- Investment income is under budgetary estimates by \$213.7 thousand and under prior year revenue by \$786.3 thousand.
- Other Financing Sources, which consists of the cancelation of prior year encumbrances and transfers in from the capital improvement fund, was over estimated revenue by \$195.0 thousand and under the prior year by \$203.2 thousand.

Overall Expenditures came in \$2.2 million under budgetary estimates. The largest amounts of unused appropriations returned in the current fiscal year are as follows:

- The Board of Education returned \$1.1 million.
- The Recreation and Parks Department returned \$187.4 thousand.
- The Public Works Department returned \$116.2 thousand.
- The Senior Services Department returned \$115.6 thousand.
- The Police Department returned \$114.8 thousand.

The Town's General Fund balance of \$23.8 million reported on Exhibit III differs from the General Fund's budgetary balance of \$23.1 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$641.8 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes. The balances for special revenue funds financed primarily from operating transfers from the General Fund are also rolled into that fund for reporting purposes. For fiscal year 2021, those balances amounted to \$53.7 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the Town had \$286.8 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines. This amount represents a net decrease (including additions and deductions) of \$4.5 million, or 1.6%, from last year.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 8,982	\$ 8,957	\$ 128	\$ 128	\$ 9,110	\$ 9,085
Land improvements	1,995	1,543			1,995	1,543
Building and improvements	168,063	160,281	944	978	169,007	161,259
Machinery and equipment	2,519	2,970	591	668	3,110	3,638
Vehicles	5,519	5,823	263	227	5,782	6,050
Infrastructure	53,573	54,912	43,738	45,409	97,311	100,321
Permanent easements	5	5			5	5
Software	89	94	6	8	95	102
Construction in progress	388	9,306			388	9,306
Total	<u>\$ 241,133</u>	<u>\$ 243,891</u>	<u>\$ 45,670</u>	<u>\$ 47,418</u>	<u>\$ 286,803</u>	<u>\$ 291,309</u>

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

Governmental Activities:

- Construction-in-progress decreased by \$8.9 million due mainly to the completion of the public works complex renovation project.
- Buildings and improvements increased by \$7.8 million. The Municipal complex was completed adding in \$13.4 million. Depreciation expense reduced the net balance by \$5.6 million.
- Land Improvements increased by \$452 thousand. The Municipal complex accounted for \$534.9 thousand and the Waterford Beach project added \$37.3 thousand. Depreciation expense reduced the net balance by \$120.1 thousand.
- Infrastructure decreased by \$1.3 million due mainly due to depreciation expense of \$1.8 million. Additions included the completion of various road projects for \$408.2 thousand.
- Machinery and equipment decreased by \$451 thousand due to mainly to depreciation expense of \$607.6 thousand, which was offset by additions of \$156.9 thousand.
- Vehicles decreased by \$304.8 thousand due to additions of \$702.3 thousand, in accordance with the fleet management plan, this was offset by net retirements of \$22.5 thousand and depreciation expense of \$984.7 thousand.
- Software decreased by \$5 thousand due to the addition of RecDesk software \$8.3 thousand reduced by amortization expense of \$13.5 thousand.
- Land Increased by \$25 thousand due to the addition of 13 Parkway Drive.

Business-Type Activities

- There was an increase in vehicles of \$35.9 thousand due to additions of \$61.1 thousand and depreciation expense of \$25.2 thousand.
- The decreases to all other asset categories were due entirely to depreciation and amortization expense.

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

Long-Term Debt

At the end of the current fiscal year, the Town had \$72.8 million of outstanding general obligation bonds. Bonds issued in July 2020 carried an AA rating from Standard & Poor.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its total prior years' tax collections. The current debt limitation for the Town is \$646.3 million.

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

Economic Factors

- The unemployment rate for the Town in 2021 was 6.5%, which is a decrease from a rate of 10.8% a year ago. Waterford's unemployment rate is lower than the State's average unemployment rate of 6.8%, and higher than the national average of 6.1% as of June 2021.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$4.0 million. The main reason for the increase is due to the positive operating results of \$3.7 million. A decrease in the assigned fund balance of \$155.3 thousand and a decrease in nonspendable balance of \$193.7 thousand added to the overall increase of the unassigned total.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Town of Waterford, 15 Rope Ferry Road, Waterford, Connecticut 06385.

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Basic Financial Statements

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TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 44,608,883	\$ 4,027,700	\$ 48,636,583
Investments	6,408,057		6,408,057
Receivables, net	2,821,083	1,599,906	4,420,989
Internal balances	214,386	(214,386)	-
Supplies	9,101		9,101
Prepaid items	22,933		22,933
Capital assets:			
Intangible assets not being amortized	5,000		5,000
Intangible assets being amortized, net	88,666	6,280	94,946
Assets not being depreciated	9,369,726	127,970	9,497,696
Assets being depreciated, net	231,669,008	45,535,815	277,204,823
Total assets	<u>295,216,843</u>	<u>51,083,285</u>	<u>346,300,128</u>
Deferred Outflows of Resources:			
Deferred outflows of resources related to pensions	15,696,341		15,696,341
Deferred outflows of resources related to OPEB	761,150		761,150
Deferred charge on refunding	1,843,954		1,843,954
Total deferred outflows of resources	<u>18,301,445</u>	<u>-</u>	<u>18,301,445</u>
Liabilities:			
Accounts and other payables	2,147,050	159,245	2,306,295
Accrued liabilities	5,204,578	147,857	5,352,435
Unearned revenue	3,875,406	22,992	3,898,398
Noncurrent liabilities:			
Due within one year	7,372,193	17,785	7,389,978
Due in more than one year	127,953,322	297,866	128,251,188
Total liabilities	<u>146,552,549</u>	<u>645,745</u>	<u>147,198,294</u>
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions	5,256,431		5,256,431
Deferred inflows of resources related to OPEB	3,741,727		3,741,727
Total deferred inflows of resources	<u>8,998,158</u>	<u>-</u>	<u>8,998,158</u>
Net Position:			
Net investment in capital assets	165,530,466	45,670,065	211,200,531
Restricted for:			
Trust purposes:			
Nonexpendable	144,021		144,021
Grants	781,146		781,146
Contracts	514,384		514,384
Unrestricted	(9,002,436)	4,767,475	(4,234,961)
Total Net Position	<u>\$ 157,967,581</u>	<u>\$ 50,437,540</u>	<u>\$ 208,405,121</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

					Net Revenue (Expense) And Changes In Net Position		
Functions/Programs	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 15,705,390	\$ 1,761,562	\$ 117,772	\$	\$ (13,826,056)	\$	\$ (13,826,056)
Public safety	13,998,680	292,907	368,470		(13,337,303)		(13,337,303)
Public works	8,780,426	872,355		567,396	(7,340,675)		(7,340,675)
Recreation	1,763,252	89,305	16,210	10,840	(1,646,897)		(1,646,897)
Library	1,155,859	-			(1,155,859)		(1,155,859)
Social services	1,285,434	11,456	148,618		(1,125,360)		(1,125,360)
Education	74,350,944	318,789	19,338,694		(54,693,461)		(54,693,461)
Interest on long-term debt	1,393,026				(1,393,026)		(1,393,026)
Total governmental activities	<u>118,433,011</u>	<u>3,346,374</u>	<u>19,989,764</u>	<u>578,236</u>	<u>(94,518,637)</u>	<u>-</u>	<u>(94,518,637)</u>
Business-type activities:							
Utility commission	<u>5,479,944</u>	<u>3,841,279</u>		<u>16,000</u>		<u>(1,622,665)</u>	<u>(1,622,665)</u>
Total primary governmental activities	<u>\$ 123,912,955</u>	<u>\$ 7,187,653</u>	<u>\$ 19,989,764</u>	<u>\$ 594,236</u>	<u>(94,518,637)</u>	<u>(1,622,665)</u>	<u>(96,141,302)</u>
General revenues:							
Property taxes					93,198,160		93,198,160
Grants and contributions not restricted to specific programs					356,246		356,246
Unrestricted investment earnings					133,137	2,581	135,718
Miscellaneous					174,541		174,541
Transfers					(31,130)	31,130	-
Total general revenues and transfers					<u>93,830,954</u>	<u>33,711</u>	<u>93,864,665</u>
Change in Net Position					(687,683)	(1,588,954)	(2,276,637)
Net Position at Beginning of Year, as restated					<u>158,655,264</u>	<u>52,026,494</u>	<u>210,681,758</u>
Net Position at End of Year					<u>\$ 157,967,581</u>	<u>\$ 50,437,540</u>	<u>\$ 208,405,121</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 24,243,242	\$ 8,375,198	\$ 1,180	\$	\$ 6,043,709	\$ 38,663,329
Investments	6,216,589				191,468	6,408,057
Receivables, net	1,865,139	250,119			678,908	2,794,166
Interfund receivables	4,370,943			2,773,945	1,766,211	8,911,099
Supplies					9,101	9,101
Prepaid items	21,624				1,309	22,933
Total Assets	<u>\$ 36,717,537</u>	<u>\$ 8,625,317</u>	<u>\$ 1,180</u>	<u>\$ 2,773,945</u>	<u>\$ 8,690,706</u>	<u>\$ 56,808,685</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 1,901,522	\$ 27,025	\$	\$	\$ 218,503	\$ 2,147,050
Accrued liabilities	3,700,623				78,349	3,778,972
Interfund payables	5,475,070	550,846	2,942,807	-	662,904	9,631,627
Unearned revenue	364,064			2,773,945	664,520	3,802,529
Total liabilities	<u>11,441,279</u>	<u>577,871</u>	<u>2,942,807</u>	<u>2,773,945</u>	<u>1,624,276</u>	<u>19,360,178</u>
Deferred Inflows of Resources:						
Unavailable revenue:						
Property taxes	1,353,008					1,353,008
Special assessments	25,838					25,838
Grants receivable		250,119			84,798	334,917
Other receivables	115,388					115,388
Total deferred inflows of resources	<u>1,494,234</u>	<u>250,119</u>	<u>-</u>	<u>-</u>	<u>84,798</u>	<u>1,829,151</u>
Fund Balances:						
Nonspendable	21,624				154,431	176,055
Restricted					960,613	960,613
Committed		7,797,327			5,957,695	13,755,022
Assigned	779,319					779,319
Unassigned	22,981,081		(2,941,627)		(91,107)	19,948,347
Total fund balances	<u>23,782,024</u>	<u>7,797,327</u>	<u>(2,941,627)</u>	<u>-</u>	<u>6,981,632</u>	<u>35,619,356</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,717,537</u>	<u>\$ 8,625,317</u>	<u>\$ 1,180</u>	<u>\$ 2,773,945</u>	<u>\$ 8,690,706</u>	<u>\$ 56,808,685</u>

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TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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

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

Fund balances - total governmental funds	\$ 35,619,356
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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	\$ 403,220,171	
Less accumulated depreciation	<u>(162,087,771)</u>	
Net capital assets		241,132,400

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	814,721
Interest receivable on property taxes	538,287
Delinquent special assessments	25,838
Unavailable revenue - grants receivable	334,917
Unavailable revenue - other receivables	115,388
Deferred outflows of resources related to pensions	15,696,341
Deferred outflows of resources related to OPEB	761,150
Deferred charge on refunding	1,843,954

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

6,229,162

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

Net pension liability	(33,780,610)
Pension prior service cost	(417,901)
Bonds and notes payable	(72,815,000)
Bond and note premiums	(4,630,888)
Interest payable on bonds and notes	(820,260)
Compensated absences	(6,740,355)
Landfill post-closure monitoring liability	(247,000)
Net OPEB liability	(16,693,761)
Deferred inflows of resources related to pensions	(5,256,431)
Deferred inflows of resources related to OPEB	<u>(3,741,727)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 157,967,581</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Projects	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 93,334,211	\$	\$	\$	\$	\$ 93,334,211
Intergovernmental	8,732,352			-	3,003,917	11,736,269
Assessments and connections	7,785				123,337	131,122
Licenses and permits	1,988,115					1,988,115
Fines, penalties and charges for services	759,850				391,038	1,150,888
Investment earnings	86,327	11,473	1	-	30,267	128,068
Other	8,201	25,000			257,711	290,912
Total revenues	<u>104,916,841</u>	<u>36,473</u>	<u>1</u>	<u>-</u>	<u>3,806,270</u>	<u>108,759,585</u>
Expenditures:						
Current:						
General government	14,598,061				21,539	14,619,600
Public safety	10,782,765				405,663	11,188,428
Public works	4,632,630				131,589	4,764,219
Recreation	1,309,389				13,827	1,323,216
Library	1,076,263					1,076,263
Social services	840,028				192,638	1,032,666
Education	56,903,477				2,867,492	59,770,969
Capital outlay		6,800,244		-	1,582,434	8,382,678
Debt service:						
Principal retirements	5,060,000					5,060,000
Interest and fiscal charges	2,714,937					2,714,937
Total expenditures	<u>97,917,550</u>	<u>6,800,244</u>	<u>-</u>	<u>-</u>	<u>5,215,182</u>	<u>109,932,976</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,999,291</u>	<u>(6,763,771)</u>	<u>1</u>	<u>-</u>	<u>(1,408,912)</u>	<u>(1,173,391)</u>
Other Financing Sources (Uses):						
Transfers in	129,941	1,401,280			2,269,630	3,800,851
Transfers out	(3,670,910)				(129,941)	(3,800,851)
Issuance of debt		3,655,000				3,655,000
Premium on debt issuance		1,441,884				1,441,884
Issuance of refunding bonds	28,890,000					28,890,000
Payments to escrow agents	(28,679,460)					(28,679,460)
Total other financing sources (uses)	<u>(3,330,429)</u>	<u>6,498,164</u>	<u>-</u>	<u>-</u>	<u>2,139,689</u>	<u>5,307,424</u>
Net Change in Fund Balances	3,668,862	(265,607)	1	-	730,777	4,134,033
Fund Balances at Beginning of Year, as Restated	<u>20,113,162</u>	<u>8,062,934</u>	<u>(2,941,628)</u>	<u>-</u>	<u>6,250,855</u>	<u>31,485,323</u>
Fund Balances at End of Year	<u>\$ 23,782,024</u>	<u>\$ 7,797,327</u>	<u>\$ (2,941,627)</u>	<u>\$ -</u>	<u>\$ 6,981,632</u>	<u>\$ 35,619,356</u>

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TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

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)	\$ 4,134,033
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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	6,470,851
Depreciation expense	(9,053,694)

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

Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.	(175,357)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	(168,218)
Property tax interest and lien revenue - accrual basis change	32,167
Delinquent special assessment receivable - accrual basis change	(8,054)
Miscellaneous grants and accounts receivable - accrual basis change	246,152
Change in deferred outflows of resources related to pensions	(958,361)
Change in deferred outflows of resources related to OPEB	661,353

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

Issuance of bonds and notes	(3,655,000)
Premium on bonds and notes	(1,441,884)
Bond principal payments	5,060,000
Issuance of refunding bonds	(28,890,000)
Payment to escrow agent on refunded bond issuance	28,679,460
Amortization of deferred charge on refunding	(328,277)
Amortization of premiums	1,533,095
Landfill post-closure monitoring	24,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	499,147
Accrued interest	117,093
Change in net pension liability	(2,206,049)
Change in net OPEB liability	597,814
Change in prior service cost	417,364
Change in deferred inflows of resources related to pensions	(2,081,308)
Change in deferred inflows of resources related to OPEB	(620,523)

