

FINAL OFFICIAL STATEMENT DATED MARCH 17, 2015

NEW MONEY ISSUE: Book-Entry-Only

RATINGS: Standard & Poor's: AA+/SP-1+

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), under existing statutes, interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds and the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Opinion of Bond Counsel and Tax Exemption" herein.)



Town of Watertown, Connecticut
\$3,000,000
General Obligation Bonds, Issue of 2015

Dated: Date of Delivery

Due: March 15, 2016 - 2035
As shown on the inside cover hereof:

Vj g Dqpf u y kndgct kpgtguvr c{cdrg Ugr vgo dgt 37. 4237 cpf ugo kppwcm{ vj gtgcht qp O ctej 37 cpf Ugr vgo dgt 37 kp gcej {gct wpxno cwtk{0 Vj g Dqpf u ctg kuwcdng qpn{ cu hwm{/tgi kngtgf dqpf u. y kj qweqwr qpu. cpf . y j gp kuwgf. y kndg tgi kngtgf kp vj g pco g qhEgf g (Eq0 cu dqpf qy pgt cpf pqo kpgg hqt Vj g F gr quksqt { VtwvEqo r cp{ *)F VE))P gy [qtm P gy [qtn0 F VE y km cevcu ugevtkkgu f gr quksqt { hqt vj g Dqpf u0 Rwej cugu qh vj g Dqpf u y kndg o cf g kp dqqm{gpt { hqto . kp vj g f gpqo kpcvqp qh & 7.222 qt cp{ kpxi tcno wmk rg vj g qh0 Rwej cugu y kmpqvtgekgxg egt wkecvu tgr tguvpxi vj gk qy pgtuj k kpgtguvr vj g Dqpf u0 Uq rpi cu Egf g (Eq0 ku vj g Dqpf qy pgt. cu pqo kpgg qh F VE. tghgtpeg j gtgk vj vj g Dqpf qy pgt qt qy pgtuuj cmo gcp Egf g (Eq0 cu chgtgckf . cpf vj cmpqvo gcp vj g Dpggkckn Qy pgtu *cu f gkpg j gtgk+qh vj g Dqpf u0 Ugg)Dqqm{Gpt{/Qpn{ Vtcpuht U{avg0 }j gtgk0

The Bonds are subject to redemption prior to maturity as herein provided. See "Redemption Provisions" herein.

ROOSEVELT & CROSS INC. & ASSOCIATES

\$6,700,000

General Obligation Bond Anticipation Notes

Dated: March 26, 2015

Due: March 24, 2016

Vj g P qvgy y kndg kuwgf kp dqqm{gpt{/qpn{ hqto cpf y kndgct kpgtguvr vj g tcvq r gt cppo cu ctg ur gekhgf d{ vj g uweeguuhndkf f gt qt dlf f gtu kp ceeqtf cpeg y kj vj g P qvleg qh Ucg. f cvgf O ctej ; . 42370 Vj g P qvgy. y j gp kuwgf . y kndg tgi kngtgf kp vj g pco g qhEgf g (Eq0 cu P qvgy pgt cpf pqo kpgg hqt F VE. P gy [qtm P gy [qtn0 Ugg \$Dqqm{Gpt{/Qpn{ Vtcpuht U{avg0 \$ j gtgk0

Vj g P qvgy ctg pqvudlgevq tgf go r vkp r tkqt vj o cwtk{0

EASTERN BANK

Vj g Dqpf u cpf vj g P qvgy y kndg i gpgtcnqdrki cvkpu qh vj g Vqy p qh Y cvgtvq p. Eqppgevwew*vj g oVqy po+cpf vj g Vqy p y km r rfgi g ku hwm hckj cpf etgf kv vj r c{ vj g r tlpek cn qh cpf vj g kpgtguvr vj g Dqpf u cpf vj g P qvgy y j gp f wgo Ugg oUgewtk{ cpf Tgo gf kguo j gtgk0

Vj g Tgi kntct. Vtcpuht Ci gpv. Rc{ kpi Ci gpv. cpf Egtvh{kpi Ci gpv hqt vj g Dqpf u cpf vj g P qvgy y kndg WU0DcpmP cvkqpn Cuuqekvqp. I qqf y kp Us wctg. 447 Cu{nw0 Utggv. J ctvhtf. Eqppgevwew283250

Vj g Dqpf u cpf P qvgy ctg qhgtgf hqt f grkxgt { y j gp. cu cpf kh kuwgf. udlgevq vj g kpcncr r tqxkpi qr kpkqp qh Fc{ Rkspg{ NNR. Dqpf Eqwpugn qh J ctvhtf. Eqppgevwew0 Kku gzr gevqf vj cvf grkxgt { qh vj g Dqpf u kp dqqm{gpt{/qpn{ hqto y kndg o cf g vj F VE kp P gy [qtm P gy [qtmqqt cdqwO ctej 48. 42370

Town of Watertown, Connecticut
\$3,000,000
General Obligation Bonds, Issue of 2015

Dated: Date of Delivery

**Due: March 15, 2016-2035,
as shown below:**

Year	Principal	Coupon	Yield	CUSIP	Year	Principal	Coupon	Yield	CUSIP
4238	837.222	4022'	2022'	; 63: ; 5C; 2	4248	837.222	4022'	4072'	; 63: ; 5E53
4239	377.222	5022'	2052'	; 63: ; 5D46	4249	372.222	5022'	4072'	; 63: ; 5E6;
423:	377.222	4022'	3022'	; 63: ; 5D54	424:	372.222	5022'	40 22'	; 63: ; 5E78
423;	377.222	4022'	304: 2'	; 63: ; 5D62	424;	372.222	5022'	5022'	; 63: ; 5E86
4242	377.222	4022'	30722'	; 63: ; 5D79	4252	372.222	5022'	5042'	; 63: ; 5E94
4243	377.222	6022'	3022'	; 63: ; 5D87	4253	372.222	5022'	5062'	; 63: ; 5E: 2
4244	377.222	6022'	30 52'	; 63: ; 5D95	4254	372.222	5022'	50: 2'	; 63: ; 5E: ;
4245	377.222	40847'	40847'	; 63: ; 5D: 3	4255	372.222	50847'	50847'	; 63: ; 5F44
4246	377.222	40472'	40472'	; 63: ; 5D; ;	4256	372.222	50847'	50882'	; 63: ; 5F52
4247	377.222	4097'	4097'	; 63: ; 5E45	4257	372.222	50847'	50422'	; 63: ; 5F6:

* Priced assuming redemption on March 15, 2022; however, any such redemption is at the option of the Town.

\$6,700,000
General Obligation Bond Anticipation Notes

Dated: March 26, 2015
Due: March 24, 2016
CUSIP: 941893D55¹

Rate: 1.25%
Yield: 0.19%
Underwriter: Eastern Bank

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³ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds and Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds and Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Notes.

P q f gcrnt. dtqngt. ucrguo cp qt qyj gt rgtuqj j cu dggp cwj atk gf d{ vj g Vqy p qh Y cvgtvqy p. Eqppgevwew*vj g dVqy pö+vq i kxg cp{ kphqto cvkqp qt vq o cng cp{ tgrtgugpvcvkqp. qyj gt vj cp vj qug eqpvcvkp gf kp vj ku QHhlekcn Ucvgo gpv=cpf lh i kxgp qt o cf g. uwej qyj gt kphqto cvkqp qt tgrtgugpvcvkqp o wuvpqvdg tgrkfg wr qp cu j cxkpi dggp cwj atk gf d{ vj g Vqy p0 Vj ku QHhlekcn Ucvgo gpvf qgu pqveqpuvkwwg cp qhgt vq ugmqt vj g uqrlckcvkqp qhcp qhgt vq dw{. pqt uj cmvj gt dg cp{ ucrg qh vj g Dqpf ucpf vj g P qvgu d{ cp{ rgtuqj kp cp{ lwtkuf levkqp kp y j lej kvku wprcy hwnhqt uwej rgtuqj vq o cng uwej qhgt. uqrlckcvkqp qt ucrg0

Vj ku QHhlekcn Ucvgo gpvj cu dggp rtrctgf qpnf kp eqppgevkqp y kj vj g kpkknqhtkpi cpf ucrg qh vj g Dqpf ucpf vj g P qvgu cpf o c{ pqvdg tgrtqf wegf qt wugf kp y j qrg qt kp rctvht cp{ qyj gt r wtr qug0 Vj g kphqto cvkqp. guko cvgu cpf gzr tguukpu qhqr kpkqp kp vj ku QHhlekcn Ucvgo gpvctg uwdlgevq ej cpi g y kj qwpqvleg0 P gkjt vj g fgrkgt{ qh vj ku QHhlekcn Ucvgo gpvqat cp{ ucrg qh vj g Dqpf ucpf vj g P qvgu uj cm wpf gt cp{ ekewo ucpegu. etgcvg cp{ ko r rckcvkqp vj cvvj gt g j cu dggp pq o cvgtknej cpi g kp vj g chcktu qh vj g Vqy p ukpeg vj g f cvg qh vj ku QHhlekcn Ucvgo gp0

Ugvhtvj kp Crr gpf kz C 6 04236 I gpgtcnRwtr qug Hkpcpckn Ucvgo gpv Gzegr vgf htqo vj g Vqy p0 Eqo r t g j gpukxg Cppwcn Hkpcpckn Tgr qtv0 j gtgv ku c eqr { qh vj g tgr qtvqhv vj g kpf gr gpf gpvcwf kqtu ht vj g Vqy p y kj tgr gevq vj g Hkpcpckn Ucvgo gpv qh vj g Vqy p kpenf gf kp vj cvcr r gpf kz0 Vj g tgr qtvur gcmu qpnf cu qh ku f cvg. cpf qpnf vj g o cvgtu gzr tguunf ugvhtvj vj g t g k p0 Vj g cwf kqtu j cxg pqv dggp gpi ci gf vq t g x l g y vj ku QHhlekcn Ucvgo gpv qt vq r gthqto cwf kv r tqegf wgu tgi ctf kpi vj g r quv/cwf kv r g t k f . pqt j cxg vj g cwf kqtu dggp t g s w g u g f vq i k x g vj g k t e q p u g p v vq vj g k p e n u k q p q h vj g k t t g r q t v k p C r r g p f k z C 0 G z e g r v c u u c v g f k p vj g k t t g r q t v vj g c w f k q t u j c x g p q v d g g p g p i c i g f vq x g t k h { vj g Hkpcpckn kphqto cvkqp ugv qw kp Crr gpf kz C cpf ctg p q v r c u u k p i w r q p c p f f q p q v c u u w o g t g r q p u k d k k { h q t vj g u w h l e k p e { . c e e w t c e { q t e q o r r g v g p g u u q h vj g Hkpcpckn kphqto cvkqp r t g u g p v g f k p vj c v c r r g p f k z 0

Dqpf Eqwpugnku pqvr cuukpi qp cpf f qgu pqvcuwo g cp{ tgr qpukdkk{ hq vj g ceewtce{ qt eqo r r g v g p g u u q h vj g u c v g o g p v o c f g k p vj ku QHhlekcn Ucvgo gpv. *qyj gt vj cp o cvgtu gzr tguunf ugvhtvj cu ku qr kpkqp kp Crr gpf kz D \$ Q r k p k p q h D q p f E q w p u g n c p f V c z G z g o r w k p \$ j g t g k p + . c p f o c n g u p q t g r t g u g p v c v k p vj c v k v j c u k p f g r g p f g p v { x g t k h g f vj g u c o g 0

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Bond Issue Summary

The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Vwguf c{. O ctej 39. 42370
Location of Sale:	Vqy p qhY cvgtvqy p. Vqy p J cmCppgz. Vqy p O cpci gtāuEqphgtgpeg Tqqo . 646 O clk Utggv Y cvgtvqy p. Eqppgevwew289; 70
Issuer:	Vqy p qhY cvgtvqy p. Eqppgevwew*vj g \$Vqy pō+0
Issue:	&5.222.222 I gpgetcnQdrki cvkqp Dqpf u *vj g δDqpf uō+0
Dated Date:	F cvg qhF grkxgt {
Principal and Interest Due:	Rtkpekr cnf vq ugtkcm{ O ctej 37. 4238 vj tqwi j O ctej 37. 42570 Kpvtguf vq O ctej 37 cpf Ugr vgo dgt 37 kp gcej {gct vpwkno cwtk{. eqo o gpekpī Ugr vgo dgt 37. 42370
Purpose:	Vj g Dqpf r tqeggf u y kndg wuf vq r tqxkf g hwpf uhqt c pgy Htg v wemcpf xctkqwi gpgetcn r vtr qug r tqlgeu0
Redemption:	Vj g Dqpf u ctg uwdlgev vq tgf go r vqpp r tkqt vq o cwtk{0Ugg \$Tgf go r vqpp Rtqxkukppu\$ j gtgk0
Security:	Vj g Dqpf u y kndg i gpgetcnqdrki cvkqpu qh vj g Vqy p qhY cvgtvqy p. Eqppgevwew. cpf vj g Vqy p y knr rgi g ku hwmhckj cpf etgf kvq vj g r c{o gpvqhr tkpekr cnqhcpf kpvtguf vq vj g Dqpf u y j gp f wgo
Credit Rating:	Vj g Dqpf u ctg tvgf CC- d{ Ucpf ctf (Rqqt)uEqtr qtevkp *\$U(R\$+0
Bond Insurance:	Vj g Vqy p f qgu pqvgzr gevq r wtej cug c etgf kvgpj cpego gpvhckrk{0
Basis of Award:	Nqy guvVtwg KpvtgufEqv*VKE+ cu qh vj g f cvgf f cvg0
Tax Exemption:	Ugg Cr r gpf kz D ó δQr kpkqp qhDqpf Eqwpugncpf Vcz Gzgo r vqpp0
Bank Qualification:	Vj g Dqpf u vj cm pqv dg f guki pevqf d{ vj g Kuwgt cu s wntk{gf vcz/gzgo r v qdrki cvkqpu vpf gt vj g rtqxkukqp qh Ugevqpp 487*d+ qh vj g Kpvtpcn Tgxgpwg Eqf g qh 3; : 8. cu co gpf gf. hqt r vtr qugu qh vj g f gf vevqpp d{ hkpcekn kpukswvqpu qh kpvtguf vq gzug cmqecdg vq vj g Dqpf u0
Continuing Disclosure:	Kp ceetf cpeg y kj vj g tgs wktgo gpw qh Twg 37e4/34*d*7+ r tqo wi cvgf d{ vj g Ugewtkku cpf Gzej cpi g Eqo o kuukqp. vj g Vqy p y kmci tgg vq r tqxkf g. qt ecwug vq dg r tqxkf gf. cppwenhkpceknkphqto cvkqp cpf qr gtevkpī f cve cpf pqvlegu qh egtvckp gxgpv u y kj tgur gevq vj g Dqpf ur vtuwcpvq c Eqpvkvpī F luequwt g Ci tgggo gpvq dg gzgewgf d{ vj g Vqy p uvducpvcm{ kp vj g hqto cwcej gf cu Cr r gpf kz E/3 vj ku Qhhekn Ucvgo gpv0
Registrar, Transfer Agent, Certifying Agent, and Paying Agent:	WUO Dcpm P cvkqpcn Cuuqekvqpp. I qqf y kp Us wetg. 447 Cu{nwō Utggv. J ctvhtf. Eqppgevwew283250
Financial Advisor:	Rj qgpkz Cf xluqtu. NNE qhO kthqt. Eqppgevwew0 Vgnrj qpg *425+4: 5/33320
Legal Opinion:	F c{ Rkpg{ NNR. qhJ ctvhtf. Eqppgevwew0
Separate CUSIPS:	Ugr ctvq EWUR pwo dgtu hqt vj g Dqpf u ctg tgs wktgf 0 Kvuj cmdg vj g tgur qpukdkrk{ qh vj g y kppkpi dlf fgt vq qdvckp EWUR pwo dgtu hqt vj g Dqpf u r tkqt vq f grkxgt {0
Delivery and Payment:	Kku g z r gevqf vj cvf grkxgt{ qh vj g Dqpf u kp dqqm{gpv{/qpn{ hqto y kndg o cf g vq Vj g F gr quksqt{ VtwvEqo r cp{ qp qt cdqwo ctej 48. 42370F grkxgt{ qh vj g Dqpf u y kndg o cf g ci clkpvr c{o gpvlp Hgf gtcnHwpf u0
Issuer Official:	S wguvqpu eqpegtpkpi vj g QhheknUcvgo gpvuj qwf dg cf ftguugf vq HicpmL0P ctf grk It0 F ktgevqt qh Hkpceg. Vqy p qh Y cvgtvqy p. Vqy p J cm Cppgz. 646 O clk Utggv Y cvgtvqy p. EV 289; 70

Note Issue Summary

The information in this Note Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision. This Official Statement speaks only as of its date and the information herein is subject to change.

Date of Sale:	Vwuf c{. O ctej 39. 42370
Location of Sale:	Vqy p qh Y cvgtvy p. Vqy p J cm Cppgz. Vqy p O cpci gtäu Eqphgtgpeg Tqgo . 646 O cklp Utggv. Y cvgtvy p. Eqppgevw289; 70
Issuer:	Vqy p qh Y cvgtvy p. Eqppgevw* y g \$Vqy pö+0
Issue:	&8.922.222 I gpgtcnQdrki cvkqp Dqpf Cpvek cvkqp P qvgu * y g öP qvguö+0
Dated Date:	F cvg qhF grkxgt {
Interest Due:	Cvo cwtk{ <O ctej 46. 4238
Principal Due:	Cvo cwtk{ <O ctej 46. 4238
Authorization and Purpose:	Vj g P qvgu ctg dglpi kuwgf vq hpcpeg xctkqwu uej qqrn tqlgew0Ugg öCwj qt k cvkqp cpf Rwr qugö j gtglp0
Redemption:	Vj g P qvgu ctg P QV uwdlgev vq tgf go r vkqp r tkqt vq o cwtk{0
Security:	Vj g P qvgu y km d g i gpgtcnqdrki cvkqp qh vj g Vqy p qh Y cvgtvy p. Eqppgevw. cpf vj g Vqy p y km r r g i g ku hwmhckj cpf etgf kv vq y j g r c { o gpvqhr tkpek cnqhcpf kvgtguvqp y j g P qvgu y j gp f w g 0
Credit Rating:	Vj g P qvgu ctg tcvf UR/3- d { Ucpf ctf (Rqqt) u Eqtr qtcvkv * \$U R \$+0
Basis of Award:	Nqy guv P gv kvgtguv Eqv * P E+ cu qh vj g f cvgf f cvg 0
Tax Exemption:	Ugg Cr r gpf kz D / öQr kpkqp qh Dqpf Eqwpugncpf Vcz Gzgo r vkpö0
Bank Qualification:	Vj g P qvgu tj cm pqv dg f guki pev g f d { vj g Kuwgt cu s wcn hgf vcz/gzgo r vqdri cvkqp w p f gt vj g r tqxkukqp qh Ugevkqp 487*d+ qh vj g kvgtpcn Tgxgpw Eqf g qh 3; : 8. cu co gpf gf . hqt r wr qugu qh vj g f gf vevkqp d { hpcpekn kvkwwkqp qh kvgtguv g z r gpug cmqecdr g vq y j g P qvgu 0
Continuing Disclosure:	Kp ceeqtf cpeg y kj vj g tgs w t go gpw qh Twg 37e4/34*d*7+ r tqo wi cvgf d { vj g Ugewkkgu cpf Gzej cpi g Eqo o kuukqp. vj g Vqy p y kmci tgg vq r tqxk f g. qt ecwug vq dg r tqxk f g f . c p p v n hpcpekn kvhqt o cvkqp cpf qr gtcvki f cvc cpf pqvgeu qh o cvgtkn gxgpv y kj t g u r gev vq y j g P qvgu r w t u v c p v q c Eqpvkpvki F k u e n q u w t g C i t g g o g p v q d g g z g e w g f d { vj g Vqy p u w d u v c p v k m { k p vj g hqt o c w c e j g f c u C r r g p f k z E / 4 vq y j k u Q h h e k n U c v g o g p v 0
Registrar, Transfer Agent, Certifying Agent and Paying Agent:	WU Dcpm P cvkpcn Cuuqekcvkqp. I qqf y kp Us wctg. 447 Cu{ nwo Utggv. J ctvhtf. Eqppgevw283250
Financial Advisor:	Rj qgpz Cf xkuqtu. NNE qh O kvhtf. Eqppgevw0 Vgrgr j qpg *425+4: 5/33320
Legal Opinion:	F c { Rkpg { NNR. qh J ctvhtf. Eqppgevw0
Delivery and Payment:	Kv ku g z r g e v g f vj cvf grkxgt { qh vj g P qvgu kp dqqm/gpv { / q p n { hqt o y km d g o c f g vq Vj g F g r q u k q t { V t w u v E q o r c p { q p q t c d q w O c t e j 48. 42370 F g r k x g t { q h v j g P q v g u y k m d g o c f g c i c k p u v r c { o g p v k p H g f g t c n H v p f u 0
Issuer Official:	S w g u k p u e q p e g t p k p i vj g Q h h e k n U c v g o g p v u j q w f d g c f f t g u g f vq H c p m L O P c t f g r k l t 0 F k g e v q t qh Hpcpeg. Vqy p qh Y cvgtvy p. Vqy p J cm Cppgz. 646 O cklp Utggv. Y cvgtvy p. EV 289; 70

I. Bond and Note Information

Introduction

Vj ku QHhlekcnUcvgo gpv kpenmf lpi vj g eqxgt r ci g cpf cr r gpf legu kur tqxkf gf hqt vj g r wtr qug qhr tgugpvkpi egtvclp kphqto cvkqp tgrvklpi vj g Vqy p qh Y cvgtvqy p. Eqppgevekw*vj g ðVqy pö+ kp eqppgevevq y kj vj g kuwpeg cpf uerq qh&5.222.222 I gpqtcnQdrki cvkqp Dqpf u. *vj g ðDqpf uö+cpf &8.922.222 I gpqtcnQdrki cvkqp Dqpf Cpvlck cvkqp P qvgu *vj g ðP qvguö+qh vj g Vqy p0

Vj g Dqpf u cpf P qvgu ctg dgkpi qhhtgf hqt uerq cvr vdrle dlf f lpi 0P qvlegu qhUerq f cvgf O ctej ; . 4237 j cxg dggp hvtpluj gf vj r tqur gevkg dlf f gtu0Tghgtgpeg ku o cf g vj g P qvlegu qhUerq. y j lej ctg kpenmf gf cu Cr r gpf legu F/3 cpf F/4 hqt vj g vgtu u cpf eqpf ktkqu qh vj g dlf f lpi 0

Vj ku QHhlekcnUcvgo gpvku pqvq dg eqpvtwgf cuc eqpvtcevqt ci tggg gpvdgy ggp vj g Vqy p cpf vj g r wtej cutgu qt j qrf gtu qh cp{ qh vj g Dqpf u qt P qvgu0 Cp{ ucvgo gpvku o cf g kp vj ku QHhlekcnUcvgo gpvkvxqkpi o cwtu qh qr kpkqp qt guko cvg ctg pqvkvpgf gf vj dg tgr tgugpvkqu qh hcev. cpf pq tgr tgugpvkqu ku o cf g vj cvcp{ uvej qr kpkqp qt guko cvg y km dg tgerk gf 0 P q tgr tgugpvkqu ku o cf g vj cvr cuvzr gtlpeg. cu o ki j v dg uj qy p d{ hpcpeknqt qj gt kphqto cvkqp j gtgk. y km pgeguuctkn{ eqpvkpwg qt dg tgr gcvgf kp vj g hwtg0 Cm svqcvkqu hqo cpf uwo o ctgu cpf gvr kvkqu qhr tqxkukqu qh Ucvwgu. Ej ctvgtu. qt qj gt ny u cpf ceu cpf r tgeggf lpi u qh vj g Vqy p eqpvkpgf j gtgk f q pqvr wtr qtvq dg eqo r rvg. ctg uwdlgevq tgr gcnqt co gpf o gpv. cpf ctg svckhgf kp vj gk gpvkv d{ tghgtgpeg vj uvej ny u cpf vj g qtki kpcnqhlekcnf qewo gpv0 Cmtghgtgpegu vj vj g Dqpf u qt P qvgu cpf vj g r tgeggf lpi u qh vj g Vqy p tgrvklpi vj gtgk ctg svckhgf kp vj gk gpvkv d{ tghgtgpeg vj vj g f hkvkxg hqto qh vj g Dqpf u cpf vj g P qvgu cpf uvej r tgeggf lpi u0

WUODcpmP cvkpcnCuqekcvkqp y kmegtwh{ cpf cevcu Tgi kvtct. Vtcpuht Ci gpv. Rc{ lpi Ci gpv. cpf Egtvkh{ lpi Ci gpv hqt vj g Dqpf u cpf vj g P qvgu0

Vj g r tgugpvkqu qh kphqto cvkqp kp vj ku QHhlekcnUcvgo gpvku kvpgf gf vj uj qy tgegpvj kvqtkcnvtgpf u cpf ku pqv kvpgf gf vj kvf kvvg hwtg qt eqpvkpvkpi vtgpf u kp vj g hpcpeknqt qj gt r kvkqu qh vj g Vqy p0

Vj g Vqy p f ggo u vj ku QHhlekcnUcvgo gpvq dg ðhpcrö hqt vj g r wtr qugu qh Ugevtkkgu cpf Gzej cpi g Eqo o kvkqp Twg 37e4/34*d+3+. dwkvku uwdlgevq tgxkukqp qt co gpf o gpv0

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Rj qgpz Cf xkuqtu. NNE. qh0 khqtf. Eqppgevekwj cu ugtxgf cu HpcpeknCf xkuqt vj vj g Vqy p y kj tgr gevq vj g kuwpeg qh vj g Dqpf u cpf vj g P qvgu *vj g \$HpcpeknCf xkuqt\$+0Vj g kphqto cvkqp kp vj ku QHhlekcnUcvgo gpv cu dggp r tgr ctgf d{ vj g Vqy p qh Y cvgtvqy p. y kj vj g j gr qh vj g HpcpeknCf xkuqt0 Vj g HpcpeknCf xkuqt ku pqvqdrki cvgf vj wpf gtveng. cpf j cu pqvvpf gtvengp. gkj gt vj o cng cp kvf gr gpf gpvxtgkvkqp qhqt vj cuuwo g tgr qpukkvk{ hqt vj g ceewtce{. eqo r rvgpguu. qt hctpguu qh vj g kphqto cvkqp eqpvkpgf kp vj g QHhlekcnUcvgo gpvcpf vj g cr r gpf legu j gtgk0

Vj g HpcpeknCf xkuqt ku cp kvf gr gpf gpv hto cpf ku pqv gpi ci gf kp vj g dwkpguu qh wpf gty tkkpi. vcf lpi qt f kvtkdwkpi o wplek cnugevtkkgu qt qj gt r vdrle ugevtkkgu0 Cp ci tggg gpvdgy ggp vj g Vqy p cpf Rj qgpz Cf xkuqtu. NNE j cu dggp gpvtgf kvq vj eqphqto vj O wplek cnUgevtkkgu Twgo cnkpi Dqctf Twg I /450

The Bonds

Description of the Bonds

Vj g Dqpf u y kmo cwtg qp O ctej 37 kp gcej qh vj g {gctuc ugvhqtj qp vj g kvkf g eqxgt r ci g j gtgk0 Vj g Dqpf u y km dg f cvgf vj g f cvg qh f grxgt{ cpf dgct kvgtgucv vj g tvgr r gt cppo ur gekhgf qp vj g kvkf g eqxgt r ci g. r c{cdrg ugo kppwcm{ qp O ctej 37 cpf Ugr vgo dgt 37 kp gcej {gct wvknv cwtkv{. eqo o gpekpi Ugr vgo dgt 37. 42370 kvgtgucv y km dg ecrewcvgf qp vj g dcuku qh c 582/fc{ {gct. eqpvkpvkpi qh vj grkg 52/fc{ o qpj u0 kvgtgucv ku r c{cdrg vj vj g tgi kvgtgf qy pgt cu qh vj g enug qh dwkpguu qp vj g ruvdwkvpguu f c{ qh Hgdtwct{ cpf Cwi wuv. kp gcej {gct. d{ ej gem o ckrgf vj vj g tgi kvgtgf qy pgt=qt uq mpi cu vj g Dqpf u ctg tgi kvgtgf kp vj g pco g qh Egf g (Eqo cu pqo kvgg qh FVE. d{ uvej qj gt o gcpu cu FVE. vj g Rc{ lpi Ci gpvcpf vj g Vqy p uj cmci tgg0

Redemption Provisions

Vj g Dqpf u o cwtkpi qp qt dghgtg O ctej 37. 4244 ctg pqvudlgev vq tgf go r vqpp r tkqt vq o cwtk{0 Vj g Dqpf u o cwtkpi qp O ctej 37. 4245 cpf vj gtgchgt ctg uwdlgev vq tgf go r vqpp r tkqt vq o cwtk{. cvvj g grgevq qh vj g Vqy p. qp qt chgt O ctej 37. 4244 cvcp{ vko g. gkxj gt kp y j qng qt kp rctv. kp uvej co qwpv cpf kp uvej qtf gt qh o cwtk{. *dw d{ nqv y kj kp c o cwtk{+ cu vj g Vqy p o c{ f gvgto kpg. cv vj g tgf go r vqpp r tlegu *gzr tguigf cu c r gtegpwi g qh vj g r tkpek cnco qwpv qh vj g Dqpf u vq dg tgf ggo gf+. ugv hqt vj kp vj g hqmqy kpi vcdng. r nru kvgtguv ceetwgf cpf wpr ckf vq vj g tgf go r vqpp f cvg<