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

426,513

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (687,683)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Business-Type Activities Utility Commission</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,027,700	\$ 5,945,554
Receivables, net	1,599,906	26,917
Interfund receivables		934,914
Total current assets	<u>5,627,606</u>	<u>6,907,385</u>
Noncurrent assets:		
Capital assets, net	<u>45,670,065</u>	
Total assets	<u>51,297,671</u>	<u>6,907,385</u>
Liabilities:		
Current liabilities:		
Accounts and other payables	42,243	
Accrued liabilities	147,857	605,346
Interfund payables	214,386	
Advance collections	22,992	72,877
Deposits	117,002	
Compensated absences	17,785	
Total current liabilities	<u>562,265</u>	<u>678,223</u>
Noncurrent liabilities:		
Compensated absences	<u>297,866</u>	
Total liabilities	<u>860,131</u>	<u>678,223</u>
Net Position:		
Net investment in capital assets	45,670,065	
Unrestricted	<u>4,767,475</u>	<u>6,229,162</u>
Total Net Position	<u><u>\$ 50,437,540</u></u>	<u><u>\$ 6,229,162</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
Operating Revenues:		
User charges for services, interest and lien fees	\$ 3,841,279	\$
Premium charges to other funds		11,869,840
Total operating revenues	<u>3,841,279</u>	<u>11,869,840</u>
Operating Expenses:		
Amortization expense	1,266	
Depreciation expense	1,807,505	
Salaries, wages and employee benefits	1,288,837	
Treatment plant costs	1,525,233	
Utilities	312,246	
Repairs and maintenance	297,477	
Other operating expenses	95,902	
Materials and supplies	136,859	
Professional services	14,619	
Claims		9,228,871
Program and administrative expenses		2,219,525
Total operating expenses	<u>5,479,944</u>	<u>11,448,396</u>
Operating Income (Loss)	(1,638,665)	421,444
Nonoperating Revenue:		
Income on investments	<u>2,581</u>	<u>5,069</u>
Gain (Loss) Before Capital Contributions and Transfers	(1,636,084)	426,513
Capital Contributions	61,130	
Transfers Out	<u>(14,000)</u>	
Change in Net Position	(1,588,954)	426,513
Net Position at Beginning of Year	<u>52,026,494</u>	<u>5,802,649</u>
Net Position at End of Year	<u>\$ 50,437,540</u>	<u>\$ 6,229,162</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Charges for services and premiums	\$ 3,903,223	\$ 11,855,236
Payments to suppliers	(3,390,467)	
Claims and other expenses paid		(11,948,529)
Payments to employees	(1,309,987)	
Net cash provided by (used in) operating activities	<u>(797,231)</u>	<u>(93,293)</u>
Cash Flows from Noncapital Financing Activities:		
Transfers out	(14,000)	
Net cash provided by (used in) noncapital financing activities	<u>(14,000)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Income on investments	2,581	5,069
Net cash provided by (used in) investing activities	<u>2,581</u>	<u>5,069</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(808,650)	(88,224)
Cash and Cash Equivalents at Beginning of Year	<u>4,836,350</u>	<u>6,033,778</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,027,700</u>	<u>\$ 5,945,554</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ (1,638,665)	\$ 421,444
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,808,771	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	64,933	(14,604)
(Increase) decrease in interfunds receivable	-	(468,516)
Increase (decrease) in accounts payable	(40,577)	(3,480)
Increase (decrease) in accrued liabilities	(2,742)	(34,053)
Increase (decrease) in interfunds payable	(956,218)	
Increase (decrease) in advance collections and deposits	(2,989)	5,916
Increase (decrease) in compensated absences	(29,744)	
Total adjustments	<u>841,434</u>	<u>(514,737)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (797,231)</u>	<u>\$ (93,293)</u>
Noncash Capital and Related Financing Activity:		
Capital contributions from other funds	<u>\$ 61,130</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
Assets:		
Cash and cash equivalents	\$ 32,954	\$ 24,793
Investments:		
Certificates of deposit		256,023
Mutual funds	<u>9,684,009</u>	
Total assets	<u>9,716,963</u>	<u>280,816</u>
Liabilities:		
Accounts and other payables	15,896	
Net Position:		
Restricted for OPEB Benefits	9,062,017	
Restricted for Pension Benefits	639,050	
Restricted for Scholarships		<u>280,816</u>
Total Net Position	<u>\$ 9,701,067</u>	<u>\$ 280,816</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
Additions:		
Contributions:		
Employer	\$ 1,527,778	\$
Other		63,087
Total contributions	<u>1,527,778</u>	<u>63,087</u>
Investment income:		
Net change in fair value of investments	<u>1,977,974</u>	<u>745</u>
Total additions	<u>3,505,752</u>	<u>63,832</u>
Deductions:		
Benefit payments	440,917	
Administration	13,546	
Payments to individuals		77,100
Total deductions	<u>454,463</u>	<u>77,100</u>
Change in Net Position	3,051,289	(13,268)
Net Position at Beginning of Year, as Restated	<u>6,649,778</u>	<u>294,084</u>
Net Position at End of Year	<u>\$ 9,701,067</u>	<u>\$ 280,816</u>

The accompanying notes are an integral part of the financial statements

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town was settled in 1646 and incorporated in 1801. The Town operates under a charter and a Board of Selectmen, Board of Finance and Representative Town Meeting (RTM) form of government.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and post-retirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

The *American Rescue Funds Grant* accounts for revenues and expenditures associated with the related funding to support recovery from Covid-19.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Additionally, the Town reports the following major proprietary fund:

The *Utility Commission Fund* accounts for the operation and maintenance of the sewer collection system, which is owned by the Town and is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

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

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

The *Custodial Funds* account for monies held on behalf of students for scholarships.

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

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

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

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

C. Cash and Cash Equivalents

The Town classifies money market funds, STIF investments, treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The pool is reported at amortized cost. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

D. Investments

Investments are stated at fair value.

E. Supplies and Prepaid Items

Supplies consist of United States Department of Agriculture donated commodities are stated at fair market value. Supplies are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

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

Assets	Years
Infrastructure:	
Public domain infrastructure	10-65
System infrastructure	30
Land and Buildings:	
Land	-
Land improvements	20

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Buildings	25-40
Building improvements	25-40
Equipment:	
Vehicles	8
Office equipment	5-20
Computer equipment	5
Machinery and equipment	5-30
Software	15

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from four sources: grants receivable, special assessments, property taxes and interest on property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

I. Net Pension Liability and Net OPEB Liability

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

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

J. Long-Term Obligations

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

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

K. Compensated Absences

Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future period are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

L. Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This component represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Waterford Representative Town Meeting) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance

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

Unassigned Fund Balance

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

M. Property Taxes

The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town and are computed at 70% of market value. Although taxes are levied in June, the legal right to attach property does not exist until July 1. Taxes are due and payable in two installments on the following July 1 and January 1. Interest of 1 ½ percent per month is charged on delinquent taxes. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30. Liens are effective on the attachment date and are continued by filing prior to the following levy date.

Additional supplemental property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

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

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the

date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 17, 2021, the date that the financial statements were available to be issued.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Formal legally adopted annual budgets are employed as a management control device in the General Fund. Project-length budgets are employed in the Capital Projects Funds. All unencumbered appropriations lapse at year end.

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those boards seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by the Board. During the months of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen will take action on these requests no later than the second week in February and forward the budgets and its recommendation for funding to the Board of Finance. During the month of March, the Board of Finance conducts budget hearings with the requesting departments, Boards, Commissions and Agencies including the Board of Education. The Board of Finance then conducts a public hearing to determine the budget it will recommend to the RTM. This recommendation cannot exceed the recommended level of appropriation by the Board of Selectmen unless a departmental appeal is made to them based upon the action of the Board of Selectmen in a timeframe approved by Ordinance. The RTM holds its annual budget meeting the first Monday in May and acts upon the recommended budget as submitted by the Board of Finance inclusive of the Board of Education. The RTM cannot increase the level of appropriation recommended by the Board of Finance unless a departmental appeal is made to them from the action of the Board of Finance in a timeframe approved by Ordinance. The annual budget meeting legally appropriates this budget to departmental line items for expenditures and transfers. The Board of Finance then sets a tax mill rate for the ensuing fiscal year based upon this level of budget.

Town management may transfer amounts within the series level within a department with Commission or Board approval, but only the Board of Finance is authorized to transfer the legally budgeted amounts between series within or between departmental accounts. In this function, series within the various departments serve as the level of management control.

The Superintendent of Schools is authorized to make limited line item transfers under emergency circumstances where the urgent need for the transfer prevents the Board of Education from meeting in a timely fashion to consider the transfer. Any such transfer shall be announced at the next regularly scheduled meeting of the Board.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are recorded in budgetary reports as

**TOWN OF WATERFORD, CONNECTICUT
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expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as assigned fund balance.

Summarizations of the amended budget approved by the RTM for the “budgetary” General Fund is presented. During the year, supplemental budgetary appropriations of \$41,100 were made.

As explained above, the Town’s budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with generally accepted accounting principles.

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a GAAP basis.
- State of Connecticut Teachers’ Retirement System pension and OPEB contributions made on-behalf of the Town of Waterford for teachers’ pension and OPEB benefits are reported for GAAP purposes only.
- Excess Cost - Student based grant is credited against the Board of Education’s operating budget.
- Bond Refundings - Proceeds from principal and premium received through bond refundings, as well as the cost of bond issuance costs and payments made to bond escrow agents during the bond refunding are recorded for GAAP purposes only.
- GASB 54 Funds - Certain funds are consolidated with the general fund following the guidance of GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*. These funds do not have legally adopted budgets but are recorded with the general fund for GAAP purposes.

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

B. Deficit Fund Equity

The following funds had deficit fund balances at year end:

Fund	Amount
Waterford High School Building Project	\$ 2,941,627
Historic Preservation Enhancement Grant	5,000
Nuclear Safety Emergency Preparedness	84,798

These deficits will be eliminated in future years by grants and when permanent financing is obtained.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute, or, in amounts not

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exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days which is 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. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$23,178,450 of the Town’s bank balance of \$28,781,931 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 20,785,604
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>2,392,846</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 23,178,450</u></u>

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NOTES TO FINANCIAL STATEMENTS
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Cash Equivalents

At June 30, 2021, the Town's cash equivalents amounted to \$36,075,057. 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.

	Standard & Poor's	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm	
Money Market Funds	Not Rated	

Investments

As of June 30, 2021, the Town had the following investments:

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More Than 10
Interest-bearing investments:				
Certificates of deposit*	\$ 4,918,942	\$ 4,918,942		\$
U.S. Government securities	1,322,515	1,322,515		
Other investments:				
Mutual funds	<u>10,106,632</u>			
Total Investments	<u>\$ 16,348,089</u>			

* Subject to coverage by Federal Depository Insurance and Collateralization.

Presented below is the rating of investments for each debt investment type:

	Average Rating	U.S. Government Securities	Certificates of Deposit
Aaa	\$	1,322,515	\$
Not Rated			<u>4,918,942</u>
		<u>\$ 1,322,515</u>	<u>\$ 4,918,942</u>

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2021:

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	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 10,106,632	\$ 10,106,632	\$	\$
U.S. Government securities	1,322,515	1,322,515		

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

Interest Rate Risk

The Town, Pension and OPEB plans have a policy that limits investing in short-term securities, money market funds or similar investment pools, and limiting the average maturity in the portfolio in accordance with this policy will minimize interest rate risk.

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2021, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Utility Commission</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 1,063,782	\$	\$	\$	\$ 1,063,782
Interest	538,287				538,287
Accounts	216,711	380	1,599,906	50,281	1,867,278
Intergovernmental	134,070	249,739		658,737	1,042,546
Assessment charges	25,838				25,838
Gross receivables	<u>1,978,688</u>	<u>250,119</u>	<u>1,599,906</u>	<u>709,018</u>	<u>4,537,731</u>
Less allowance for uncollectibles	<u>(113,549)</u>			<u>(3,193)</u>	<u>(116,742)</u>
Net Total Receivables	<u>\$ 1,865,139</u>	<u>\$ 250,119</u>	<u>\$ 1,599,906</u>	<u>\$ 705,825</u>	<u>\$ 4,420,989</u>

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JUNE 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,957,250	\$ 24,695	\$	\$	\$ 8,981,945
Permanent easements	5,000				5,000
Construction in progress	9,305,951	110,809	(36,500)	(8,992,479)	387,781
Total capital assets not being depreciated	<u>18,268,201</u>	<u>135,504</u>	<u>(36,500)</u>	<u>(8,992,479)</u>	<u>9,374,726</u>
Capital assets being depreciated:					
Land improvements	3,512,754	572,246	(242,278)		3,842,722
Buildings and improvements	239,761,606	4,371,072		8,992,479	253,125,157
Vehicles	16,695,357	702,333	(1,024,453)		16,373,237
Machinery and equipment	15,367,105	156,890	(52,320)		15,471,675
Infrastructure	104,265,607	524,506	(320,728)		104,469,385
Software	554,969	8,300			563,269
Total capital assets being depreciated	<u>380,157,398</u>	<u>6,335,347</u>	<u>(1,639,779)</u>	<u>8,992,479</u>	<u>393,845,445</u>
Less accumulated depreciation for:					
Land improvements	(1,969,899)	(120,157)	242,278		(1,847,778)
Buildings and improvements	(79,480,972)	(5,580,743)			(85,061,715)
Vehicles	(10,871,753)	(984,671)	1,001,954		(10,854,470)
Machinery and equipment	(12,397,513)	(607,630)	52,320		(12,952,823)
Infrastructure	(49,353,794)	(1,746,958)	204,370		(50,896,382)
Software	(461,068)	(13,535)			(474,603)
Total accumulated depreciation	<u>(154,534,999)</u>	<u>(9,053,694)</u>	<u>1,500,922</u>	<u>-</u>	<u>(162,087,771)</u>
Total capital assets being depreciated, net	<u>225,622,399</u>	<u>(2,718,347)</u>	<u>(138,857)</u>	<u>8,992,479</u>	<u>231,757,674</u>
Governmental Activities Capital Assets, Net	<u>\$ 243,890,600</u>	<u>\$ (2,582,843)</u>	<u>\$ (175,357)</u>	<u>\$ -</u>	<u>\$ 241,132,400</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 127,970	\$	\$	\$	\$ 127,970
Capital assets being depreciated:					
Buildings and improvements	1,383,627				1,383,627
Vehicles	814,175	61,130	(35,664)		839,641
Machinery and equipment	1,105,920				1,105,920
Infrastructure	96,017,268				96,017,268
Software	19,000				19,000
Total capital assets being depreciated	<u>99,339,990</u>	<u>61,130</u>	<u>(35,664)</u>	<u>-</u>	<u>99,365,456</u>
Less accumulated depreciation for:					
Buildings and improvements	(405,000)	(34,590)			(439,590)
Vehicles	(587,295)	(25,169)	35,664		(576,800)
Machinery and equipment	(437,977)	(76,504)			(514,481)
Infrastructure	(50,608,528)	(1,671,242)			(52,279,770)
Software	(11,454)	(1,266)			(12,720)
Total accumulated depreciation	<u>(52,050,254)</u>	<u>(1,808,771)</u>	<u>35,664</u>	<u>-</u>	<u>(53,823,361)</u>
Total capital assets being depreciated, net	<u>47,289,736</u>	<u>(1,747,641)</u>	<u>-</u>	<u>-</u>	<u>45,542,095</u>
Business-Type Activities Capital Assets, Net	<u>\$ 47,417,706</u>	<u>\$ (1,747,641)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,670,065</u>

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

Governmental activities:	
General government	\$ 237,459
Public safety	804,429
Public works	2,310,173
Recreation	345,197
Library	21,650
Social services	115,719
Education	<u>5,219,067</u>
Total Depreciation Expense - Governmental Activities	\$ <u>9,053,694</u>
Business-type activities:	
Utility Commission	\$ <u>1,808,771</u>

Construction Commitments

The Town has active construction projects as of June 30, 2021. At year end, the Town's commitments are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Recreation projects	\$ 208,228	\$ 160,603
Department of Public Works projects	<u>16,660,319</u>	<u>842,150</u>
Total	\$ <u>16,868,547</u>	\$ <u>1,002,753</u>

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2021 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Capital and Nonrecurring Expenditures Fund	\$ 550,846
General Fund	Waterford High School Building Project	2,942,807
General Fund	Nonmajor Governmental Funds	662,904
General Fund	Utility Commission	214,386
American Rescue Fund	General Fund	2,773,945
Nonmajor Governmental Funds	General Fund	1,766,211
Internal Service Fund	General Fund	<u>934,914</u>
		\$ <u>9,846,013</u>

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

Interfund transfers for the year ended June 30, 2021 are as follows:

	Transfers In			
	General Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers:				
General Fund	\$	\$ 1,401,280	\$ 2,269,630	\$ 3,670,910
Nonmajor Governmental Funds	<u>129,941</u>			<u>129,941</u>
Total Transfers In	<u>\$ 129,941</u>	<u>\$ 1,401,280</u>	<u>\$ 2,269,630</u>	<u>\$ 3,800,851</u>

Interfund transfers arose from appropriating General Fund amounts to the Nonrecurring Capital Projects Fund and various nonmajor governmental funds. Also, the Utility Commission transferred \$14,000 of capital assets to the General Fund. There were also transfer out of the Capital Improvement Fund of \$129,941 into the General Fund for unused appropriations.