<u>Redemption Dates</u>	<u>Redemption Prices</u>
O ctej 37. 4244 cpf vj gtgchgt (oooooooooooooooooooo)	322'

Pqvleg qhtgf go r vqpp uj cmdg i kxgp d{ vj g Vqy p qt ku ci gpvd{ o ctkpi c eqr { qh vj g tgf go r vqpp pqvleg d{ hkuvercuo o cknqvrguu vj cp vj kvf *52+f c{u r tkqt vq vj g tgf go r vqpp f cvg vq vj g tgi kvgtgf qy pgt qh vj g Dqpf u cvvj g cf f tguu qhuvej tgi kvgtgf qy pgt cu vj g uco g uj cmrvvrr gct qp vj g tgi kvgtgf dqqnu hqt vj g Dqpf u ngr vht uvej r vtr qug0 Hkntg vq i kxg uvej pqvleg d{ o ctkpi vq cp{ tgi kvgtgf qy pgt. qt cp{ f ghgev vj gtgk. uj cm pqv chgev vj g xcrk kv{ qh vj g tgf go r vqpp qh cp{ qv j gt Dqpf u0 Wt qp vj g i kxkpi qhuvej pqvleg. kh uwhkelpvhwpf u cxckrdng uqng hqt tgf go r vqpp ctg qp f gr qukv kj vj g Rc{ kpi Ci gpv. vj g Dqpf u qt r qt vqpu vj gtgquu ecngf hqt tgf go r vqpp y kmegcug vq dgct kvgtguvchgt vj g ur gekhgf tgf go r vqpp f cvg0

Ki ngu vj cp cm qh vj g Dqpf u qh cp{ apg o cwtk{ uj cmdg ecngf hqt tgf go r vqpp. vj g r ctvewct Dqpf u qt r qt vqpu qh Dqpf u qhuvej o cwtk{ vq dg tgf ggo gf uj cmdg ugrgev d{ kvkp uvej o cpgt cu vj g Vqy p kp ku f kvgtvqpp o c{ f gvgto kpg=r tqxkf gf. j qy gxgt. vj cvvj g r qt vqpp qh cp{ Dqpf vq dg tgf ggo gf uj cmdg kp vj g r tkpek cnco qwpv qh &7.222 qt c o wnr ng vj gtgqhcpf vj cv kp ugrgekpi Dqpf u hqt tgf go r vqpp. gcej Dqpf uj cmdg eqpukf gtgf cutgr tguv kpi vj cvpwo dgt qh Dqpf u y j lej ku qdvkpgf d{ f kxk kpi vj g r tkpek cnco qwpv qhuvej Dqpf d{ &7.2220

Vj g Vqy p. uq mpi cu Egf g (Eq0 cu pqo kpgg qh vj g F gr qukvqt{ VtwuEqo r cp{ *6F VEö+. ku vj g tgi kvgtgf qy pgt qh vj g Dqpf u. y km ugpf cp{ pqvleg qh tgf go r vqpp qpn{ vq F VE *qt uveeguqt ugewtkku f gr qukvqt{+ qt ku uveeguqt pqo kpgg0 Cp{ hknwtg qh F VE vq cf xkug cp{ F kt gev Rctvlekr cpv qt qh cp{ F kt gev Rctvlekr cpv qt Kp kt gev Rctvlekr cpv vq pqv h{ cp{ Kp kt gev Rctvlekr cpv qt Dgpg hknQy pgt. qh cp{ uvej pqvleg cpf ku eqpvgpw qt ghgev y kmpqv chgev vj g xcrk kv{ qh vj g tgf go r vqpp qhuvej Dqpf u ecngf hqt tgf go r vqpp0 Tgf go r vqpp qh c r qt vqpp qh vj g Dqpf u qh cp{ o cwtk{ d{ vj g Vqy p y kntgf weg vj g qwuvcpf kpi r tkpek cnco qwpv qh Dqpf u qhuvej o cwtk{ j grf d{ F VE0 Kp uvej gxgpvkvu vj g ewtgpvr tceveg qh F VE vq cmqecv d{ nqv. vj tqwi j ku dqqm gprv{ u{ungo. co qpi vj g kvgtguv j grf d{ F kt gev Rctvlekr cpv kp vj g Dqpf u vq dg tgf ggo gf. vj g kvgtguv vq dg tgf weg d{ uvej tgf go r vqpp kp ceeqtf cpeg y kj ku qy p twgu qt qv gt ci tggg gpu y kj F kt gev Rctvlekr cpv0 Vj g F kt gev Rctvlekr cpv cpf Kp kt gev Rctvlekr cpv o c{ cmqecv tgf vevqpu qh vj g kvgtguv kp vj g Dqpf u vq dg tgf ggo gf j grf d{ vj g Dgpg hknQy pgtu0 Cp{ uvej cmqecv qpu qh tgf vevqpu qh kvgtguv kp vj g Dqpf u vq dg tgf ggo gf y km pqv dg i qxgtpgf d{ vj g f gvgto kvvqpp qh vj g Vqy p cwj qtk kpi vj g kuwpeg qh vj g Dqpf u cpf y kmpvvdg eqpf weg d{ qt vj g tgr qpukkv{ qh vj g Vqy p. vj g Tgi kvct qt Rc{ kpi Ci gpv0

Description of the Notes

Vj g Pqvgu y kndg f cvgf O ctej 48. 4237 cpf y kndg f wg cpf r c{cdng cu vq dqv r tkpek cncpf kvgtguv cv o cwtk{ qp O ctej 46. 42380 Vj g Pqvgu y kndgct kvgtguvecnev wvq qp vj g dcuku qh vj grxg 52/f c{ o qpvj u cpf c 582/ f c{ {get cvuwej tevq qt tevgr gt cppo cu ctg ur gekhgf d{ vj g uveeguuhvndkf f gt qt dlf fgtu0 C dqqm gprv{ u{ungo y kndg go r m{gf gxk gpekpi qy pgtuj kr qh vj g Pqvgu kp r tkpek cnco qwpv qh &7.222 qt kvgi tcno wnr ngu vj gtgqh y kj vcpuhgtu qh qy pgtuj kr ghgevq qp vj g tgeqtf u qh F VE. cpf kur ctvlekr cpv r wuvcpvq twgu cpf r tqegf vtgu gvcdkuj gf d{ F VE cpf kur ctvlekr cpv0 Ugg ödQqm Gprv{ /Qpn{ Vtcpuht U{ungo ö0 Vj g Pqvgu ctg pqvudlgev vq tgf go r vqpp r tkqt vq o cwtk{0

WU0DcpmP cvkpcnCuqekvqpp. 447 Cu{ nwo Utggv I qqf y kp Us wctg. J ctvhtf. Eqppgevew28325 y kmcev cu Tgi kvct. Vtcpuht Ci gpv Rc{ kpi Ci gpvcpf Egtv h{ kpi Ci gpvht vj g Dqpf u cpf vj g Pqvgu0 Vj g ngi cnqr kpkpp hqt vj g Dqpf u cpf vj g Pqvgu y kndg tgpv gtgf d{ F c{ Rkpg{ NNR. Dqpf Eqwpugn qh J ctvhtf. Eqppgevew0 Ugg Cr r gpv kz D öQr kpkpp qh Dqpf Eqwpugn cpf Vcz Gzgo r vqpp0

Authorization and Purpose

Vj g Dqpf u cpf vj g P qvgu ctg kuwgf r wtuwcpvq Vkrqu 9 cpf 32. cu cr r rcedrg. qh vj g I gpgtcn Ucwngu qh vj g Ucvq qh Eqppgevekw. cu co gpf gf. vj g Ej ctvgt qh vj g Vqy p qh Y cvgtvqy p. cpf dqpf qtf kpcpegu cr r tqxgf d{ vj g Vqy paU Dactf qh Hkpcpeg cpf Vqy p Eqwpek cpf. cu cr r rcedrg. vj g xqvgtu qh vj g Vqy p cv tghgtgpf wo . o qtg r ctvkwrtnf f guetkdgf dgmj <

<i>Project</i>	<i>Aggregate Amount Authorized</i>	<i>Maturing Notes Due: 3/26/15</i>	<i>(Paydowns) or (Grants)</i>	<i>New Money</i>	<i>This Issue:</i>	
					<i>The Notes Due: 3/24/16</i>	<i>The Bonds</i>
Y cvgtvqy p J ki j Uej qqn(000000)	& 78.379.222	& 6.: 22.222	& /	& /	& 6.: 22.222	& /
Lwfuq p Grgo gpvct{ Uej qqn(0000)	37.: 7; .222	; 22.222	/	/	; 22.222	/
Uy khv O k f r ng Uej qqn(00000000000000)	55.98.: ; 3;	3.222.222	/	/	3.222.222	/
Hk g vten(00000000000000000000000000000000)	3.222.222	3.222.222	/	/	/	3.222.222
Ecr kcnko rtq xgo gpw(000000000000000000000000000000)	6.222.222	4.222.222	/	/	/	4.222.222
Total	&332.9: 6.; 3;	& ; .922.222	& /	& /	& 8.922.222	&5.222.222

School Projects

Rwtuwxpv vj g Ugevkq p 32/4: 9k qh vj g Eqppgevekw I gpgtcn Ucwngu. vj g Ucvq qh Eqppgevekw y km r tqxk f g r tqr qt vkwpcnr tqi tguu r c{ o gpw hqt grki kdrg uej qnneqputvekwzr gpugu qp r tqlgewu cr r tqxgf chgt Lwn{ 3. 3; ; 80

F gdvugtxleg t gko dwtugo gpyv kmeqpvkpwg wpf gt vj g r tkt t gko dwtugo gpvr tqi tco hqt cmr tqlgewu cr r tqxgf r tkt vq Lwn{ 3. 3; ; 80 Wpf gt vj g qrf r tqi tco . c o wplek crkv{ kuwgu dqpf u hqt vj g gpvktg co qwpvq h vj g uej qnneqputvekwzr r tqlgewu cpf vj g Ucvq qh Eqppgevekw t gko dwtugu vj g Vqy p hqt r tkpek cn cpf kvgtgug equu hqt grki kdrg uej qn neqputvekwzr r tqlgewu qxgt vj g r kg qh qwuxcpf kpi uej qn dqpf u cpf uwdugs wgpv dqpf kuwgu pgeguuct{ vj eqo r r gvnf{ hwpf vj g cr r tqxgf uej qn r tqlgewu

Wpf gt vj g pgy r tqi tco . vj g Ucvq qh Eqppgevekw y km o cng r tqr qt vkwpcnr r tqi tguu r c{ o gpw hqt grki kdrg eqputvekwzr equu f wtkpi r tqlgewu eqputvekwzr 0 Vj g Ucvq i tcpyv kmdg r cf f k t gvnf{ vq vj g o wplek crkv{ chgt kuwdo ku ku tgs wguv hqt r tqi tguu r c{ o gpw. cpf ceetqf kpi n{ . vj g o wplek crkv{ y km kuwgu ku dqpf u qn{ hqt ku uj ctg qh r tqlgew equu

Book-Entry-Only Transfer System

Vj g F gr qukqt{ Vt wuv Eqo r cp{ *0 F VEo+ P gy [qtm P [. y km cevcu ugewtkkgu f gr qukqt{ hqt vj g Dqpf u cpf vj g P qvgu 0 Vj g Dqpf u cpf vj g P qvgu y kmdg kuwgf cu hwn{/ tgi kvgtgf Dqpf u cpf P qvgu tgi kvgtgf kp vj g pco g qh Egf g (Eq0*F VEo r ctvgtuj kr pqo kpgg+qt uwej qj gt pco g cu o c{ dg tgs wugf d{ cp cwj qtk gf tgr t gupvkvxg qh F VE0 Qpg hwn{/ tgi kvgtgf Dqpf egt vkwcvy y kmdg kuwgf hqt gcej o cwtkv{ qh vj g Dqpf u kp vj g ci i tgi cvg r tkpek cnco qwpv qh uwej o cwtkv{ . cpf qpg P qvg egt vkwcvy y kmdg kuwgf hqt gcej kvgtgvtcvq qh vj g P qvgu. kp vj g ci i tgi cvg r tkpek cn co qwpv qh uwej o cwtkv{ . cpf y kmdg f gr qukqt{ y kj F VE0

F VE. vj g y qtrf au r tci guvugewtkkgu f gr qukqt{. lu c rko kgf/ r vtr qug v wuveqo r cp{ qti cpk gf wpf gt vj g P gy [qtm Dcpnkpi Ncy . c o dcpnkpi qti cpk vkwqo y kj kp vj g o gcpkpi qh vj g P gy [qtm Dcpnkpi Ncy . c o go dgt qh vj g Hgf gtcn T gugt xg U{ungo . c o ertgkpi eqtr qtcvkwqo y kj kp vj g o gcpkpi qh vj g P gy [qtm Wpkltqto Eqo o gtekn Eqf g. cpf c o ertgkpi ci gpe{ o tgi kvgtgf r wtuwcpvq vj g r tqxkukapu qh Ugevkq p 39C qh vj g Ugewtkkgu Gzej cpi g Cevq 3; 560 F VE j qrf u cpf r tqxkf gu cuugvugt xleki hqt qxgt 50/ o krkq kuwgu qh WLUcpf pqp/ WLUgs wk{ kuwgu. eqtr qtcvq cpf o wplek cn f g d v kuwgu. cpf o qpg{ o ctnyv kputwo gpw *itqo qxgt 322 eqwptkgu+ vj cv F VEo r ctvkw cpvu *0 F kgev Rctvlekr cpvu o f gr qukv y kj F VE0 F VE cuq hcekrkcvy vj g r quv/ tcf g ugwgo gpvco qpi F k gev Rctvlekr cpvu qh ucvu cpf qj gt ugewtkkgu vcpucekvqpu kp f gr qukgf ugewtkkgu. vj tqwi j gr getv pke eqo r wgtk gf dqnm gpt{ vcpurgtu cpf r rnf i gu dgy ggp F k gev Rctvlekr cpvu o ceeqwpu 0 Vj ku rko kpcv y vj g pggf hqt r j { ulecno qxgo gpvqh ugewtkkgu egt vkwcvy 0 F k gev Rctvlekr cpvu kpenf g dqj WLU cpf pqp/ WLU ugewtkkgu dtqngtu cpf f gertu. dcpnu. w wuv eqo r cpkgu. ertgkpi eqtr qtcvkwpu. cpf egtvcp qj gt qti cpk vkwqo 0 F VE ku c y j qm{/ qy pgf uwdulk kt{ qh Vj g F gr qukqt{ Vt wuv(Ergetkpi Eqtr qtcvkwq *0 F VEEo 0 F VEE ku vj g j qrf kpi eqo r cp{ hqt F VE. P cvkqpcn Ugewtkkgu Ergetkpi Eqtr qtcvkwq cpf Hzgf kpego g Ergetkpi Eqtr qtcvkwq. cm qh y j lej ctg tgi kvgtgf ertgkpi ci gpekgu 0 F VEE ku qy pgf d{ vj g wugtu qh ku tgi wrcvf uwdulk kctkgu 0 Ceegu vj g F VE u{ungo ku cuq c xckrdrg vj qj gt uwej cu dqj WLUcpf pqp/ WLU ugewtkkgu dtqngtu cpf f gertu. dcpnu. w wuv eqo r cpkgu. cpf ertgkpi eqtr qtcvkwpu vj cv erget vj tqwi j qt o clpwk cp ewuqf kcn tgrvkwpuj kr y kj c F k gev Rctvlekr cpv. gkj gt f k t gvnf{ qt kpf k t gvnf{ *0 kpf k t gev Rctvlekr cpvu 0 F VE j cu Ucpf ct f (Rqqt au j ki j guv tvkpi qh CC- 0 Vj g F VE Twgu cr r rcedrg vj ku Rctvlekr cpvu ctg qh krg y kj vj g Ugewtkkgu cpf Gzej cpi g Eqo o ku kqp 0 0 qtg kphqto cvkp cdq w F VE ecp dg hq wpf cvy y y f vee o qo 0

Rtvej cugu qhvj g Dqpf u cpf vj g P qvgu wpf gt vj g F VE u{ ugo o wvdg o cf g d{ qt vj tqwi j F kt gev Rct vlek cpwu. y j lej y kmt gegkxg c etgf kv hqt vj g Dqpf u cpf vj g P qvgu qp F VE u tgeqt f u0 Vj g qy pgtuj kr kvgtguv qh gcej cewcn r vtej cugt qh gcej Ugewt kv{ *o Dgpg hlekn Qy pgt o+ ku kp wtp vq dg tgeqt f gf qp vj g F kt gev cpf Kpf kt gev Rct vlek cpwu tgeqt f u0 Dgpg hlekn Qy pgtu y kmpqvt gegkxg y tkwgp eqp hkt o cvkqp htqo F VE qhvj gkt r vtej cug0 Dgpg hlekn Qy pgtu ctg. j qy gxgt. gzr gevgf vq tgegkxg y tkwgp eqp hkt o cvkqp r tqxkf lpi f gvcku qhvj g vcpucev kpp. cu y gmcu r gtlqf le ucvgu gpu qh vj gkt j qrf lpi u. htqo vj g F kt gev qt Kpf kt gev Rct vlek cpv vj tqwi j y j lej vj g Dgpg hlekn Qy pgt gpvgtgf kvq vj g vcpucev kpp0 Vtcpu hgtu qh qy pgtuj kr kvgtguv kp vj g Dqpf u cpf vj g P qvgu ctg vq dg ceeqo r rkvj gf d{ gpr tku o cf g qp vj g dqm u qh F kt gev cpf Kpf kt gev Rct vlek cpv ucev kpi qp dgi chqh Dgpg hlekn Qy pgtu0 Dgpg hlekn Qy pgtu y kmpqvt gegkxg egt v hlec vgu tgr tgu gpv kpi vj gkt qy pgtuj kr kvgtguv kp Dqpf u qt P qvgu. gzev r kv vj g gxgpv vj cv wug qh vj g dqm gpr t{ u{ ugo hqt vj g Dqpf u cpf vj g P qvgu ku f kv epv kpwgf 0

Vq hcekr kv vgu uwdugs wgpv vcpuhgtu. cm Dqpf u cpf P qvgu f gr qukv gf d{ F kt gev Rct vlek cpwu y kj F VE ctg tgi kvgtgf kp vj g pco g qh F VE u r ctv pgtuj kr p qo kpgg. Egf g (Eq0 qt uvej qv gt pco g cu o c{ dg tgs wguvf d{ cp cwj qtk gf tgr tgu gpv kvxg qh F VE0 Vj g f gr qukv qhvj g Dqpf u cpf vj g P qvgu y kj F VE cpf vj gkt tgi kvgtgf kp vj g pco g qh Egf g (Eq0 qt uvej qv gt F VE p qo kpgg f q pvch hcev p{ ej cpi g kp dgp hlekn qy pgtuj kr 0 F VE j cu pq mpqy r f i g qh vj g cewcn Dgpg hlekn Qy pgtu qh vj g Dqpf u cpf vj g P qvgu= F VE u tgeqt f u tgr hcev qn{ vj g kv gpv kv{ qh vj g F kt gev Rct vlek cpv vj y j qug ceeqwpv uvej Dqpf u cpf P qvgu ctg etgf kvgf. y j lej o c{ qt o c{ pvvdg vj g Dgpg hlekn Qy pgtu0 Vj g F kt gev cpf Kpf kt gev Rct vlek cpwu y kmt go clp tgr qpukdrg hqt ngr lpi ceeqwpv qh vj gkt j qrf lpi u qp dgi chqh vj gkt ewuqo gtu0

Eppxg{ cpeg qh pvkv legu cpf qv gt eqo o wplec kv pu d{ F VE vq F kt gev Rct vlek cpwu. d{ F kt gev Rct vlek cpwu vq Kpf kt gev Rct vlek cpwu. cpf d{ F kt gev Rct vlek cpwu cpf Kpf kt gev Rct vlek cpwu vq Dgpg hlekn Qy pgtu y kmdg i qxgt pgf d{ ct tcepi go gpu co qpi vj go. uwdlgev vq cp{ ucw wqt{ qt tgi wvqt{ tgs vkt go gpu cu o c{ dg kv gh hcev htqo vko g vq vko g0 Dgpg hlekn Qy pgtu qh vj g Dqpf u cpf vj g P qvgu o c{ y kvj vq vcn g egt vclp ugr u vq cwi o gpv vj g vcpuo kvkqp vq vj go qh pvkv legu qh kv p hkecpv gxgpv y kvj tgr gev vq vj g Dqpf u cpf vj g P qvgu. uvej cu tgf go r kv pu. vpf gtu. f g hcvnu. cpf r tqr qugf co gpf o gpu vq vj g Ugewt kv{ f qewo gpu0 Hqt gzco r rg. Dgpg hlekn Qy pgtu qh Dqpf u cpf P qvgu o c{ y kvj vq cvegt vclp vj cvj g p qo kpgg j qrf lpi vj g Dqpf u cpf vj g P qvgu hqt vj gkt dgp hkvj cu ci tggf vq qd vclp cpf vcpuo kvpvkv legu vq Dgpg hlekn Qy pgtu0 Kp vj g cngt pvkvxg. Dgpg hlekn Qy pgtu o c{ y kvj vq r tqxkf g vj gkt pco gu cpf cf f tguugu vq vj g tgi kvgtgf cpf tgs wguv vj cveqr kv qh pvkv legu dg r tqxkf gf f kt gev{ vq vj go 0

Tgf go r kv pvkv legu vj cmdg ugpv vq F VE0 kv rguu vj cp cmqh vj g Dqpf u y kvj kp cp kvuvg ctg d gkpi tgf ggo gf. F VE u r tcev kv ku vq f gvto kpg d{ kvv vj g co qwpv qhvj g kvgtguv qh gcej F kt gev Rct vlek cpv kv uvej kvuvg vq dg tgf ggo gf 0

P gvj gt F VE pqt Egf g (Eq0 * pqt cp{ qv gt F VE p qo kpgg+ y kmeqpv gpvqt xqv y kvj tgr gev vq Dqpf u cpf P qvgu wpruu cwj qtk gf d{ c F kt gev Rct vlek cpv kv ceeqt f cpeg y kvj F VE u O O K R t q e g f w t g u 0 W p f g t k u w u c n r t q e g f w t g u. F VE o c k u c p Q o p k d w R t q z { v q v j g V q y p c u u q p c u r q u i k d r g c h g t v j g t g e q t f f c v g 0 V j g Q o p k d w R t q z { c u u k i p u E g f g (E q 0 u e q p u g p v k p i q t x q v k p i t k i j u v v j q u g F k t g e v R c t v l e k n c p w u v q y j q u g c e e q w p v D q p f u c p f P q v g u c t g e t f k v g f q p v j g t g e q t f f c v g * k g p v k l e f k p c n k v k p i c v c e j g f v q v j g Q o p k d w R t q z { + 0

Rtkpek cncpf kvgtguv qp. cpf tgf go r kv pv r tgo kwo. kh cp{. y kvj tgr gev vq vj g Dqpf u cpf vj g P qvgu y kmdg o cf g vq Egf g (Eq0 qt uvej qv gt p qo kpgg cu o c{ dg tgs wguvf d{ cp cwj qtk gf tgr tgu gpv kvxg qh F VE0 F VE u r tcev kv ku vq etgf kv F kt gev Rct vlek cpwu ceeqwpv w qp F VE u tgegr vqh hvpf u cpf eqt gur qpf lpi f gvcku kv hto cvkqp htqo vj g Vqy p qt vj g Rc{ lpi Ci gpv. qp r c{ cdrg f cvg kv ceeqt f cpeg y kvj vj gkt tgr gev kvxg j qrf lpi u vj qy p qp F VE u tgeqt f u0 Rc{ o gpu d{ Rct vlek cpwu vq Dgpg hlekn Qy pgtu y kmdg i qxgt pgf d{ ucpr lpi kvut vev kv pu cpf ewuqo ct{ r tcev kv cu kv vj g ecug y kvj Dqpf u cpf P qvgu j gr hqt vj g ceeqwpv qh ewuqo gtu kv dgctgt hqtu qt tgi kvgtgf kp vut ggv pco g. o cpf y kmdg vj g tgr qpukd rkv{ qh uvej Rct vlek cpv cpf pvq vq F VE. vj g Rc{ lpi Ci gpv. qt vj g Vqy p. uwdlgev vq cp{ ucw wqt{ qt tgi wvqt{ tgs vkt go gpu cu o c{ dg kv gh hcev htqo vko g vq vko g0 Rc{ o gpv qh r tkpek cncpf kvgtguv. cpf tgf go r kv pv r tgo kwo. kh cp{. vq Egf g (Eq0 * qt uvej qv gt p qo kpgg cu o c{ dg tgs wguvf d{ cp cwj qtk gf tgr tgu gpv kvxg qh F VE + ku vj g tgr qpukd rkv{ qh vj g Vqy p qt vj g Rc{ lpi Ci gpv. f kv dwtugo gpv qh uvej r c{ o gpu vq F kt gev Rct vlek cpwu y kmdg vj g tgr qpukd rkv{ qh F VE. cpf f kv dwtugo gpv qh uvej r c{ o gpu vq vj g Dgpg hlekn Qy pgtu y kmdg vj g tgr qpukd rkv{ qh F kt gev cpf Kpf kt gev Rct vlek cpwu0

F VE o c{ f kv epv kpwg r tqxkf lpi ku ugtxkv cu f gr qukv gf{ y kvj tgr gev vq vj g Dqpf u cpf vj g P qvgu cv cp{ vko g d{ i kv lpi tgcuv pcdrg pvkv legu vq vj g Vqy p qt ku Ci gpv0 Wpf gt uvej ekewo ucpegu. kv vj g gxgpv vj cvc uweeguvt f gr qukv gf{ kv pvq vclp gf. Dqpf cpf P qv g egt v hlec vgu ctg tgs vkt gf vq dg r tkpv gf cpf f gr kv gt gf 0

Vj g Vqy p o c{ f gkv g vq f kv epv kpwg wug qh vj g u{ ugo qh dqm gpr t{ / qn{ vcpuhgtu vj tqwi j F VE *qt c uweeguvt ugewt kv ku f gr qukv gf{ +0 Kp vj cv gxgpv. Dqpf cpf P qv g egt v hlec vgu y kmdg r tkpv gf cpf f gr kv gt gf vq F VE0

Vj g kphqto cvkqp kp vj ku ugevkqp eqpegtpkpi FVE cpf FVEu dqqm/gpvt{ u{ungo j cu dggp qdvckpgf htqo uqwtegu vj cvvj g Vqy p dgrkxgu vq dg tgrkcdrg. dwvj g Vqy p vcnqu pq tgr qpukdkrk{ hqt vj g ceewtce{ vj gtgqh0

DTC Practices

Vj g Vqy p ecp o cnq pq cuwtcpegu vj cvFVE. FktgevRctvlekr cpwu. KpfktgevRctvlekr cpwu qt qvj gt pqo kpggu qh vj g DgpgheknQy pgtu qh vj g Dqpf u qt vj g Pqvgu y kmcevlp c o cpgt f guetkdgf kp vj ku QHheknUcvgu gpv0 FVE ku tgs wktgf vq cevceeqtf lpi vq twrgu cpf r tqegf wtgu guvcdkuj gf d{ FVE cpf ku r ctvlekr cpwu y j lej ctg qp hkg y kj vj g Ugewtklgu cpf Gzej cpi g Ego o kuukp0

Replacement Securities

Kp vj g gxgpvj cvk *c+FVE fvgto kpgu pqv vq eqpvkpwg vq cevcu ugewtklgu f gr quksqt{ hqt vj g Dqpf u qt Pqvgu. cpf vj g Vqy p hcku vq kf gpvkh{ cpqvj gt s wckhgf ugewtklgu f gr quksqt{ hqt vj g Dqpf qt Pqvgu vq tgr meg FVE=qt *d+vj g Vqy p fvgto kpgu vq f kaeqpvkpwg vj g dqqm/gpvt{ u{ungo qh gxkf gpeg cpf vcpuhgt qh qy pgtuj kr qh vj g Dqpf u qt vj g Pqvgu. vj g Vqy p y kmkuwg hwn{/tgi kvgtgf Dqpf cpf Pqvgegtvlekvu f ktgevn{ vq vj g DgpgheknQy pgt0 C Dgpghekn Qy pgt qh vj g Dqpf u qt vj g Pqvgu. wr qp tgi kvvkvqp qhegtvlekvu j grf kp uvej DgpgheknQy pgtu pco g. y kmdeqo g vj g tgi kvgtgf qy pgt qh vj g Dqpf u qt vj g Pqvgu0

Security and Remedies

Vj g Dqpf u cpf vj g Pqvgu y kmdegi gpgtcnqdri cvkpu qh vj g Vqy p cpf vj g Vqy p y kmr rgi g ku hwnhckj cpf etgf kvvq rc{ vj g r tpekr cnqh cpf kvgtguvqp vj g Dqpf u cpf vj g Pqvgu y j gp f wg0 Wprguu r ckl htqo qvj gt uqwtegu. vj g Dqpf u cpf vj g Pqvgu ctg rc{cdrg htqo i gpgtcnr tqr gtv{ vcz txxgpwgu0 Vj g Vqy p j cu vj g r qy gt wpf gt Eqppgevw ucvwgu vq rxx{ cf xcnrtgo vczgu qp cmvzcdrg r tqr gtv{ kp vj g Vqy p y kj qvwno kvcu vq tcvq qt co qwpv. gzeqr vcu vq egtvckp ercuukhgf r tqr gtv{ uvej cuegtvlekvf hqtguvncpf vczcdrg cvc rko kvgtgf f y gmkpi j qvugu qhs wckhgf grf gtn{ rgtuqpu qhmy kpego g qt s wckhgf f kvcdrgf rgtuqpu vczcdrg cvc rko kvgtgf co qwpv0 Vj g Vqy p o c{ r meg c rkgp qp vj g r tqr gtv{ hqt vj g co qwpvqh vcz tgrkhi tcvp. r nu kvgtguv y kj tgr gevq f y gmkpi j qvugu qhs wckhgf grf gtn{ rgtuqpu qhmy kpego g qt s wckhgf f kvcdrgf rgtuqpu0 Wpf gt gzkvkpi ucvwgu. vj g Ucvq qh Eqppgevw wku qdri cvgf vq rc{ vj g Vqy p vj g co qwpvqh vj g vcz txxgpw y j lej vj g Vqy p y qwf j cxg tgekvxgf gzeqr vht vj g rko kvvkvqp wpf gt egtvckp qh vj g ucvwgu wr qp ku r qy gt vq vcz f y gmkpi j qvugu qhs wckhgf grf gtn{ rgtuqpu qhmy kpego g0

Rc{o gpvqh vj g Dqpf u cpf vj g Pqvgu ku pqviko kvgtgf vq r tqr gtv{ vcz txxgpwgu qt cp{ qvj gt txxgpwgu uqwtg. dw egtvckp txxgpwgu qh vj g Vqy p o c{ dg tgvtkvxf cu vq wug cpf vj g tghqte o c{ pqvdg cxckcdrg vq rc{ f gdvugt xleg qp vj g Dqpf u cpf vj g Pqvgu0

Vj gtg ctg pq ucvwqt{ r txxkvkpu hqt r tkvtklgu kp vj g rc{o gpvqhi gpgtcnqdri cvkpu qh vj g Vqy p0 Vj gtg ctg pq ucvwqt{ r txxkvkpu hqt r rkgp qp cp{ r qvkvq qh vj g vcz rxx{ qt qvj gt txxgpwgu vq ugevtg vj g Dqpf u cpf vj g Pqvgu qt lwf i o gpv vj g tggp. kp r tkvtk{ vq qvj gt erko u0

Vj g Vqy p ku udlgev vq uvlvqp ku i gpgtcnqdri cvkqp dqpf u cpf pqvgu cpf c eqwtvqheqo r gvgpvlwtkuf kvvqp j cur qy gt kp cr r tqr tkvgr t qeegf lpi u vq tgpft c lwf i o gpvci ckpv vj g Vqy p0 Eqwtu qheqo r gvgpvlwtkuf kvvqp cnq j cxg r qy gt kp cr r tqr tkvgr t qeegf lpi u vq qtf gt c rc{o gpvqhc lwf i o gpvqp uvej f gdvhtqo hwpf u rny hwn{ cxckcdrg vj g tghqte. kp vj g cdugpeg vj g tghqte vq qtf gt vj g Vqy p vq vcnq cmrny hwncevkvq vq qdvckp vj g uco g. kpenf lpi vj g tcklupi qh vj g tgs wktgf co qwpvkv vj g pgzvcpwcnvz rxx{0 Kp gzteklupi vj gkt f kvvkvqp cu vq y j gyj gt vq gpvt uvej cp qtf gt. vj g eqwtu o c{ vcnq kvvq ceeqwpv cm tgrkxcpv hcevqtu kpenf lpi vj g ewtgpv qr gtvkpi pggf u qh vj g Vqy p cpf vj g cxckcdrk{ cpf cf gsvce{ qhqvj gt tgo gf kvu0

Gphqtego gpvqhc erko hqt rc{o gpvqhr tpekr cnqh qt kvgtguvqp vj g Dqpf u cpf vj g Pqvgu y qwf cnq dg udlgev vq vj g cr r rckcdrg r txxkvkpu qh Hgf gtcn dcpntwve{ rny u cu ygm cu qvj gt dcpntwve{. kpuvkvpe{. tqtqti cpk cvkqp. o qtevqtkwo cpf qvj gt uko kvct rny uchhgvkpi etgf kvtuotki j wj gtvqhqte qt j gtvchgt gpcevxf cpf vq vj g gzteklug qh lwf lcknf kvvkvqp0 Ugevkp 9/788 qh vj g Eqppgevw I gpgtcnUcvwgu. cu co gpf gf kp 3; ; 5. r txxkv gu vj cv pq Eqppgevw o vplekr crkv{ uj cm hkg c r gvkvqp kp dcpntwve{ y kj qw vj g gzt tguu r tkvt y tkvgr eqpugpv qh vj g I qxgtpqt0 Vj kur tqj kkvkqp cr r rkvu vq cp{ vqy p. ekv. datqwi j. o gvqr qvkvcp f kvvkvcpf cp{ qvj gt r kvvkvcp uvdv kkvkqp qh vj g Ucvq j cxkpi vj g r qy gt vq rxx{ vczgu cpf kuwg dqpf u qt qvj gt qdri cvkpu0

THE TOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

Vj g Dqpf u cpf P qvgu uj cm PQV dg f guki pcvgf d{ vj g Vqy p c u swrkhgf vcz/gzgo r vqdrki cvkpu wpf gt vj g r tqxlkpu qh Ugevkpu 487*d+qh vj g kvgtpcn Tgxgpwg Eqf g qh3; : 8. cu co gpf gf. hqt r wtr qugu qh vj g f gf vevkpu d{ hkcpeknkpuwkvkpu hqt kvgt guvzr gpug cmqecdrng vq vj g Dqpf u qt vj g P qvgu0

Availability of Continuing Information

Vj g Vqy p r tgr ctgu. kp ceeqtf cpeg y kj Ucvg rvy . cppvwnkpf gr gpf gpvcwf kgf hkcpeknucvgo gpw cpf qr gtcvki ucvgo gpw cpf hkvu wej cppvwntr qt w y kj vj g Ucvg qh Eqppgevw: Qhleg qh Rqrte{ cpf O cpci go gpvqp cp cppvwn dcuku0 Vj g Vqy p r tqxlk gu. cpf y kmeqpvkpwg vq r tqxlk g O qqf {u kvxguqtu Ugtxleg cpf Ucvp ctf (Rqqtou qpi qkpi f kuenquwtg kp vj g hqto qh kpf gr gpf gpv cppvwn hkcpekn tgr qt w. cf qr vgf dwf i gw. cpf qvj gt o cvgtkcu tgrcvki vq ku o cpci go gpvcvf hkcpeknepf kvkpu. cu o c{ dg pgeguuct { qt tgs wguv f 0

Vj g Vqy p y km gpvt kvq Eqpvkpwki Fkuenquwtg Ci tgggo gpw y kj tgr gev vq vj g Dqpf u cpf vj g P qvgu. uwducvkvcmf kp vj g hqto cwcej gf cu Crr gpf legu E/3 cpf E/4 vq vj ku Qhhekn Ucvgo gpv *\$Hqto qh Eqpvkpwki Fkuenquwtg Ci tgggo gpv\$+. vq r tqxlk g qt ecwug vq dg r tqxlk gf. kp ceeqtf cpeg y kj vj g tgs vkt go gpw qh UGE Twrg 37e4/34*d:#7+*vj g \$Twrg\$+*k-cppvwn hkcpekn kphqto cvkpu cpf qr gtcvki f cvc y kj tgr gev vq vj g Dqpf u. *kk+vo gn{ pqvleg qh vj g qeevttgpeg qhegtcvkpx gpw pqvkv gzeguu qh 32 dwukpguu f c{u chgt vj g qeevttgpeg qh wej gxgpw y kj tgr gev vq vj g Dqpf u cpf vj g P qvgu. cpf *kk+vo gn{ pqvleg qh c hkvwtg d{ vj g Vqy p vq r tqxlk g vj g tgs vkt gf cppvwn hkcpekn kphqto cvkpu cpf qr gtcvki f cvc qp qt dghgtg vj g f cvg ur gellgf kp vj g Eqpvkpwki Fkuenquwtg Ci tgggo gpv y kj tgr gev vq vj g Dqpf u0 Vj g y kppkpi dkl fgtuø qdrki cvkpu vq r wej cug vj g tgr gev vxg Dqpf u cpf vj g P qvgu uj cmdg eqpf kvkpgf wr qp kvtgegkxkpi. cvqt r tkvt vq vj g f grkxgt { qh vj g Dqpf u cpf vj g P qvgu. cp gzgewgf eqr { qh vj g Eqpvkpwki Fkuenquwtg Ci tgggo gpw0

Vj g Vqy p j cur t gxlkwun{ wpf gt vngp kp eqpvkpwki f kuenquwtg ci tgggo gpw gpvtgf kvq hqt vj g dgpghkv qhj qrf gtu qhegtcvkpx qh ku i gpgtenqdrki cvkpu dqpf u cpf pqvgu vq r tqxlk g egtcvkpx cppvwn hkcpekn kphqto cvkpu cpf gxgpvpqvegu r vtucvkv vj g Twrg0 kv vj g r cuvkvxg { gctu. vj g Vqy p j cu pqvkvkxgf vq eqo r n{ kp cp { o cvgtkcntr gevku wpf gtvknkpi u wpf gt wej ci tgggo gpw0

Ratings

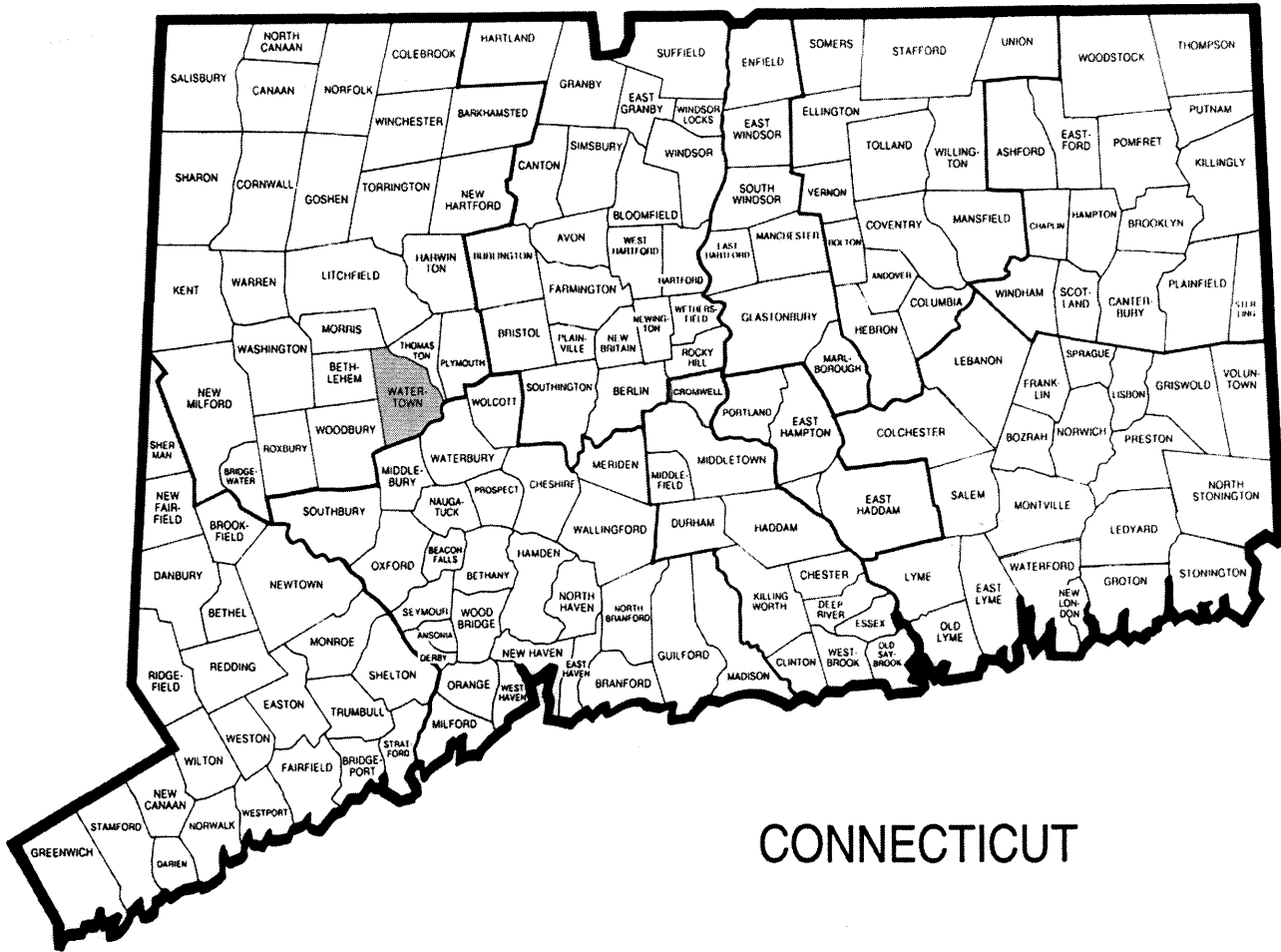
Vj g Dqpf u j cxg dggp tev f öCC- ö cpf vj g P qvgu j cxg dggp tev f öUR/3- ö d{ Ucvp ctf (Rqqtou Eqtr qtcvkv *\$U(R\$+0 Vj g Vqy p hvtkuj gf vj g tvkpi ci gpe{ egtcvkpx kphqto cvkpu cpf o cvgtkcu. uqo g qhy j lej o c{ pqvj cxg dggp kpenw gf kp vj ku Qhhekn Ucvgo gpw0 Vj g tvkpi u tghgevqpn{ vj g xkgy qh vj g tvkpi ci gpe{ cpf cp gzv rvcvkv qh vj g uki pkkcpeg qh vj g tvkpi o c{ dg qdvcvkgf hqto wej tvkpi ci gpe{0 Vj gt g ku pq cuvvtcpeg vj cvvj g tvkpi y kmeqpvkpwg hqt cp { i kxgp r gvkqf qh vo q t vj cvkvy kmpqv dg t gxlkugf qt y kj f tcy p gpvkvgn{ khkv vj g lwf i o gpvquwej tvkpi ci gpe{. ekveo ucpegu uq y cttepv0 C t gxlkukp qt y kj f tcy cnqv vj g tvkpi o c{ j cxg cp ghgevq vj g o ctngv r tleg qh vj g Vqy p u dqpf u cpf pqvgu. kpenw kpi vj g Dqpf u cpf vj g P qvgu0

Vj g Vqy p gzv gev vq hvtkuj vj g tvkpi ci gpe{ y kj egtcvkpx kphqto cvkpu cpf o cvgtkcu vj cvvj g ci gpe{ o c{ tgs wgu0 J qy gxgt. vj g Vqy p o c{ kuwug uj qt vgt o qt qvj gt f gdvht y j lej c tvkpi ku pqvvtgs wguv f 0

Bond Insurance

Vj g Vqy p f qgu pqvzr gev vq r wej cug c etgf kvgpj cpego gpvkvckkv{ hqt vj g Dqpf u qt vj g P qvgu0

II. The Issuer



Description of the Municipality

The Town of Watertown, first settled as part of Plymouth and Thomaston, was incorporated as a separate town in 1780. The Town covers an area of 29.8 square miles and lies slightly over five miles west of Waterbury. It is bounded on the north by Morris and Thomaston, on the southeast by Waterbury, on the south by Middlebury, and on the west by Bethlehem and Woodbury. The Town is traversed by Connecticut Route 8, a limited-access, four-lane north-south highway. State Routes 63, 73, 132, and 262 also serve the Town. Freight service is provided by various motor common carriers, and passenger transportation is available by bus to Waterbury and surrounding towns.

Form of Government

Watertown utilizes the Council/Manager form of government under a Town Charter first adopted in 1961 and last revised in November 2011. The nine-member Council is elected at-large every two years and acts as the legislative body, enacting and amending ordinances and determining Town policies, programs, and legislation. The Town Manager, appointed by the Council, serves as the Chief Executive Officer of the Town and administers Council policy. The Council also acts as the fiscal authority, assisted by a Director of Finance appointed by the Town Manager and a full-time Treasurer appointed by the Director of Finance. A referendum approves the budget and the Town Council lays the tax rate based on the adopted budget.

Town Officials

Office	Name	Manner of Selection	Expiration of Term
Ej ckt o cp. Vqy p Eqvpekr	Tc{o qpf Rtlo kpk	Grgevff	33 I39
Vqy p O cpci gt	Tqdg vUecppgm	Crr qlpvff	/
Hkpcpeg F kt gevqt cpf Cuuv Vqy p O cpci gt	HcpmlOP ctf gmk Lt0	Crr qlpvff	/
Cuukucpv Hkpcpeg F kt gevqt	Uwcp \ crr qpg	Crr qlpvff	/
Vtgcuwgt	Lqcp O qpf cm	Crr qlpvff	/
Vcz Eqmgevqt	Ectrc J co gn	Crr qlpvff	/
Cuuguuqt	Ectqn{ p P cf gcw	Crr qlpvff	/
Vqy p Ergtn	Nkuc F cnqp	Grgevff	33 I39
Uwr gt kvpgf gpvqh Uej qqm	F t0D J guvqp Ectpgo qmc	Crr qlpvff	/

Municipal Services

Police Department: Y cvgtvqy pœu Rqrleg F gr ctvo gpveqpukuv qh 57 uy qtp qhlegtu cpf c ekklrcp ucwh qh vj tgg wpf gt vj g f kt gevqp qhc Ej lghqh Rqrleg0 Vj g F gr ctvo gpvku f kkl gf kvq Cf o lpkvkvxg. Rcvtnccpf Kpxgunkl cvxg Ugtxlëgu f kklkqpu cpf qr gtcvqu qp c 46/j qwt dcuku0 Y cvgtvqy pœu Eqo o wplecvkqpu F gr ctvo gpv ku tgur qpukdrg hqt cpuy gtkpi cpf f kur cvej kpi cmr qrleg. Htg cpf ; 33 go gti gpe{ ecnu0

Fire Protection and Ambulance Service: Htg rtqvgevqp ku r tqxkf gf d{ c 327/r gtuqp Xqnpvvggt Htg F gr ctvo gpv wpf gt vj g uwr gtxkukqp qh c r ckl Ej lgh cpf F gr w{ Ej lgh0 F gr ctvo gpv gzt gpugu ctg wpf gty tkwgp d{ Y cvgtvqy p0 Vj g F gr ctvo gpvqr gtcvultqo wq ucvkqpu. cpf gs wkr o gpvkenmf gu gki j vgpj kpgu cpf wq rcf gt vtveu0 Vtcklpi f tkmctg eqpf vevgf vj tqwi j qwvj g { gct. cpf qxgt 72' qh vj g f gr ctvo gpv j cu cf xcepgf vtcklpi kp ctgcu uvej cu j c{ ctf qwu o cvgtknu0 Vj g F gr ctvo gpv j cu wq go gti gpe{ xgj kergu hqt Htuv tgur qpug wug kp go gti gpeku0 Co dwrpeg ugtxlëg ku r tqxkf gf d{ r tkxcvgecttktu0

Public Works: Vj g F gr ctvo gpvqh Rwdrlc Y qtmu eqpukuv qh Gpi kpggtkpi cpf Qr gtcvqpu cpf O ckvpgcpeg F kklkqpu0 Gpi kpggtkpi ku tgur qpukdrg hqt f guli p cpf eqputvevqp kpur gevqp qh Vqy p/qy pgf ugy gt cpf y cvgt o ckpu. tqcf u cpf unqto f tckpu0 Qr gtcvqpu cpf O ckvpgcpeg ku tgur qpukdrg hqt o ckvpgcpeg qh Vqy p hcekklëgu kpenmf kpi 352 o krgu qh tqcf. 67 o krgu qh unqto f tckpu. 74 o krgu qh y cvgt o ckpu. 84 o krgu qh ugy gt o ckpu. vj tgg y cvgt r wo r kpi ucvkqpu. Hxg ugy gt r wo r kpi ucvkqpu cpf Vqy p gs wkr o gpv0

Solid Waste: Cnj qwi j uqrf y cuvq eqmgevqp kp Y cvgtvqy p ku eqmgevff d{ r tkxcvge hto u wpf gt f kt gev eqptcev vq vj g wugt. vj g Vqy p j cu gzgewgf c Ugtxlëg Eqptcev *vj g ðUgtxlëg Eqptcevð+ y kj vj g Eqppgevkw Tguwtegu Tgeqxt{ Cwj qtkv{ *vj g ðCwj qtkv{ ð+hqt vj g f kur qucnqh uqrf y cuvq vj tqwi j vj g O kf/ Eqppgevkw U{ungo *vj g ðU{ungo ð+0 Vj g Ugtxlëg Eqptcevdgeco g ghgevkg w qp gzgewkqp cpf y kmtgo ckp kp ghgevku rpi cu cp{ dqpf u kuwgf d{ vj g Cwj qtkv{ tgo ckp qwuvcpf kpi . r tqxkf gf vj g rucvkpu cmo gpv qhr tkpek cnqp cp{ dqpf uj cmdgeqo g f vq pq rvgt vj cp 52 { gctultqo vj g ghgevkg f cvg qh vj g Ugtxlëg Eqptcev0

Gcej o wplekr crkv{ uli plpi c Ugtxlëg Eqptcev. kpenmf kpi vj g Vqy p. j cu ci tggf vq ecwug vq dg f grkxgtgf vq vj g U{ungo . chgt vj g f cvg y j gp vj g eqpuwklpi gpi kpggt hqt vj g U{ungo j cu egtvktgf kp y tkkpi vj cv vj g Hcekkl{ ku tgcf { hqt vguvki . cm qh vj g uqrf y cuvq wpf gt vj g rgi cneqptqn qh vj g o wplekr crkv{0 Vj g Cwj qtkv{ ku tgs vktgf vq ko r qug ugtxlëg r c{ o gpv cvc vpkhtqo tcvg r gt vq hqt cmo wplekr crkv{0 Ka vj g o wplekr crkv{ f grkxgtu rguu vj cp ku o loko wo eqo o ko gpv*cu f ghkpgf kp vj g Ugtxlëg Eqptcev+ uvej tcvgu uj cmdg cr r rkgf vq ku o loko wo eqo o ko gpvco qwpv0

Vj g Cwj qtkv{ ku tgs vktgf vq ceegr vcpf f kur qug qh uqrf y cuvq kp ceeqtf cpeg y kj vj g Ugtxlëg Eqptcev cpf y kj ceegr wdrig dwukpguu uvcpf ctf u0 Gcej o wplekr crkv{ tgvkpu vj g tgur qpukdrlkv{ hqt vj g eqmgevqp. f kur qucn cpf vtgcwo gpvqh uqrf y cuvq y j lej f qgu pqvo ggvj g tgs vktgo gpv qh qh y j lej vj g Cwj qtkv{ tghwugu qt ku wpcdrig vq ceegr v wpf gt vj g Ugtxlëg Eqptcev0

Vj g Cwj qtkv{ ku tgs vktgf vq ecwrvvq cpf ko r qug Ugtxlëg Rc{o gpv hqt cm uqrf y cuvq ceegr vgf cv vj g U{ungo . uvej vj cv vj g ci i tgi cvg qh cmuwej Ugtxlëg Rc{o gpv tgegkxgf d{ vj g Cwj qtkv{ uj cmdg uwtklëkpv v r c{ hqt vj g pgvequvqhqr gtcvqp qh vj g U{ungo cu f ghkpgf kp vj g Ugtxlëg Eqptcev0 Ugtxlëg Rc{o gpv uj cmdg cvc vpkhtqo tcvg r gt vq hqt cmo wplekr crkv{0 Ka o wplekr crkv{ f grkxgtu rguu vj cp ku O loko wo Eqo o ko gpv*cu f ghkpgf kp vj g Ugtxlëg Eqptcev+ uvej tcvg uj cmdg cr r rkgf vq ku O loko wo Eqo o ko gpvco qwpv0 Hqt hucen { gct 4236637. vj g Vqy pœu O loko wo Eqo o ko gpv ku ; .222 vqpu. cpf ku equv ku && ; Ø2 r gt vq hqt tgi wrt uqrf y cuvq cpf & 7Ø2 r gt vq hqt dwnf uqrf y cuvq0 Vj g Cwj qtkv{ ku tgs vktgf vq uwo kvdkm vq vj g r ctvëkr cvkpi o wplekr crkv{ qp qt dghqt vj g Hkxgvpj

f c{ hqmy kpi vj g gpf qhc dlnkpi r gtlkf0 O wplek crkku ctg tgs wktgf vq r c{ Ugtxleg Rc{o gpw y kj kp 52 f c{u qh vj g f cvg qh kpxqleg0

Sewage Disposal: Vqy p ugy ci g f kur qucn kp vj g Qcmxlng ugevqp qh Vqy p ku r tqxkf gf d{ vj g Y cvgtvqy p Y cvgt cpf Ugy gt Cwj qtkv{ qr gtevkpi vj tqwi j vj g F gr ctvo gpvqh Rwdrie Y qtm0 Crr tqzko cvgn{ 50 o knkqp i cmjpu r gt f c{ ctg stcpur qtvgf vj tqwi j Vqy p/qy pgf o cku vq Ekv{ qh Y cvgt dwt{ vgcvo gpvhcekkku0 Rtkxcv g r vke u{ ugo u ugtxg vj g tguvqh vj g Vqy p0

Water: Vj g Y cvgtvqy p Y cvgt cpf Ugy gt Cwj qtkv{ r tqxkf gu y cvgt ugtxleg vq crr tqzko cvgn{ 5.; 72 ewxqo gtu0 Eqpuwo r vkp ku ewtgpv{ 3 o knkqp i cmjpu r gt f c{0 Y cvgt ku r wtej cugf htqo vj g Ekv{ qh Y cvgt dwt{0 Wpf gt vgo u qhc eqpvtcevy kj vj g Ekv{ qh Y cvgt dwt{. Y cvgtvqy p o c{ r wtej cug w vq 5 o knkqp i cmjpur gt f c{0 Y cvgt ku r tqxkf gf vq vj g egpvtc nr qt vkp qh Vqy p d{ vj g Y cvgtvqy p Htg F kvtevy j lej f kvtkdwgu crr tqzko cvgn{ 862.222 i cmjpur gt f c{ htqo y gmhgr f u kp Y qqf dwt{0 Rtkxcv y gm ugtxg vj g tguvqh vj g Vqy p0

Kp eqo r rncpeg y kj Rwdrie Cev. : /527. vj g Y cvgt cpf Ugy gt Cwj qtkv{ j cu ko r ngo gpv g c eqpugtxcvkp r tqi tco 0 Vj g r tqi tco au kvvkv ku vq gf wcev vj g rwdrie qp y cvgt eqpugtxcvkp. vq f g vto kpg cf gs wcev y cvgt ur gektecvkpu hqt pgy f gxgr o gpw cpf vq f guli p r rpu vj cv y kn tgf weg y cvgt eqpuwo r vkp hqt tgu k gpvkn cpf eqo o gteknexwqo gtu0

Utilities and Other Services: Y cvgtvqy p ku ugtxgf d{ P qt vj gcuv Wkkku0 Eqo o qp ecttktu r tqxkf g qxgt vj g tqcf htgi j vugt xleg=r cuugi gt cpf htgi j vtcknugt xleg ctg cxckrdng kp Y cvgt dwt{0 C tgi kvpcnkr qtvku mecvgf kp pgctd{ Qzhqtf. cpf vj g Vqy p ku ugtxgf d{ kvgt pcvkpcnkr qtu kp Y kvf uqt Nqemu cpf P gy [qtn0

Parks and Recreation: Y cvgtvqy p r tqxkf gu c xctkv{ qh tgetgc vkpcn hcekkku cpf r tqi tco u0 Hcekkku kpenw f g vq uy ko o kpi ctgeu. cp 3: /j qng i qheqwtug. vppku eqwtu. r r{ i tqw pf u cpf dcmhgr f u0 Vj g 56/cetg Xgvtcpau O go qtken Rctmku qh qh P qxc Ueqvc J km Tqcf 0 Drem Tqem Ucvg Rctmku mecvgf kp Y cvgtvqy p y kj cf f kvkpcn hcekkku hqt uy ko o kpi. eco r kpi cpf j knkpi 0 Vj g Y cvgtvqy p Tgetgc vkp F gr ctvo gpv r tqxkf gu { gct/tqwpf cvj r vke cpf kvut wkvpcnr tqi tco u hqt cmci g i tqw u0

Public Library: Y cvgtvqy p ku ugtxgf d{ vj g Y cvgtvqy p Rwdrie Nkdtct{. c pqp/r tqhkv qti cpl cvkpp y j lej tgegxgu crr tqzko cvgn{ ; 2' qh ku hvpf kpi htqo vj g Vqy p0 Vj g Nkdtct{ ku qr gp 86 j qwtu r gt y ggmc pf j cu qxgt 82.222 xqno gu cu y gm cu cp gzvpu kxg eqmgevqp qh r gtlkf kcu. tgeqtf u cpf ecuu gwgu0 Vj tqwi j o go dgtuj kr kp cp kvgt/rkdtct{ mcp r tqi tco. vj g tguwtegu qh 58 qv gt rkdttktgu ctg cxckrdng vq o go dgtu0

Social Services: Vj tqwi j ku Uqekn Ugtxlegu F gr ctvo gpv. Y cvgtvqy p r tqxkf gu xctkvw ugtxlegu vq vj g grf gtr{. vqvdrgf {qwj u cpf vj g kvf ki gpv kpenw f kpi o gcu cpf tkf gu r tqi tco u. eqwpugr kpi cpf rwdrie cuukxpeg0 Rwdrie j gcnj pggf u ctg cf ftguugf vj tqwi j Y cvgtvqy p au o go dgtuj kr kp vj g Vqttkpi vq J gcnj F kvteu0 U00 ct{ au J qur kcncpf Y cvgt dwt{ J qur kcn dqv vcej kpi j qur kcu. ctg mecvgf kp cf lcegpv Y cvgt dwt{0

Educational Services

Vj g Y cvgtvy p uej qqn u{vgo ugtxlegu i tcf gu rtg/nkpf gti ctvvp vj tqwi j 34 cpf ku i qxgtpgf d{ vj g mecn Dqctf qh Gf wecvkqp0 Vj g plpg o go dgtu qh vj g Y cvgtvy p Dqctf qh Gf wecvkqp ctg grgevgf hqt vy q {gct vgo u0Vj g rtko ct{ hmpvkvqp qh vj g Dqctf ku vq gucdkuj r qile{0 Uqo g qh vj g ctgcu hqt y j lej uvej r qileku ctg ugv kpenmf g evtilevwo . dwf i gv tgs wguu uwdo kuukqp. gpuwtkpi hmpf u hqt gf wecvkqp cu cr r tqr tkvvgf d{ vj g Vqyp p ctg r tqr gtnf gzt p gf . ko r rgo gpvcvkqp qhdqvj Ucvp cpf Hgf gtcnry u. cpf r rcpkpi hqt hcekku ku pggf gf d{ vj g u{vgo . kpenmf kpi eqpwtwekvqp cpf tgpqxcvkqp0

Vj g Vqyp p j cu hkg uej qqn hqt i tcf gu rtg/nkpf gti ctvvp vj tqwi j 34 eqo r tkulpi qh kppg upkqt j ki j uej qqn ppg lvpkqt j ki j uej qqn vy q grgo gpvt{ uej qqn. cpf ppg rtko ct{ uej qqn0 Gptqmo gpv kpi i tcf gu rtg/nkpf gti ctvvp vj tqwi j 34 cu qh Qevdgt 3. 4236 y cu 4.: 4; 0 Vj g tcvvgf ecr cekf qh vj g u{vgo hcekku ku 6.2590

School Enrollment

School Year	Grades Pre-K - 6	Grades 7 - 8	Grades 9 - 12	Total
<i>Historical</i>				
4227628	3.; 56	849	;; 7	5.778
4228629	3.; 28	837	;; 5	5.726
422962:	3.: 2;	824	;; ;	5.622
422: 62;	3.97:	7; :	; 98	5.554
422; 632	3.93:	755	; : 4	5.455
4232633	3.88;	727	3.222	5.396
4233634	3.847	728	; 66	5.297
4234635	3.7; 4	726	; 48	5.244
4235636	3.73:	739	: : 2	4.; 37
4236637	36; 7	697	: 7;	4.: 4;
<i>Projected</i>				
4237/38	3.698	648	: 97	4.999
4238/39	3.642	666	: 4:	4.8; 4
4239/3:	35; 3	658	9: ;	4.838

Source: Town of Watertown, Board of Education.