TOWN OF WATERFORD, CONNECTICUT
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7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 63,030,000	\$ 42,545,000	\$ 32,760,000	\$ 72,815,000	\$ 5,840,000
Premium on bonds	4,628,599	1,441,884	1,439,595	4,630,888	
Total bonds payable	67,658,599	43,986,884	34,199,595	77,445,888	5,840,000
Bond anticipation notes*					
Bond anticipation note principal	10,000,000		10,000,000	-	
Premium on bond anticipation notes	93,500		93,500	-	
Total bond anticipation notes	10,093,500	-	10,093,500	-	-
Other liabilities:					
Net OPEB liability	17,291,575		597,814	16,693,761	
Landfill post-closure monitoring	271,000		24,000	247,000	21,000
Compensated absences	7,239,502		499,147	6,740,355	1,093,829
Net pension liability	31,574,561	2,206,049		33,780,610	
Prior service cost (MERS)	835,265		417,364	417,901	417,364
Total Governmental Activities Long-Term Liabilities	<u>\$ 134,964,002</u>	<u>\$ 46,192,933</u>	<u>\$ 45,831,420</u>	<u>\$ 135,325,515</u>	<u>\$ 7,372,193</u>
Business-type activities:					
Compensated absences	<u>\$ 345,395</u>	<u>\$ -</u>	<u>\$ 29,744</u>	<u>\$ 315,651</u>	<u>\$ 17,785</u>

* Bond anticipation notes above consists of notes for which long-term debt was issued to replace the notes during the year ended June 30, 2021

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

General Obligation Bonds

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

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

<u>Description</u>	<u>Maturity Ranges</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2021</u>
Governmental activities:						
Schools:						
Clark Lane School	\$800,000 - \$850,000	\$ 9,440,000	12/29/2014	8/15/2026	3.0% - 5.0%	\$ 5,010,000
Great Neck Elementary	\$655,000 - \$960,000	9,085,000	12/18/2019	8/1/2030	4.0% - 5.0%	8,430,000
Waterford High School	\$1,355,000 - \$2,000,000	33,750,000	3/15/2013	8/15/2032	2.0% - 4.0%	1,755,000
School Issue of 2014	\$640,000 - \$940,000	15,930,000	3/17/2014	3/15/2034	3.0% - 4.0%	1,660,000
School Issue of 2017	\$185,000 - \$2,830,000	14,585,000	6/21/2017	6/30/2031	2.0% - 5.0%	13,415,000
Municipal Complex	\$680,000 - \$685,000	13,655,000	7/23/2020	9/15/2040	2.0% - 5.0%	13,655,000
School Refunding	\$905,000 - \$3,195,000	28,890,000	12/30/2020	8/15/2033	0.3% - 2.0%	28,890,000
						<u>\$ 72,815,000</u>

TOWN OF WATERFORD, CONNECTICUT
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General Obligation Bonds - Advance Refundings

On December 30, 2020, the Town issued \$28,890,000 in general obligation bonds, with an average interest rate of 1.47% to refund outstanding bonds with an average rate of 3.21%. The bonds refunded were \$17,585,000 of outstanding 2013 general obligation bonds and \$10,115,000 of outstanding 2014 general obligation bonds. The net proceeds of \$28,679,460 (after payment of issuance costs of \$206,670) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by, the United States of America to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The transaction generated a cash flow savings of \$2,604,150 and a present value savings of \$2,413,272.

In addition to the above, in prior years the Town defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase government obligations that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. The balance in escrow was \$32,346,719 as of June 30, 2021. The balance of the defeased bonds was \$31,700,000 at June 30, 2021.

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 5,840,000	\$ 2,094,633
2023	5,310,000	1,887,459
2024	6,450,000	1,698,250
2025	6,595,000	1,514,746
2026	6,645,000	1,319,500
2027-2031	28,425,000	3,372,469
2032-2036	10,150,000	690,804
2037-2041	3,400,000	180,200
Total	<u>\$ 72,815,000</u>	<u>\$ 12,758,061</u>

Landfill Post-Closure Care Costs

Effective January 1, 2002, the Town's Miner Lane landfill was closed. The cost of the ongoing maintenance of the cap and the Department of Energy and Environmental Protection requirement for water quality testing over a 30-year period is estimated to be approximately \$21,000 a year. Accordingly, the Town has recorded a liability in the government-wide financial statements of \$247,000.

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2021 is approximately \$8,592,000. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

TOWN OF WATERFORD, CONNECTICUT
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Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 208,546	\$ 15,000	\$ 193,546
Schools	417,092	66,407	350,685
Sewers	347,576		347,576
Urban renewal	301,233		301,233
Pension deficit	278,061		278,061

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$648,806,802.

TOWN OF WATERFORD, CONNECTICUT
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8. FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Waterford High School Building Project</u>	<u>American Rescue Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 9,101	\$ 9,101
Prepaid expenditures	21,624				1,309	22,933
Non-spendable trust					144,021	144,021
Restricted for:						
General government					54,939	54,939
Public safety					32,186	32,186
Public works					514,384	514,384
Recreation					57,103	57,103
Social services					238,244	238,244
Education					63,757	63,757
Committed to:						
Public works					632,093	632,093
Other capital projects		7,797,327			5,059,707	12,857,034
Education					265,895	265,895
Assigned to:						
General government	87,912					87,912
Public safety	44,038					44,038
Public works	2,213					2,213
Recreation	24,733					24,733
Education	620,423					620,423
Unassigned	<u>22,981,081</u>		<u>(2,941,627)</u>		<u>(91,107)</u>	<u>19,948,347</u>
Total Fund Balances	\$ <u>23,782,024</u>	\$ <u>7,797,327</u>	\$ <u>(2,941,627)</u>	\$ <u>-</u>	\$ <u>6,981,632</u>	\$ <u>35,619,356</u>

As discussed in Note 2.A., budgetary information, under budgetary basis of accounting encumbrance accounting, is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of June 30, 2021, the amount of General Fund encumbrances expected to be honored upon performance by the vendor in the next year totaled \$641,833.

9. TAX ABATEMENTS

As of June 30, 2021, the Town provides tax abatements through multiple programs:

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

The AHEPA 250-II Inc. (AHEPA) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly and handicapped, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215 and 8-216. Eligibility for the abatement is predicated on AHEPA limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly and handicapped individuals in addition to maintaining a contracted standard of housing for the property. The agreement allows for an abatement over a five-year period to end on June 27, 2019, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2021, taxes abated through this agreement totaled \$28,265. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

The Twin Haven, Inc. (Twin Haven) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215. Eligibility for the abatement is predicated on Twin Haven limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly individuals in addition to maintaining a contracted standard of housing for the property. The abatement term is over a five-year period to end on June 30, 2021, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2021, taxes abated through this agreement totaled \$25,526. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Fund

Plan Description

The Town maintains a single-employer defined benefit pension plan (the Plan). The Plan was established and is administered by the Town. The Plan covers employees who retired or terminated in a vested status prior to State of Connecticut Municipal Employees' Retirement System (MERS) participation. There are no contributions required from the members. The Town is required to contribute the amounts necessary to finance the benefits for the participants in this Plan. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. The Plan is closed to new members. All eligible full-time employees have the option of enrolling in the MERS plan.

Benefit Provisions

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

Plan Administration

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

- A member of the Board of Police Commissioners to be appointed by the Board of Police Commissioners, annually;
- A member of the Board of Selectmen to be appointed by the Board of Selectmen, annually;
- A member of the Board of Education to be appointed by the Board of Education, annually;
- A member of the Board of Finance to be appointed by the Board of Finance, biennially, for a two-year term, subsequent to December 1st but no later than December 31st of each odd-numbered year;
- Two members of the Representative Town Meeting to be appointed by the Representative Town Meeting biennially, for a two-year term at the regularly scheduled December meeting of each odd-numbered year, and;
- A member of the fire service to be appointed by the Director of Fire Services, annually.

Plan membership consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	10
Terminated plan members entitled to benefits but not yet receiving them	
Active members	
	<hr/>
	10
	<hr/>

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues when due in accordance with the terms of the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from pension fund resources.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Method Used to Value Investments

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

Funding Policy

There are no active employees of the Plan. Contributions required for the year ended June 30, 2021 were \$59,870, with contributions of \$82,000 made by the Town. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

Investments

Investment Policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2021, and are summarized in the following table.

The following was the Retirement Commission's adopted asset allocation policy and the long-term expected real rate of return as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap domestic equity	17.5%	5.00%
Small cap domestic equity	7.5%	5.55%
Developed international equity	20.0%	5.35%
Emerging international equity	5.0%	6.30%
Fixed income	50.0%	1.60%
Total	<u>100.0%</u>	

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2021 were as follows:

Total pension liability	\$ 931,582
Plan fiduciary net position	<u>639,050</u>
Net Pension Liability	<u>\$ 292,532</u>
Plan fiduciary net position as a percentage of the total pension liability	68.60%

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

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

Plan mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2020	\$ 969,081	\$ 540,447	\$ 428,634
Changes for the year:			
Interest on total pension liability	57,640		57,640
Employer contributions		82,000	(82,000)
Net investment income		117,497	(117,497)
Benefit payments, including refund to employee contributions	(95,139)	(95,139)	-
Administrative expenses		(5,755)	5,755
Net changes	<u>(37,499)</u>	<u>98,603</u>	<u>(136,102)</u>
Balances as of June 30, 2021	<u>\$ 931,582</u>	<u>\$ 639,050</u>	<u>\$ 292,532</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 362,462	\$ 292,532	\$ 231,213

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

For the year ended June 30, 2021, the Town recognized pension expense of \$12,190. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earning on pension plan investments	\$ 64,243

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ (14,486)
2023	(16,082)
2024	(16,815)
2025	(16,860)
Total	\$ <u>(64,243)</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Schedule of Plan Net Position - June 30, 2021

	<u>Pension Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 28,320
Investments:	
Mutual funds	<u>612,131</u>
Total assets	640,451
Liabilities:	
Accounts and other payables	<u>1,401</u>
Net Position:	
Restricted for Pension Benefits	\$ <u><u>639,050</u></u>

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2021

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 82,000
Investment income:	
Net appreciation in fair value of investments	<u>117,497</u>
Total additions	<u>199,497</u>
Deductions:	
Benefit payments	95,139
Administration	<u>5,755</u>
Total deductions	<u>100,894</u>
Change in Net Position	98,603
Net Position at Beginning of Year	<u>540,447</u>
Net Position at End of Year	\$ <u><u>639,050</u></u>

B. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

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

Early Retirement

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

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Nonservice Connected

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Pre-Retirement Death Benefit

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

Contributions

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 3¼% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

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

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

At June 30, 2021, the Town reports a total liability of \$33,488,078 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the Town's proportion was 3.01%. The decrease in proportion from the prior year is 0.01%.

For the year ended June 30, 2021, the Town recognized pension expense of \$9,020,067. At June 30, 2021, the Town reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,511,859	\$ 4,282,437
Changes of assumptions	5,483,428	
Net difference between projected and actual earning on pension plan investments	3,565,955	
Change in employer proportional share	1,444,875	909,751
Contributions after the measurement date	3,690,224	
Total	\$ <u>15,696,341</u>	\$ <u>5,192,188</u>

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ 2,987,945
2023	3,500,724
2024	33,146
2025	<u>292,114</u>
Total	\$ <u><u>6,813,929</u></u>

Payable to MERS

The Town has recorded \$417,901 as a long-term liability to MERS at June 30, 2021. This amount represents prior services cost calculated when the Town entered the Plan. This amount will be paid in annual installments. The current year amount paid was \$417,364.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement period:

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

Mortality rates were based on:

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

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

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

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	\$ 47,723,929	\$ 33,488,078	\$ 21,561,000

C. Connecticut State Teachers' Retirement System - Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$6,767,538 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Employees

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

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

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>105,509,269</u>
Total	<u>\$ 105,509,269</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$15,113,702 in Exhibit II.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Cost-of-Living Allowance

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

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

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

Long-Term Rate of Return

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

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.60 %	20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

Other Information

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

D. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2021:

	<u>Town Pension</u>	<u>MERS</u>	<u>State Teachers</u>	<u>Total</u>
Deferred outflows of resources related to pensions	\$	\$ 15,696,341	\$	\$ 15,696,341
Net pension liability	292,532	33,488,078		33,780,610
Deferred inflows of resources related to pensions	64,243	5,192,188		5,256,431
Pension expense	12,190	9,020,067	15,113,702	24,145,959

11. OTHER POST EMPLOYMENT BENEFITS

A. Town Post-Retirement Healthcare Plan

Plan Description

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

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

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town currently funds on the "pay-as-you-go" basis. The Town's contributions are actuarially determined on an annual basis using the projected unit cost method. The Town's total plan contribution was \$1,445,778. There are no employee contributions.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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At July 1, 2020, plan membership consisted of the following:

Active employees	404
Retired employees	<u>88</u>
Total	<u><u>492</u></u>

Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$ 25,755,778
Plan fiduciary net position	<u>9,062,017</u>
Net OPEB Liability	<u><u>\$ 16,693,761</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.18%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.40%, average, including inflation
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.50% decreasing 0.25% per year to an ultimate rate of 4.40% for 2024 and later years

Mortality rates were based on the Pub - 2010 Public Retirement Plans Mortality Tables with separate tables for General employees, Public Safety employees and Teachers and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2020.

TOWN OF WATERFORD, CONNECTICUT
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The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are include in the OPEB Plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Municipal bonds	22.50%	0.90%
Fixed income	8.00%	1.45%
Fixed income - high yield	2.00%	2.95
Small/mid cap	34.80%	5.15%
International emerging	27.70%	6.25%
REITS	5.00%	4.15%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 19,545,779	\$ 16,693,761	\$ 14,286,152

TOWN OF WATERFORD, CONNECTICUT
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Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (5.50% decreasing to 3.40%)	Current Healthcare Trend Rate (6.50% decreasing to 4.40%)	1% Increase (7.50% decreasing to 5.40%)
Net OPEB Liability	\$ 14,321,884	\$ 16,693,761	\$ 19,541,444

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2020	\$ 23,400,906	\$ 6,109,331	\$ 17,291,575
Changes for the year:			
Service cost	276,630		276,630
Interest on total OPEB liability	1,586,755		1,586,755
Differences between expected and actual experience	818,687		818,687
Changes in assumptions	18,578		18,578
Employer contributions		1,445,778	(1,445,778)
Net investment income		1,860,477	(1,860,477)
Benefit payments, including refund to employee contributions	(345,778)	(345,778)	-
Administrative expenses		(7,791)	7,791
Net changes	<u>2,354,872</u>	<u>2,952,686</u>	<u>(597,814)</u>
Balances as of June 30, 2021	<u>\$ 25,755,778</u>	<u>\$ 9,062,017</u>	<u>\$ 16,693,761</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$750,150. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 744,261	\$ 2,017,377
Changes of assumptions	16,889	660,439
Net difference between projected and actual earning on OPEB plan investments		<u>1,063,911</u>
Total	<u>\$ 761,150</u>	<u>\$ 3,741,727</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ (615,404)
2023	(602,783)
2024	(493,621)
2025	(506,682)
2025	(224,313)
Thereafter	<u>(537,774)</u>
Total	\$ <u><u>(2,980,577)</u></u>

Schedule of Plan Net Position - June 30, 2021

	<u>OPEB Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 4,634
Investments:	
Mutual funds	<u>9,071,878</u>
Total assets	9,076,512
Liabilities:	
Accounts and other payables	<u>14,495</u>
Net Position:	
Restricted for OPEB Benefits	\$ <u><u>9,062,017</u></u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2021

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 1,445,778
Investment income:	
Net appreciation in fair value of investments	<u>1,860,477</u>
Total additions	<u>3,306,255</u>
Deductions:	
Benefit payments	345,778
Administration	<u>7,791</u>
Total deductions	<u>353,569</u>
Change in Net Position	2,952,686
Net Position at Beginning of Year	<u>6,109,331</u>
Net Position at End of Year	<u>\$ 9,062,017</u>

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

Plan Description

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

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

Benefit Provisions

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

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

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

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

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

Survivor Health Care Coverage

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

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$163,324 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		<u>15,736,711</u>
Total	\$	<u><u>15,736,711</u></u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$726,917 in Exhibit II.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

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

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

Other Information

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

12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2021.

Workers' Compensation

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

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence. The Town has not incurred any retrospective charges and is not aware of potential obligations related to its membership in CIRMA as of June 30, 2021.

Medical Self Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance captive covers claims in excess of \$175,000 on a per member basis with an aggregate stop loss coverage limit of \$12,834,000 per year.

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2021 of \$605,346.

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

A schedule of changes in the claims liability for the years ended June 30, 2021 and 2020 is presented below:

	<u>2021</u>	<u>2020</u>
Unpaid claims, July 1	\$ 639,399	\$ 976,696
Incurring claims (including IBNR)	9,194,818	7,935,880
Claim payments	<u>(9,228,871)</u>	<u>(8,273,177)</u>
Unpaid Claims, June 30	<u>\$ 605,346</u>	<u>\$ 639,399</u>

13. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Litigation and Unasserted Claims

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

Federal and State Assistance Programs - Compliance Audits

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

14. MAJOR TAXPAYER

For the fiscal year ended June 30, 2021, 34.3% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

15. GASB 84 - RESTATEMENT

The Town previously reported the activities of the School Activity Agency Fund, Student Scholarship Fund and Performance Bonds as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Performance Bonds are reported with the general fund activities, the School Activity Fund is reported as a special revenue fund and the Student Scholarship Fund is reported as a custodial fund. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$237,368, and thus no effect to the beginning fund balance. The Town created a new special revenue fund for the School Activity Fund, thus increasing assets and fund balance of \$237,368 and created a new custodial fund for the Student Scholarship Fund increasing assets and net position by \$443,615. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
Governmental Funds:		
Balance as previously reported June 30, 2020	\$ 158,417,896	\$ 6,013,487
Adjustment:		
Student Activity Fund now reported as a Special Revenue Fund	<u>237,368</u>	<u>237,368</u>
Balance as restated July 1, 2020	<u>\$ 158,655,264</u>	<u>\$ 6,250,855</u>
	Agency Funds	Custodial Funds
Fiduciary Funds:		
Balance as previously reported June 30, 2020	\$ 975,067	\$ -
Adjustments:		
School Activity Fund now reported as a Special Revenue Fund	(237,368)	
Performance Bonds now reported in the General Fund	(443,615)	
Student Scholarship Fund now reported as a Custodial Fund	<u>(294,084)</u>	<u>294,084</u>
Balance as restated July 1, 2020	<u>\$ -</u>	<u>\$ 294,084</u>

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Required Supplementary Information

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TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	Over
			Basis	(Under)
Property taxes:				
Revenues from current year	\$ 92,008,071	\$ 92,008,071	\$ 92,598,458	\$ 590,387
Prior year taxes	350,000	350,000	394,517	44,517
Interest and lien fees	325,000	325,000	341,236	16,236
Total property taxes	<u>92,683,071</u>	<u>92,683,071</u>	<u>93,334,211</u>	<u>651,140</u>
Intergovernmental:				
State of Connecticut:				
Equalized cost sharing	326,091	326,091	316,189	(9,902)
Health and welfare	6,000	6,000	6,359	359
General Government:				
Tax relief:				
Tax relief - state-owned property	143,075	143,075	143,075	-
Disabled	1,873	1,873	1,919	46
Private tax-exempt property	109,838	109,838	109,838	-
Veterans	8,148	8,148	8,503	355
Court fines	9,000	9,000	5,568	(3,432)
Civil preparedness	2,500	2,500	19,823	17,323
Telecommunication	52,000	52,000	58,656	6,656
Town aid road	318,883	318,883	317,277	(1,606)
SDE state grant	14,000	14,000	14,189	189
Enhancement 911	22,981	22,981	22,149	(832)
Grants for Municipal Projects	34,255	34,255	34,255	-
COVID relief fund reimbursement		-	106,000	106,000
Total State of Connecticut	<u>1,048,644</u>	<u>1,048,644</u>	<u>1,163,800</u>	<u>115,156</u>
Federal			108,652	108,652
Total intergovernmental	<u>1,048,644</u>	<u>1,048,644</u>	<u>1,272,452</u>	<u>223,808</u>
Assessments and connections:				
Water main assessments			1,015	1,015
Sewer assessments			6,770	6,770
Total assessments and connections	<u>-</u>	<u>-</u>	<u>7,785</u>	<u>7,785</u>
Licenses and permits:				
Recreation and parks commission	150,000	150,000	89,305	(60,695)
Building inspector	325,000	325,000	720,514	395,514
License, fees, permits and fines	21,797	21,797	35,617	13,820
Conveyance tax	200,000	200,000	493,745	293,745
Planning and zoning	44,000	44,000	68,610	24,610
Liens - Utility Commission	10,000	10,000	10,500	500
Town Clerk fees	150,000	150,000	259,436	109,436
Total licenses and permits	<u>900,797</u>	<u>900,797</u>	<u>1,677,727</u>	<u>776,930</u>
Fines, penalties and charges for services:				
Tuition	183,450	183,450	111,890	(71,560)
Library	16,810	16,810	-	(16,810)
False alarm fines	-	-	200	200
Bulky waste fees	100,000	100,000	114,609	14,609
Recycling	54,500	54,500	58,502	4,002
Miscellaneous	50,000	50,000	120,697	70,697
EMS - Reg. Comm Ctr fees	6,000	6,000	6,000	-
Tipping fees	300,000	300,000	329,218	29,218
Senior services	30,880	30,880	5,306	(25,574)
Total fines, penalties and charges for services	<u>741,640</u>	<u>741,640</u>	<u>746,422</u>	<u>4,782</u>

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Other sources:				
Rent and miscellaneous	\$ 5,910	\$ 5,910	\$ 25	\$ (5,885)
Rental of buildings	150,940	150,940	157,451	6,511
Sale of Equipment	-	-	6,477	6,477
NL Radio Comm. Network Use Fee	114,000	114,000	81,237	(32,763)
SCRRRA Rebate	-	-	7,814	7,814
C-Pace Stipend	500	500	500	-
Eugene O'Neill Lease	-	-	8,589	8,589
Ambulance operating subsidy	12,000	12,000	12,000	-
East Lyme cost sharing	-	-	20,524	20,524
CIRMA members equity distribution	-	-	37,305	37,305
YSB BOE clerical stipend	5,000	5,000	5,000	-
BOE human resources offset	15,628	15,628	16,119	491
Total other sources	<u>303,978</u>	<u>303,978</u>	<u>353,041</u>	<u>49,063</u>
Interest and dividends:				
Interest on investments	<u>300,000</u>	<u>300,000</u>	<u>86,327</u>	<u>(213,673)</u>
Total revenues	<u>95,978,130</u>	<u>95,978,130</u>	<u>97,477,965</u>	<u>1,499,835</u>
Other financing sources:				
Transfers in			129,941	129,941
Cancellation of prior year encumbrances	<u>100</u>	<u>100</u>	<u>65,164</u>	<u>65,064</u>
Total other financing sources	<u>100</u>	<u>100</u>	<u>195,105</u>	<u>195,005</u>
Total Revenues and Other Financing Sources	<u>\$ 95,978,230</u>	<u>\$ 95,978,230</u>	97,673,070	<u>\$ 1,694,840</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.			6,767,538	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			163,324	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			(65,164)	
Proceeds from bond refunding are not budgeted			28,890,000	
Excess cost - student based grant			489,746	
GASB 54 activity of certain special revenue funds now consolidated into the General Fund			<u>18,268</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			<u>\$ 133,936,782</u>	

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over)
			Basis	Under
General Government:				
Selectman				
Personnel costs	\$ 194,527	\$ 194,527	\$ 189,468	\$ 5,059
Services	5,675	5,195	3,412	1,783
Materials and supplies	1,118	8,718	8,358	360
Total selectman	201,320	208,440	201,238	7,202
Registrar of Voters:				
Personnel costs	63,535	63,535	62,703	832
Services	5,599	5,599	4,375	1,224
Materials and supplies	5,144	5,144	2,595	2,549
Equipment	1	1	-	1
Total registrar of voters	74,279	74,279	69,673	4,606
Board of Finance:				
Personnel costs	4,400	2,139	1,572	567
Services	61,600	61,600	60,494	1,106
Materials and supplies	-	16	16	-
Total board of finance	66,000	63,755	62,082	1,673
Assessor:				
Personnel costs	278,064	281,268	280,493	775
Services	4,899	10,040	10,017	23
Materials and supplies	650	800	752	48
Total assessor	283,613	292,108	291,262	846
Board of Assessment Appeals:				
Personnel costs	1,038	1,038	615	423
Services	550	550	452	98
Total board of assessment appeals	1,588	1,588	1,067	521
Tax Collector:				
Personnel costs	175,509	175,009	174,740	269
Services	30,567	30,067	27,211	2,856
Materials and supplies	30	1,030	936	94
Equipment	50	50	50	-
Total tax collector	206,156	206,156	202,937	3,219
Finance:				
Personnel costs	553,370	549,133	543,754	5,379
Services	117,900	94,960	90,541	4,419
Materials and supplies	30,000	30,000	29,330	670
Equipment		70	70	-
Total finance	701,270	674,163	663,695	10,468
Legal Department:				
Services	298,000	330,990	322,135	8,855
Town Clerk:				
Personnel costs	232,562	236,075	235,830	245
Services	30,004	31,915	31,859	56
Materials and supplies	2,853	1,453	1,450	3
Equipment	1,890	1,890	1,890	-
Total town clerk	267,309	271,333	271,029	304
Planning and Zoning Commission:				
Personnel costs	569,792	572,572	564,041	8,531
Services	55,260	52,480	40,172	12,308
Materials and supplies	3,515	3,515	2,745	770
Equipment	700	700	286	414
Total planning and zoning commission	629,267	629,267	607,244	22,023

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Insurance:				
Services	4,658,000	4,609,302	4,524,071	85,231
Economic Development Commission:				
Services	8,576	8,576	7,043	1,533
Conservation Commission:				
Services	17,750	17,750	13,641	4,109
Materials and supplies	500	500	331	169
Total conservation commission	18,250	18,250	13,972	4,278
Zoning Board of Appeals:				
Services	4,260	4,225	3,263	962
Materials and supplies	50	85	85	-
Total zoning board of appeals	4,310	4,310	3,348	962
Retirement Commission:				
Personnel costs	5,982,978	5,887,978	5,869,628	18,350
Representative Town Meeting:				
Personnel costs	1	1	-	1
Services	18,952	18,952	11,640	7,312
Total representative town meeting	18,953	18,953	11,640	7,313
Building Department:				
Personnel costs	276,285	265,660	253,787	11,873
Services	10,988	21,613	8,363	13,250
Materials and supplies	1,750	1,750	636	1,114
Equipment	400	400	-	400
Total building department	289,423	289,423	262,786	26,637
Social Service Grants:				
Services	64,316	64,316	64,057	259
Contracts out to agencies	15,800	15,800	15,800	-
Total social service grants	80,116	80,116	79,857	259
Contingency:				
Miscellaneous	265,000	60,928	-	60,928
Flood and Erosion Control Board:				
Personnel costs	818	818	403	415
Services	1,295	1,295	-	1,295
Materials and supplies	25	25	-	25
Total flood and erosion control board	2,138	2,138	403	1,735
Ethics Commission:				
Personnel costs	650	645	426	219
Services	-	5	5	-
Materials and supplies	-	-	-	-
Total ethics commission	650	650	431	219

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over)
			Basis	Under
General Government (Continued):				
Human Resources:				
Personnel costs	\$ 200,240	\$ 244,084	\$ 244,085	\$ (1)
Services	65,143	93,842	75,688	18,154
Materials and supplies	850	951	751	200
Total human resources	266,233	338,877	320,524	18,353
Information Technology:				
Services	773,708	753,347	748,459	4,888
Equipment	51,260	105,260	97,193	8,067
Total information technology	824,968	858,607	845,652	12,955
Total general government	15,148,397	14,930,187	14,631,717	298,470
Public Safety:				
Emergency Management:				
Personnel costs	939,704	916,894	900,807	16,087
Services	144,701	128,008	103,138	24,870
Materials and supplies	2,850	2,850	1,288	1,562
Equipment	3	16,696	16,693	3
Total emergency management	1,087,258	1,064,448	1,021,926	42,522
Fire Services:				
Personnel costs	1,866,238	2,241,724	2,238,523	3,201
Services	936,944	926,722	905,862	20,860
Materials and supplies	238,880	257,489	251,737	5,752
Equipment	59,500	52,900	47,565	5,335
Total fire services	3,101,562	3,478,835	3,443,687	35,148
Police Department:				
Personnel costs	5,849,672	5,799,362	5,729,310	70,052
Services	341,616	342,448	323,978	18,470
Materials and supplies	224,176	266,157	239,849	26,308
Equipment	5,277	5,395	5,395	-
Total police department	6,420,741	6,413,362	6,298,532	114,830
Total public safety	10,609,561	10,956,645	10,764,145	192,500
Building Maintenance:				
Personnel costs	82,433	80,169	56,941	23,228
Services	133,612	135,876	133,736	2,140
Materials and supplies	10,000	9,988	8,432	1,556
Capital Improvements	27,000	27,012	27,012	-
Total building maintenance	253,045	253,045	226,121	26,924
Public Works:				
Personnel costs	2,398,985	2,315,460	2,281,075	34,385
Services	1,267,687	1,258,631	1,239,851	18,780
Materials and supplies	682,425	569,777	524,351	45,426
Equipment	19,412	19,412	17,576	1,836
Capital improvements	320,698	320,698	304,884	15,814
Total public works	4,689,207	4,483,978	4,367,737	116,241
Total public works	4,942,252	4,737,023	4,593,858	143,165
Social Services:				
Youth Service Bureau:				
Personnel costs	197,743	216,229	214,544	1,685
Services	47,000	48,549	45,877	2,672
Total social services	244,743	264,778	260,421	4,357
Conservation of Health:				
Services	139,197	139,197	139,197	-
Waterford Public Health Nursing Service:				
Contracts out to agencies	27,820	27,820	7,917	19,903

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Social Services (Continued):				
Senior Citizen Commission:				
Personnel costs	\$ 408,513	\$ 408,513	\$ 337,217	\$ 71,296
Services	121,494	121,494	86,348	35,146
Materials and supplies	15,278	15,278	6,979	8,299
Equipment	2,842	2,842	1,949	893
Total senior citizen commission	<u>548,127</u>	<u>548,127</u>	<u>432,493</u>	<u>115,634</u>
Total social services	<u>959,887</u>	<u>979,922</u>	<u>840,028</u>	<u>139,894</u>
Library:				
Personnel costs	957,025	1,001,496	967,820	33,676
Services	59,638	59,638	45,176	14,462
Materials and supplies	8,000	8,000	7,912	88
Equipment	45,000	45,000	45,000	-
Total library	<u>1,069,663</u>	<u>1,114,134</u>	<u>1,065,908</u>	<u>48,226</u>
Recreation and Parks:				
Personnel costs	1,134,847	1,069,779	909,744	160,035
Services	297,249	361,217	343,827	17,390
Materials and supplies	72,944	72,944	63,304	9,640
Equipment	1,825	2,925	2,548	377
Total recreation and parks	<u>1,506,865</u>	<u>1,506,865</u>	<u>1,319,423</u>	<u>187,442</u>
Community Use of Schools	<u>86,126</u>	<u>86,126</u>	<u>86,126</u>	<u>-</u>
Debt Service:				
Principal	5,060,000	5,060,000	5,060,000	-
Interest	2,568,790	2,568,790	2,504,397	64,393
Total debt service	<u>7,628,790</u>	<u>7,628,790</u>	<u>7,564,397</u>	<u>64,393</u>
Board of Education	<u>50,372,315</u>	<u>50,372,315</u>	<u>49,249,222</u>	<u>1,123,093</u>
Total expenditures	<u>92,323,856</u>	<u>92,312,007</u>	<u>90,114,824</u>	<u>2,197,183</u>
Other Financing Uses:				
Transfers out	<u>3,654,374</u>	<u>3,707,324</u>	<u>3,707,324</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 95,978,230</u>	<u>\$ 96,019,331</u>	<u>93,822,148</u>	<u>\$ 2,197,183</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.	6,767,538
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.	163,324
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the order is received for financial reporting purposes.	(184,900)
Excess cost - student based grant	489,746
Bond issuance costs on refunding are not budgeted	210,540
Payments to escrow agents during the bond refunding are not budgeted	28,679,460
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund	<u>320,064</u>