School Facilities

School	Grades	Date of Construction (Latest Additions)	Type of Construction	Number of Classrooms	Enrollment as of 10/1/2014	Operating Capacity
Y cvgtvy p J ki j Uej qqn	634	3; 94	Dtkem	6:	: 7;	3.345
Uy khv Lvpkqt J ki j Uej qqn	86:	3; 94	Dtken	98	8: 2	3.222
Lxf uqp Grgo gpvt{ Uej qqn	567	3; 93	Dtken	53	4; 6	674
Rqnm Grgo gpvt{ Uej qqn	567	3; ; 2	Dtken	4:	56:	734
Lqj p Vwo dwn Rtko ct{ Uej qqn	Rtg/M64	4222	Dtken	57	86:	; 72
Total				43:	4.: 4;	6.259

**Employee Relations and Collective Bargaining
Municipal Employees**

	2014-15	2013-14	2012-13	2011-12	2010-11
I gpgtcnI qxgtpo gpv í í	355	355	355	354	357
Dqctf qhGf wecvkqp í í	67;	657	658	672	666
Total	7; 4	78;	78;	7; 4	79;

Employee Relations

<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
General Government		
Co gtlecp Hgf gtcvkqp qh Úcvg. Eqwpv\ cpf O wplekr cnGo r m{ ggu ó Nqecn3525í í í í	4;	8 152 4238
Co gtlecp Hgf gtcvkqp qh Úcvg. Eqwpv\ cpf O wplekr cnGo r m{ ggu ó Nqecn763 í í í í	57	5 153 423:
Kpf wutlcnDtqvj gtj qqf qh GrgevtlcnY qtngtu Nqecn64 í í í í í í í í í í í í	32	: 153 4238
Ekxkn Úgt xleg Go r m{ ggu Cuuqekcvkqp. Kpe0CHN/EIQ. Nqecn982í í í í í í í í í í	59	8 152 4236 ¹
Ekxkn Úgt xleg Go r m{ ggu Cuuqekcvkqp. Kpe0CHN/EIQ. Nqecn982 í í í í í í í í í í	:	8 152 4238
VqvcnQti cpk gf í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í	33;	
P qp/Wpkqp í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í	36	
Total.....	355	
Board of Education		
Y cvgt vqy p Hgf gtcvkqp qh Rctc/Rtqhguukqpcnu. Nqecn5; 82 CHV. CHN/EIQí í í í í í	; 5	: 153 4237
Y cvgt vqy p Gf wecvkqp Cuuqekcvkqpí í í í í í í í í í í í í í í í í í í í í í í í	45:	: 153 4238
Co gtlecp Hgf gtcvkqp qh Úcvg. Eqwpv\ cpf O wplekr cnGo r m{ ggu ó Nqecn326; í í í	65	8 152 4236 ¹
Co gtlecp Hgf gtcvkqp qh Úcvg. Eqwpv\ cpf O wplekr cnGo r m{ ggu ó Nqecn3525í í í	57	8 152 4237
Y cvgt vqy p Rt lpekr cnu Cuuqekcvkqpí í í í í í í í í í í í í í í í í í í í í í í í	32	8 152 4239
Co gtlecp Hgf gtcvkqp qh Úcvg. Eqwpv\ cpf O wplekr cnGo r m{ ggu ó Nqecn326; í í í	48	8 152 4237
Y cvgt vqy p Uej qqnP wtugu Cuuqekcvkqpí í í í í í í í í í í í í í í í í í í í í í í í	9	8 152 4237
VqvcnQti cpk gf í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í	674	
P qp/Wpkqp í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í í	9	
Total	67;	

¹ In negotiations

Binding Arbitration

Eqppgekwew I gpgtcn Úcvwgu Ugevkpu 9/695e. 9/696. cpf 32/375c vq32/375p r tqxkf g hqt c r tqegf wtg hqt dlpf kpi ctdktcvkqp qheqngvwxg dci clpkpi ci ttggo gpu dgy ggp o wplekr cnGo r m{ gtu cpf qti cpk cvkqp tgr tguvlpí o wplekr cnGo r m{ ggu. kpenwf kpi egt wkgf vgej gtu cpf egtvclp qvjt go r m{ ggu Vj g rgi kurvwxg dqf { qhc o wplekr crkv\ o c { tglgev vj g ctdktcvkqp r cpngnu f gekukqp d { c vj q/vj kf u o clqtkv\ xqv0 Vj g Úcvg qh Eqppgekwew cpf vj g go r m{ gg qti cpk cvkqp o wuvdg cf xkugf kp y tkkpi qh vj g tgcuppu hqt tglgev qp0 Vj g Úcvg vj gp crr qlpvu c pgy r cpngqh gkj gt qpg qt vj tgg ctdktcvkqp vj g f gekukqp qp gcej qh vj g tglgev kf u vj g r cpngno wuvceegr vj g r uvdg vj g hqt qh gkj gt r ctv\0 Kp tgej kpi ku f gvgto kpcvkqp. vj g ctdktcvkqp r cpngni kxgu r tkqtkv\ vj g r wdrie kvgt guv cpf vj g hkppekn ecr cdktv\ qh vj g o wplekr cnGo r m{ gt. kpenwf kpi eqpukf gtcvkqp qh vj g f go cpf u qp vj g hkppekn ecr cdktv\ qh vj g o wplekr cnGo r m{ gt0 Ghevwg Qevqdt 3. 3; ; 9. hqt dlpf kpi ctdktcvkqp qh vj g gtu eqpvtcevu. kp cuugukpi vj g hkppekn ecr cdktv\ qhc vj p. vj g t g kucp kt ghwcdng r tguvo r vkqp vj cvc dwf i gvtgugxg qh7' qt ngu ku pvvcxckrdng hqt r c { o gpv qh vj g equvqh cp { kgo o uwdlgevq ctdktcvkqp0 Kp rki j vqhv vj g go r m{ gtu hkppekn ecr cdktv\ . vj g r cpngneqpkf gtu r tkqt pgi vj g vj g r ctv\ vj g kvgt guv cpf y gntctg qh vj g go r m{ gg i tqwr . ej cpi gu lp vj g equvqh r k kpi . gz k v kpi go r m{ o gpveqpf kkpku. cpf y ci gu. ucrtlgu. h kpi g dgpghku. cpf vj g eqpf kkpku qh go r m{ o gpvr tgxcnkpi kp vj g rcdqt o ctngv. kpenwf kpi f g x g r o gpv kp r tkxcv g ugevt y ci gu cpf dgpghku

III. Economic and Demographic Information

Population and Density

Actual			
Year	Population ³	% Increase	Density ⁴
4235 ³	44,509	12.8%	973.0
4232	44,736	5.0%	977.0
4222	43,883	7.0%	948.0
3; ; 2	42,678	7.0%	88.0
3; : 2	3,600	6.0%	876.0
3; 92	3,926	48.6%	849.0
3; 82	36,022	//	6,808

³ U.S. Department of Commerce, Bureau of Census.

⁴ Per square mile: 29.8 square miles.

³ American Community Survey 2009-2013

Age Distribution of the Population

Age	Town of Watertown		State of Connecticut	
	Number	Percent	Number	Percent
Wpfgt 7 {gctu í í í í í í	3,249	6.8%	3,957	7.0%
7 vq ; {gctu í í í í í í	3,699	8.0%	442,350	8.0%
32 vq 36 {gctu í í í í í í	3,479	7.8%	458,964	8.0%
37 vq 3; {gctu í í í í í í	3,669	8.0%	477,038	9.0%
42 vq 46 {gctu í í í í í í	3,349	7.0%	44,092	8.0%
47 vq 56 {gctu í í í í í í	4,570	32.0%	64,047	34.0%
57 vq 66 {gctu í í í í í í	4,024	34.0%	68,968	35.0%
67 vq 76 {gctu í í í í í í	6,270	3.0%	78,732	37.0%
77 vq 7; {gctu í í í í í í	3,737	8.0%	468,432	8.0%
82 vq 86 {gctu í í í í í í	3,793	9.0%	432,975	7.0%
87 vq 96 {gctu í í í í í í	4,334	0.6%	48,644	9.0%
97 vq : 6 {gctu í í í í í í	3,303	7.0%	386,482	6.0%
: 7 {gctu cpf qxgt í í í í í	666	4.0%	8,824	4.0%
Total.....	44,509	32.2%	5,783	32.2%

O gfkp Ci g * [gctu+4235 í í í 66.0 62.0

O gfkp Ci g * [gctu+4232 í í í 64.0 62.0

³ U.S. Department of Commerce, Bureau of Census, 2010.

Source: American Community Survey 2009-2013

Income Distribution

Income	Town of Watertown		State of Connecticut	
	Families	Percent	Families	Percent
<2 / <36,000	55	2.0%	4,398	5.0%
32,222 / 36,000	4	2.0%	3,398	4.0%
37,222 / 46,000	469	6.0%	69,533	7.0%
47,222 / 56,000	495	6.0%	78,399	8.0%
57,222 / 66,000	932	33.0%	8,247	7.0%
72,222 / 96,000	27	35.0%	365,399	37.0%
97,222 / 132,000	92	36.0%	353,966	36.0%
322,222 / 366,000	3,998	4.0%	3,930	4.2%
372,222 / 432,000	94	34.0%	2,824	32.0%
422,222 and over	739	2.0%	32,394	34.0%
Total	7,399	322.0%	25,799	322.0%

Source: American Community Survey 2009-2013

Income Levels

	Town of Watertown	State of Connecticut
Median household income	\$59,362	\$59,394
Median family income	\$322,473	\$339,266
Median individual income	\$22,890	\$28,683

Source: American Community Survey 2009-2013

Educational Attainment Years of School Completed Age 25 and Over

	Town of Watertown		State of Connecticut	
	Number	Percent	Number	Percent
Less than high school	5	4.0%	32,355	6.0%
High school graduate	92	6.0%	377,494	8.0%
Some college	6,624	52.0%	89,592	49.0%
Associate's degree	5,624	43.0%	653,683	39.0%
Bachelor's degree	3,663	2.0%	39,346	9.0%
Master's degree	4,733	3.0%	6,346	4.2%
Doctorate degree	4,525	36.0%	5,498	38.0%
Total	38,274	322.0%	4,665,983	322.0%
High school or less		5.0%		14.0%
Some college or less		54.0%		58.0%

Source: American Community Survey 2009-2013

**Major Employers
As of February 2015**

Employer	Type of Business	Approximate Number of Employees
Vj g Ugo qp Eqo rcp{í í í í í í í í í í	O cpwhcewtgt	522
Vj g VchvUej qqí í í í í í í í í í í í	Rtkxcvg uej qqr	467
I mdcnUggtkpi U{uvgo í í í í í í í í í í	O cpwhcewtgt	429
CNDGCí í í í í í í í í í í í í í í í	O cpwhcewtgt	422
Uwr gt Uqr (Uj qrí í í í í í í í í í í	Uwr gto ctngv	3: 2
Dtczwp O cpwhcewtkpi í í í í í í í í í í	O cpwhcewtgt	387
Et {uvcnTqemí í í í í í í í í í í í í í	Dqwrnf y cvgt	372
Cr r ng Tg jcdí í í í í í í í í í í í í í	J gcnj ectg	369
Vt wgrngx (O cergcpí í í í í í í í í í í	O cpwhcewtgt	343
NcDqppgáí í í í í í í í í í í í í í í í	Ur gclcm{ uwr gto ctngv	328

**Employment by Industry
Employed Persons 16 Years and Over**

Sector	Town of Watertown		State of Connecticut	
	Number	Percent	Number	Percent
Ci tle wwtg. hqtgust { . hkuj kpi cpf j wv kpi . cpf o kpkpi í í í í í í í í í í í í í	346	30'	8.; 67	20'
Eqpwtvckpí í í í í í í í í í í í í í	893	70'	; ; .666	70'
O cpwhcewtkpi í í í í í í í í í í í í í	3.638	330'	3; 5.; 67	330'
Y j qngucrg vcf gí í í í í í í í í í í í	54;	40'	65.772	40'
Tgvclntcf gí í í í í í í í í í í í í í	3.69:	340'	3; 3.: 63	320'
Vt cpur qt vckqp y ctgj qwulpi . cpf wkrkkguí í	424	30'	87.852	50'
Kphqto vckpí í í í í í í í í í í í í í	446	30	63.7: :	40'
Hkpcpeg. kpuwtcpeg. tgcngucvg. cpf rnculpi í	: 9;	90'	382.; 98	; 0'
Rtqhguukqpcn uekgpvhke. o cpci go gpv. cfo kpkutvckxg. cpf y cvng o cpci go gpv í	3.264	: 0'	3; 6.; 7;	330'
Gfvecvckp. j gcnj cpf uqeknugt xleguí í í	5.: 84	530'	686.399	480'
Ctva. gpvgt vckpo gpv. tgetgvckqp. ceeqo o qf vckqp cpf hqqf ugt xleguí í í	; 36	90'	36: .2; 9	: 0'
Qvj gt ugt xlegu *gzegr vr wdrie cfo kphí í	572	40	: 3.665	60'
Rwdrie Cfo kpkutvckpí í í í í í í í í í	996	80'	88.: 39	50
Total Labor Force, Employed.....	34.487	3220'	3.97; .634	3220'

Source: American Community Survey 2009-2013

Employment Data By Place of Residence

Period	Town of Watertown		Percentage Unemployed		
	Employed	Unemployed	Town of Watertown	Waterbury Labor Market	State of Connecticut
F gego dgt 4236í í	33.749	882	706	908	709
Annual Average					
4235í í í í í í	32.: ; 4	; 48	90	3207	90
4234í í í í í í	32.: ; 87	9; 7	80	; 04	: 05
4233í í í í í í	33.448	3.28;	: 09	3308	: 0
4232í í í í í í	32.: ; ;	3.433	; 0	340	; 02
422; í í í í í í	33.37;	3.26:	: 08	3308	: 04
422: í í í í í í	33.7: 2	933	70	908	709
4229í í í í í í	33.: ; 36	767	606	70	608
4228í í í í í í	33.: 9:	736	608	707	606
4227í í í í í í	33.8: 3	7: 6	60	805	60
4226í í í í í í	33.845	7: 7	60	805	60

Source: State of Connecticut, Department of Labor.

Age Distribution of Housing

Year Built	Town of Watertown		State of Connecticut	
	Units	Percent	Units	Percent
3; 5; qt gctnktí í í í í í í í í	3.: 38	3; 08'	558.7: 9	4408'
3; 62 vq 3; 8; í í í í í í í í í í	5.736	590	75: .949	5804
3; 92 vq 3; 9; í í í í í í í í í í	3.565	3607	422.798	3507
3; ; 2 vq 3; ; ; í í í í í í í í í í	3.368	3406	3; 4.3: 7	340
3; ; 2 vq 3; ; ; í í í í í í í í í í	; 56	3208	333.4; 7	907
4222 qt 422; í í í í í í í í í í	736	707	324.888	80
4232 qt rrvgtí í í í í í í í í í í	/	/	6.; 7;	205
Total Housing Units, 2000.....	; 489	3220'	3.6: 8.; ; 7	3220'

Source: American Community Survey 2009-2013

Housing Inventory

Housing Units	Town of Watertown		State of Connecticut	
	Units	Percent	Units	Percent
3/vpkv. fgcej gfí í í í í í í í í í	9.54:	9; 08'	: : 4.248	7; 05'
3/vpkv. cwcej gfí í í í í í í í í í í	49;	502	: 2.292	706
4 vpkuí í í í í í í í í í í í í	8: :	906	33; .5: 8	: 02
5 qt 6 vpkuí í í í í í í í í í í í í	5: 5	608	354.8; ;	: 0
7 vq ; vpkuí í í í í í í í í í í í í	527	505	: 2.837	706
32 vq 3; vpkuí í í í í í í í í í í í í	385	30	76.; ; 5	509
42 qt o qtg vpkuí í í í í í í í í í í í í	326	308	346.577	: 06
O qdkg j qo gí í í í í í í í í í í í í	39	204	34.649	20
Dqcv. TX. xcp. gveí í í í í í í í í í í	/	/	646	202
Total Inventory.....	; 489	3220'	3.6: 8.; ; 7	3220'

Source: American Community Survey 2009-2013

Owner Occupied Housing Values

Specified Owner-Occupied Units	Town of Watertown		State of Connecticut	
	Number	Percent	Number	Percent
Single detached units	369	40%	42,222	40%
Two-family units	92	3%	46,851	40%
Three-family units	775	9%	88,561	9%
Four-family units	3,223	35%	357,936	36%
Five-family units	5,382	65%	486,540	47%
Six-family units	3,844	49%	472,298	49%
Seven-family units	55	1%	336,844	34%
Other units	54	2%	63,940	6%
Total	9,486	322%	1,049,222	322%
Median Value	\$179,922		\$199,222	

Source: American Community Survey 2009-2013

Building Permits (000's)

Ending 6/30	Residential		Commercial / Industrial		Other		All Categories	
	No.	Value	No.	Value	No.	Value	No.	Value
4236	395	\$8,682.28	58	\$8,563.323	3.4	\$3,363.389	3.6	\$46,658.296
4235	3	9,466.59	5	6,337.387	4.452	37,628.5	4.675	49,752.463
4234	429	269,978	3	3,276.327	3.42	7,445.27	3.656	36,463.88
4233	39	6,888.6	3	4,454.842	3	7,434.89	3.39	34,333.9
4232	427	33,324.6	5	4,266.786	3.358	7,794.777	3.5	45,749.635
422	3	6,954.929	53	53,673.5	3.35	59,727.2	3.577	95,987.32
422	478	548,583	43	4,348.868	3.384	8,926.634	3.65	39,435.63
4229	524	34,334.944	46	69.32	3.644	8,737.2	3.96	42,277.8
4228	622	38,384.45	43	46,573.298	3.93	3,953.7	4.362	83,362.679
4227	7	42,936.4	6	5,654.382	3.845	769.86	4.476	54,993.738

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IV. Tax Base Data

Property Tax – Assessments

Wpftgt Ugevkqp 34/84 qh vj g EappgevwI gpgtcnUcwwgu. vj g Vqy p o wuvf q c txcnvcvkqp gxgt { hxx { gctu dcugf qp i gpgtcn ceeegr vgf o cuu cr r tckucno gvj qf u0 Ukeg vj g Vqy p eqo r rvgf ku rnuvr j { ulecntgxcnvcvkqp ghgvevkg cu qh Qevqdtg 3. 4235. c ucwvkecngt gxcnvcvkqp y kndg tgs vktgf kp hxx { gctu qt Qevqdtg 3. 423: 0

Rtkqt vj vj g eqo r rvgkqp qh gcej txcnvcvkqp. vj g Cuuguuqt uj cm eqpf vev c hgrf tgxkgy 0 Cp { tgs vktgf txcnvcvkqp uwdugs vgpvq uvej c f gr { gf txcnvcvkqp uj cmtg/eqo o ppeg cvvj g r qkpvkp vj g uej gf wrg tgs vktgf r wtuwcpv vj Ugevkqp 34/84 vj cvvj g o wplekr crkv { y cu hmqy kpi rtkqt vj uvej f gr { 0 Vj g Cuuguuqt o wuvhwm { kpur gevgej r ctegn qhko r tqxgf tgcnr tqr gtv { qpeg kp gxgt { vgp cuuguuo gpv { gctu. r tqxkf gf vj cvvj g Cuuguuqt ku pqvtgs vktgf vj hwm { kpur gev cmqhc vqy pu ko r tqxgf tgcnr tqr gtv { rctegnu kp vj g uco g cuuguuo gpv { gct qt vj hwm { kpur gevcp { uvej rctegno qtg vj cp qpeg f vktpi gxgt { vgp cuuguuo gpv { gctu 0 Ugevkqp 34/84 r tqxkf gu vj cvvj g hwm kpur gev kpur tgs vktgo gpv uj cmpqv cr r n { vj cp { rctegnu qhko r tqxgf tgcnr tqr gtv { hqt y j lej vj g Cuuguuqt qdvckpu ucwvkecngt { xgt hlecvkqp qhf cvc rkugf qp vj g Cuuguuqt ur tqr gtv { tgeqt d { o gpcu qhc s vguvkppckg ugpvd { vj g Cuuguuqt. cvcp { vko g f vktpi vj g r gtkqf kp y j lej c hwm kpur gev kpur qh cp ko r tqxgf rctegnu qh tgcnr tqr gtv { ku tgs vktgf. vj vj g qy pgt qh uvej rctegnu vj *C+ qdvckp kphqto cvkqp eqpegtpki vj g r tqr gtv { u ces wkvkqp. cpf *D+ qdvckp xgt hlecvkqp qh vj g ceewtce { qh f cvc rkugf qp vj g Cuuguuqt ur tqr gtv { tgeqt hqt uvej rctegnu

Vj g o kpvpcpeg qh cp gs wksdng vcz dcug d { mjev kpi cpf cr r tckukpi cmtgncpf r gtuqpcnr tqr gtv { y kj kp vj g Vqy p hqt kpenvkqp qp vj vj g i tcpf rkuvku vj g tgr qpuklkv { qh vj g Cuuguuqt u Qhleg 0 Vj g i tcpf rkuvtgr tugpu vj g vqcn cuuguuf xcnngu hqt cm vczdng cpf vcz/gzgo r vtgcngucvz cpf vczdng r gtuqpcnr tqr gtv { cpf o qvqt xgj lergu mjev vj y kj kp vj g Vqy p qp Qevqdtg 30 Cuuguuo gpv hqt tgcngucvz ctg eqo r wgf cv92' qh vj g guko cvg o ctngvxcnng cvvj g vko g qh vj g nuvi gpgtcnt gxcnvcvkqp. y j kg cuuguuo gpv hqt o qvqt xgj lergu cpf r gtuqpcnr tqr gtv { ctg eqo r wgf cv92' qh vj g ewtgpvhct o ctngvxcnng 0 Gcej { gct c Dqctf qh Cuuguuo gpv Cr r gcu f gvto kpgu y j gvj gt vczr c { gt r gvkkpu hqt cuuguuo gpvtgf vevkpu qp vj g ewtgpvi tcpf rkuvctg y cttcpvg 0

Y j gp c pgy utwewtg. qt o qf hlecvkqp vj cp gzvkpi utwewtg. ku wpf gtcnng. vj g Cuuguuqt u Qhleg tgegkxu c eqr { qh vj g r gto kv kuwgf d { vj g Dvkr kpi Qhlecnu 0 Wr qp kuwvpeg qh c egt hlecvkqp qh eqo r rvgkqp. c r j { ulecnu kpur gev kpur ku eqpf vevgf cpf c pgy hct o ctngvxcnng ku f gvto kpgf y kj vj g clf qh uej gf wrgu f xgngr gf cvvj g vko g qh vj g nuvt gxcnvcvkqp 0 Cm xcnng cf lwuo gpv ctg tgxkgy gf vj f gvto kpg gs wkv { y kj uko krt r tqr gtv ku cpf guko cvg ej cpi gu vj gzvkpi kpego g utgco u0

Cmr gtuqpcnr tqr gtv { hmpkwg. hzwg. gs wkr o gpv. o cej kpgt { . uwr r rgu. pqp/tgi kvgtgf o qvqt xgj lergu cpf rvcugf gs wkr o gpv ku txcnngf cppvcm { 0 Tcpf qo cwf ku ctg eqpf vevgf r gtkqf lecm { 0

O qvqt xgj lerg tgi kvvkqp rkuv ctg hmpkuj gf vj vj g Vqy p d { vj g Ucvz F gr ctvo gpv qh O qvqt Xgj lergu 0 Vj g Qhleg qh Rqike { cpf O pcpi go gpv j cu f gvto kpgf vj cv vj g cxgtci g tgvkn xcnngu tgr tugpvv d { vj g P cvkpcn Cwqo qdkg F ger tu Cuqekvkqp r tleki i wkv gu o wuvdg wkv gf kp r tgr ctvkqp qh vj g i tcpf rkuv 0 Vj gug xcnngu ctg cr r rkgf wvkhqto n { cpf gs wksdng vj cmxgj lergu kp vj g Vqy p=c o { tlc f qh gzgo r vkpu ctg vj gp cr r rkgf vj swcrkh { kpi cr r rkepvu 0 Vj g uco g r tqegu ku cr r rkgf vj vj g Uwr r ngo gpvcn O qvqt Xgj lerg rkuv. y j lej tgr tugpu pgy qt tgr rvego gpv xgj lergu y j lej y gtg tgi kvgtgf chgt vj g Qevqdtg 3 cuuguuo gpv f cvg. dw dghgtg vj g hmqy kpi Lwn { 30 Dkm hqt vj ku uwr r ngo gpvcnr kvctg kuwgf vj g hmqy kpi Lcpwct { . gli j vggp o qpj u chgt vj g i tcpf rkuv cvg 0

Vj g Vqy p qh Y cvgt vj p j cu pqvr r tqxgf vj g wug qh Ugevkqp 34/346c qh vj g EappgevwI gpgtcnUcwwgu. y j lej r gto ku c o wplekr crkv { . wr qp cr r tqxcn qh ku rgi kurvkg dqf { . vj cdcv r tqr gtv { vczgu qp qy pgt/qeewr kgf tgukf gpegu vj vj g gzvrvj cvvj g vczgu gzeegg gli j vr gtegpv qh vj g qy pgt u vcnkpego g. hqo cp { uqweg. cf lwvgt hqt ugrh go r m { gf r gtuqpu vj tghgevzr gpugu cmqy gf kp f gvto kpkpi cf lwvgt i tqm kpego g 0

Comparative Assessed Valuations (000s)

Grand List of 10/1	Residential	Commercial & Industrial	Other	Personal Property (%)	Motor Vehicle (%)	Gross Taxable Grand List	Less Exemption	Net Taxable	
	Real Property (%)	Real Property (%)	Real Property (%)					Grand List	Percent Change
4236	8: 0	350	20	: 0	320	& 3.9; 8.; : 4	& 7; .4; 8	& 3.959.8: 8	3083'
4235 ¹	8; 0	350	20	90	320	3.995.; 55	77.494	3.93: .883	/34046'
4234	940	330	20	80	: 0	4.229.6: :	6; .439	3.; 7: .494	20 3
4233	940	330	20	80	: 0	4.224.; 48	82.699	3.; 64.66;	302
4232	950	340	20	80	: 0	3.; 9: .5: 4	77.342	3.; 45.484	206
422;	950	340	20	80	90	3.; 85.578	72.6; 7	3.; 34.: 83	203
422: ¹	950	340	20	80	90	3.; 89.2; 7	76.572	3.; 34.967	35083
4229	930	330	20	90	: 0	3.945.287	5; .724	3.8: 5.786	20 3
4228	930	330	20	90	: 0	3.933.; 6:	65.82;	3.88: .55;	/

³ Revaluation.