Total Expenditures and Other Financing Sources as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds \$ 130,267,920

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION TRUST FUND
LAST NINE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability:									
Interest	\$ 57,640	\$ 59,937	\$ 63,102	\$ 61,919	\$ 66,103	\$ 82,588	\$ 87,820	\$ 93,351	\$ 98,557
Differences between expected and actual experience		6,607		(23,064)		(83,403)			
Changes of assumptions				101,230		65,285			
Benefit payments, including refunds of member contributions	<u>(95,139)</u>	<u>(111,229)</u>	<u>(116,167)</u>	<u>(126,029)</u>	<u>(139,838)</u>	<u>(151,557)</u>	<u>(168,133)</u>	<u>(171,078)</u>	<u>(169,686)</u>
Net change in total pension liability	(37,499)	(44,685)	(53,065)	14,056	(73,735)	(87,087)	(80,313)	(77,727)	(71,129)
Total pension liability - beginning	<u>969,081</u>	<u>1,013,766</u>	<u>1,066,831</u>	<u>1,052,775</u>	<u>1,126,510</u>	<u>1,213,597</u>	<u>1,293,910</u>	<u>1,371,637</u>	<u>1,442,766</u>
Total pension liability - ending	<u>931,582</u>	<u>969,081</u>	<u>1,013,766</u>	<u>1,066,831</u>	<u>1,052,775</u>	<u>1,126,510</u>	<u>1,213,597</u>	<u>1,293,910</u>	<u>1,371,637</u>
Plan fiduciary net position:									
Contributions - employer	82,000	89,953	82,000	81,493	84,000	83,367	83,367	78,744	78,744
Net investment income	117,497	32,400	29,150	28,406	54,202	11,137	19,200	84,249	55,520
Benefit payments, including refunds of member contributions	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)	(168,133)	(171,078)	(169,686)
Administrative expense	<u>(5,755)</u>	<u>(5,958)</u>	<u>(3,271)</u>	<u>(4,821)</u>	<u>(9,314)</u>	<u>(6,948)</u>	<u>(8,511)</u>	<u>(6,522)</u>	<u>(5,693)</u>
Net change in plan fiduciary net position	98,603	5,166	(8,288)	(20,951)	(10,950)	(64,001)	(74,077)	(14,607)	(41,115)
Plan fiduciary net position - beginning	<u>540,447</u>	<u>535,281</u>	<u>543,569</u>	<u>564,520</u>	<u>575,470</u>	<u>639,471</u>	<u>713,548</u>	<u>728,155</u>	<u>769,270</u>
Plan fiduciary net position - ending	<u>639,050</u>	<u>540,447</u>	<u>535,281</u>	<u>543,569</u>	<u>564,520</u>	<u>575,470</u>	<u>639,471</u>	<u>713,548</u>	<u>728,155</u>
Net Pension Liability - Ending	<u>\$ 292,532</u>	<u>\$ 428,634</u>	<u>\$ 478,485</u>	<u>\$ 523,262</u>	<u>\$ 488,255</u>	<u>\$ 551,040</u>	<u>\$ 574,126</u>	<u>\$ 580,362</u>	<u>\$ 643,482</u>
Plan fiduciary net position as a percentage of the total pension liability	68.60%	55.77%	52.80%	50.95%	53.62%	51.08%	52.69%	55.15%	53.09%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 59,870	\$ 81,131	\$ 81,131	\$ 81,493	\$ 81,493	\$ 83,367	\$ 83,367	\$ 78,744	\$ 78,744	\$ 82,855
Contributions in relation to the actuarially determined contribution	<u>82,000</u>	<u>89,953</u>	<u>82,000</u>	<u>81,493</u>	<u>84,000</u>	<u>83,367</u>	<u>83,367</u>	<u>78,744</u>	<u>78,744</u>	<u>82,855</u>
Contribution Deficiency (Excess)	\$ <u>(22,130)</u>	\$ <u>(8,822)</u>	\$ <u>(869)</u>	\$ <u>-</u>	\$ <u>(2,507)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2019
Measurement date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of salary, closed
Remaining amortization period As of the July 1, 2019 valuation 11 years remain.
Asset valuation method The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the market value and expected actuarial value by recognizing 20% of the difference each year.
Inflation 2.60%
Cost of living increases 2.60% per year
Investment rate of return 6.25%, net of pension plan investment expense, including inflation
Mortality Pub-2010 Public Retirement Plans Amount - Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2019.

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

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	20.68%	5.97%	5.55%	5.12%	9.89%	1.75%	2.57%	11.89%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	3.01%	3.02%	3.07%	5.54%	6.09%	4.88%	5.21%
Town's proportionate share of the net pension liability	\$ 33,488,078	\$ 31,145,927	\$ 29,401,392	\$ 13,738,876	\$ 16,236,237	\$ 12,496,017	\$ 12,413,899
Town's covered payroll	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522	\$ 18,274,228
Town's proportionate share of the net pension liability as a percentage of its covered payroll	159.11%	146.44%	144.17%	73.92%	90.48%	69.64%	67.93%
Plan fiduciary net position as a percentage of the total pension liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

***Notes:**

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available
- The measurement date is one year earlier than the employer's reporting date.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 3,690,224	\$ 3,273,290	\$ 2,819,839	\$ 2,694,077	\$ 2,603,848	\$ 2,423,860	\$ 2,515,782	\$ 2,425,327	\$ 2,358,637	\$ 2,277,760
Contributions in relation to the actuarially determined contribution	<u>3,690,224</u>	<u>3,273,290</u>	<u>2,819,839</u>	<u>2,694,077</u>	<u>2,603,848</u>	<u>2,423,860</u>	<u>2,515,782</u>	<u>2,425,327</u>	<u>2,358,637</u>	<u>2,277,760</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522	\$ 18,274,228	\$ 18,065,219	\$ 17,793,604
Contributions as a percentage of covered payroll	16.70%	15.55%	13.26%	13.21%	14.01%	13.51%	14.02%	13.27%	13.06%	12.80%

Notes to Schedule

Valuation date: June 30, 2020

Measurement date: June 30, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age

Amortization method Level dollar, closed

Single equivalent amortization period 21 years

Asset valuation method 5-years smoothed market

Inflation 2.50%

Salary increases 3.50% - 10.00%, including inflation

Investment rate of return 7.00%, net of investment-related expense

Change in assumptions: In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>105,509,269</u>	<u>97,008,042</u>	<u>74,798,836</u>	<u>75,284,376</u>	<u>79,425,593</u>	<u>60,790,928</u>	<u>56,189,042</u>
Total	<u>\$ 105,509,269</u>	<u>\$ 97,008,042</u>	<u>\$ 74,798,836</u>	<u>\$ 75,284,376</u>	<u>\$ 79,425,593</u>	<u>\$ 60,790,928</u>	<u>\$ 56,189,042</u>
Town's covered payroll	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985	\$ 21,020,000	\$ 20,407,000	\$ 21,623,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST FIVE FISCAL YEARS*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:					
Service cost	\$ 276,630	\$ 265,479	\$ 281,505	\$ 264,365	\$ 257,290
Interest	1,586,755	1,579,705	1,700,177	1,672,521	1,622,163
Differences between expected and actual experience	818,687	(1,146,862)	(1,149,976)	(829,167)	(76,479)
Changes of assumptions	18,578		(917,752)		
Benefit payments, including refunds of member contributions	<u>(345,778)</u>	<u>(855,957)</u>	<u>(712,252)</u>	<u>(746,707)</u>	<u>(1,497,102)</u>
Net change in total OPEB liability	2,354,872	(157,635)	(798,298)	361,012	305,872
Total OPEB liability - beginning	<u>23,400,906</u>	<u>23,558,541</u>	<u>24,356,839</u>	<u>23,995,827</u>	<u>23,689,955</u>
Total OPEB liability - ending	<u>25,755,778</u>	<u>23,400,906</u>	<u>23,558,541</u>	<u>24,356,839</u>	<u>23,995,827</u>
Plan fiduciary net position:					
Contributions - employer	1,445,778	1,614,570	1,871,345	1,906,707	3,811,946
Net investment income	1,860,477	300,988	268,186	133,054	40,292
Benefit payments, including refunds of member contributions	<u>(345,778)</u>	<u>(855,957)</u>	<u>(712,252)</u>	<u>(746,707)</u>	<u>(1,497,102)</u>
Administrative expense	<u>(7,791)</u>	<u>(7,242)</u>	<u>(6,729)</u>	<u>(11,768)</u>	
Net change in plan fiduciary net position	2,952,686	1,052,359	1,420,550	1,281,286	2,355,136
Plan fiduciary net position - beginning	<u>6,109,331</u>	<u>5,056,972</u>	<u>3,636,422</u>	<u>2,355,136</u>	
Plan fiduciary net position - ending	<u>9,062,017</u>	<u>6,109,331</u>	<u>5,056,972</u>	<u>3,636,422</u>	<u>2,355,136</u>
Net OPEB Liability - Ending	<u>\$ 16,693,761</u>	<u>\$ 17,291,575</u>	<u>\$ 18,501,569</u>	<u>\$ 20,720,417</u>	<u>\$ 21,640,691</u>
Plan fiduciary net position as a percentage of the total OPEB liability	35.18%	26.11%	21.47%	14.93%	9.81%
Covered payroll	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001
Net OPEB liability as a percentage of covered payroll	52.39%	55.64%	61.08%	68.09%	73.07%

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 2,139,712	\$ 2,127,089	\$ 2,482,200	\$ 2,474,700	\$ 2,607,000	\$ 2,755,300	\$ 2,720,300	\$ 2,747,000	\$ 2,718,100	\$ 2,690,600
Contributions in relation to the actuarially determined contribution	1,445,778	1,614,570	1,871,345	1,906,707	3,811,946	798,000	584,100	608,000	1,266,500	1,409,100
Contribution Deficiency (Excess)	<u>\$ 693,934</u>	<u>\$ 512,519</u>	<u>\$ 610,855</u>	<u>\$ 567,993</u>	<u>\$ (1,204,946)</u>	<u>\$ 1,957,300</u>	<u>\$ 2,136,200</u>	<u>\$ 2,139,000</u>	<u>\$ 1,451,600</u>	<u>\$ 1,281,500</u>
Covered payroll	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001	\$ 29,073,500	\$ 29,073,500	\$ 31,032,400	\$ 31,032,400	\$ 28,277,100
Contributions as a percentage of covered payroll	4.54%	5.20%	6.18%	6.27%	12.87%	2.74%	2.01%	1.96%	4.08%	4.98%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of salary

Amortization period Amortized over 30 years on a closed basis. The amortization began on July 1, 2006, and, as of the July 1, 2020 valuation, 16 years remain.

Asset valuation method Market value

Inflation 2.40% (prior: 2.60%)

Healthcare cost trend rates 6.50% decreasing to 4.60% (prior: 7.25% decreasing to 4.6%)

Inflation 2.40% (prior: 2.60%)

Investment rate of return 6.50% (prior: 6.75%)

Retirement age Medical and dental benefits pre-65

Medical benefits post-65

Mortality Pub - 2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teacher) and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2020.

Prior: Pub - 2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teacher) and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2018.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	26.18%	5.44%	6.44%	4.13%	2.09%

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

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

	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	15,736,711	15,128,952	14,952,787	19,377,337
Total	<u>\$ 15,736,711</u>	<u>\$ 15,128,952</u>	<u>\$ 14,952,787</u>	<u>\$ 19,377,337</u>
Town's covered payroll	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;</p> <p>Long-term health care cost trend rates were updated;</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and,</p> <p>The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:</p> <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Price inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

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Combining and Individual Fund Statements and Schedules

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General Fund

GENERAL FUND

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

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
GENERAL FUND - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2021**

	Final Appropriation	Expenditures and Encumbrances	Unexpended Balance
Salaries - certified	\$ 23,742,546	\$ 23,544,628	\$ 197,918
Salaries - support	6,319,612	6,003,990	315,622
Salaries - other	31,974	7,044	24,930
Temporary pay - certified	1,087,774	861,666	226,108
Temporary pay - support	175,624	172,300	3,324
Overtime - support	130,623	95,953	34,670
Health and dental insurance	6,345,031	6,331,620	13,411
Life and major medical insurance	75,764	73,749	2,015
Long term disability	3,060	3,060	-
Social security contribution	976,470	901,815	74,655
Reimbursements	86,400	80,797	5,603
Unemployment compensation	27,522	18,611	8,911
Workers' compensation	378,498	378,220	278
Sick pay	84,047	83,948	99
Retirement Incentive	6,000	6,000	-
Instructional services	108,236	96,217	12,019
Staff and curriculum development	94,050	124,132	(30,082)
Other professional and technical services	1,437,957	1,299,694	138,263
Legal services	117,004	125,350	(8,346)
Public utilities	92,429	69,390	23,039
Maintenance and repairs	370,624	480,346	(109,722)
Rentals	1,600	19,478	(17,878)
Pupil transportation	2,302,216	2,130,567	171,649
Insurance - property	106,577	86,295	20,282
Insurance - liability	108,142	106,764	1,378
Other insurance	24,273	21,994	2,279
Communications	71,953	64,474	7,479
Postage	19,244	14,863	4,381
Advertising	2,000	1,807	193
Tuition	2,481,734	2,279,586	202,148
Travel and conference	162,525	74,542	87,983
Other purchased services	148,732	236,975	(88,243)
Instructional supplies	396,905	375,582	21,323
Software	409,425	421,316	(11,891)
Maintenance and custodial	269,245	319,073	(49,828)
Heat and energy	1,273,620	1,225,742	47,878
Transportation supplies	137,908	80,212	57,696
Textbooks	172,300	102,653	69,647
Library and professional books	29,549	27,210	2,339
Other supplies	164,960	149,212	15,748
Equipment	369,316	725,710	(356,394)
Membership dues and fees	28,846	26,637	2,209
Total	\$ 50,372,315	\$ 49,249,222	\$ 1,123,093

**TOWN OF WATERFORD, CONNECTICUT
REPORT OF TAX COLLECTOR
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List	Uncollected Taxes July 1, 2020	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2021
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2019	\$	\$ 93,122,393	\$ 82,533	\$ 273,018	\$ 7,645	\$ 92,924,263	\$ 92,501,211	\$ 147,659	\$ 1,200	\$ 92,650,070	\$ 423,052
2018	525,600		22,929	132,241	11,564	404,724	197,099	61,776	2,222	261,097	207,625
2017	227,710		4	181	11,127	216,406	117,535	46,708	744	164,987	98,871
2016	129,379					129,379	52,872	33,264	360	86,496	76,507
2015	96,965					96,965	35,597	20,623	216	56,436	61,368
2014	60,538			144		60,394	16,465	12,827	72	29,364	43,929
2013	48,666					48,666	7,927	6,833	48	14,808	40,739
2012	34,273					34,273	2,136	1,750		3,886	32,137
2011	29,047					29,047		285		285	29,047
2010	24,638					24,638		382		382	24,638
2009	15,799					15,799		1,221		1,221	15,799
2008	6,888					6,888	2,360	1,498		3,858	4,528
2007	3,059					3,059		337		337	3,059
2006	2,483					2,483		696		696	2,483
2005	2,346			2,346		-		515		515	-
Total	\$ 1,207,391	\$ 93,122,393	\$ 105,466	\$ 407,930	\$ 30,336	\$ 93,996,984	92,933,202	336,374	4,862	93,274,438	\$ 1,063,782
Suspense collections							18,494			18,494	
Total collections							\$ 92,951,696	\$ 336,374	\$ 4,862	93,292,932	
Property taxes receivable - considered available:											
June 30, 2020										(118,447)	
June 30, 2021										159,726	
										\$ 93,334,211	

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF WATER MAIN ASSESSMENTS RECEIVABLE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Contract Number	Principal Uncollected July 1, 2020	Interest and Liens Uncollected July 1, 2020	New Contracts	Interest and Liens Billed	Lawful Corrections				Collections				Principal Balance Uncollected June 30, 2021	Interest and Liens Uncollected June 30, 2021	Balance Uncollected June 30, 2021
					Principal Additions	Principal Deductions	Interest and Lien Additions	Interest and Lien Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total			
75	\$ 207	\$ 697	\$	\$ 31	\$	\$	\$	\$	\$ 207	\$ 456	\$	\$ 663	\$ -	\$ 272	\$ 272
76	2,846	1,838		510					352			352	2,494	2,348	4,842
Total	<u>\$ 3,053</u>	<u>\$ 2,535</u>	<u>\$ -</u>	<u>\$ 541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ 456</u>	<u>\$ -</u>	1,015	<u>\$ 2,494</u>	<u>\$ 2,620</u>	<u>\$ 5,114</u>
Water main assessment receivable - considered available:															
June 30, 2020													-		
June 30, 2021													-		
												\$	<u>1,015</u>		

TOWN OF WATERFORD, CONNECTICUT
 SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021

Contract Number	Principal Uncollected July 1, 2020	Interest and Liens Uncollected July 1, 2020	New Contracts	Interest and Liens Billed	Lawful Corrections				Collections				Principal Balance Uncollected June 30, 2021	Interest and Liens Uncollected June 30, 2021	Balance Uncollected June 30, 2021
					Principal Additions	Principal Deductions	Interest and Lien Additions	Interest and Lien Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total			
76	\$ 15,752	\$ 10,322	\$	\$	\$		\$ 2,307	\$	\$ 5,117	\$ 2,540	\$ (20)	\$ 7,637	\$ 10,635	\$ 10,089	\$ 20,724
Sewer assessment receivable - considered available:															
June 30, 2020													(867)		
June 30, 2021													-		
													\$ 6,770		

Nonmajor Governmental Funds

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Special Education Grants	State and federal grants	School related programs
School Cafeteria	Sale of food and grants	School lunch program
School Activity	Charges for services	Student activities
Drug Enforcement	Federal and state forfeited property	Drug enforcement and education
Youth Services	Donations and admission fees	Youth programs
Water	Rentals from cell phone companies for antennas on water towers	Maintenance of water infrastructure
Contributed Gifts	Donations	Expenditures of donations according to the purpose of the various gifts
Senior Citizens	Donations and program fees	Services and programs for senior citizens
Youth Services Local Prevention Council Grant	Local prevention council grant	Youth services alcohol and drug abuse prevention program
Small Harbor Improvement Projects (SHIP) Grant	Connecticut Port Authority grant in aid	Mago Point Planning Study-Design
Youth Services Mini Grant	State grant passed through NECASA	Community Coalition to address the Opioid Crisis
Certified Local Government Historic Preservation Enhancement Grant	State of Connecticut Department of Economic and Community Development	National register nomination for Oil Mill District
Dock Removal Grant	Grant from private organization	Removal of derelict dock structures in the Thames River at 74 Scotch Cap Road
Nuclear Safety Emergency Preparedness Grant	State grant	Nuclear Safety Preparedness Program
Drug Recognition Expert (DRE) Support Grant	Federal Police Traffic Services funds passed through the State of Connecticut DOT	Coordination of DRE training activities
Safe Polls/Absentee Ballot Support Grant	Federal funds from the Cares Act, HAVA I and HAVA II passed through the State of Connecticut	Funding for additional costs due to the pandemic to ensure safe polling places and support for processing unprecedented number of absentee ballots
Center for Tech and Civic Life Election Grant	Center for Tech and Civic Life (CTCL) Election Grant	Funding for planning and operationalizing safe and secure election administration
Municipal Covid Relief Grant	State of Connecticut Department Office of Policy and Management (OPM)	Funding to support public health and safety for the Covid-19 public health emergency
CT Aging Covid Grant	State of Connecticut Department of Aging and Disability Services	Reimbursement grant for costs related to reopening the Senior Center safely due to Covid -19

Community Foundation Grant	Community Foundation Grant	Funding for establishing a Council for Diversity, Equity and Inclusion (DEI)
Historic Properties	Donations	Donations to the Historic Properties Commission
Jordan Mill Pond Fishway	Grant from nonprofit organization	Construct a fishway to promote spawning
Harbor Management	Docking and mooring fees	Harbor management
Youth Services Enhancement Grant	State grant	To promote youth developmental activities
Small Cities Grant II	State Community Development Block Grant (CDBG) funds and loan payments	Waterford Housing Rehabilitation Program
Historic Documents Preservation Grant	Connecticut State Library Targeted Grant	Preservation of historic documents
Reeve Foundation Grant	Christopher Reeve Foundation grant	Purchase of recreational equipment to make Waterford Beach accessible to individuals in wheelchairs
Senior Services Title IIIB Open Doors Grant	Federal funding under Title III and matching contributions	Senior Services open doors program for local senior citizens
Senior Services Wal Mart Grant	Grant from Wal Mart	Senior services program to conduct in-home fall assessment risks for local seniors.
Distracted Driving HVE Grant	Department of Transportation Federal Highway Safety Grant	Department of Transportation Federal Highway Safety Grant
Student Athletics Fund	Gate receipts	Site workers, ticket takers and tournament fees

Capital Project Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

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

Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments programs.

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

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

EXHIBIT B-1

	Special Revenue Funds									
	Special Education Grants	School Cafeteria	School Activity	Drug Enforcement Grant	Youth Services	Water	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant	Small Harbor Improvement Projects Grant
ASSETS										
Cash and cash equivalents	\$ 73,004	\$ 118,820	\$ 212,583	\$	\$	\$	\$	\$	\$	\$
Investments		22,632	24,868							
Receivables, net	371,893	183,554		1,247						
Interfund receivables	9,639			16,086	264,871	639,308	71,569	72,887	1,610	35,000
Supplies		9,101								
Prepaid items										
Total Assets	<u>\$ 454,536</u>	<u>\$ 334,107</u>	<u>\$ 237,451</u>	<u>\$ 17,333</u>	<u>\$ 264,871</u>	<u>\$ 639,308</u>	<u>\$ 71,569</u>	<u>\$ 72,887</u>	<u>\$ 1,610</u>	<u>\$ 35,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts and other payable	\$ 1,983	\$ 37,454	\$	\$	\$ 18,348	\$ 6,000	\$ 992	\$ 3	\$	\$
Accrued liabilities	24,977	4,343			47,419	1,215				
Interfund payables	1,035	224,905								
Unearned revenue	421,088				162,988			5,068		35,000
Total liabilities	<u>449,083</u>	<u>266,702</u>	<u>-</u>	<u>-</u>	<u>228,755</u>	<u>7,215</u>	<u>992</u>	<u>5,071</u>	<u>-</u>	<u>35,000</u>
Deferred Inflows of Resources:										
Unavailable revenue - grants receivable										
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable		9,101								
Restricted	5,453	58,304		17,333	36,116		70,577	67,816	1,610	
Committed			237,451			632,093				
Unassigned										
Total fund balances	<u>5,453</u>	<u>67,405</u>	<u>237,451</u>	<u>17,333</u>	<u>36,116</u>	<u>632,093</u>	<u>70,577</u>	<u>67,816</u>	<u>1,610</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 454,536</u>	<u>\$ 334,107</u>	<u>\$ 237,451</u>	<u>\$ 17,333</u>	<u>\$ 264,871</u>	<u>\$ 639,308</u>	<u>\$ 71,569</u>	<u>\$ 72,887</u>	<u>\$ 1,610</u>	<u>\$ 35,000</u>

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**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

EXHIBIT B-1

	Special Revenue Funds								
	Youth Services Mini Grant	Historic Preservation Enhancement Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant	Safe Polls/ Absentee Ballot Support Grant	Center for Tech and Civic Life (CTCL) Election Grant	Municipal Covid Relief (CRF) Grant	CT Aging Covid Grant
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments									
Receivables, net				84,798	3,455				
Interfund receivables	3,667		40,376						
Supplies									
Prepaid items					1,309				
Total Assets	<u>\$ 3,667</u>	<u>\$ -</u>	<u>\$ 40,376</u>	<u>\$ 84,798</u>	<u>\$ 4,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$	\$	36,898	359	\$	\$	\$	\$
Accrued liabilities									
Interfund payables		5,000		47,900	4,405				
Unearned revenue			40,376						
Total liabilities	<u>-</u>	<u>5,000</u>	<u>40,376</u>	<u>84,798</u>	<u>4,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable revenue - grants receivable				84,798					
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable					1,309				
Restricted	3,667								
Committed									
Unassigned		(5,000)		(84,798)	(1,309)				
Total fund balances	<u>3,667</u>	<u>(5,000)</u>	<u>-</u>	<u>(84,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,667</u>	<u>\$ -</u>	<u>\$ 40,376</u>	<u>\$ 84,798</u>	<u>\$ 4,764</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

EXHIBIT B-1

	Special Revenue Funds								
	Community Foundation Grant	Historic Properties	Jordan Mill Pond Fishway	Harbor Management	Youth Services Enhancement Grant	Small Cities Grant II	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB Open Doors Grants
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	124,334	\$	\$	\$
Investments									
Receivables, net									
Interfund receivables	7,500	12,502	777	34,404	14	192		1,530	3,995
Supplies									
Prepaid items									
Total Assets	<u>\$ 7,500</u>	<u>\$ 12,502</u>	<u>\$ 777</u>	<u>\$ 34,404</u>	<u>\$ 14</u>	<u>\$ 124,526</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ 3,995</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$	\$	\$	\$		\$	\$	\$
Accrued liabilities				395					
Interfund payables									
Unearned revenue									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable revenue - grants receivable									
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable									
Restricted	7,500	12,502	777	34,009	14	124,526		1,530	3,995
Committed									
Unassigned									
Total fund balances	<u>7,500</u>	<u>12,502</u>	<u>777</u>	<u>34,009</u>	<u>14</u>	<u>124,526</u>	<u>-</u>	<u>1,530</u>	<u>3,995</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 7,500</u>	<u>\$ 12,502</u>	<u>\$ 777</u>	<u>\$ 34,404</u>	<u>\$ 14</u>	<u>\$ 124,526</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ 3,995</u>

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**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

EXHIBIT B-1

	Special Revenue Funds			Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Senior Services Wal Mart Grant	Distracted Driving HVE Grant	Student Athletics	Fleet Management	Sewer Maintenance & Development	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Hammond Memorial Trust
ASSETS									
Cash and cash equivalents	\$	\$	\$ 28,444	\$ 2,665,733	\$ 540,418	\$	\$ 2,280,320	\$	\$ 53
Investments									143,968
Receivables, net				31,962	1,999				
Interfund receivables	500							549,784	
Supplies									
Prepaid items									
Total Assets	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 28,444</u>	<u>\$ 2,697,695</u>	<u>\$ 542,417</u>	<u>\$ -</u>	<u>\$ 2,280,320</u>	<u>\$ 549,784</u>	<u>\$ 144,021</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts and other payable	\$	\$	\$	\$ 1,453	\$ 2,788	\$	\$ 112,225	\$	\$
Accrued liabilities									
Interfund payables				45,573	25,245		308,841		
Unearned revenue									
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,026</u>	<u>28,033</u>	<u>-</u>	<u>421,066</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:									
Unavailable revenue - grants receivable									
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable									
Restricted	500				514,384				144,021
Committed			28,444	2,650,669			1,859,254	549,784	
Unassigned									
Total fund balances	<u>500</u>	<u>-</u>	<u>28,444</u>	<u>2,650,669</u>	<u>514,384</u>	<u>-</u>	<u>1,859,254</u>	<u>549,784</u>	<u>144,021</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 28,444</u>	<u>\$ 2,697,695</u>	<u>\$ 542,417</u>	<u>\$ -</u>	<u>\$ 2,280,320</u>	<u>\$ 549,784</u>	<u>\$ 144,021</u>

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-2

	Special Revenue Funds								
	Special Education Grants	School Cafeteria	School Activity	Drug Enforcement Grant	Youth Services	Water	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant
Revenues:									
Intergovernmental	\$ 1,956,622	\$ 726,659	\$	\$ 5,374	\$ 22,636	\$	\$ 10,840	\$	\$ 4,153
Fines, penalties and charges for services		24,774	158,283			73,384		1,149	
Investment earnings (loss)		11	97						
Other	2,500				83,285		16,965	13,821	
Total revenues	<u>1,959,122</u>	<u>751,444</u>	<u>158,380</u>	<u>5,374</u>	<u>105,921</u>	<u>73,384</u>	<u>27,805</u>	<u>14,970</u>	<u>4,153</u>
Expenditures:									
Current:									
General government									
Public safety				23,063			10,489		
Public works						63,484			
Recreation							3,827		
Social services					167,031			10,754	4,127
Education	1,959,111	730,103	158,297						
Capital outlay									
Total expenditures	<u>1,959,111</u>	<u>730,103</u>	<u>158,297</u>	<u>23,063</u>	<u>167,031</u>	<u>63,484</u>	<u>14,316</u>	<u>10,754</u>	<u>4,127</u>
Excess (Deficiency) of Revenues over Expenditures	<u>11</u>	<u>21,341</u>	<u>83</u>	<u>(17,689)</u>	<u>(61,110)</u>	<u>9,900</u>	<u>13,489</u>	<u>4,216</u>	<u>26</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>
Net Change in Fund Balances	11	21,341	83	(17,689)	(61,110)	9,900	13,489	4,216	26
Fund Balances at Beginning of Year	<u>5,442</u>	<u>46,064</u>	<u>237,368</u>	<u>35,022</u>	<u>97,226</u>	<u>622,193</u>	<u>57,088</u>	<u>63,600</u>	<u>1,584</u>
Fund Balances at End of Year	<u>\$ 5,453</u>	<u>\$ 67,405</u>	<u>\$ 237,451</u>	<u>\$ 17,333</u>	<u>\$ 36,116</u>	<u>\$ 632,093</u>	<u>\$ 70,577</u>	<u>\$ 67,816</u>	<u>\$ 1,610</u>

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-2

	Special Revenue Funds							
	Small Harbor Improvement Projects Grant	Youth Services Mini Grant	Historic Preservation Enhancement Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant	Safe Polls/ Absentee Ballot Support Grant	Center for Tech and Civic Life (CTCL) Election Grant
Revenues:								
Intergovernmental	\$	\$	\$	\$ 39,624	\$ 48,512	\$ 6,119	\$ 14,041	\$ 18,360
Fines, penalties and charges for services								
Investment earnings (loss)								
Other								
Total revenues	-	-	-	39,624	48,512	6,119	14,041	18,360
Expenditures:								
Current:								
General government								
Public safety				39,624	133,310	6,119	13,991	18,358
Public works								
Recreation								
Social services								
Education								
Capital outlay								
Total expenditures	-	-	-	39,624	133,310	6,119	13,991	18,358
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	(84,798)	-	50	2
Other Financing Sources (Uses):								
Transfers in								
Transfers out							(50)	(2)
Total other financing sources (uses)	-	-	-	-	-	-	(50)	(2)
Net Change in Fund Balances	-	-	-	-	(84,798)	-	-	-
Fund Balances at Beginning of Year	-	3,667	(5,000)	-	-	-	-	-
Fund Balances at End of Year	\$ -	\$ 3,667	\$ (5,000)	\$ -	\$ (84,798)	\$ -	\$ -	\$ -