Property Tax Levies and Collections

Fiscal Year Ending 6/30	Grand List of 10/1	Net Taxable Grand List (000s)	Mill Rate	Adjusted Annual Levy	Percent of Annual Levy Collected at End of Fiscal Year	Percent of Annual Levy Uncollected at End of Fiscal Year	Percent of Annual Levy Uncollected as of 2/1/2015 ³
4237 ³	4235	83.93: .883	4: 04	72.269.62:	<i>IN COLLECTION</i>		
4236	4234	3.; 7: .494	470;	6; .439.; 82	; : 0 2'	3042'	20 ; '1
4235 ⁴	4233	3.; 64.66;	46045	69.368.: 6:	; : 0 9'	3085'	205: '1
4234	4232	3.; 45.484	45054	66.; 4: .55:	; : 0 5'	3069'	2085'
4233	422;	3.; 34.: 83	440 3	65.: 93.263	; : 0 9'	3075'	2082'
4232	422:	3.; 34.967	4405:	64.: 85.868	; : 0 6; '1	3073'	2028'
422;	4229	3.8: 5.786	46057	63.522.; 68	; : 0 9'	3075'	2028'
422: ⁴	4228	3.88: .55;	4404	5: .24: .94:	; : 0 4'	302: '1	2024'
4229	4227	3.7: 6.267	4404	59.678.427	; ; 0 3'	20 ; '1	2024'
4228	4226	3.784.492	43057	56.385.63;	; ; 0 8'	2086'	2023'
4227	4225	3.433.266	42059	53.98: .687	; : 0 9'	3065'	/

³ Subject to audit.

⁴ Revaluation.

Sources: Tax Collector's Office, Town of Watertown.

Property Tax Receivables

Fiscal Year Ending 6/30	Current Year Levy Uncollected	Total Uncollected (Current & Prior Years)
4236	899.359	83.3; : .324
4235	997.443	3.523.: 59
4234	893.523	3.339.: 87
4233	847.: 76	; : 4.727
4232	7; 9.893	; : 4.4: 7
422;	7; 5.: 58	: 49.566

Ten Largest Taxpayers

Name	Nature of Business	Taxable Valuation	Percent of Net Taxable Grand List ³
EqppgevwNkjv(Rqygtí í í í í í í í í	Wkrk{	48.9; 9.364	306'
Vjg Ugo qp Eqo rcp{í í í í í í í í í	O cpwhcewtkpi	34.947.982	205'
Ugo qp Tgen{ Eqo rcp{í í í í í í í í í	TgenGuevg	9.; 27.; 22	2067'
LLF Rctvpgtuí í í í í í í í í í í í :	O cpwhcewtkpi	9.: : 6.422	2067'
I rdcnUggtkpi U{uvgó í í í í í í í í í	O cpwhcewtkpi	9.666.558	2065'
I tggpdtkt Cuuqekvgu. NNEí í í í í í í í :	TgenGuevg	9.444.322	2064'
CP UVTQ O cpwhcewtkpi Eqí í í í í í í í	O cpwhcewtkpi	8.; : : 87	2062'
Utcku Eqo o gteknCuuqe0NVFí í í í í í	Uw gto ctngv	7.; 72.222	2066'
Vtgrngxg (O ceNgcp kpeí í í í í í í í í	O cpwhcewtkpi	8.9: : : 65	205; '
Vjg Ugo qp Eqo rcp{í í í í í í í í í	O cpwhcewtkpi	8.; 88.5: :	2062'
Total		& ; 8.897.756	7078'

³Based on October 1, 2014 Net Taxable Grand List of \$1,737,686,037.

Source: Tax Assessor, Town of Watertown

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V. Debt Summary
Principal Amount of Indebtedness
As of March 26, 2015
(Pro Forma)

Long-Term Debt			Amount of	Outstanding	Final
Dated	Purpose	Rate %	Original Issue	After This Issue	Maturity
24123127	Uej qqr	502267022	& 37.743.222	& 6.7; 2.222	423;
2; 137129	Ugy gt *czcdig+	707267097	3.222.222	872.222	4249
2612312;	Uej qqr	407266072	38.222.222	3.822.222	4238
2612312;	Ugy gt	407266072	422.222	42.222	4238
2; 14912;	Uej qqn	502267022	33.382.222	; : 3; .222	4244
2; 14912;	Rwdile K r tqxgo gpv	502267022	8.4; 2.222	6.744.222	4244
2; 14912;	Y cvgt	502267022	: 62.222	957.222	4243
2; 14912;	Ugy gt	502267022	692.222	657.222	4243
25137132	Uej qqn	402266022	9.722.222	7.847.222	4252
2; 124133	Uej qqn	402266022	5.227.; 22	4.; 92.922	4247
2; 124133	Rwdile K r tqxgo gpv	402266022	4.893.722	4.444.422	4247
2; 124133	Y cvgt	402266022	542.922	49; .822	4245
2; 124133	Ugy gt	402266022	334.222	; 9.722	4245
2714; 134	Rwdile K r tqxgo gpv	402265022	874.622	874.622	4249
2714; 134	Uej qqn	402265022	: .655.522	: .655.522	424;
2714; 134	Ugy gt	402265022	63; .522	63; .522	424;
24137135	Uej qqr	4072/6072	: .76; .922	: .76; .922	4255
24137135	Ugy gt	407266072	72.522	72.522	4247
25137135	Rwdile K r tqxgo gpv	402265022	4.222.222	3.952.222	424:
Total Outstanding.....			& : 7.3; 8.222	& 75.622.222	
Vj ku Kuwg					
25148137	I gpgtcnRwtr qug	vd	& 5.222.222	& 5.222.222	4257
Sub-Total This Issue.....			& 5.222.222	& 5.222.222	
Total.....			& 5.222.222	& 78.622.222	

Short-Term Debt
As of March 26, 2015
(Pro Forma)

Project	Aggregate Amount Authorized	Maturing Notes Due: 3/26/15	This Issue: The Notes Due: 3/24/16	Legal Renewable Limit
Y cvgtvqy p J ki j Uej qqn(.....)	& 78.379.222	& 6.; 22.222	& 6.; 22.222	; 1461423;
Lwf uqp Grgo gpwt{ Uej qqn(.....)	37.; 7; .222	; 22.222	; 22.222	; 1461423;
Uy khvO kf f ng Uej qqn(.....)	55.98; .; 3;	3.222.222	3.222.222	61314239
Ht g tvent(.....)	3.222.222	3.222.222	/	514914246
Ecr kcnko r tqxgo gpv(.....)	6.222.222	4.222.222	/	514914246
Total	&332.9; 6.; 3;	& ; .922.222	& 8.922.222	

Annual Bonded Debt Maturity Schedule
As of March 26, 2015
(Pro Forma)

Fiscal Year Ended 6/30	Principal Payments	Interest Payments	Total Payments	This issue:	Total Principal	Cumulative Principal Retired %
4237 ¹	& : 32.222	& 382.93;	& ; 92.93;	& /	& : 32.222	3066'
4238	6.987.222	3.; 5: .28;	8.925.28;	327.222	6.: 92.222	3209'
4239	6.9; 2.222	3.954.966	8.744.966	377.222	6.; 67.222	3: 0 6'
423:	6.: 92.222	3.752.3; 6	8.622.3; 6	377.222	7.247.222	4907'
423;	6.: ; 2.222	3.534.7: :	8.424.7: :	377.222	7.267.222	588; '
4242	6.442.222	3.343.935	7.563.935	377.222	6.597.222	66067'
4243	5.: : 2.222	; 94.: 97	6.: 74.: 97	377.222	6.257.222	7382'
4244	5.: 92.222	: 49.328	6.8; 9.328	377.222	6.247.222	7: 06'
4245	5.937.222	8: 9.68;	6.624.68;	377.222	5.: 92.222	8782'
4246	5.932.222	766.585	6.476.585	377.222	5.: 87.222	94068'
4247	5.372.222	643.29:	5.793.29:	377.222	5.527.222	9: 04'
4248	4.: 32.222	552.853	5.362.853	372.222	4.; 82.222	: 5078'
4249	4.487.222	46: .772	4.735.772	372.222	4.637.222	: 90 7'
424:	4.252.222	397.822	4.427.822	372.222	4.3: 2.222	; 303'
424;	3.842.222	333.297	3.953.297	372.222	3.992.222	; 60 7'
4252	9; 2.222	85.; 22	: 75.; 22	372.222	; 62.222	; 804'
4253	632.222	58.672	668.672	372.222	782.222	; 903'
4254	627.222	46.372	64; .372	372.222	777.222	; : 06; '
4255	622.222	34.222	634.222	372.222	772.222	; ; 069'
4256	/	/	/	372.222	372.222	; ; 05'
4257	/	/	/	372.222	372.222	32202'
Total.....	&75.622.222	&34.473.495	&87.873.495	& 5.222.222	&78.622.222	

³ Excludes principal payments of \$3,935,000 and interest payments of \$1,974,350 made between July 1, 2014 and March 26, 2015.

Overlapping/Underlying Debt

Vj g Vqy p qhY cvgtqy p f qgu pqvj cxg cp{ qxgtrr r kpi qt wpf gtr{ kpi f gd0

THE TOWN OF WATERTOWN HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

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**Debt Statement
As of March 26, 2015
(Pro Forma)**

Long-Term Debt Outstanding:

I gpgtcnRwtr qug *Kpenwf gu vj ku kuuvq	834,348,822
Uej qqm	63,708,922
Ugy gt	3,894,322
Y cvgt	3,236,822
Total Long-Term Debt	78,622,222
Short-Term Debt *Kpenwf gu vj ku kuuvq vq o cvwtg qp 5 l46 l38+	8,922,222
Total Direct Debt	85,322,222
Ngu< Uej qqmEqpwt wevkqp I tcpvu Tgegkxcdng *Cu qhLwpq 52. 4236+ ³ í í í í í í í í í í í í í í í í	*4.5; 5.: 44+
Total Direct Net Debt	82,928,39:
Overlapping/Underlying Debt	/
Total Overall Net Debt	82,928,39:

³ The State of Connecticut will reimburse the Town for eligible principal and interest costs over the life of bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

**Current Debt Ratios
As of March 26, 2015
(Pro Forma)**

Rqr wcvkqp ³ í í í í í í í í í í í í í í í í í í í í í	44.5: 9
P gvVczcdng I tcpf Nkuvcv92' qhHwmXcng *32 l3 l36+ í í &	3.959.8: 8.259
Gvko cvgf HwmXcng í í í í í í í í í í í í í í í í í &	4.6: 4.62: .846
Gsvrkf gf P gvVczcdng I tcpf Nkuv*32 l3 l34+ ⁴ í í í í í í í í &	4.682.: 75.: 8;
O qpgf Kpeo g rgt Ecrkc *4235+ ³ í í í í í í í í í í í &	59.362

	Total Direct Debt:	Total Overall Net Debt:
	\$63,100,000	\$60,706,178
Fgdvrgt Ecrkc í í í í í í í í í í í í í í í í í í í í í	4.: 3: 82	4.93389
Tcvkq vq P gvVczcdng I tcpf Nkuv í í í í í í í í í í í í	505'	506; '
Tcvkq vq Gvko cvgf HwmXcng í í í í í í í í í í í í :	4076'	4067'
Tcvkq vq Gsvrkf gf I tcpf Nkuv í í í í í í í í í í í :	4078'	4069'
Fgdvrgt Ecrkc vq O qpgf Kpeo g rgt Ecrkc í í í í	907; '	9052'

¹ American Community Survey 2009-2013
⁴ Office of Policy and Management, State of Connecticut.

Authority to Incur Debt

Vj g Vqy p qh Y cvgtvqy p j cu vj g r qy gt vj kpewt kpf gdvf pguu cu r tqxf gf d{ vj g EqppgelewI gpgten Ucwngu cpf vj g Vqy p Ej ctvgt0Y j gp i gpgten qdrki cvkqp dqpf u j cxg dggp cwj qt k gf . dqpf cpvlekr cvkqp pqvgo o c{ dg kuuwgf o cwtkpi kp pqvo qtg vj cp vy q { gctu *EI U Uge09/59: +0 Vgo r qtct{ pqvgo o c{ dg tpggy gf wr vj vgp { gctu htqo vj gkt qtki kpcnf cvg qh kuuwg cu nipi cu cmr tqlgevi tcvr c{ o gpw ctg cr r kfg vqy ctf r c{ o gpvqh vgo r qtct{ pqvgo y j gp vj g{ dgeqo g f wg cpf r c{ cdrg. cpf vj g nri kurv kxg dqf { uej gf wrgu r tkpek cntgf vevkpu d{ vj g gpf qh vj g vj kf { gct cpf hqt gcej uwdugs wgpv { gct f wtkpi y j lej uvej vgo r qtct{ pqvgo tgo clk qwwncpf kpi kp cp co qwpv gs wcn vq c o kpk wo qh 342vj *3152vj hqt ugy gt cpf egtvckp uej qqr tqlgevu+qh vj g guko cvgf pgvr tqlgevequv *EI U Uge09/59: c+0 Vj g vgo qh vj g dqpf kuuwg ku tgf wegf d{ vj g co qwpvqh vko g d{ y j lej vgo r qtct{ hkpckepi gzeeggf u vy q { gctu0

Vgo r qtct{ pqvgo o wvdg r gto cpgpwl hwpf gf pq r vgt vj cp vgp { gctu htqo vj gkt kpkckndqttqy kpi f cvg. gzevr vhtq ugy gt pqvgo kuuwgf kp cpvlekr cvkqp qh Ucvg cpf kqt Hgf gtcni tcvu0 Kic y tkwgp eqo o ko gpv gzkuvu. vj g o wplekr crk{ o c{ tpggy vj g ugy gt pqvgo htqo vko g vj vko g kp vgo u pqv vq gzeeggf ukz o qpvy u wvkn uvej vko g vj cv vj g hkpni tcvr r c{ o gpw ctg tgeggf *EI U Uge09/59: d+0

Vgo r qtct{ pqvgo o c{ cnq dg kuuwgf hqt wr vj 37 { gctu hqt egtvckp ecr kcnr tqlgevu cuuqekvxf y kj vj g qr gtvkqp qhc y cvgtv qtnu u{ungo *EI U Uge09/466c+qt c ugy ci g u{ungo *EI U Uge09/486c+0 Kp vj g htuv { gct hqny kpi vj g eqo r ngv kqp qh vj g r tqlgevu+. kt qp vj g ukz vj { gct hqny kpi vj g qtki kpcnf cvg qh kuuwg *y j lej gxgt ku uqppgt+. cpf kp gcej { gct vj g tgc hgt. vj g pqvgo o wvdg tgf wegf d{ 3137vj qh vj g vqcn co qwpv qh vj g pqvgo kuuwgf d{ hwpf u f g tkxgf htqo egtvckp uqwtegu qhr c{ o gpvr gekhgf d{ ucwng0 Vgo r qtct{ pqvgo o c{ dg kuuwgf kp qpg/ { gct o cwtkkgu hqt wr vj 37 { gctu kp cpvlekr cvkqp qh ugy gt cuuguo gpv tgeggkcdrg. uvej pqvgo vq dg tgf wegf cppwcm{ d{ vj g co qwpvqh cuuguo gpv tgeggkxf f wtkpi vj g r tgeggf kpi { gct *EI U Uge09/48: c+0

Maturities

Gzevr vhtq tghwpf kpi dqpf u vj cvcej kxg pgvr t gupvxcnwg ucxkpi u. i gpgten qdrki cvkqp *ugtkenqt vgo +dqpf u ctg tgs vktgf vj dg r c{ cdrg kp o cwtkkgu y j gtgk c uweeggf kpi o cwtk{ o c{ pqv gzeeggf cp{ r tkqt o cwtk{ d{ o qtg vj cp 72' . qt ci i tgi cvg cppwcnr tkpek cncpf kvgtguvr c{ o gpw o wvdg uwdurpckm{ gs wcn0 Vj g vgo qh vj g kuuwg o c{ pqv gzeeggf vj gpv{ { gctu. gzevr vlp vj g ecug qh ugy gt cpf uej qandqpf u. y j lej o c{ o cwtg kp wr vj vj kv{ { gctu0

Limitation of Indebtedness

O wplekr crkkgu uj cm pqv kpewt kpf gdvf pguu vj tqwv vj g kuwpeg qh dqpf u y j lej y km ecwug ci i tgi cvg kpf gdvf pguu d{ ercuu vq gzeeggf vj g hqny kpi <

I gpgten Rwr qugu<	4047 vko gu cppwntgegr u htqo vczcvkqp
Uej qqn Rwr qugu<	6072 vko gu cppwntgegr u htqo vczcvkqp
Ugy gt Rwr qugu<	5097 vko gu cppwntgegr u htqo vczcvkqp
Wdcp Tpggy cn Rwr qugu<	5047 vko gu cppwntgegr u htqo vczcvkqp
Wphwpf gf Rcu Rgpukqp Rwr qugu<	5022 vko gu cppwntgegr u htqo vczcvkqp

o Cppwntgegr u htqo vczcvkqpö *vj g odcug+ctg f ghkpf cu vqcn vcz eqmgev kpu kpenm kpi kvgtguvr cpf r gpcnkgu. ncv r c{ o gpvqh vczgu cpf ucw r c{ o gpw hqt t xgpw quugu wpf gt EqppgelewI gpgten Ucwngu Ugevkp 34/34; f cpf 9/74: 0 Kp pq ecug uj cm vqcn kpf gdvf pguu gzeeggf ugxgp vko gu vj g dcug0

Vj g EqppgelewI gpgten Ucwngu cnq r tqxf g hqt gzenukqp htqo vj g fgdv rko kv ecrewrcvqp fgdv *k+ kuuwgf kp cpvlekr cvkqp qh vczgu=*k+ kuuwgf hqt vj g uwr r n{ qh y cvgt. i cu. grgvtlek{. grgvtle f go cpf tgr qpug. eqpugt cvkqp cpf ncf o cpci go gpv. f kntkdwgf i gpgtcv kqp cpf tpggy cdrg gpvti { r tqlgevu=hqt vj g eqpvtvkvqp qh uwdy c{ u hqt ecdrgu. y kgu cpf r k gu=hqt vj g eqpvtvkvqp qh wpf gti tqwpf eqpf vku hqt ecdrgu. y kgu cpf r k gu=hqt vj g eqpvtvkvqp cpf qr gtvkqp qh c o wplekr cneqo o wpk{ cpvgpc vngxkukqp u{ungo cpf hqt vj q qt o qtg qh uvej r wtr qugu=*k+ kuuwgf kp cpvlekr cvkqp qh vj g tgegr vqhr tqeggf u htqo cuuguo gpv n xkfg wr qp r tqr gv{ dgpghkxf d{ cp{ r wdrk ko r tqxgo gpv=*k+ kuuwgf kp cpvlekr cvkqp qh vj g tgegr vqhr tqeggf u htqo Ucvg qt Hgf gtcni tcvu g xkf gpegf d{ c y tkwgp eqo o ko gpv qt hqt y j lej cmqecv kqp j cu dggp cr r tqxgf d{ vj g Ucvg Dqpf Eqo o kuukqp qt htqo c eqpvtcev y kj vj g ucwv. ucwv ci gpegu qt cpqv gt o wplekr crk{ r tqxf kpi hqt vj g tgo dwtugo gpv qh eqvu dwqp n{ vj g gzv gpv uvej kpf gdvf pguu ecp dg r c{ htqo uvej r tqeggf u=*x+ kuuwgf hqt egtvckp y cvgt r qmwkqp eqpvtqnr tqlgevu=cpf *k+ wr qp r nrego gpv kp cp guetqy qh vj g r tqeggf u qht ghwpf kpi dqpf u. pqvgo qt qv gt qdrki cvkqp u qt qv gt hwpf u qh vj g o wplekr crk{ kp cp co qwpv u w h k gpv vj r tqxf g hqt vj g r c{ o gpv y j gp f wg qhr tkpek cn qh cpf kvgtguvr uvej dqpf. pqvgo qt qv gt g xkf gpeg qh kpf gdvf pguu0

Ratios of Net Long-Term Debt to Valuation, Population, and Income

Fiscal Year Ended 6/30	Net Assessed Value (000s)	Estimated Full Value ¹ (000s)	Net Long-Term Debt ² (000s)	Ratio of Net Long-Term Debt to			Net Long-Term Debt per Capita	Long-Term Debt per Capita to Per Capita Income ⁶ (%)
				Assessed Value (%)	Estimated Full Value (%)	Population ³		
4236	& 3.; 7: .494	& 4.9; 9.753	& 72.935	407; '1	30 3'	44.5: 9	& 4.487	8082'
4235	3.; 64.66;	4.996.; 49	77.343	40 6'	30 ; '1	44.5: 9	4.684	8085'
4234	3.; 45.484	4.969.739	82.: 96	5089'	4044'	44.5: 9	4.93;	9054'
4233	3.; 34.: 83	4.954.87;	83.4: 2	5042'	4046'	44.5: 9	4.959	9059'
4232	3.; 34.967	4.954.6; 5	84.: 83	504; '1	4052'	44.5: 9	4.: 2:	9078'
422;	3.8: 5.786	4.627.2; 3	7: .: ; 3	5072'	4067'	44.5: 9	4.853	902: '1

³ Assessment Ratio: 70%.

⁴ Long-Term debt less school building construction grants receivable.

⁵ State of Connecticut, Department of Public Health Estimates, 2009. U.S. Department of Commerce, Bureau of Census, American Community Survey 2009-2013.

⁶ Money Income per Capita: American Community Survey 2009-2013 data: \$37,140 used for all calculations.

Ratio of Total General Fund Debt Service Expenditures To Total General Fund Expenditures and Transfers Out Last Five Fiscal Years

Fiscal Year Ended 6/30	Ratio of General Fund Debt Service To Total General Fund Expenditures		
	Total Debt Service	Total General Fund Expenditures ¹	Ratio
4236	& 8.: 79.86;	& 92.3: ; .3: :	; 09'
4235	8.: 33.693	8; .444.257	; 0 6'
4234	9.567.: ; 6	88.849.8; 2	3305'
4233	9.325.536	83.: 48.869	3306; '1
4232	8.99: .368	83.58; .766	3306'
422;	7.77; .736	83.776.625	; 05'

³ GAAP basis of accounting. Includes Transfers out.

Source: Annual Audited Financial Statements.

VI. Financial Administration

Fiscal Year

Vj g Vqy p) u hkuen { gct dgi kpu Lwn { 3 cpf gpf u Lwpg 520

Basis of Accounting

Ugg hqqvqvq pwo dgt 3 kp ðP qvqu vq Hkpcpekn Ucvgo gpwö qh Cr r gpf kz C0

Budget Procedure

Cppwcmf. vj g Vqy p O cpci gt r t gupw vj g dwf i gv vq vj g Dqctf qh Hkpcpeg0 Chgt tgs vktgf j gctkpi u. vj g Dqctf qh Hkpcpeg. y j lej cf o kpkungtu vj g dwf i gv tgeqo o gpf u ku dwf i gv vq vj g Vqy p Eqwpek0 Cv vj g cppwcmf i gvo ggkpi j grf kp Crtkn vj g Eqwpek o c { . d { vj g tgs vktgf pwo dgt qh xqvqu. tgf weg qt kpetgug vj g r tqr qugf gwko cvgf gzt gpf kwatgu0 Chgt eqo r kvkpi uwej cevkp. vj g Eqwpekncf qr u vj g dwf i gvd { tguqnvkqp0 Vj g Dqctf qh Hkpcpeg vj gp ecwewvqu c tcvq qh wczvkp qp vj g o quvtgegpv I tcpf Nkw. y j lej y km r tqf weg vj g txxgpwg tgs vktgf vq r t gugt xg c dcrpeg dgvy ggp gwko cvgf tgegr u cpf gzt gpf kwatgu. pgvqhr txxkukpu hqt qv gt gwko cvgf txxgpwg cpf ecuj uwtr nuu qt f ghk0

Uwdlgevq vj g r txxkukpu qh Ej cr vgt Xkqhv j g Vqy p Ej ctvgt. vj g Vqy p Eqwpek qp tgeqo o gpf cvkqp qh vj g Dqctf qh Hkpcpeg. o c { cr r tqr tkvq cv cp { vko g cp { wpcr r tqr tkvq cpf wpgewo dgtgf cr r tqr tkvq dcrpeg. qt r qt vkp vj gt gqh dgvy ggp i gpgtcnecvktkukpu qh gzt gpf kwatgu y kj kp cp qhleg. f gr ctvo gpvqt ci gpe { . wr vq c o czko wo qh &7220 Vj g Vqy p Eqwpekno wuv cr r txxg cp { wcpvgt qxgt &722 ltqo qpg qhleg. f gr ctvo gpvqt ci gpe { vq cpqv gt vq o ggvc r t gvkpi pggf hqt r wdike gzt gpf kwatgu0 Vj g Dqctf qh Hkpcpeg cpf vj g Vqy p Eqwpekno c { txxkgy vj g dwf i gv chgt tgeqo o gpf cvkqp d { vj g Vqy p O cpci gt cpf egtvktkukp d { vj g Ft gqvgt qh Hkpcpeg vj cvuvtkvgpvhwf u gzk0

Vj g dwf i gv kur tgr ctgf qp c o qf hkgf ceetwncuku qh ceeqwvki . gzevr vht vj g ceetwncuhr c { tqm0 Gpewo dtcpegu vj cvctg qwucpf kpi cv { gct/gpf ctg pqvtgeqtgf cu dwf i gvct { gzt gpf kwatgu0 Vj g Vqy p Eqwpekncr r txxgu vj qug kgo u cu eqpvkwgf cr r tqr tkvqpu kp vj g hqmy kpi { gct0 dwf i gv0 Cwj qtk gf eqpvkpi cr r tqr tkvqpu ctg r t gupvqf cu t gugt xvkp qh hwf dcrpeg ulpeg vj g eqo o ko gpw y km dg j qpqtgf kp uwdugs wgv { gct0 Gpewo dtcpegu f q pqv eqpvkwg gzt gpf kwatgu qt rcdkkgu hqt i gpgtcn { ceegr vgf ceeqwvki r tkpkr ngu qt dwf i gvct { r wr qugu0 Vj g eqpvtn rxxgnqp y j lej gzt gpf kwatgu o c { pqvrgi cm { gzevgf cr r tqr tkvqpu ku vj g f gr ctvo gpvrgxgt

Audit

Rwtuvcvq vj g O wplek cn Cwf kpi Cev *Ej cr vgt 333 qh vj g Eqppgevw I gpgtcn Ucvwgu+ vj g Vqy p ku qdri cvgf vq wpf gti q cp ppwngzco kpvkqp d { cp kpf gr gpf gpvegt wkgf r wdike ceeqwvcp0 Vj g cwf kvo wuvdg eqpf wvqf wpf gt vj g i wkf grkgu kuwgf d { vj g Ucvq qh Eqppgevw. Qhleg qh Rqrlc { cpf O cpci go gpv0 Vj g Vqy p qh Y cvgt vq y p ku kp hwneqo r kcepg y kj uclf r txxkukpu0

Liability Insurance

Ugg P qvg pwo dgt : kp ðP qvqu vq Hkpcpekn Ucvgo gpwö qh Cr r gpf kz C0

Pensions

Vj g Vqy p qh Y cvgt vq y p ku vj g cf o kpkvctvq qh vq ukpi rg go r mq { gt. eqpvtkdwqt { . f ghkgf dgpgkvr rpu-

Vqy p qh Y cvgt vq y p / I gpgtcn Vqy p Go r mq { ggu

Rqrlc Dgpgkv Hwv / Rqrlc Go r mq { ggu

Vj g r gpukqp r rpu ctg kpenf gf kp vj g hpcpekn ucwgo gpw cu Rpvkqp Vtwv Hwv u0 Kpf kkv wcn ucwv/crpg ucwgo gpw ctg pqvkuwgf 0 Rwf gvkn Hkpcpekn ku vj g vtwng qh vj g Rrpa cuugu0 Vj g rvgvcewctkcn xcnvkvq y cu eqo r rvgf hqt Lcpwt { 3. 42350 Vj g hkuen { gct 4235636 cppwntgs vktgf eqpvtkdwkpu *CTEuö+ctg &586.8; 3 hqt vj g Vqy p Tgvtgo gpv U { ugo cpf &92.484 hqt vj g Rqrlc Dgpgkv Hwv hqt c vqwn CTE qh &3.356.; 750 Vj g Vqy pa r tceveg ku vq cny c { u dwf i gv 322' qh vj g r gpukqp CTE0

Town Retirement System

Vj g Vqy p qh Y cvgt vq y p Tgvtgo gpv U { ugo eqxgtu cm hwnvko g go r mq { ggu qv gt vj cp r rrlc qhlegtu. uwrtxkuqtu. egtvktkukp Dqctf qh Gf wevkqp vgejgtu cpf Y cvgt cpf Ugy gt Cwj qtkv { go r mq { ggu j kgf r tkqt vq Hgdtwct { 3; : 80

Cm go r m { ggu y qtnkpi cv rncuv 52 j qwtu r gt y gmc p f 62 y ggmu r gt { gct ctg grki kdrp w p f gt v j g r n p 0 Cm grki kdrp go r m { ggu ctg 322' x g u g f c h g t 32 { gct u q h e q p v k p w q u u g t x l e g 0 V j g t g k t g o g p v d g p g h k v k u 4' q h h k p c n g c t p k p i u r g t { g c t q h e t g f k g f u g t x l e g . u w d l g e v v q c o c z k o w o r t e g e p v e i g q h u g v q h v j g u e k e n u g e w t k v { d g p g h k v f g h k p g f d { f k k u k q p i t q w r 0 H k p c n g c t p k p i u c t g f g h k p g f c u v j g c x g t c i g g c t p k p i u f w t k p i v j g j k i j g u v v j t g g h w m g e t p k p i u e q o r w c v k q p r g t k q f u r t k q t v q p q t o c n t g v k t g o g p v 0 P q t o c n t g v k t g o g p v f c v g k u v j g h k t u v o p p v e q l p e k f k p i y k j q t p g z v h q m y k p i v j g o r m { g g o u 87 v d k v j f c { . g z e g r v h q t v j g J k i j y c { F k k u k q p 0 V j g p q t o c n t g v k t g o g p v f c v g h q t v j g J k i j y c { F k k u k q p k u v j g h k t u v o q p v e q l p e k f k p i y k j q t p g z v h q m y k p i v j g g c t r k e t q h v j g o r m { g g o u c i g q h 77 c p f 47 { g c t u q h u g t x l e g q t c i g 870 H q t g c t n f t g v k t g o g p v . v j g p q t o c n c e e t w e f d g p g h k v k u c e w e t k e m f t g f w e g f h q t v j g p w o d g t q h o q p v u v j g c p p w k v { e q o o g p e g o g p v f c v g r t e g e f g u v j g p q t o c n t g v k t g o g p v f c v g 0 F k u c d r n f g o r m { g g u c t g g p v k r n f v q t e g e k x g p q t o c n r g p u k q p d g p g h k u d c u g f q p u g t x l e g c p f h k p c n r c { c v v j g w o g q h f k u c d k r k v { 0

Vj g ci i tgi cvg ce w e t k e n e q u o o g y q f v j c v k u w u g f h q t e c r e w r v k p i v j g c p p w e n t g s v k t g f e q p v k d w k q p f q g u p q v u g r c t c v n f k f g p v h f w p h w p f g f c e w e t k e n c e e t w e f r i c d k r k k u 0 V j g u e j g f w e g q h h w p f k p i r t q i t g u u r t g u g p v e f d e m y j c u d g g p f g x g m r g f w u k p i v j g g p v { c i g c e w e t k e n e q u o o g y q f h q t v j g V q y p T g v k t g o g p v U { u g o 0

Town Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (b-a)	Funded Ratio (a/b)
3 B 1422:	& 37.95; .576	& 37.45; .338	& 723.45:	3256'
3 B 1422;	35.839.; 63	36.6.: .777	*. 92.836+	; 60'
3 B 14232	37.: .: .986	38.846.354	*957.58: +	; 70'
3 B 14233	38.624.: 38	39.324.697	*8; .87; +	; 70'
3 B 14234	38.; 57.873	3: .226.988	*3.28; .337+	; 60'
3 B 14235	39.859.: 65	3: .954.95;	*3.2; 6.: ; 8+	; 60'

Fiscal Year Ended	Actual Contribution	Annual Required Contribution (ARC)	% of ARC Contributed
8 152 14234	& 582.5; 7	& 582.5; 7	3220'
8 152 14235	589.595	589.595	3220'
8 152 14236	586.8; 3	586.8; 3	3220'
8 152 14237 ³	594.9: ;	594.9: ;	3220'

³ Budgeted amounts.