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-2

	Special Revenue Funds							
	Municipal Covid Relief (CRF) Grant	CT Aging Covid Grant	Community Foundation Grant	Historic Properties	Jordan Mill Pond Fishway	Harbor Management	Youth Services Enhancement Grant	Small Cities Grant II
Revenues:								
Intergovernmental	\$ 126,003	\$ 2,442	\$	\$	\$	\$	\$ 10,734	\$
Fines, penalties and charges for services						11,625		
Investment earnings (loss)								
Other			7,500	9,194				78,395
Total revenues	<u>126,003</u>	<u>2,442</u>	<u>7,500</u>	<u>9,194</u>	<u>-</u>	<u>11,625</u>	<u>10,734</u>	<u>78,395</u>
Expenditures:								
Current:								
General government						6,040		
Public safety	126,003	2,442						
Public works								
Recreation								
Social services							10,726	
Education								
Capital outlay								
Total expenditures	<u>126,003</u>	<u>2,442</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,040</u>	<u>10,726</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>9,194</u>	<u>-</u>	<u>5,585</u>	<u>8</u>	<u>78,395</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>
Net Change in Fund Balances	-	-	7,500	9,194	-	5,585	8	78,395
Fund Balances at Beginning of Year	-	-	-	3,308	777	28,424	6	46,131
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,500</u>	<u>\$ 12,502</u>	<u>\$ 777</u>	<u>\$ 34,009</u>	<u>\$ 14</u>	<u>\$ 124,526</u>

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-2

	Special Revenue Funds						Capital Projects Funds	
	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB Open Doors Grants	Senior Services Wal Mart Grant	Distracted Driving HVE Grant	Student Athletics	Fleet Management	Sewer Maintenance & Development
Revenues:								
Intergovernmental	\$ 5,500	\$	\$	\$	6,298	\$	\$	\$
Fines, penalties and charges for services						12,998	108,825	123,337
Investment earnings (loss)							2,771	502
Other		10,000					36,051	
Total revenues	5,500	10,000	-	-	6,298	12,998	147,647	123,839
Expenditures:								
Current:								
General government	5,500							
Public safety					6,298			
Public works								68,105
Recreation		10,000						
Social services								
Education						19,981		
Capital outlay							596,317	
Total expenditures	5,500	10,000	-	-	6,298	19,981	596,317	68,105
Excess (Deficiency) of Revenues over Expenditures	-	-	-	-	-	(6,983)	(448,670)	55,734
Other Financing Sources (Uses):								
Transfers in							900,000	
Transfers out								
Total other financing sources (uses)	-	-	-	-	-	-	900,000	-
Net Change in Fund Balances	-	-	-	-	-	(6,983)	451,330	55,734
Fund Balances at Beginning of Year	-	1,530	3,995	500	-	35,427	2,199,339	458,650
Fund Balances at End of Year	\$ -	\$ 1,530	\$ 3,995	\$ 500	\$ -	\$ 28,444	\$ 2,650,669	\$ 514,384

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT B-2

	Capital Projects Funds			Permanent Fund		
	Animal Control Facility	Capital Improvement	Early Childhood Learning Center	Hammond Memorial Trust	Interfund Eliminations	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$ 3,003,917
Fines, penalties and charges for services						514,375
Investment earnings (loss)				26,886		30,267
Other						257,711
Total revenues	-	-	-	26,886	-	3,806,270
Expenditures:						
Current:						
General government				9,999		21,539
Public safety	25,966					405,663
Public works						131,589
Recreation						13,827
Social services						192,638
Education						2,867,492
Capital outlay		986,117				1,582,434
Total expenditures	25,966	986,117	-	9,999	-	5,215,182
Excess (Deficiency) of Revenues over Expenditures	(25,966)	(986,117)	-	16,887	-	(1,408,912)
Other Financing Sources (Uses):						
Transfers in		2,269,630			(900,000)	2,269,630
Transfers out		(1,029,889)			900,000	(129,941)
Total other financing sources (uses)	-	1,239,741	-	-	-	2,139,689
Net Change in Fund Balances	(25,966)	253,624	-	16,887	-	730,777
Fund Balances at Beginning of Year	25,966	1,605,630	549,784	127,134	-	6,250,855
Fund Balances at End of Year	\$ -	\$ 1,859,254	\$ 549,784	\$ 144,021	\$ -	\$ 6,981,632

Fiduciary Funds

TRUST FUNDS

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

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

CUSTODIAL FUND

Student Scholarship Fund - To account for financial assistance provided to local residents.

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2021

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 28,320	\$ 4,634	\$ 32,954
Investments:			
Mutual funds	<u>612,131</u>	<u>9,071,878</u>	<u>9,684,009</u>
Total assets	<u>640,451</u>	<u>9,076,512</u>	<u>9,716,963</u>
Liabilities:			
Accounts and other payables	<u>1,401</u>	<u>14,495</u>	<u>15,896</u>
Net Position:			
Restricted for OPEB Benefits		9,062,017	9,062,017
Restricted for Pension Benefits	<u>639,050</u>		<u>639,050</u>
Total Net Position	<u>\$ 639,050</u>	<u>\$ 9,062,017</u>	<u>\$ 9,701,067</u>

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 82,000	\$ 1,445,778	\$ 1,527,778
Investment income:			
Net change in fair value of investments	<u>117,497</u>	<u>1,860,477</u>	<u>1,977,974</u>
Total additions	<u>199,497</u>	<u>3,306,255</u>	<u>3,505,752</u>
Deductions:			
Benefit payments	95,139	345,778	440,917
Administration	<u>5,755</u>	<u>7,791</u>	<u>13,546</u>
Total deductions	<u>100,894</u>	<u>353,569</u>	<u>454,463</u>
Change in Net Position	98,603	2,952,686	3,051,289
Net Position at Beginning of Year	<u>540,447</u>	<u>6,109,331</u>	<u>6,649,778</u>
Net Position at End of Year	<u>\$ 639,050</u>	<u>\$ 9,062,017</u>	<u>\$ 9,701,067</u>

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

TABLE 1

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

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental activities:										
Net investment in capital assets	\$ 165,530	\$ 177,425	\$ 172,217	\$ 172,063	\$ 172,024	\$ 174,397	\$ 174,913	\$ 173,491	\$ 178,578	\$ 176,727
Restricted	1,440	127	135	137	145	130	216	178	169	139
Unrestricted	(9,002)	(19,134)	(13,040)	(11,532)	(5,839)	(10,913)	(5,725)	5,299	3,661	5,367
Total governmental activities net position	<u>157,968</u>	<u>158,418</u>	<u>159,312</u>	<u>160,668</u>	<u>166,330</u>	<u>163,614</u>	<u>169,404</u>	<u>178,968</u>	<u>182,408</u>	<u>182,233</u>
Business-type activities:										
Net investment in capital assets	45,670	47,418	49,212	50,975	52,848	54,164	54,835	55,840	57,974	56,785
Restricted										346
Unrestricted	4,767	4,609	4,361	3,842	3,822	3,299	2,765	2,194	1,379	794
Total business-type activities net position	<u>50,438</u>	<u>52,027</u>	<u>53,573</u>	<u>54,817</u>	<u>56,670</u>	<u>57,463</u>	<u>57,600</u>	<u>58,034</u>	<u>59,353</u>	<u>57,925</u>
Primary government:										
Net investment in capital assets	211,201	224,843	221,430	223,038	224,872	228,561	229,748	229,331	236,552	233,512
Restricted	1,440	127	135	137	145	130	216	178	169	485
Unrestricted	(4,235)	(14,525)	(8,679)	(7,690)	(2,017)	(7,614)	(2,960)	7,493	5,040	6,161
Total Primary Government Net Position	<u>\$ 208,405</u>	<u>\$ 210,445</u>	<u>\$ 212,885</u>	<u>\$ 215,485</u>	<u>\$ 223,000</u>	<u>\$ 221,077</u>	<u>\$ 227,004</u>	<u>\$ 237,002</u>	<u>\$ 241,761</u>	<u>\$ 240,158</u>

Notes:

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

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

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental activities:										
General government	\$ 15,705	\$ 15,856	\$ 15,429	\$ 14,892	\$ 13,745	\$ 14,176	\$ 13,676	\$ 12,699	\$ 12,041	\$ 12,304
Public safety	13,999	13,150	13,198	12,098	11,508	13,356	10,640	10,167	10,337	10,155
Public works	8,780	8,086	8,432	7,180	8,558	8,569	7,384	7,292	9,094	8,681
Recreation	1,763	1,941	1,773	1,020	1,763	1,897	1,822	1,741	1,706	1,646
Library	1,156	1,159	1,154	1,065	917	1,598	1,383	1,470	1,032	1,052
Social services	1,285	1,427	1,370	1,299	1,321	3,238	3,254	3,282	1,297	1,243
Education	74,351	68,539	60,142	64,680	61,805	56,442	55,882	56,593	57,492	53,735
Interest on long-term debt	1,393	2,057	2,285	2,400	2,604	2,795	3,096	2,809	2,521	886
Total governmental activities expenses	118,433	112,215	103,783	104,634	102,221	102,071	97,137	96,053	95,520	89,702
Business-type activities:										
Utilities Commission	5,480	5,399	5,217	5,740	4,945	5,172	5,178	5,666	4,531	6,004
Total primary government expenses	123,913	117,614	109,000	110,374	107,166	107,243	102,315	101,719	100,051	95,706
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,762	1,068	1,119	1,032	1,289	1,135	1,168	1,181	1,533	1,191
Public safety	293	502	561	500	265	254	201	258	162	119
Public works	872	612	735	635	846	829	528	967	786	847
Recreation	89	180	232	228	217	218	213	184	173	166
Library	-	10	16	17	18	19	19	19	18	18
Social services	11	185	294	236	261	243	189	187	130	109
Education	319	533	657	611	582	592	721	728	701	767
Operating grants and contributions	19,990	13,901	6,171	12,205	11,261	9,056	8,874	9,940	8,859	8,878
Capital grants and contributions	578	658	839	2,450	3,106	1,004	6,163	1,584	6,596	5,706
Total governmental activities program revenues	23,914	17,649	10,624	17,914	17,845	13,350	18,076	15,048	18,958	17,801
Business-type activities:										
Charges for services	3,841	3,710	3,765	3,654	3,727	3,728	3,797	3,914	3,621	3,752
Operating grants and contributions							2	8		
Capital grants and contributions	16				417	1,307	945	423	2,685	1,383
Total business-type activities program revenues	3,857	3,710	3,765	3,654	4,144	5,035	4,744	4,345	6,306	5,135
Total primary government program revenues	27,772	21,359	14,389	21,568	21,989	18,385	22,820	19,393	25,264	22,936
Net (expense) revenue:										
Governmental activities	(94,519)	(94,566)	(93,159)	(86,720)	(84,376)	(88,721)	(79,061)	(81,005)	(76,562)	(71,901)
Business-type activities	(1,623)	(1,689)	(1,452)	(2,086)	(801)	(137)	(434)	(1,321)	1,775	(869)
Total Primary Government Net Expense	\$ (96,141)	\$ (96,255)	\$ (94,611)	\$ (88,806)	\$ (85,177)	\$ (88,858)	\$ (79,495)	\$ (82,326)	\$ (74,787)	\$ (72,770)

(Continued on next page)

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

TABLE 2

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 93,198	\$ 92,136	\$ 90,251	\$ 87,927	\$ 85,884	\$ 81,996	\$ 79,071	\$ 76,529	\$ 73,583	\$ 69,204
Grants and contributions not restricted to specific programs	356	351	353	294	771	695	830	779	953	975
Unrestricted investment earnings	133	1,083	1,297	686	315	185	158	137	168	222
Miscellaneous	175	197	39	145	123	54	7	120	1,687	1,689
Transfers	(31)	(95)	(138)	(196)					346	
Total governmental activities	<u>93,831</u>	<u>93,672</u>	<u>91,802</u>	<u>88,856</u>	<u>87,093</u>	<u>82,930</u>	<u>80,066</u>	<u>77,565</u>	<u>76,737</u>	<u>72,090</u>
Business-type activities:										
Investment earnings	3	47	70	37	8					
Transfers	31	95	138	196					(346)	
Total business-type activities	<u>34</u>	<u>142</u>	<u>208</u>	<u>233</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346)</u>	<u>-</u>
Total Primary Government	<u>\$ 93,865</u>	<u>\$ 93,814</u>	<u>\$ 92,010</u>	<u>\$ 89,089</u>	<u>\$ 87,101</u>	<u>\$ 82,930</u>	<u>\$ 80,066</u>	<u>\$ 77,565</u>	<u>\$ 76,391</u>	<u>\$ 72,090</u>
Changes in Net Position:										
Governmental activities	\$ (688)	\$ (894)	\$ (1,357)	\$ 2,136	\$ 2,717	\$ (5,791)	\$ 1,005	\$ (3,440)	\$ 175	\$ 189
Business-type activities	<u>(1,589)</u>	<u>(1,547)</u>	<u>(1,244)</u>	<u>(1,853)</u>	<u>(793)</u>	<u>(137)</u>	<u>(434)</u>	<u>(1,321)</u>	<u>1,429</u>	<u>(869)</u>
Total Primary Government	<u>\$ (2,277)</u>	<u>\$ (2,441)</u>	<u>\$ (2,601)</u>	<u>\$ 283</u>	<u>\$ 1,924</u>	<u>\$ (5,928)</u>	<u>\$ 571</u>	<u>\$ (4,761)</u>	<u>\$ 1,604</u>	<u>\$ (680)</u>

Notes:

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

TABLE 3

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

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Nonspendable	\$ 22	\$ 215	\$ 191	\$ 158	\$ 45	\$ 461	\$ 67	\$ 29	\$ 43	\$ 31
Committed								10,437	8,991	9,455
Assigned	779	935	287	651	366	513	369	497	569	533
Unassigned	<u>22,981</u>	<u>18,963</u>	<u>16,781</u>	<u>13,980</u>	<u>13,183</u>	<u>10,948</u>	<u>10,138</u>	<u>1,984</u>	<u>2,236</u>	<u>891</u>
Total General Fund	<u>\$ 23,782</u>	<u>\$ 20,113</u>	<u>\$ 17,259</u>	<u>\$ 14,789</u>	<u>\$ 13,594</u>	<u>\$ 11,922</u>	<u>\$ 10,574</u>	<u>\$ 12,947</u>	<u>\$ 11,839</u>	<u>\$ 10,910</u>
All other governmental funds:										
Nonspendable	\$ 154	\$ 131	\$ 140	\$ 142	\$ 145	\$ 130	\$ 150	\$ 150	\$ 126	\$ 108
Restricted	961	910	877	1,040	1,033	887	1,112	1,574	1,497	1,433
Committed	13,755	11,434	7,206	8,061	9,437	10,250	14,367	12,746	13,269	13,634
Assigned		1,606	1,189	900	620	364	186	149	183	248
Unassigned	<u>(3,033)</u>	<u>(2,946)</u>	<u>(2,942)</u>	<u>(2,980)</u>	<u>(3,699)</u>	<u>(5,924)</u>	<u>(6,021)</u>	<u>(5,844)</u>	<u>(18,255)</u>	<u>(41,121)</u>
Total All Other Governmental Funds	<u>\$ 11,837</u>	<u>\$ 11,135</u>	<u>\$ 6,470</u>	<u>\$ 7,163</u>	<u>\$ 7,536</u>	<u>\$ 5,707</u>	<u>\$ 9,794</u>	<u>\$ 8,775</u>	<u>\$ (3,180)</u>	<u>\$ (25,698)</u>

TABLE 4

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

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes, interest and liens	\$ 93,334	\$ 92,060	\$ 91,062	\$ 87,828	\$ 86,168	\$ 81,756	\$ 78,907	\$ 76,356	\$ 73,304	\$ 68,990
Intergovernmental	11,736	11,396	12,197	10,197	15,149	11,367	12,055	13,140	16,929	13,903
Assessments and connections	131	123	53	70	33	95	1	145	50	7
Licenses and permits	1,988	1,641	1,737	1,624	1,175	1,021	1,040	1,028	1,387	1,043
Fines, penalties and charges for services	1,151	1,382	1,771	1,591	1,806	1,524	1,511	1,524	1,389	1,511
Investment earnings	128	1,020	1,254	659	304	181	156	135	166	220
Other	291	276	134	162	708	740	1,002	1,393	2,023	1,730
Total revenues	<u>108,760</u>	<u>107,898</u>	<u>108,208</u>	<u>102,131</u>	<u>105,343</u>	<u>96,684</u>	<u>94,672</u>	<u>93,721</u>	<u>95,248</u>	<u>87,404</u>
Expenditures:										
General government	14,620	14,164	13,454	13,480	13,493	13,180	12,290	11,837	11,409	11,394
Public safety	11,188	10,615	10,737	10,248	10,053	10,022	9,690	9,269	9,055	8,636
Public works	4,764	4,385	4,822	4,341	4,763	4,435	4,401	4,863	5,503	4,804
Recreation	1,323	1,465	1,412	1,382	1,728	1,634	1,670	1,645	1,533	1,481
Library	1,076	1,007	1,022	1,003	1,037	1,546	1,438	1,465	1,032	1,024
Social services	1,033	1,113	1,199	1,242	1,244	2,990	3,187	3,104	1,165	1,119
Education	59,771	58,698	58,886	55,761	56,983	50,786	50,850	50,512	51,428	50,163
Capital outlay	8,383	11,637	7,314	6,424	5,156	7,414	5,438	9,025	21,885	37,732
Debt service:										
Principal	5,060	5,145	5,020	4,980	4,585	4,430	4,005	2,670	2,015	1,265
Interest	2,715	2,355	2,565	2,449	2,937	2,985	3,057	2,601	2,481	781
Total expenditures	<u>109,933</u>	<u>110,584</u>	<u>106,431</u>	<u>101,310</u>	<u>101,979</u>	<u>99,422</u>	<u>96,026</u>	<u>96,991</u>	<u>107,506</u>	<u>118,399</u>
Excess of revenues over (under) expenditures	<u>(1,173)</u>	<u>(2,686)</u>	<u>1,777</u>	<u>821</u>	<u>3,364</u>	<u>(2,738)</u>	<u>(1,354)</u>	<u>(3,270)</u>	<u>(12,258)</u>	<u>(30,995)</u>
Other financing sources (uses):										
Transfers in	3,801	5,975	4,978	4,834	5,274	3,509	6,646	3,776	4,079	7,399
Transfers out	(3,801)	(5,975)	(4,978)	(4,834)	(5,274)	(3,509)	(6,646)	(3,776)	(3,733)	(7,399)
Bonds and notes issued	32,545	19,085			14,585			15,930	33,750	15,640
Bond and notes premium	1,442	1,610			2,842			404	1,608	
Payment to refunding bond escrow agent	(28,679)	(10,490)			(17,289)					
Total other financing sources (uses)	<u>5,307</u>	<u>10,205</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>16,334</u>	<u>35,704</u>	<u>15,640</u>
Net change in fund balances	4,134	7,519	1,777	821	3,502	(2,738)	(1,354)	13,064	23,446	(15,355)
Fund Balances at Beginning of Year, as restated	<u>31,485</u>	<u>23,729</u>	<u>21,952</u>	<u>21,131</u>	<u>17,629</u>	<u>20,367</u>	<u>21,721</u>	<u>8,657</u>	<u>(14,789)</u>	<u>566</u>
Fund Balances at End of Year	<u>\$ 35,619</u>	<u>\$ 31,248</u>	<u>\$ 23,729</u>	<u>\$ 21,952</u>	<u>\$ 21,131</u>	<u>\$ 17,629</u>	<u>\$ 20,367</u>	<u>\$ 21,721</u>	<u>\$ 8,657</u>	<u>\$ (14,789)</u>
Debt Service as a Percentage of Noncapital Expenditures	8.29%	8.20%	8.29%	8.49%	8.42%	8.77%	8.45%	6.37%	5.54%	2.60%

TOWN OF WATERFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

TABLE 5

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate			Personal Property	Motor Vehicles	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (Mill Rate)	Estimated Actual Taxable Value
		Residential	Commercial	Industrial						
2021	2019	\$ 1,496,995	\$ 811,742	\$ 33,151	\$ 875,071	\$ 161,228	\$ 348,230	\$ 3,330,957	27.87	\$ 4,758,510
2020	2018	1,490,621	820,308	333,682	843,989	156,473	344,559	3,300,514	27.98	4,715,019
2019	2017	1,487,852	818,493	333,099	834,617	155,805	339,574	3,290,292	27.42	4,700,417
2018	2016	1,469,387	410,093	734,321	814,973	152,334	342,048	3,239,060	27.03	4,627,229
2017	2015	1,463,583	399,505	734,321	791,659	150,220	345,424	3,193,864	26.78	4,562,663
2016	2014	1,460,280	404,196	734,321	760,024	149,335	349,274	3,158,882	25.83	4,512,689
2015	2013	1,447,859	402,598	738,064	803,517	149,082	343,699	3,197,421	24.80	4,567,744
2014	2012	1,447,758	430,568	799,766	789,947	146,841	441,933	3,172,947	24.08	4,532,781
2013	2011	1,894,137	433,114	781,274	799,238	148,736	343,864	3,712,635	19.77	5,303,764
2012	2010	1,894,682	424,348	784,968	799,628	142,437	346,231	3,699,832	18.79	5,285,474

Source: Assessor's Office - Town of Waterford

Notes: (1) Revaluation October 1, 2012

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

TABLE 6

Business Name	Nature of Business	2019 GL			2010 GL		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion Nuclear Connecticut	Nuclear Power	\$ 1,115,641	1	33.49%	\$ 1,108,715	1	30.32%
Eversource/Yankee Gas	Utility	88,817	2	2.67%	45,795		1.25%
Crystal Mall/Simon Properties	Shopping Center	30,690	3	0.92%	88,417	2	2.42%
Centro GA	Shopping Center	29,145	4	0.87%	30,951	5	0.85%
Mass Municipal	Business Corp	25,636	5	0.77%	-	8	0.00%
Chase Crossroads & Waterford Plaza	Shopping Center	13,977	6	0.42%	30,655	6	0.84%
Charter Oak Federal Credit Union	Banking Headquarters	13,473	7	0.40%	-		0.00%
Sonalysts Inc.	Government Contractor	12,838	8	0.37%	13,165	10	0.36%
Walmart	Shopping Center	12,184	9	0.37%	19,777	7	0.54%
VTR Northeast Holdings LLC	Healthcare	11,816	10	0.35%	11,148		0.30%
Total		<u>\$ 1,354,216</u>		<u>40.63%</u>	<u>\$ 1,348,623</u>		<u>36.88%</u>

Source: Town of Waterford, Office of Tax Assessor

**TOWN OF WATERFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

TABLE 7

Fiscal Year Ended June 30	Tax Rate in Mills	Taxes Levied for the Fiscal Year	Tax Levy Adjustment	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage		Amount	Percentage
2021	27.87	\$ 93,122	\$ (198)	\$ 92,924	\$ 92,501	99.33%	\$	\$ 92,501	99.33%
2020	27.98	92,085	(573)	91,512	91,644	99.52%	197	91,841	99.74%
2019	27.42	90,489	(188)	90,301	89,774	99.21%	477	90,251	99.74%
2018	27.03	87,763	(219)	87,544	86,952	99.08%	327	87,279	99.45%
2017	26.78	85,757	(185)	85,572	85,025	99.15%	474	85,499	99.70%
2016	25.83	81,681	(126)	81,555	80,913	99.06%	319	81,232	99.60%
2015	24.80	79,312	(367)	78,945	78,331	98.76%	293	78,624	99.59%
2014	24.08	76,344	(448)	75,896	75,511	98.91%	181	75,692	99.73%
2013	19.77	73,354	(150)	73,204	72,501	98.84%	562	73,063	99.81%
2012	18.79	69,485	(263)	69,222	68,573	98.69%	537	69,110	99.84%

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

TABLE 8

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

Fiscal Year	General Obligation Bonds	Capital Leases	Utility Commission	Total Primary Government	Ratio of Debt to Per Capita Income	Ratio of Debt to Taxable Assessed Value	Debt per Capita
2021	\$ 72,815	\$		\$ 72,815	6.38%	2.19%	\$ 3,730
2020	73,030			73,030	8.81%	2.21%	3,742
2019	69,465			69,465	8.70%	2.10%	3,655
2018	74,485			74,485	9.32%	2.30%	3,919
2017	79,465			79,465	9.95%	2.49%	4,181
2016	85,715			85,715	10.68%	2.71%	4,487
2015	90,145			90,145	11.12%	2.82%	4,675
2014	94,885			94,885	11.62%	2.99%	4,884
2013	91,625			91,625	12.00%	2.47%	4,698
2012	83,640			83,640	10.94%	2.26%	4,282

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

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2021
(In Thousands)

Total Tax Collections for Fiscal Year Ended June 30, 2020, Including Interest and Lien Fees						\$	92,426
Reimbursement for revenue loss on:							
State owned and private tax exempt properties							253
Property tax relief							<u>8</u>
Base						\$	<u>92,687</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit		Total
Debt Limitation:							
2-1/4 times base	\$ 208,546	\$	\$	\$	\$	\$	
4-1/2 times base		417,092					
3-3/4 times base			347,576				
3-1/4 times base				301,233			
3 times base					278,061		
7 times base							648,809
Total debt limitation	<u>208,546</u>	<u>417,092</u>	<u>347,576</u>	<u>301,233</u>	<u>278,061</u>		<u>648,809</u>
Indebtedness:							
Bonds payable	13,655	59,160					
Authorized and unissued	<u>1,345</u>	<u>7,247</u>					
Total indebtedness	<u>15,000</u>	<u>66,407</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 193,546</u>	<u>\$ 350,685</u>	<u>\$ 347,576</u>	<u>\$ 301,233</u>	<u>\$ 278,061</u>	<u>\$</u>	<u>648,809</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$649 million.

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

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

TABLE 10

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 648,809	638,610	\$ 614,811	\$ 603,200	\$ 603,192	\$ 572,307	\$ 552,363	\$ 534,504	\$ 513,141	\$ 482,944
Total net debt applicable to limit	72,815	73,030	69,465	74,485	87,841	134,033	138,463	137,207	139,957	144,615
Legal debt margin	\$ <u>575,994</u>	<u>565,580</u>	\$ <u>545,346</u>	\$ <u>528,715</u>	\$ <u>515,351</u>	\$ <u>438,274</u>	\$ <u>413,900</u>	\$ <u>397,297</u>	\$ <u>373,184</u>	\$ <u>338,329</u>

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

TABLE 11

Fiscal Year	Population (1, 6)	Per Capita Personal Income (1,6)	Total Personal Income (5)	Median Age (2,6)	School Enrollment (3)	Unemployment Rate (4)
2021	19,519	\$ 44,280	\$ -	42	2,367	7.7%
2020	18,746	43,125	-	46	2,469	10.6%
2019	19,007	42,028	-	49	2,518	3.7%
2018	19,007	42,028	-	48	2,653	2.8%
2017	19,007	42,028	-	48	2,776	3.7%
2016	19,427	39,498	-	47	2,749	4.8%
2015	19,427	39,498	-	46	2,764	5.4%
2014	19,508	39,042	-	47	2,799	6.0%
2013	19,517	38,245	-	46	2,895	7.6%
2012	19,517	37,690	-	45	2,967	8.0%

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

TABLE 12

Business Name	Nature of Business	2021			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dominion Nuclear Connecticut	Nuclear Power	1,650	1	16.74%	1,650	1	16.61%
Town of Waterford	Municipality	692	2	7.02%	645	2	6.29%
Waterford Hotel Group	Hospitality	531	3	5.39%	531	3	5.35%
Wal Mart Stores, Inc	Retail	497	4	5.04%	497	4	5.00%
Sonalysts Inc.	Government Contractor	275	5	2.79%	275	5	2.77%
Home Depot	Hardware & Lumber	200	6	2.03%	186	7	1.87%
Bayview Healthcare Center	Healthcare Facility	198	7	2.01%	225	6	2.26%
Lowe's Home Improvement	Hardware & Lumber	160	8	1.62%	182	8	1.83%
BJ's Wholesale	Retail Store	116	9	1.18%	-		
Coca Cola Bottling	Distributor	112	10	1.14%	-		
Total		4,431		44.96%	4,191		41.98%

Source: Employment Data - Official Statement July 2019

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

TABLE 13

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government	72.65	94	92	92	92	92	92	92	93	93
Police	53	55	54	54	54	54	54	54	56	56
Fire	15.5	15	15	15	15	15	20	15	15	15
Refuse collection	6	6	6	6	6	6	6	5	5	5
Other public works	28	27	24	24	24	24	24	28	28	28
Recreation and parks	12	11	10	10	10	10	10	13	13	13
Library	16	21	24	24	24	24	24	23	23	23
Education	463	463	463	461	456	455	455	455	440	440
Total	463	692	688	686	681	680	685	685	673	673

Source: Town and Board of Education Human Resources Departments

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

TABLE 14

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Building permits issued	13	30	28	31	24	15	15	19	22	17
Building inspections conducted	180	330	475	490	312	195	282	408	460	223
Police										
Physical arrests	708	818	1,062	1,170	1,128	1,914	1,955	2,104	1,718	1,283
Parking violations	24	69	146	147	162	176	38	57	58	54
Traffic violations	3,159	4,102	6,344	5,162	3,509	4,066	3,691	4,937	5,046	4,431
Fire										
Emergency responses	2,239	2,900	3,930	4,167	3,860	3,896	3,668	3,624	3,823	3,297
Fires extinguished	69	81	47	60	62	82	60	68	61	53
Inspections	139	185	272	323	311	425	488	539	558	648
Refuse Collection										
Refuse collected (tons per day)	31	29	28	28	25	48	27	42	45	44
Recycleables collected (tons per day)	7	8	15	17	17	17	13	9	9	9
Other Public Works										
Street resurfacing (miles)	1	2	3	2	2	3	4	3	5	8
Potholes repaired	211	267	453	534	372	510	989	747	422	400
Recreation and Parks										
Athletic field permits issued	1,494	1,026	2,091	2,003	2,076	2,060	2,832	2,855	2,009	2,087
Community center admissions (1)	493	19,524	61,784	61,000	61,218	62,240	61,689	61,630	61,742	62,439
Number of program registrations	27	3,229	6,146	7,247	6,973	7,531	5,812	5,381	6,596	6,742
Program fees	815	63,933	212,071	203,612	201,084	201,885	190,780	190,485	205,803	159,623
Senior Services										
Number of program participants	23,147	24,181	47,159	47,060	45,751	43,931	45,432	44,856	45,173	46,302
Program revenue	22,719	26,771	34,138	32,040	29,135	31,074	27,988	29,911	33,573	31,653
Library										
Volumes in collection	78,436	78,250	81,782	84,904	80,254	83,023	81,283	83,076	82,460	86,105
Total volumes borrowed	136,477	151,739	193,542	200,769	209,508	218,010	232,796	242,724	236,607	231,572
Water										
New connections	36	25	25	28	22	7	7	8	17	16
Water main breaks	14	11	11	13	7	6	7	9	4	8
Average daily consumption (MGD)	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.6
Peak daily consumption (MGD)	4.2	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.6	4.5

Source: Department Directors

Note: COVID19 had as significant impact on some department operations.

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

TABLE 15

Function/Program	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	28	28	28	26	26	20	20	20	20	20
<i>Fire</i>										
Stations	5	5	5	5	5	5	5	5	5	5
<i>Refuse Collection</i>										
Collection trucks	6	6	6	6	6	6	6	6	6	6
<i>Other Public Works</i>										
Streets (Miles)	121	121	121	121	121	121	121	121	121	121
Storm drain (Miles)	61	61	61	61	61	61	61	61	61	61
<i>Recreation and Parks</i>										
Acreage	550	550	550	550	550	550	550	550	550	550
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	15	15	14	14	14	14	14	14	14	14
Soccer/football fields	10	10	10	10	10	10	10	10	10	10
Community centers	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
Water main (miles)*	111	111	111	111	111	111	110	110	109	109
Fire hydrants	1,134	1,134	1,134	1,134	1,134	1,134	1,133	1,133	1,128	1,128
Storage capacity (000's of gallons)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
<i>Wastewater</i>										
Sanitary sewers (miles)**	149.15	149.15	148.01	148.01	148.01	148.01	148.01	148.01	146.10	146.10
Pump stations	28	28	28	28	28	28	28	28	27	27

Source: Directors at each department

* Does not include service connections

** Includes lateral sewer service connections