Police Benefit Fund

Vj g R q r k e g D g p g h k v H w p f k u q r g p v q c m r q r k e g g o r m { g g u t g r t g u g p v e f d { v j g w p k q p h q t e q m e v k x g d e t i c k p k p i r w r q u g u 0

Cm r q r k e g o g p y j q y q t m o q t g v j c p 42 j q w t u r g t y g m c p f h k x g o q p v j u r g t e c r e p p f c t { g c t c t g g r k i k d r p v q r c t v e k r c v g k p v j g r n p 0 C m g o r m { g g u c t g 322' x g u g f c h g t 32 { g c t u q h e q p v k p w q u u g t x l e g 0 V j g t g v k t g o g p v d g p g h k v k u 407' q h h k p c n g c t p k p i u r g t { g c t q h e t g f k g f u g t x l e g . r n u u 57' q h u e k e n u g e w t k v { 0 H k p c n g c t p k p i u c t g f g h k p g f c u v j g c x g t c i g g c t p k p i u t g e g k x g f k p v j g r e u v v j t g g h w m e c r e p p f c t { g c t u d g h q t g t g v k t g o g p v f c v g 0 C v g o r q t e t { t g v k t g o g p v c p p w k v { g s w e n v q 57' q h v j g u e k e n u g e w t k v { d g p g h k v u j c m d g r c k f h t q o p q t o c n t g v k t g o g p v f c v g v q c i g 870 V j g p q t o c n t g v k t g o g p v c i g k u 77 q t 47 { g c t u q h u g t x l e g 0 C p g o r m { g g o c { c e e w o w r c v g w r v q 52 { g c t u q h u g t x l e g 0 H q t g c t n f t g v k t g o g p v . c i g 72 y k j 32 { g c t u q h u g t x l e g . v j g p q t o c n d g p g h k v c e e t w e f k u c e w e t k e m f t g f w e g f h q t v j g p w o d g t q h o q p v u v j g c p p w k v { e q o o g p e g o g p v f c v g r t e g e f g u v j g p q t o c n t g v k t g o g p v f c v g 0

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded (Unfunded) AAL (b-a)	Funded Ratio (a/b)
3/13/2022:	&35.: 78.666	&37.46; .8; 3	*83.5; 5.469+	; 20'
3/13/2022;	34.735.234	38.475.8; 8	*5.962.896+	990'
3/13/2023	36.45: .5: 6	39.; 98.238	*5.959.854+	9; 0'
3/13/2023	36.; : 4.93:	3: .93; .: 49	*5.959.32; +	: 20'
3/13/2024	37.7: 3.284	42.353.; : :	*6.772.; 48+	990'
3/13/2025	38.5: 3.6; 6	43.4; 8.; ; 4	*6.; 37.6; : +	980'

Fiscal Year Ended	Actual Contribution	Annual Required Contribution (ARC)	% of ARC Contributed
8/15/2024	& 8: ; .863	& 8: ; .863	3220'
8/15/2025	958.; 52	958.; 52	3220'
8/15/2026	992.484	992.484	3220'
8/15/2027 ³	9: 2.362	9: 2.362	3220'

³ Budgeted amounts.

Vj g kphqto cvkqp r tguvpgf kp vj g tgs vktgf uwr r rgo gpwt{ uej gf wgu vj vj g cwf kcf hpcpekn ucvgu gpv y cu f gvto kpgf cur ctvqh vj g cewctknxcnvcvkpu cvj g f cvgu kpf kecvgf 0

Ugg Crr gpf kz C ó ðCwf kcf HpcpeknUcvgu gpv. P qvgu vj HpcpeknUcvgu gpv. P qvg 33ö j gtgk0

Other Post-Employment Benefits (OPEB)

Vj g Vqy p j cu eqo r rkgf y kj vj g tgs vktgo gpv qh I xqgtpo gpvcn Ceeqwpkpi Ucpfctf u Dqctf *ðI CUDö+ Ucvgo gpv P qu065 cpf 67. y j lej tgs vktg o wplek crkkgu cpf qj gt i xqgtpo gpvcn gpvktgu vj wpf gtvng cp cewctkn gxcnvcvkqp qhvj gkt Qvj gt RquvGo r m{ o gpvDgpgkv *ðQRGDö+r rpu cpf kpenxf g kphqto cvkqp eqpegtkpi vj g xcnvcvkqp qh uvej r rpu kp vj gkt hpcpekn ucvgu gpv0 Vj g Vqy p ku eqpvtkdwkpi vj g ðrc{/cu/{qwi qö r rqtvkp qpn{ cpf ku pqv ewtgpv{ co qtvk kpi cp{ qhvj g wphwpf gf ceetwgf rkdkrk{. j qy gxgt vj g Vqy p ku kp vj g r tqegu qhetgcvkpi c vuvhwf. cpf cmkpxguo gpv gctkpi u cpf r qukkg xctkpegu htqo vj g ðrc{/cu/{qwi qö dwf i gvki y kmng wugf vj o kki cvg vj g ceetwgf rkdkrk{0

Vj g Vqy pæi cppwcnQRGD equvku ecrewcvf dcugf qp vj g cppwcntgs vktgf eqpvtkdwkqp *ðCTEö+. cp co qwpv cewctkn{ f gvto kpgf kp ceetf cpeg y kj vj g rctco gvto qh I CUD Ucvgo gpv 670 Vj g CTE tgr tguvpu c rpxgnqh hwf kpi vj cv. kh rckf qp cp qpi qkpi dcuku. ku r rqlgevfv vj eqxgt pqto cnequvgcej {gct cpf co qtvk g cp{ wphwpf gf cewctkn rkdkrkkgu *qt hwf kpi gzegu+ qxgt c rgtkqf pqv vj g zeggf 52 {gctu0 Vj g hqmjy kpi vcdrg vj qy u vj g eqo r qpgpv qhvj g Vqy pæi cppwcnQRGD equvht vj g {gct gpf gf Lwp 52. 4236. vj g co qwpvcewcn{ eqpvtkdwgf vj vj g r rpu cpf ej cpi gu kp vj g Vqy pæi pgvQRGD qdrki cvkqp<

	Retiree Welfare Plan
CTEí í í í í í í í í í í í í í	& 5.337.67;
Kpvtguvqp pgvQRGD qdrki cvkqpí í í í í	628.6: 6
Cflwvo gpvq CTE í í í í í í í í í í	*787.294+
Co qt vk cvkqp qhcewctknquuguí í í í í	826.8: ;
CppwcnQRGD equví í í í í í í í í í	5.783.782
Eqpvtkdwkqp o cf g í í í í í í í í í	3.65: .3; 3
Kpetgcug kp pgvQRGD qdrki cvkqp í í í í í	4.345.58;
P gvQRGD qdrki cvkqp. dgi kppkpi qh {gctí í	32.384.323
P gvQRGD qdrki cvkqp. gpf qh {gct í í í í	& 34.4: 7.692

Vj g Vqy p u c p wcnQRGD equv. vj g r gtegpwi g qh p wcnQRGD equveq p kdwgf vq vj g r r p c f vj g pgv QRGD qdrki c k p ku r tgu pvgf dgmty 0Vj g C p wcnQRGD Equvht h ecn4235/36 vq m cr r tqzko cvgn{ &5.784.222 c f vj g Vqy p dwf i gvgf vj g ewtgpvr c{/cu{qwi q QRGD equvqhc r r tqzko cvgn{ &3.672.2220

<i>Fiscal Year Ended</i>	<i>Annual Required Contribution (ARC)</i>	<i>Actual Contribution</i>	<i>% of ARC Contributed</i>
81521422;	& 4.; 8.; :; 8	& 9: 9.8; 7	480'
815214232	4.; ; ; .573	: 59.267	4: 0'
815214233	4.; 75.53:	3.377.492	5; 0'
815214234	4.; 72.725	3.449.: 38	630'
815214235	5.283.; : 4	3.55: .882	650'
815214236	5.337.67;	3.65: .3; 3	680'

Vj g  ej gf w g qh w f k i r tqi tguu. r tgu pvgf dgmty. r tgu p o w k{/get v gpf k h to c k p cdqwy j gvj gt vj g cewwtkncxncwng qhr r p cuugv ku k petgcukpi qt f getgcukpi qxgt vko g tgrv xg vq vj g cewwtknceetwgf r cdk k gu h t dgpghku0

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Unfunded AAL (b-a)</i>	<i>Funded Ratio (a/b)</i>
9131422:	& /	& 53.529.38:	*53.529.38: +	2022'
9131422;	/	54.; 36.6; 8	*54.; 36.6; 8+	2022'
91314232	522.222	56.533.623	*56.233.623+	209'
91314234	822.835	5: .547.; 94	*59.947.57; +	3079'

Investment Policy

Vj g Vqy p Ej ctvgt c f Ugev ppu 9/622. 9/623 c f 9/624 qh vj g Eqppgeve wI gpgtcn Ucvwgu i qxgtp vj g k pxguo g v vj g Vqy p ku r gto k wgf vq ces v k g0 I gpgtcn{. vj g Vqy p o c{ k pxgukp egt v k cvgu qh f gr quk =tgr vtej cug ci tggg g v=  w k k r cn p v . d pf u. qdrki c k p qh vj g W k gf Ucvgu. k p w f k i l k v c f ugxgtn qdrki c k p qh vj g Hgf gtcn J qo g N cp O qtv i g Cuuqekv p. vj g Hgf gtcn Ucv i u c f N cp k uwtcpeg Eqtr qtcv p. qdrki c k p qh vj g W k gf Ucvgu Rquvcn Ugtxleg. cmvj g Hgf gtcn j qo g r cp dcpnu. cm Hgf gtcn r c f dcpnu. vj g Vgppguugg Xcng{ Cw j qtkv{. qt c f qv j gt ci gpe{ qh vj g W k gf Ucvgu i qxgtpo g v0 O w wcn h w f u c f o qpg{ o ctngv h w f u vj cv o ggv egt v k p ucw wt{ tgs v k go g v ctg c uq r gto k wgf k pxguo g v0

Ugg Cr r gpf kz C    Cw f k gf H k p k n Ucvgo g v. P qv  vq H k p k n Ucvgo g v. P qv  5  j gt gk 0

Comparative Balance Sheets – General Fund

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
Assets					
Ecuj cpf ecuj gs wxcrgpvu (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	& : .257.264	& 8.6; 2.9; 9	& 8.; 9: .693	& 8.476.437	& 8.829.7; 4
Tgegkxcdnguc					
Rtqr gtvl wzgu (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	3.294.324	3.3; 9.: 59	3.233.: 87	: : 8.727	; 93.4: 7
Qvj gt (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	3.635.633	3.6; : .225	3.857.596	77; .5; :	534.994
Kpvgti qxgtpo gpcn (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	4.5; 5.: 44	5.52; .569	5.; 55.; 8:	6.35: .2; ;	6.94; .6: 7
Rtg/Rckf Gzr gpuguí í í í í í í í í	/	/	32.; 65	/	/
Fvg htqo qvj gt hwpfu (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	49; .8: 7	57; .686	32; .: 38	425.3: 4	445.; 6:
Total assets	35.3; 6.284	34.: 66.66:	35.8: 2.659	34.263.5; ;	34.: 67.2: 4
Liabilities and Fund Balances					
Ceeqvpwrc{cdng (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	875.674	925.452	7; 6.: 57	795.236	98: .: 9:
Fghgttgf txgpgw (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	7.246.3; ;	7.98: .; 57	8.553.237	7.266.7: 2	7.85: .264
Total liabilities	7.899.873	8.694.387	8.; 47.: 72	7.839.7; 6	8.628.; 42
Fund Balances					
Tgugt xgfí í í í í í í í í í í :	/	/	/	/	8; : .; 67
Wptgugt xgfí í í í í í í í í í í :	/	/	/	/	7.95; .439
Cuuki pgfí í í í í í í í í í í :	785.352	9; 9.897	; : 3.864	: 6; .325	/
Wpcuuki pgfí í í í í í í í í í í :	8.; 75.4: 3	7.796.82:	7.994.; 67	7.796.924	/
Total fund balance	9.738.633	8.594.4: 5	8.976.7: 9	8.645.: 27	8.65: .384
Total liabilities and fund balance	35.3; 6.284	34.: 66.66:	35.8: 2.659	34.263.5; ;	34.: 67.2: 4
Analysis of General Fund Balance					
Qr gtcvpi txgpgwgu (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	&92.: ; 4.673	&8: .482.59;	&88.286.787	&83.769.; 22	&84.78; .; : 2
Hwpf dcrpeg cu c r gtegpvqh					
qr gtcvpi txgpgwgu (XXXXXXXXXXXXXXXXXXXXXXXXXXXX)	32(82)	; (56)	32(14)	32(66)	32(1;)
Wpcuuki pgf hwpf dcrpeg cu					
c r gtegpvqh qr gtcvpi txgpgwgu (XXXX)	; 0 3'	: (89)	: (06)	; (28)	; (89)

General Fund Revenues and Expenditures
Five Year Summary of Audited Revenues and Expenditures (GAAP Basis)
And Adopted Budget (Budgetary Basis)
(In thousands)

	Adopted Budget ¹ 6/30/2015	Actual 6/30/2014	Actual 6/30/2013	Actual 6/30/2012	Actual 6/30/2011	Actual 6/30/2010
Revenues:						
Rtqr gtv\ czgu () &	72.37; : 56	& 6; .876.699	& 69.44; : 59	& 66.; : 3.266	& 66.332.99:	& 65.262.4; 6
Kpvti qxgt po gpcnt gxpvgu ()	35.: : 7.583	3: .982.593	3: .745.; 36	3: .692.383	37.72; .864	39.628.4: 7
F grctvo gpcnt gxpvgu í í í í í í í í í í	4.396.27:	4.363.998	4.2; 9.374	4.489.996	3.7; 8.575	3.955.98:
Kpxguo gpvkpeqo g í í í í í í í í í í	42.: 75	44.6: :	4: .4; 7	48.455	5: .365	9: .8; 5
Qvj gt t gxpvg í í í í í í í í í í	56; : 5;	535.55;	5: 3.3: 3	52; .575	4; 4.; : 6	532.; 62
Total.....	88.7; 2.367	92.; : 4.673	8: 482.59;	88.286.787	83.769.; 22	84.78; : ; 2
Expenditures:						
I gpgtcnI qxgt po gpv í í í í í í í í í í &	4.698.; : 2	4.7; 4.874	4.728.64:	4.794.345	4.598.25;	4.564.; 48
Rvdrie Uchgv í í í í í í í í í í í í í í	7.389.64;	7.2; 7.; 43	7.242.472	6; 44.862	6.945.965	6.787.386
Rvdrie Y qtmu í í í í í í í í í í í í í í	5.979.; 59	5.648.697	5.575.463	5.534.485	5.297.565	5.2; 7.8; 8
Rctmu cpf T getgcvkp í í í í í í í í í í	: 57.9; 4	: 29.285	979.: 4:	939.6; 2	857.398	86; 852
J genj cpf Y grhtg í í í í í í í í í í :	347.939	35; : 2; 6	354.477	34; : 89	369.882	347.424
Gf vevkqp í í í í í í í í í í í í í í	5; 446.649	65.458.: 94	64.; : 5.5; 3	5; 7; 4.744	58.; 52.228	5: .238.: 23
Fgdv Ugtxk eg í í í í í í í í í í í í í í	8.878.558	8.: 79.86;	8.: 33.693	9.567.; : 6	9.325.536	8.99: .368
Ecrken Qwrc { í í í í í í í í í í í í í í	/	7; 4.659	852.535	89: .273	6	6
Qvj gt í í í í í í í í í í í í í í	: .567.739	9.673.247	9.248.: 7:	9.578.962	8.: 57.588	7.9; 7.; 9;
Total.....	88.7; 2.367	92.3; : .3: :	8; 444.257	88.849.8; 2	83.: 48.869	83.58; .766
Excess (Deficiency) of Revenues						
Over Expenditures.....	/	925.485	*; 83.878+	*785.347+	*49: .969+	3.422.658
Other financing sources (uses):						
Qr gtcvpi vcpuhgtu kp í í í í í í í í í í &	/	352.9: 9	3: 9.5: 8	4: 2.; 2:	6: 4.795	86; 792
Dqpf Rtqeggfu í í í í í í í í í í í í í í	/	6	; 6; 4.94;	36.; : 2.; 54	6	3: .982.222
F grqukvq guetqy cpf equu qhfgdvkuwpcg í	/	6	*.668.998+	*36.88; .565+	6	*3: .779.29; +
Ecrken Ngcug Rtqeggfu í í í í í í í í í í	/	7; 4.659	852.535	89: .273	6	6
Qr gtcvpi vcpuhgtu qw í í í í í í í í í í	/	*4: 4.57; +	*4: 6.522+	*4: 8.763+	*43: .3: 5+	*3.542.346+
Total Other financing sources (uses).....	/	662.: 87	79; .574	: ; 5.: 29	486.5; 2	*689.855+
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other financing uses.....						
Fund Balance, Beginning of Year.....	9.738.633	8.594.4: 5	8.976.7: 9	8.645.: 27	8.65: .384	7.927.57;
Fund Balance, End of Year.....	& 9.738.633	& 9.738.633	& 8.594.4: 5	& 8.976.7: 9	& 8.645.: 27	& 8.65: .384

³ Budgetary Basis of accounting. Subject to audit. No assurances can be given that subsequent projections and the final result of operations will not change.

VII. Legal And Other Information

Litigation

Vj g Vqy p qhY cvgtvqy p. ku qhlegtu. go r m{ ggu dqctf u. cpf eqo o kuukpuctg pco gf f ghgpf cpvuk c pwo dgt qh rxy uvku. cz crr gcm. cfo kpkucvkg r tqeggf kpi u. cpf qj gt o kuegmppgquw erclo u0 Kku vj g qr kpkp qh vj g Vqy p Cwqtpg{. hqmjy kpi equuwcwqp y kj Vqy p qhhekn cpf qj gt cwqtpg{u r tqxkf kpi rgi cnugt xlegu vj vj g Vqy p. vj cv uvej r gpf kpi rski cvkp y kmpqvdg hpcmf f gvgto kpgf. kpf kxkf wcm{ qt kp ci i tgi cvg. uq cu vq tguwvkp hpcnlwf i o gpwu ci ckpuvj g Vqy p y j lej y qwr f j cxg c o cvgtkncf xgtug ghgevpq vj g Vqy p u hpcpeknr qukkp0

Documents Furnished At Delivery

Vj g qtki kpcn r wej cugt*u+ y km dg hwtpkuj gf vj g hqmjy kpi f qewo gpwu y j gp vj g Dqpf u cpf vj g P qvgu ctg f grkxgtf <

30 Uki pcwtg cpf P q Nkki cvkp Egt vhecvgu ucvkpi vj cv cv vj g vko g qh f grkxgt{ pq rski cvkp ku r gpf kpi qt vj gtcvpgf chgevkpi vj g xcrlf k{ qh vj g Dqpf u qt vj g P qvgu qt vj g rxx{ qt eqmgevqp qh vczgu v r c{ vj go 0

40 C egt vhecvg qp dgi chqhv vj g Vqy p. uki pgf d{ vj g Vqy p O cpci gt qt vj g F gr w{ Vqy p O cpci gt cpf vj g Vqy p Vtgcwtgt qt vj g F kt gevqt qh Hkpcpeg y j lej y km dg f cvgf vj g f cvg qh f grkxgt{ cpf cvcej gf vq c uki pgf eqr { qh vj g Qhhekn Ucvgo gpv. cpf y j lej y kmegt v{. vj vj g dguvqh uckf qhhekn) npqy rgi g cpf dgrgh vj cvcvj g vko g vj g dlf u y gtcy ctf gf hqt vj g Dqpf u cpf vj g P qvgu. vj g f guetk vqpu cpf ucvgu gpwu kp vj g Qhhekn Ucvgo gpvtgrvkpi vj vj g Vqy p cpf ku hpcpegu y gtcv tvg cpf eqttgevkp cmo cvgtkntgur geu cpf f kf pqveqpvk cp{ wptwg ucvgu gpvqhc o cvgtkncf vpeguuct{ vj o cnv vj g ucvgu gpwu vj g tglp. kp vj g rki j v qh vj g ekewo ucpegu wptgt y j lej vj g{ y gtc o cf g. pqvo kurgf kpi. cpf vj cv vj gtc j cu dggp pq o cvgtkncf xgtug ej cpi g kp vj g hpcpeknepf kxkp qh vj g Vqy p htqo vj cvugvhtj vj kp qt eqpvgo r rvgf d{ vj g Qhhekn Ucvgo gpv0

50 Tgegr u hqt vj g r wej cug r tleg qh vj g Dqpf u cpf vj g P qvgu0

60 Vj g crr tqxkpi qr kpkp qh F c{ Rkpg{ NNR. Dqpf Eqwpugn qh J ctvhtf. Eqppgevw0

70 Gzgewgf Eqpvkpi F kueruwtg Ci tggu gpwu hqt vj g Dqpf u cpf vj g P qvgu kp uwdvcpkcm{ vj g hqto u cvcej gf j gtcv cu Crr gpf legu E/3 cpf E/4 vj ku Qhhekn Ucvgo gpv0

80 Vj g Vqy p qhY cvgtvqy p j cur tgr ctgf cp Qhhekn Ucvgo gpvhqt vj g Dqpf u cpf vj g P qvgu y j lej ku f cvf O ctej 48. 42370 Vj g Vqy p f ggu u uvej Qhhekn Ucvgo gpv hpcncu qh ku f cvg hqt r wtr qugu qh UGE T wr 37e4/34 *d+*3+. dwk vku uwdlgev vq txxkxkp qt co gpf o gpv0 Vj g Vqy p y kmo cnv cxckrdng vj vj g y kppkpi dlf f gt*u+ qh vj g Dqpf u qpg j wptgf *322+ eqr lgu. cpf vj g P qvgu hxxg *7+ eqr lgu. qh vj g hpcn Qhhekn Ucvgo gpv cv vj g Vqy p u gzr gpug0 Vj g eqr lgu qh vj g Qhhekn Ucvgo gpv y km dg o cf g cxckrdng vj vj g y kppkpi dlf f gt*u+ cv vj g qhleg qh vj g Vqy p u hpcpekn cf xkuqt pq rvgt vj cp uxgxp dwukpguu f c{ u qh vj g dlf qr gpkpi 0 Kk vj g Vqy p u hpcpekn cf xkuqt ku r tqxkf gf y kj vj g pgeguuct{ kphqto cvkp htqo vj g y kppkpi r wej cugt d{ pqqp qh vj g f c{ hqmjy kpi vj g f c{ dlf u qp vj g Dqpf u cpf vj g P qvgu ctg tgegkxgf. vj g eqr lgu qh vj g hpcn Qhhekn Ucvgo gpv y knkpenwf cp cf f kxqpcneqxtg r ci g cpf qj gt r ci gu kpf kcvkpi vj g kpvgtg v tcvu. { kgrf u qt tgqhtg kpi r tlegu. vj g pco g qh vj g o cpci kpi wptgt y tkgt. vj g pco g qh vj g kpuwtgt. hpcp{. cpf cp{ ej cpi gu qp vj g Ugewtkgu0 Vj g r wej cugtu uj cmctt cpi g y kj vj g hpcpekn cf xkuqt vj g o gj qf qh f grkxgt{ qh vj g eqr lgu qh vj g Qhhekn Ucvgo gpv vj g r wej cugt0

C tgeqtf qh vj g r tqeggf kpi u vcnpg d{ vj g Vqy p kp cwj qt k kpi vj g Dqpf u cpf vj g P qvgu y km dg ngr vqp hkg cv qhlegu qh WUDDcpmP cvkpcn Cuuqekvqp. cpf o c{ dg gzco kpgf wr qp tgcupcdng tgs vgu0

Concluding Statement

Vj vj g gzvqpv vj cv cp{ uc vgo gpw o cf g kp vj ku Qhhekn Ucvgo gpv kpxqng o cvgtu qh qr kpkp qt guko cvgu. uvej uc vgo gpw ctg o cf g cu uvej cpf pqvcu tgr tguvpcvku qh hcevqt egtvcpv. cpf pq tgr tguvpcvku ku o cf g vj cv cp{ qh uvej uc vgo gpw y km dg tgerk gf 0 kphqto cvkqp j gtgkp j cu dggp f gtxgf d{ vj g Vqy p htqo qhhekn cpf qvj gt uqwtegu cpf ku dgrgxf d{ vj g Vqy p vq dg tgrk dng. dwuwej kphqto cvkqp qvj gt vj cp vj cvqdvkpgf htqo qhhekn tgeqtf u qh vj g Vqy p j cu pqvdggp kpf gr gpf gpv{ eqphkto gf qt xgtkkgf d{ vj g Vqy p cpf ku ceewtce{ ku pqvi wctcpvggf 0

Vj ku Qhhekn Ucvgo gpv j cu dggp f wv{ r tgr ctgf cpf f grkxgtgf d{ vj g Vqy p. cpf gzgewgf hqt cpf qp dgj cih qh vj g Vqy p d{ vj g hqmty kpi qhhekn

TOWN OF WATERTOWN, CONNECTICUT

D{< hvl *Robert M. Scannell*

Tqdgtv 0 Uecppgm *Town Manager*

D{< hvl *Frank J. Nardelli, Jr.*

Hcpml 0 Pctf grk Lt 0 *Director of Finance*

Fcvgf < O ctej 39. 4237

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Appendix A

2014 Financial Statements
Excerpted from the Town's Comprehensive Annual Financial Report

Vj g hqny kpi kpenf gu vj g I gpgtcnRwtr qug HkpcelcnUcvgo gpw qh vj g Vqy p qhY cvgt wqy p. Eqppgevwelht vj g hucen {gct gpf gf Lxpg 52. 42360 Vj g uwr r ngo gpvcnf cvc vj cvy cu c r ctvqh vj cvtgr qtvj cu pqvdggp tgr tqf wegf j gtglp0 C eqr { qh vj g eqo r rnyg tgr qtvku cxckrdng wr qp tgs wguvltqo Dett { I0Dgtpcdg. O cpei kpi Fktgevt. Rj qgpz Cf xkuqtu. 75 Tkxgt Utggv. Uwkxg 3. O khtf. Eqppgevw286820 Vgrgr j qpg *425+4: 5/33320

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BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

Vq vj g Vqy p Eqwpekn
Vqy p qh Y cvgtvqy p. Eqppgevwew

Report on the Financial Statements

Y g jcxg cwfkgf vj g ceeqo rcp{ kpi hpcpekn ucwgo gpw qh vj g i qxgtpo gpwn cevkxkgu. vj g dwukpguu/v{rg cevkxkgu. gcej o clqt hwpf cpf vj g ci i tgi cvg tgo ckpki hwpf kphqto cvkqp qh vj g Vqy p qh Y cvgtvqy p. Eqppgevwew. cu qh cpf hqt vj g {gct gpf gf Lwpg 52. 4236. cpf vj g tgrwvf pqvq vq vj g hpcpekn ucwgo gpw. y jkej eqmgevkgnf eqo rtkug vj g Vqy p qh Y cvgtvqy p. Eqppgevwew dcul hpcpekn ucwgo gpw cu rkwgf kp vj g vcdrg qheqpvvpu0

Management's Responsibility for the Financial Statements

O cpci go gpvku tgr qpukdrq hqt vj g r tgr ctvkvq cpf hct r tguvkvq qh vj g hpcpekn ucwgo gpw kp ceeqtf cpeg y kj ceeqwpvki r tkpek ngu i gpgtcmf ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlcc=vj ku kpenmf gu vj g fguki p. ko r ngo gpvkvq cpf o ckvpcpeg qh kvgtpcn eqpvqn tgrxcpv vq vj g r tgr ctvkvq cpf hct r tguvkvq qh hpcpekn ucwgo gpw vj cvctg htgg htqo o cvgtkno kuwvgo gpv. y j gj gt f wq htwf qt gttqt0

Auditors' Responsibility

Qwt tgr qpukdrk{ ku vq g zr tguu qr kpkpu qp vj g hpcpekn ucwgo gpw dcugf qp qwt cwf k0 Y g eqpf wvqf qwt cwf kv kp ceeqtf cpeg y kj cwf kpi ucpcf tfu i gpgtcmf ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlcc cpf vj g ucpcf tfu cr r tkcdrg vq hpcpekn cwf ku eqpvkpgf kp *Government Auditing Standards*. kuwgf d{ vj g Eqo r vtqmt I gpgtcmf qh vj g Wpkgf Ucvgu0 Vj qug ucpcf tfu tgs wktg vj cv y g r rcp cpf r gthqto vj g cwf kv vq qdvkpv tgcupcdrg cuwvcpv cdqww y j gj gt vj g hpcpekn ucwgo gpw ctg htgg qho cvgtkno kuwvgo gpv0

Cp cwf kv kpxqrgu r gthqto kpi r tqegf wtgu vq qdvkpv cwf kv gxkf gpeg cdqww vj g co qwpv cpf f kuerquwtgu kp vj g hpcpekn ucwgo gpw0 Vj g r tqegf wtgu ugrvqf fgr gpf qp vj g cwf kv ku0 lwf i o gpv. kpenmf kpi vj g cuuguu gpv qh vj g tkumu qh o cvgtkno o kuwvgo gpv qh vj g hpcpekn ucwgo gpw. y j gj gt f wq htwf qt gttqt0 Kp o cnkpi vj qug tkum cuuguu gpw. vj g cwf kv ku eqpvkgt kvgtpcn eqpvqn tgrxcpv vq vj g gpv{ au r tgr ctvkvq cpf hct r tguvkvq qh vj g hpcpekn ucwgo gpw kp qtf gt vq fguki p cwf kv r tqegf wtgu vj cvctg cr r tqrtkvg kp vj g ekteu ucpegu. dw p qv hqt vj g r wtr qug qh g zr tguu kpi cp qr kpkpu qp vj g ghgevkxpguu qh vj g gpv{ au kvgtpcn eqpvqn0 Ceeqtf kpi n{. y g zr tguu pq uwej qr kpkpu0 Cp cwf kv cnq kpenmf gu gxcnkvki vj g cr r tqrtkvgpguu qh ceeqwpvki r tkpek wugf cpf vj g tgcupcdrgpguu qh uki ptkvkv ceeqwpvki guko cvgu o cf g d{ o cpci go gpv. cu y gmcu gxcnkvki vj g qxgcmr tguvkvq qh vj g hpcpekn ucwgo gpw0

Y g dgrkxg vj cv vj g cwf kv gxf gpeg y g j cxg qdvkpgf ku uwkkgpv cpf cr rtrtkvq vq r tqxf g c dcuku hqt qwt cwf kvqr kpkpu0

Opinions

Kp qwt qr kpkp. vj g hpcpeknucvgo gpv tghgtgf vq cdqyg rtgugpv hctn. kp cmo cvgtkntgur gew. vj g tgur gevxxg hpcpeknr qukkqp qh vj g i qxgtpo gpcncevxxkkgu. vj g dwukpguu/vj rg cevxxkkgu. gcej o clqt hwpf cpf vj g ci itgi cvg tgo clkpi hwpf kphqto cvkqp qh vj g Vqy p qh Y cvgtvqy p. Eqppgevw. cu qh Lwpg 52. 4236 cpf vj g tgur gevxxg ej cpi gu kp hpcpekn r qukkqp cpf. y j gtg cr r rlecdr. ecuj hmy u vj gtgqh hqt vj g {gct vj gp gpf gf kp ceeqtf cpeg y kj ceeqwvki r tkpekrgu i gpgtcm{ ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec0

Other Matters

Required Supplementary Information

Ceeqwvki r tkpekrgu i gpgtcm{ ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec tgs vktg vj cv vj g o cpci go gpvu f kuewukqp cpf cpcn{uku qp rci gu 6 vj tqwi j 33. vj g dwfi gvt{ eqo rctkqp kphqto cvkqp qp rci gu 75 vj tqwi j 79 cpf tgs vktgf uej gf wrgu qh Rgpukqp cpf QRGD Vtwuv Hwpfu qp rci gu 7: vj tqwi j 85 dg rtgugpvgf vq uwr rrgo gpv vj g dcule hpcpekn ucvgu gpvu0 Uwej kphqto cvkqp. cmj qwi j pqv c rctv qh vj g dcule hpcpekn ucvgu gpvu. ku tgs vktgf d{ vj g I qxgtpo gpcn Ceeqwvki Ucpfctfu Dqctf. y j lej eqpukgtu kv vq dg cp guugpvkn rctv qh hpcpekn tgr qt vki hqt r rckpi vj g dcule hpcpekn ucvgu gpvu kp cp cr rtrtkvq qr gtcvqpcn geqpqo le qt j kvqtkecn eqpvz0 Y g j cxg cr r rkgf egtvcp n0 kgf rtqegf wtgu vq vj g tgs vktgf uwr rrgo gpvt{ kphqto cvkqp kp ceeqtf cpeg y kj cwf kki ucpfctfu i gpgtcm{ ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec. y j lej eqpukvqf qh kps vktgu qh o cpci go gpv cdqw vj g o gy qfu qh rtgrctki vj g kphqto cvkqp cpf eqo rctki vj g kphqto cvkqp hqt eqpukvqpe{ y kj o cpci go gpvu tgur qpugu vq qwt kps vktgu. vj g dcule hpcpekn ucvgu gpvu cpf qvj gt npqy ngfi g y g qdvkpgf f vtkpi qwt cwf kv qh vj g dcule hpcpekn ucvgu gpvu0 Y g fq pqv gzr tguu cp qr kpkp qt r tqxf g cp{ cuwv cpeg qp vj g kphqto cvkqp dgecvug vj g n0 kgf rtqegf wtgu fq pqv r tqxf g wu y kj uwkkgpv gxf gpeg vq gzr tguu cp qr kpkp qt r tqxf g cp{ cuwv cpeg0

Other Information

Qwt cwf kv y cu eqpf wvqf hqt vj g r wtr qug qh hqto kpi qr kpkpu qp vj g hpcpekn ucvgu gpvu vj cv eqmgevxxgn{ eqo rtkug vj g Vqy p qh Y cvgtvqy p. Eqppgevwu dcule hpcpekn ucvgu gpvu0 Vj g kvtqf vevt{ ugevq. eqo dlkpi cpf kpf kxf wcn pqpo clqt hwpf hpcpekn ucvgu gpvu cpf uej gf wrgu. cpf ucwvkecn ugevq ctg rtgugpvgf hqt r wtr qugu qh cff kkpncn cpcn{uku cpf ctg pqvc tgs vktgf rctv qh vj g dcule hpcpekn ucvgu gpvu0

Vj g eqo dlkpi cpf kpf kxf wcn pqpo clqt hwpf hpcpekn ucvgu gpvu cpf uej gf wrgu ctg vj g tgur qpukdkk{ qh o cpci go gpv cpf y gtg fgtkxgf htqo cpf tgrvq fktgwm{ vq vj g wpf gtn{ kpi ceeqwvki cpf qvj gt tgeqt fu wugf vq rtgrctg vj g dcule hpcpekn ucvgu gpvu0 Uwej kphqto cvkqp j cu dggp uwdlgevqf vq vj g cwf kki rtqegf wtgu cr r rkgf kp vj g cwf kv qh vj g dcule hpcpekn ucvgu gpvu cpf egtvcp cff kkpncn rtqegf wtgu. kpenf kpi eqo rctki cpf tgeqpekki uwej kphqto cvkqp fktgwm{ vq vj g wpf gtn{ kpi ceeqwvki cpf qvj gt tgeqt fu wugf vq rtgrctg vj g dcule hpcpekn ucvgu gpvu qt vq vj g dcule hpcpekn ucvgu gpvu vj go ugkxgu. cpf qvj gt cff kkpncn

rtqegfwtgu kp ceeqtf cpeg y kj cwf kkp i ucpfctfu i gpgtcmf ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec0 kp qwt qr kkp. vj g eqo dkkp i cpf kpkf wcnppqo clqt hwpf hpcpeknucvgo gpw cpf uej gf wgu ctg hcknf ucvgf kp cm o cvgtkcn tgr gewu kp tgrvqp vj vj g dcule hpcpeknucvgo gpw cu c y j qrg0

Vj g kptqf vextf{ cpf ucvkuecn ugevku j cxg pqv dggp uwdlgev f vj vj g cwf kkp i rtqegf wtgu cr rrgf kp vj g cwf kv qh vj g dcule hpcpekn ucvg o gpw. cpf. ceeqtf kpi nf. y g f q pqv gzrtguu cp qr kkp qt r tqxkf g cp{ cuwtcpeg qp vj go 0

Y g cnq rtgxkwunf cwf kkgf. kp ceeqtf cpeg y kj cwf kkp i ucpfctfu i gpgtcmf ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec. vj g dcule hpcpeknucvgo gpw qh vj g Vqy p qh Y cvgtvqy p. Eqppgevwew cu qh cpf hqt vj g {gct gpf gf Lwpg 52. 4235 *pqv rtgugpvvf j gtgk+ cpf j cxg kuwgf qwt tgr qtv vj gtgqp f cvgf Fgego dgt 33. 4233. y j lej eqpvkpgf wpo qf kkgf qr kkp qp vj g tgr gevkg hpcpeknucvgo gpw qh vj g i qxgtpo gpcncevkkkgu. dwukguu/vrg cevkkgu. gcej o clqt hwpf cpf vj g ci i tgi cvg tgo clkp i hwpf kphqto cvkp0 Vj g ceeqo r cp{ kpi I gpgtcmf hwpf dcrpeg uj ggvcu qh Lwpg 52. 4235 ku rtgugpvvf hqt r vtr qugu qh cf f kkp cn r cpcn{ uku cpf ku pqv c tgs vktgf r ctv qh vj g dcule hpcpekn ucvg o gpw0 Uvej kphqto cvkp ku vj g tgr qpukkkv{ qh o cpci go gpv cpf y cu fgtkxgf htqo cpf tgr vgf fktgevf vj vj g wpf gtnf kpi ceeqwv kpi cpf qj gt tgeqtf u wugf vj r tgr ctg vj g 4235 hpcpekn ucvg o gpw0 Vj g ceeqo r cp{ kpi I gpgtcmf hwpf dcrpeg uj ggvcu j cu dggp uwdlgev f vj vj g cwf kkp i rtqegf wtgu cr rrgf kp vj g cwf kv qh vj g 4235 dcule hpcpekn ucvg o gpw cpf egtvcp cf f kkp cn r tgeqtf wtgu kpenf kpi eqo r ct kpi cpf tgeqpek kpi uvej kphqto cvkp fktgevf vj vj g wpf gtnf kpi ceeqwv kpi cpf qj gt tgeqtf u wugf vj r tgr ctg vj qug hpcpekn ucvg o gpw qt vj vj qug hpcpekn ucvg o gpw vj go ugrkgu. cpf qj gt cf f kkp cn r tgeqtf wtgu kp ceeqtf cpeg y kj cwf kkp i ucpfctfu i gpgtcmf ceegr vgf kp vj g Wpkgf Ucvgu qh Co gtlec0 kp qwt qr kkp. vj g I gpgtcmf hwpf dcrpeg uj ggvcu ku hcknf ucvgf kp cm o cvgtkcn tgr gewu kp tgrvqp vj vj g dcule hpcpeknucvgo gpw cu c y j qrg hqt vj g {gct gpf gf Lwpg 52. 42350

Other Reporting Required by Government Auditing Standards

Kp ceeqtf cpeg y kj *Government Auditing Standards*. y g j cxg cnq kuwgf qwt tgr qtv f cvgf Fgego dgt 52. 4236 qp qwt eqpukf gtvkp qh vj g Vqy p qh Y cvgtvqy p. Eqppgevwewu kvgtpcn eqvtqn qxgt hpcpekn tgr qt v kpi cpf qp qwt vguu qh ku eqo r rncpeg y kj egtvcp r tqxkukpu qh rry u. tgi wvkuu. eqvtcevu. cpf i tcpvc i tgg o gpw cpf qj gt o cvgtu0 Vj g r vtr qugu qh vj cvtgr qtv ku vj f guetkdg vj g ueqr g qh qwt vgu kpi qh kvgtpcn eqvtqn qxgt hpcpekn tgr qt v kpi cpf eqo r rncpeg cpf vj g tguu qh vj cv vgu kpi . cpf pqv vj r tqxkf g cp qr kkp qp kvgtpcn eqvtqn qxgt hpcpekn tgr qt v kpi qt qp eqo r rncpeg0 Vj cvtgr qtv ku cp kvgi tcn r ctv qh cp cwf kv r gthqto gf kp ceeqtf cpeg y kj *Government Auditing Standards* kp eqpukf gtv kpi vj g Vqy p qh Y cvgtvqy p. Eqppgevwewu kvgtpcn eqvtqn qxgt hpcpekn tgr qt v kpi cpf eqo r rncpeg0

Blum, Shapiro & Company, P.C.

Y guvJ ctvhtf. Eqppgevwew
Fgego dgt 52. 4236

**TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Vj ku fkwuukap cpf cpcn{uku qh vj g Vqy p qh Y cvgtvqy p. Eqppgekwau *vj g Vqy p+ hpcpekn r gthqto cpeg ku r tqxkf gf d{ o cpci go gpv vq r tqxkf g cp qxgtxkgy qh vj g Vqy p au hpcpekn cevxkkgu hqt vj g hkwcn {gct gpf gf Lwp 52. 42360 Rrgcug tgcf vj ku OF(C kp eqplwpevkp y kj vj g vtcpuo kwcnrgwt cpf vj g Vqy p au hpcpeknucvgo gpv. Gzj kdku Kv KZ0

Financial Highlights

- Vj g Vqy p au vqcnpgvr qukkap kpetgcugf & 93.222 vj qwucpf cu c tguwvqh vj ku {gct au qr gtcvkqpu0 P gvr qukkap qhqt i qxgtpo gpvcncevxkkgu kpetgcugf d{ &305 o krikp0
- F wtkpi vj g {gct. vj g Vqy p j cf g zr gpugu vj cv y gtg &305 o krikp nguu vj cp vj g &9702 o krikp i gpgtcvgf kp vcz cpf qvj gt tggpvgu hqt i qxgtpo gpvcnr tqi tco u0
- Kp vj g Vqy p au dwukpau/vr g cevxkkgu. vqcn pgv r qukkap fgetgcugf &532 vj qwucpf0 Wptgutlevgf pgv r qukkap fgetgcugf d{ &579 vj qwucpf *8807 o krikp kp 4236 eqo rctgf y kj &80 o krikp kp 4235+0
- Vqcn equv qh cmqh vj g Vqy p au r tqi tco u y cu &9: 02 o krikp y kj pq pgy r tqi tco u cf f gf vj ku {gct0
- Vj g I gpgtcn Hwpf tgr qtv gf cp wpcuiki pgf hwpf dcrpeg vj ku {gct qh &80 o krikp0
- Vj g tguqtegu cxckcdng hqt crrtqr tkvkp y gtg &305 o krikp o qtg vj cp dwf i gvgf hqt vj g I gpgtcn Hwpf0 Gzr gpf kwatgu y gtg ngr vy kj kp ur gpf kpi rko ku0

Overview of the Financial Statements

Vj ku cppwcn tgr qtv eqpuku qh c ugtkgu qh hpcpekn ucvgu gpv0 Vj g ucvgu gpv qh pgv r qukkap cpf vj g ucvgu gpv qh cevxkkgu *Gzj kdku Kcpf KK tgr gevxgn{ + r tqxkf g kphqto cvkq cdqw vj g cevxkkgu qh vj g Vqy p cu c y j qrg cpf r tguvpvc mpi gt/vgtu xkgy qh vj g Vqy p au hpcpegu0 Hwpf hpcpeknucvgo gpv ctg r tguvpvf kp Gzj kdku KKv KZ0 Hqt i qxgtpo gpvcncevxkkgu. vj gug ucvgu gpv vgm j qy vj gug ugtxlegu y gtg hpcpegf kp vj g uj qtv vgtu cu y gmcu y j cvtgo ckpu hqt hwwtg ur gpf kpi 0 Hwpf hpcpeknucvgo gpv cniq tgr qtv vj g Vqy p au qr gtcvkqpu kp o qtg f gckn vj cp vj g i qxgtpo gpv y kf g ucvgu gpv d{ r tqxkf kpi kphqto cvkq cdqw vj g Vqy p au o quv uki p hpcpv hwpf u0 Vj g tgo ckpki ucvgu gpv r tqxkf g hpcpekn kphqto cvkq cdqw cevxkkgu hqt y j lej vj g Vqy p ceu uqng{ cu c vtwvgg qt ci gpv hqt vj g dgpghv qh vj qug qwukf g qh vj g i qxgtpo gpv0

Government-Wide Financial Statements

Vj g cpcn{uku qh vj g Vqy p cu c y j qrg dgi kpu qp Gzj kdku Kcpf KO Vj g ucvgu gpv qh pgv r qukkap cpf vj g ucvgu gpv qh cevxkkgu tgr qtv kphqto cvkq cdqw vj g Vqy p cu c y j qrg cpf cdqw ku cevxkkgu hqt vj g ewtgpvr gtlqf0 Vj gug ucvgu gpv kpenmf g cmcuugv cpf rcdkkgu wulpi vj g ceetwncuku qh ceeqwpkpi . y j lej ku uko krt vq vj g ceeqwpkpi wugf d{ o quv r tkxv/ugevqt eqo r cplgu0 Cm qh vj g ewtgpv {gct au tggpvgu cpf g zr gpugu ctg vcnrp kvq ceeqwpvtgi ctf nguu qh y j gp ecuj ku tgegkxgf qt r ckf0

Vj gug vy q ucvgu gpv tgr qtv vj g Vqy p au pgv r qukkap cpf ej cpi gu kp vj go 0 Vj g Vqy p au pgv r qukkap. vj g f khtgpeg dgw ggp cuugv cpf rcdkkgu. ku qpg y c{ vq o gcuwg vj g Vqy p au hpcpekn j gcnj . qt hpcpekn r qukkap0 Qxgt vko g. kpetgcugu qt fgetgcugu kp vj g Vqy p au pgv r qukkap ctg qpg kp f kcvqt qh y j gy gt ku hpcpekn j gcnj ku ko r tqxkpi qt f gvtkqtevkpi 0 Vj g tgcf gt pggf u vq eqpukf gt qvj gt p qphpcpekn hcevtu. j qy gxgt. uvej cu ej cpi gu kp vj g Vqy p au r tqr gv{ vcz dcug cpf vj g eqpf kkap qh vj g Vqy p au ecr kcn cuugv. vq cuugv vj g qxgtcmj gcnj qh vj g Vqy p0

Kp vj g ucwgo gpv qh pgv r qukkqp cpf vj g ucwgo gpv qh cevxxkkgu. y g f kxkf g vj g Vqy p kpq v y q v r gu qh cevxxkkgu

- *Governmental Activities* / O quv qh vj g Vqy p au dcuke ugtxlegu ctg tgr qtvgf j gtg. kpenmf kpi gf wecvkqp. r wdrle uchgv. r wdrle y qtmu. r ctmu cpf tgetgcvkqp. j gcnj cpf y ghtctg cpf i gpgtcn cf o kpkwcvkqp Rtqr gt v czgu. ej cti gu hqt ugtxlegu. cpf ucwv cpf hgf gtcni tcvu hkpcepg o quv qh vj g ug cevxxkkgu
- *Business-Type Activities* / Vj g Vqy p ej cti gu c hgg vq ewuqo gtu vq j gr kveqxtg cmqt o quv qh vj g equv qh egtvcp ugtxlegu kv r tqxkf gu Vj g Vqy p au ugy gt. y cvgt cpf i qrh eqwtug qr gtcvkqp ctg tgr qtvgf j gtg

Fund Financial Statements

Vj g hwpf hkpcekn ucwgo gpw dgi kp y kj Gzj kdkv kkcpcf r tqxkf g f gvckrgf kphqto cvkqp cdqw vj g o quv uki p hkpcekn hwpf u / pqv vj g Vqy p cu c y j qng Uqo g hwpf u ctg tgs wktgf vq dg gucdrkuj gf d{ Ej ctvgt J qy gxgt. vj g Vqy p Eqwpekn gucdrkuj gu o cp{ qv gt hwpf u vq j gr eqptqncpf o cpci g hkpcekn cevxxkkgu hqt r ctvkwrt r wtr qugu *rkn vj g Dqctf qh Gf wecvkqp Eqo o wpkv Ugtxleg Hwpf + qt vq vj qy vj cv kv ku o ggkpi ngi cntgur qpukdrkkgu hqt wukpi i tcvu cpf qv gt o qpg{ *rkn i tcvu tgegkxgf hqt gf wecvkqp htqo vj g ucwv cpf hgf gtcni qxgtpo gpw u Vj g Vqy p au hwpf u ctg f kxkf gf kpq vj tgg ecvgi qtkgu i qxgtpo gpv n r tqrtkgvt{ cpf hf wekt{ 0

- *Governmental Funds (Exhibits III and IV)* / O quv qh vj g Vqy p au dcuke ugtxlegu ctg tgr qtvgf kp i qxgtpo gpv n hwpf u. y j lej hqewu qp j qy o qpg{ hny u kpq cpf qw qh vj qug hwpf u cpf vj g dcrpegu ngv cv {gct/gpf vj cv ctg cxckrdrg hqt ur gpf kpi 0 Vj g hwpf u ctg tgr qtvgf wukpi cp ceeqwpvpi o gy qf ecmgf o qf hkgf ceetwcn ceeqwpvpi. y j lej o gcuwtgu ecuj cpf cm qv gt hkpcekn cuugv vj cvecp tgc f kxkf dg eqpxgtvgf vq ecuj 0 Vj g i qxgtpo gpv n hwpf ucwgo gpw r tqxkf g c f gvckrgf vj qt vgt o xky qh vj g Vqy p au i gpgtcni qxgtpo gpv r gtcvkqp cpf vj g dcuke ugtxlegu kv r tqxkf gu I qxgtpo gpv n hwpf kphqto cvkqp j gr u {qwf gvto kpg y j gy gt vj gtg ctg o qtg qt hgy gt hkpcekn tguwtegu vj cv ecp dg ur gpv kp vj g pgct hwwt vq hkpcepg vj g Vqy p au r tqi tco u Vj g tgr vkp vj k *qt f hgtgpegu+ dgw ggp i qxgtpo gpv n cevxxkkgu *tgr qtvgf kp vj g ucwgo gpv qh pgv r qukkqp cpf vj g ucwgo gpv qh cevxxkkgu+ cpf i qxgtpo gpv n hwpf u ku f guetkdgf kp c tgeqpekrcvkqp kpenmf gf y kj vj g hwpf hkpcekn ucwgo gpw
- *Proprietary Funds (Exhibits V, VI and VII)* / Y j gp vj g Vqy p ej cti gu ewuqo gtu hqt vj g ugtxlegu kv r tqxkf gu. y j gy gt vq qwukf g ewuqo gtu qt vq qv gt wpkv qh vj g Vqy p. vj g ug ugtxlegu ctg i gpgtcn tgr qtvgf kp r tqrtkgvt{ hwpf u Rtqr tkgvt{ hwpf u ctg tgr qtvgf kp vj g uco g y c{ vj cv cm cevxxkkgu ctg tgr qtvgf kp vj g ucwgo gpv qh pgv r qukkqp cpf vj g ucwgo gpv qh cevxxkkgu Kp hcev vj g Vqy p au gpv r tkug hwpf u *c eqo r qp gpv qh r tqrtkgvt{ hwpf u+ ctg vj g uco g cu vj g dwkpguu/v r g cevxxkkgu tgr qtvgf kp vj g i qxgtpo gpv y kf g ucwgo gpw. dw r tqxkf g o qtg f gvckn cpf c f kxkqpn kphqto cvkqp. uvej cu ecuj hny u. hqt r tqrtkgvt{ hwpf u Kvgtpcn ugtxleg hwpf u *vj g qv gt eqo r qp gpv qh r tqrtkgvt{ hwpf u+ ctg wugf vq tgr qv cevxxkkgu vj cv r tqxkf g uw r rkgu cpf ugtxlegu hqt vj g Vqy p au qv gt r tqi tco u cpf cevxxkkgu / uvej cu vj g Vqy p au J gcnj cpf F gpv n Dgpgkku cpf Y qtngtu Eqo r gpucvkqp Kvgtpcn Ugtxleg Hwpf u
- *Fiduciary Funds (Exhibits VIII and IX)* / Vj g Vqy p ku vj g vtuwgg. qt hf wekt{. hqt ku go r m{ gguo r gpukqp r rpuo Cm qh vj g Vqy p au hf wekt{ cevxxkkgu ctg tgr qtvgf kp ugr ctevg ucwgo gpw qh hf wekt{ pgv r qukkqp cpf ej cpi gu kp hf wekt{ pgv r qukkqp Vj g ug cevxxkkgu ctg gzenmf gf htqo vj g Vqy p au qv gt hkpcekn ucwgo gpw dgecwug vj g Vqy p ecppqv wug vj g ug cuugv vq hkpcepg ku qr gtcvkqp Vj g Vqy p ku tgur qpukdrg hqt gpuwtkpi vj cv vj g cuugv tgr qtvgf kp vj g hwpf u ctg wugf hqt vj g k kpvgpf gf r wtr qugu

Government-Wide Financial Analysis

Vj g Vqy p u eqo d pgf pgvr qukkqp k petgcugf htqo c {gct ci q k petgcukpi htqo &37706 o k nkqp vq &37806 o k nkqp0 Vj g cpcn{ uku dgmty hqewugu qp vj g pgvr qukkqp *Vcdng 3+cpf ej cpi gu kp pgvr qukkqp *Vcdng 4+ qh vj g Vqy p u i qxgtpo gpcncpf dwukpguu/v{r g cevkxkkgu0

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
	Ewtgpcvcpf qvj gt cuugvu Ecr kncncuugvu. pgvqh ceewo wrvgf fgr tgekvkqp Vqvcncuugvu	4. .: ; 4	49.2. ;	9.3; 5	9. : 62	58.2: 7
Fghgttgf ej cti g qp tghwvf kpi	3; 9.595	3; . 44:	36.; 96	37.5; 7	434.569	435.845
Nqpi /vgo rickdkkkgu qwucvcpf kpi	448.487	447.539	44.389	45.457	46. .654	46. .774
Qvj gt rickdkkkgu Vqvcnrickdkkkgu	3.46:	3.4; 3			3.46:	3.4; 3
PgvRqukkqp<	99. : 6:	: 3.232	4.992	5.446	: 2.83:	: 6.456
Pgvkpxguo gpvkp ecr kncncuugvu	34.358	: .573	736	: 39	34.872	32.38:
Tgutlevgf	: ; .: 6	: 2.583	5.4: 6	6.263	: 5.48:	: 6.624
Wptgutlevgf	354.4; 5	34. : 775	34.62:	34.584	366.923	362. ; 37
Wptgutlevgf	4. ;	4; 4			4. ;	4; 4
VqvcnPgvRqukkqp	6.; 69	9.624	8.697	8. : 54	33.644	36.456
	& 359.74;	& 358.469	& 3: .: : 5	& 3; .3: 6	& 378.634	& 377.663

Pgv rqukkqp qh vj g Vqy p u i qxgtpo gpcncevkxkkgu k petgcugf d{ &306 o k nkqp *&35907 o k nkqp kp 4236 eqo rctgf y kj &35804 o k nkqp kp 4235+0 Vj g 4235 tgr qtvgf pgvr qukkqp kpenwf gu c tg/cmtecvkqp dgy ggp pgv kpxguo gpvkp ecr kncncuugvu cpf wptgutlevgf0 Vj g Vqy p u wptgutlevgf pgvr qukkqp qh &60 o k nkqp fgetgcugf &407 o k nkqp eqo rctgf y kj r uv {gctuo wptgutlevgf pgvr qukkqp qh &906 o k nkqp0 Vj g fgetgcug ku rtko ctkn{ cwtkdwcdng vq vj g tgr c{ o gpv qh dqp f u qh &608 o k nkqp. fgetgcugu qh pgv ecr kncncuugvu qh & 77 vj qwucvcpf . cpf cp qxgtemkpetgcug vq pgvr qukkqp qh &306 o k nkqp0 Wptgutlevgf pgvr qukkqp ecp dg wugf vq h cpeg fc{/vq/fc{ qr gtcvkqpu y kj qw eqpwtckpu gucdnkuj gf d{ fgdv eqxgpcpw. gpcdrkpi ngi kurvkqp qt qvj gt ngi cntgs vkt go gpw0 Pgvkpxguo gpvkp ecr kncncuugvu k petgcugf &50 o k nkqp0

Fwtkpi 4236. vj g pgv rqukkqp qh vj g Vqy p u dwukpguu/v{r g cevkxkkgu fgetgcugf d{ &533 vj qwucvcpf0 Wptgutlevgf pgvr qukkqp fgetgcugf &579 vj qwucvcpf *&807 o k nkqp kp 4236 eqo rctgf y kj &80 o k nkqp kp 4235+0 Eqpvtkdwkpi h evtu vq vj g ej cpi g kp vqvcn pgv rqukkqp cpf wptgutlevgf pgv rqukkqp hqmty u Vcdng 40 Vj g Vqy p i gpgtcm{ ecp qpn{ wug vj ku pgvr qukkqp vq h cpeg vj g eqpvkpwkpi qr gtcvkqpu qh vj g Ugy gt Cwj qtkv{. Y cvgt Cwj qtkv{ cpf Etgudtqqml qrh Gpvgr tkug Hwvf u0

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Tgxgpwgu<						
Rtqi tco tdxgpwgu<						
Ej cti gu hqt ugtxlegu	5.683	5.832	5.59	5.935	9.4;	9.545
Qr gtcvpi i tcpu cpf						
eqptkdwkqpu	3;.6:2	3;.775			3;.6:2	3;.775
Ecr keni tcpu cpf						
eqptkdwkqpu	;72	5.89;	;5		3.265	5.89;
I gpgtcntgxgpwgu<						
Rtqr gtv\ czgu	6;.6;:	69.59;			6;.6;:	69.59;
I tcpu cpf eqptkdwkqpu pqv						
tgutlevf vq ur gekle r wtr qugu	3.372	3.353			3.372	3.353
Wptgutlevf lpxguvo gpv						
gctpkpi u	4;	57	8	8	57	63
Qvj gt i gpgtcntgxgpwgu	666	55;			666	55;
Vqvcntgxgpwgu	<u>97.234</u>	<u>96.946</u>	<u>5;.58</u>	<u>5.93;</u>	<u>9;.6:</u>	<u>9;.665</u>
Gzr gpugu<						
I gpgtcni qxgtpo gpv	;.859	32.883			;.859	32.883
Rwdrle uchgv\	8.3:2	8.6;8			8.3:2	8.6;8
Rwdrle y qtmu	7.3;7	7.495			7.3;7	7.495
Rctmu cpf tgetgvkqp	3.585	3.42;			3.585	3.42;
J gcnj cpf y ghtctg	74;	338			74;	338
Gf wecvkqp	6;.4:3	69.982			6;.4:3	69.982
Kpvtguvqp mpi /vgtu fgdv	4.7:9	4.3;:			4.7:9	4.3;:
Ugy gt			4.2;:	4.2:3	4.2;:	4.2:3
Y cvgt			3.685	3.683	3.685	3.683
I qrh			864	7;:	864	7;:
Vqvcngzr gpugu	<u>95.994</u>	<u>95.924</u>	<u>6.425</u>	<u>6.352</u>	<u>99;.97</u>	<u>99;.54</u>
Gzeguu *f ghlekppe{+dghqtg vtcpuhgtu	3.462	3.244	*489+	*633+	;95	833
Vtcpuhgtu	65	8;5	*65+	*5+	/	822
Kpetgcug *F getgcug+kp P gvRqukkqp	<u>& 3.4:5</u>	<u>& 3.937</u>	<u>& *532+</u>	<u>& *726+</u>	<u>& ;95</u>	<u>& 3.433</u>

Vj g Vqy p u vqvcntgxgpwgu y gtg  9: Q o krikqp0 Vj g vqvcnequv qh cm r tqi tco u cpf ugtxlegu y cu  9:   o krikqp0 Qwt cpcn\uku dgrny ugr ctcvgn\ eqpukf gtu vj g qr gtcvqpu qh i qxgtpo gpvcn cpf dwukpgu/v\rg cevkkkgu0

Governmental Activities

Vj g Vqy p u i qxgtpo gpvcn cevkkkgu tgr qtvgf cp kpetgcug qh  3  o krikqp kp pgvrqukkqp kp 42360 Vj g kpetgcug y cu rtkpekr cm\ ftkxgp d\ vj g ecr kcnk cvkqp qh r wdrlle y qtmu eqputwevkqp gzer gpf kwatgu0 Vj g Vqy p u vqvcni qxgtpo gpvcntgxgpwg hqt vj g {gct y cu  97  o krikqp0 Vqvcnr tqi tco gzer gpugu y gtg  950 o krikqp0 Fwtkpi 4236. rtqr gtv\ czgu kpetgcugf  4  o krikqp cu vj g Vqy p u rtqr gtv\ cz o km tcvg kpetgcugf 20 8 o km htqo 4235 vq 42360

Business-Type Activities

Vj g Vqy p u dwlpguu/vr g cevkklgu tgr qtvgf c fgetgcug qh &533 vj qwucpf kp pgv rquklqp kp 42360 Etgudtqqml qhqr gtcv pu tguvcwcpvy cu dgkpi tgpqxcvgf y j lej tguwngf kp c nqu qhtgpcvnlkpeqo g hqt vj g {gct0

Vcdrg 5 rtgugpvu vj g equv qh gcej qh vj g Vqy p u h xg rti guv r tqi tco u / i gpgtcni qxgtpo gpv r wdrlu uchgv{ r wdrlu y qtmu. gf wecv qp cpf rctmu cpf tgetgcv qp / cu y gmcu gcej r tqi tco  u pgvequv*qvnequv nqu tgxgpwgu i gpgtcvgf d{ vj g cevkklgu+0 Vj g pgvequv uj qy u vj g h cpekn dwtf gp vj cv y cu r nregf qp vj g Vqy p u wzrc{gtud{ gcej qh vj g ug hwpev qu0

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
I gpgtcni qxgtpo gpv	& ; .859	& 32.883	& : .34:	& : .:; 97
Rwdrlu uchgv{	8.3: 2	8.6; 8	7.785	7.8: 9
Rwdrlu y qtmu	7.3; 7	7.495	6.454	3.867
Rctmu cpf tgetgcv�qp	3.585	3.42:	: 88	; 3;
Gf wecv�qp	6: .4: 3	69.982	4: .526	4: .7: ;
Cmqjv gtu	<u>5.338</u>	<u>4.526</u>	<u>4.9: ;</u>	<u>4.258</u>
Vqvcn	& <u>95.994</u>	& <u>95.924</u>	& <u>6: .: : 4</u>	& <u>69: .83</u>

Town Funds Financial Analysis

Governmental Funds

Cu vj g Vqy p eqo r nvgf vj g {gct. ku i qxgtpo gpvcnhwvf u *cu rtgugpvf kp vj g drcrpeg uj gg/ Gzj kdkv kkk- tgr qtvgf c eqo dlpgf hwvf drcrpeg qh &335 o knkqp. y j lej ku c fgetgcug qh &322 vj qwucpf htqo nquv {gct u vqvcnqh &336 o knkqp0 F wtkpi 4236. vj g Vqy p u i gpgtcnhwvf drcrpeg kpetgcugf d{ &33 o knkqp cpf vj g ecr kcn ko r tqxgo gpv hwvf fgetgcugf d{ &35 o knkqp cpf vj g pqp/o clqt i qxgtpo gpvcn hwvf u kpetgcugf d{ &322 vj qwucpf0

Proprietary Funds

P gvr quklqp qh vj g Vqy p u vj tgg ugrh/kpwtgf kvgtpcnugtxleg hwvf u kpetgcugf d{ &792 vj qwucpf f wtkpi vj g {gct0 Vj g J gcnj cpf F gpvcn Dpgghku Hwvf tgr qtvgf cp qr gtcv pi kpeqo g qh &473 vj qwucpf0 P gvr quklqp qh vj g Vqy p u Y qtngtu  Eqo r gpucv qp Hwvf kpetgcugf &564 vj qwucpf cu erko u gzr gtkpepeg ko r tqxgf htqo nquv {gct0 P gvr quklqp qh vj g Vqy p u I gpgtcn Ncdkklgu F gf wev drgu Hwvf fgetgcugf d{ &45 vj qwucpf. y j lej y cur tko ctkn{ cwtkdwdcrg vq erko cevkkl{0

Vj g Vqy p qr gtcvgu vj tgg gpvgr tkug hwpf u vj cv eqo rtkug vj g Vqy pœu dwulpguu/vr g cevkxkkgu0 Vj g gpvgr tkug hwpf u ceeqwpvhqt vj g qr gtcvqpu qh r tqxkf lpi ugy gt cpf y cvgt ugtxlegu vq Vqy p dwulpguugu cpf tgukf gpw cpf vq ceeqwpvhqt vj g Vqy pœu Etgudtqqmi qh eqwtug0 Cpcnf uku qh vj g Vqy pœu gpvgr tkug hwpf u ku kpenmf gf kp vj g cdqxcg dwulpguu/vr g cevkxkkgu ugevkqp0

General Fund Budgetary Highlights

Vj g cewcn txcgpwgu gzeggf gf vj g dwfi gvt{ txcgpwgu guko cvg qh &870 o krikp d{ &30 o krikp cu rtrgtv{ vcz eqmgevqpu gzeggf gf dwfi gvt{ guko cvgu cu vj g vcz eqmgevqt hqtgemugf qp qxgtfwg tgn gucvg ceeqwpu0 Fwtlpi vj g {gct vj g Vqy p crrtqxcgf &738 vj qwucpf qh cffkklqpcn I gpgtcn Hwpf crrtqr tkvqpu vq hwpf xctkqu wpcvlekr cvgf gZR gpf kwtgu0 Vj g Vqy p gZR gpf gf &962 vj qwucpf nguu vj cp vj g co gpf gf crrtqr tkvqgf dwfi gvco qwpvqh&870 o krikp0

Vj g Vqy pœu I gpgtcn Hwpf dcrpeg qh &90 o krikp tgrqtvgf qp GZj kkv kkkf hgtu htqo vj g I gpgtcn Hwpfœu dwfi gvt{ hwpf dcrpeg qh &80 o krikp0 Vj ku ku dgecwug dwfi gvt{ hwpf dcrpeg kpenmf gf c tgugetxvqpu qh &785 vj qwucpf qh qwucpf lpi gpewo dtcegu cv {gct gpf yjkej ctg tgrqtvgf cu gZR gpf kwtgu hqt dwfi gvt{ r wtr qugu0

Capital Asset and Debt Administration

Capital Assets

Cv Lwpg 52. 4236. vj g Vqy p j cf &4340 o krikp kpxgugf kp c dtqcf tci g qh ecr kcn cuugu. kpenmf lpi rpf. dwkf lpi u. rctmhcekkgu. xgj kengu cpf gs wkr o gpv. tqcf u. dtkfi gu. cpf y cvgt cpf ugy gt rkgu/ Vcdng 60 Vj ku co qwpvtgr tguvpu c pgvf getgcug qh&30 o krikp. qxgt nuv {gct0

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Ncpf	& 4.7;:	& 4.7;:	& 3.242	& 3.242	& 5.83:	& 5.83:
Eqputwevkqp kp r tqi tguu	93.; 63	: 3.994			93.; 63	: 3.994
Dwkf lpi u cpf ko r tqxgo gpw	8; .452	83.52:	3.229	; ::	92.459	84.4; 8
Xgj kengu	3.389	: 49	74	55	3.442	: 82
Ocej kpgt{ cpf gs wkr o gpv	3.3; 6	; ; 9	37	56	3.42;	3.253
Khtcutwewtg	73.465	72.948	34.; : 2	35.53;	86.345	86.267
Vqcn	& 3; 9.595	& 3; : .44:	& 36.; 96	& 37.5; 6	& 434.569	& 435.844

Vj ku {gctœu o clqt ecr kcnqwrœ{ cf f kklqpu kpenmf gf <

Ewtkuu Ncpg	& 788.222
Y qrhJ kmTqcf	828.8: 5
Vqcn	& 3.394.8: 5

Vj g Vqy p u h uen { gct 4235/4236 ecr ken dwf i gv ecmu hqt vj g eqpv wgf ecr ken qwrc { qp vj g &60 o krkqp qhcr r tqxgf r tqlgevcwj qtk  v p hqt xctkqwr wdne y qtmu ecr kenko r tqxgo gpw0 O qtg f gckrgf k h to  v p cdqwj g Vqy p u ecr kencuugv ku r tgu pvgf k  P qvg 7 vj g h cpeknucvgo gpw0

Long-Term Debt

CvLwpg 52. 4236. vj g Vqy p j cf &93 o krkqp k  dppf u cpf ugtkenpqvgu qwu cpf k i xgtuwu &940 o krkqp ruv { gct cu uj qy p k  Vcdrg 70

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
	I gpgtenqdrki �v�p dppf u Ugtkenpqvgu r c { cdrg Dppf cp�ekr �v�p pqvgu *dcengf d { vj g Vqy p+	& 7: .: 98	& 84.4; 5	& 4.788	& 5.254	& 7: .: 98
	; .922	8.922			; .922	8.922
	& 8: .798	& 8: .; ; 5	& 4.788	& 5.254	& 93.364	& 94.247

Vj g Vqy p u i gpgtenqdrki  v p dppf t v i ku Cc40 Vj g Ucvg rko ku vj g co qwpv qh i gpgtenqdrki  v p f gdvj  vekkgu ecp kuwg dcugf qp h to wr f gvgto k gf wpf gt Ucvg Ucvwgu dcugf qp v r g qhf gdvcpf vcz dcug0 Vj g Vqy p u qwu cpf k i i gpgtenqdrki  v p f gdv ku uki p  ecp f dgrny vj ku &56: 0 o krkqp ucvg/ ko r qugf rko k0

Qvj gt qdrki  v pu k enmf g ceetwgf xcecv p r c { cpf ulemrgcxg0 O qtg f gckrgf k h to  v p cdqwj vj g Vqy p u r pi /vto rcdkkrkku ku r tgu pvgf k  P qvg 9 vj g h cpeknucvgo gpw0

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Vj g Vqy p u grgevgf cpf cr r q pvgf q  eknu eqpukf gtgf o cp { h evtu y j gp ug k i vj g h uen { gct 4236 dwf i gv z t vgu. cpf h gu vj cvy kmdg ej cti gf hqt vj g dw kpguu/v r g  v kkkku0 Qpg qh vj qug h evtu ku vj g geqpqo {0 Vj g Vqy p u wpgo r m  { o gpvj cf c f getgcug. cxgtci k i c pwentevg qh : 07' 0 Wpgo r m  { o gpv k  vj g Vqy p pqy uc f u cv90' xgtuwu : 0' c { gct ci q0 Vj ku eqo r ctgu y kj vj g Ucvg u wpgo r m  { o gpv t vg qh906' cpf vj g p v pntevg qh80' 0

K r v p k  vj g P qt vj geuv ctgc eqpv wgu vj dg rguu vj cp vj g p v pcn Equwogt Rtleg K f gz *ERK  k petgcug0

Vj g Vqy p tgs wktgf vj tgg dwf i gvtghgt pfw u vj r cuu ku 4236/4237 dwf i gv0 Vj g o kntevg hqt h uen { gct 4236/4237 ku 4; 04 o kmu. y j kej ku c 605 o km k petgcug htqo vj g r tkqt { gct f wg vj t xcn v k p hqt vj g i t pf rkuv f cvgf Qevqdtg 3. 42350 Vj g Dqctf qh Gf wecv p dwf i gv k petgcugf 30 ; ' cpf vj g Vqy p u r qt v p k petgcugf 509' 0

Kp vj g Vqy pœu 4235/4236 dwf i gv. vj g Vqy p f kf pqvwug cp{ qh vj g hœpf dœrpeg vq dœrpeg vj g dwf i gv0

Hwwtg {gctœu dwf i gv y kndg ko r cevgf d{ j gcnj . kpuwtcpeg. gpgti { equu cpf fgdvugtxleg0

Cu hqt vj g Vqy pœu dwukpguu/v{r g cevxxkkgu. y g gzar gev vj cv vj g 4236/37 qr gtcvki kpego g y km kœtgcug dcugf qp tgegpv fgekukpu0 Vj g Y cvgt cpf Ugy gt Fgr ctvo gpveqpvkpwgu vq gzar cpf ku wkxkkgu. y j lej kœtgcugu wugtu0 Vj ku gzar cpukqp rtqi tco eqo dœpf y kj o ckvckpi ucdng tcvgu cpf mpy qr gtcvki equu uj qwf gpcdng cp kœtgcug kp pgv r qukkap0 Vj g Y cvgt cpf Ugy gt Fgr ctvo gpv j cu eqo r rvgf c Y cvgt cpf Ugy gt Equvqh Ugtxlegu tcvg uwf { . y j lej y kmo qf gtcvgn kœtgcug tcvgu kp huœcn {gct 4236/42370

CONTACTING THE TOWN’S FINANCIAL MANAGEMENT

Vj ku hœcpekntgr qtvku f guki pgf vq r tqxkf g ekkj gpu. vczr c{gtu. ewuqo gtu. kpxguqtu cpf etgf kqtu y kj c i gpgtcn qxgtxkgy qh vj g Vqy pœu hœcpegu cpf vq uj qy vj g Vqy pœu ceeqwpœdkk{ hqt vj g o qpg{ kv tgegkxgu0 K{ {qw j cxg s wguvku pu cdqw vj ku tgr qtv qt pggf cf f kœpcn hœcpekn kœhqtœ cvkqp. eqpvœv vj g Hœcpeg Fgr ctvo gpv. Vqy p qh Y cvgt vqy p. 646 O ckp Utggv. Y cvgt vqy p. Eqppgekw289; 70

Basic Financial Statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cuugv<			
Ecuj cpf ecuj gs wxcrgpw	& 37.; 57.; 72	& 5.; : 5.2: 7	& 3.; : 3; .257
Tgegkxcdrgu. pgv	34.874.453	; 45.7; ;	35.797.: 52
Kvgtpcndcrpegu	49; .8: 7	*49; .8: 7+	/
Kxgqvqlgu	45.9: :		45.9: :
Qvj gt ej cti gu		4.788.274	4.788.274
Ecr kcncuugv<			
Cuugv pqvdgkpi f gr tgekvf	96.75: .: 33	3.23; .822	97.77: .633
Cuugv dglpi f gr tgekvf . pgv	344.: 56.879	35.; 76.937	358.9: ; .594
Vqvcuugv	<u>448.487.344</u>	<u>44.389.588</u>	<u>46: .654.6: :</u>
F ghgttgf Qwhny u qhTguwtegu<			
F ghgttgf ej cti g qp tghwplpi	<u>3.46: .655</u>		<u>3.46: .655</u>
Nkcdkklgu<			
Ceeqpwu cpf qyj gt r c{cdrgu	3.793.85:	736.634	4.2: 8.272
Dqpf cpvkr cvkp pqvur c{cdrg	; .922.222		; .922.222
Wpgctpgf txxgwg	: 86.653		: 86.653
P qpewtgprvkdklklgu<			
F wg y kj kp qpg { gct	9.643.349	75; .987	9.; 82.: ; 4
F wg kp o qtg vj cp qpg { gct	92.648.; 8:	4.44; .: ; 9	94.878.; 77
Vqvcnkcdklklgu	<u>: ; .: ; 6.386</u>	<u>5.4: 6.386</u>	<u>; 5.48: .54:</u>
P gvRquklqp<			
P gvlpngxuwo gpvlp ecr kcncuugv	354.4; 5.6: ;	34.62: .485	366.923.974
Tgutkvf hqt vtuwr vtr qugu<			
Gzr gpf cdrg	349.: 3;		349.: 3;
P qpgzr gpf cdrg	382.872		382.872
Wptgutkvf	<u>6.; 69.655</u>	<u>8.696.; 5;</u>	<u>33.644.594</u>
VqvcnP gvRquklqp	<u>& 359.74; .5; 3</u>	<u>& 3: .: ; 5.424</u>	<u>& 378.634.7; 5</u>

Vj g ceeqo r cp{lpi pqvur ctg cp lvgi tcnr ctvqh vj g hpcpeknucvgo gpw

**TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 9,636,520	\$ 1,192,778	\$ 315,716	\$ -	\$ (8,128,026)	\$ -	\$ (8,128,026)
Public safety	6,180,199	617,309			(5,562,890)		(5,562,890)
Public works	5,194,580	153,864		808,794	(4,231,922)		(4,231,922)
Parks and recreation	1,362,980	363,279	6,960	126,600	(866,141)		(866,141)
Health and welfare	528,987		175,707		(353,280)		(353,280)
Education	48,281,395	1,133,310	18,829,866	14,156	(28,304,063)		(28,304,063)
Interest on long-term debt	2,586,640		151,391		(2,435,249)		(2,435,249)
Total governmental activities	<u>73,771,301</u>	<u>3,460,540</u>	<u>19,479,640</u>	<u>949,550</u>	<u>(49,881,571)</u>	<u>-</u>	<u>(49,881,571)</u>
Business-type activities:							
Sewer	2,098,201	2,063,450			(34,751)		(34,751)
Water	1,462,966	1,254,222			(208,744)		(208,744)
Golf	642,255	519,223		92,558	(30,474)		(30,474)
Total business-type activities	<u>4,203,422</u>	<u>3,836,895</u>	<u>-</u>	<u>92,558</u>	<u>(273,969)</u>	<u>-</u>	<u>(273,969)</u>
Total	\$ 77,974,723	\$ 7,297,435	\$ 19,479,640	\$ 1,042,108	(49,881,571)	(273,969)	(50,155,540)
General revenues:							
Property taxes					49,498,071		49,498,071
Grants and contributions not restricted to specific programs					1,150,077		1,150,077
Unrestricted investment earnings					29,017	6,011	35,028
Miscellaneous					443,722		443,722
Transfers					43,051	(43,051)	-
Total general revenues and transfers					<u>51,163,938</u>	<u>(37,040)</u>	<u>51,126,898</u>
Change in net position					1,282,367	(311,009)	971,358
Net Position at Beginning of Year					136,247,024	19,194,211	155,441,235
Net Position at End of Year					<u>\$ 137,529,391</u>	<u>\$ 18,883,202</u>	<u>\$ 156,412,593</u>

TOWN OF WATERTOWN, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,035,042	\$ 5,237,594	\$ 1,669,826	\$ 14,942,462
Accounts receivable, net	4,879,335	6,644,986	1,127,910	12,652,231
Due from other funds	279,685			279,685
Inventories			23,788	23,788
Total Assets	\$ 13,194,062	\$ 11,882,580	\$ 2,821,524	\$ 27,898,166
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 653,452	\$	\$ 59,748	\$ 713,200
Bond anticipation notes payable		9,700,000		9,700,000
Unearned revenue	620,196	89,981	154,254	864,431
Total liabilities	1,273,648	9,789,981	214,002	11,277,631
Deferred inflows of resources:				
Unavailable revenues - property taxes	1,023,930			1,023,930
Unavailable revenues - special assessments	894,423			894,423
Unavailable revenues - school building grants	2,393,822			2,393,822
Unavailable revenues - other receivables	91,828			91,828
Unavailable revenues - loans receivable			899,319	899,319
Total deferred inflows of resources	4,404,003	-	899,319	5,303,322
Fund balances:				
Nonspendable			184,438	184,438
Restricted		2,092,599	162,965	2,255,564
Committed			1,376,710	1,376,710
Assigned	563,130			563,130
Unassigned	6,953,281		(15,910)	6,937,371
Total fund balances	7,516,411	2,092,599	1,708,203	11,317,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,194,062	\$ 11,882,580	\$ 2,821,524	\$ 27,898,166

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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	\$	11,317,213
------------------------------------------	----	------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	259,861,901	
Less accumulated depreciation		<u>(62,488,433)</u>	
Net capital assets			197,373,468

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	812,930
Interest receivable on property taxes	211,000
Receivable from the State for school construction projects	2,393,822
Housing rehabilitation loans receivable	899,319
Assessment receivables	894,423
Other accounts receivable	91,828

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.

(139,512)

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

Bonds payable	(57,335,000)
Deferred charge on refunding	1,248,433
Unamortized premiums	(1,540,676)
Interest payable on bonds	(858,438)
Capital leases	(953,043)
Compensated absences	(3,661,518)
Retirement obligations	(520,178)
Net OPEB obligation	(12,285,470)
Landfill closure monitoring obligation	<u>(419,210)</u>

Net Position of Governmental Activities (Exhibit I)

\$	<u><u>137,529,391</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 49,654,477	\$	\$	\$ 49,654,477
Intergovernmental revenues	18,760,371	289,435	2,493,135	21,542,941
Licenses, permits and charges for services	2,141,776		1,559,411	3,701,187
Investment income	22,488	4,509	1,543	28,540
Other revenue	313,339	7,050	376,103	696,492
Total revenues	<u>70,892,451</u>	<u>300,994</u>	<u>4,430,192</u>	<u>75,623,637</u>
Expenditures:				
Current:				
General government	2,582,652		138,228	2,720,880
Public safety	5,095,921		71,894	5,167,815
Public works	3,426,475		735,867	4,162,342
Parks and recreation	807,063		322,636	1,129,699
Health and welfare	139,094		389,950	529,044
Education	43,236,872		2,803,887	46,040,759
Other	7,451,025			7,451,025
Capital outlay	592,437	1,775,810	61,995	2,430,242
Debt service	6,857,649			6,857,649
Total expenditures	<u>70,189,188</u>	<u>1,775,810</u>	<u>4,524,457</u>	<u>76,489,455</u>
Excess (Deficiency) of Revenues over Expenditures	<u>703,263</u>	<u>(1,474,816)</u>	<u>(94,265)</u>	<u>(865,818)</u>
Other Financing Sources (Uses):				
Transfers in	130,787		195,000	325,787
Transfers out	(282,359)		(377)	(282,736)
Bond premium		83,226		83,226
Issuance of capital leases	592,437			592,437
Total other financing sources	<u>440,865</u>	<u>83,226</u>	<u>194,623</u>	<u>718,714</u>
Net Change in Fund Balances	1,144,128	(1,391,590)	100,358	(147,104)
Fund Balances at Beginning of Year	<u>6,372,283</u>	<u>3,484,189</u>	<u>1,607,845</u>	<u>11,464,317</u>
Fund Balances at End of Year	<u>\$ 7,516,411</u>	<u>\$ 2,092,599</u>	<u>\$ 1,708,203</u>	<u>\$ 11,317,213</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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)	\$ (147,104)
---------------------------------------------------------------------	--------------

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	3,175,435
Depreciation expense	(3,988,524)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the assets sold.

	(41,540)
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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:

School building grant receipts	(550,214)
Property tax receivable - accrual basis change	(69,406)
Property tax interest and lien revenue - accrual basis change	(87,000)
Assessment receivables	(7,320)
Other accounts receivable - accrual basis change	(20,616)

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

Bond principal payments	4,610,000
Amortization of premiums	97,992
Amortization of deferred charge on refunding	(42,368)
Amortization of other costs	(351,827)
Accrued interest on bonds	45,451
Capital lease payments	551,987
Capital lease financing	(592,437)

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

Change in long-term compensated absences	(5,833)
Change in long-term retirement obligations	156,181
Change in landfill post closure care	103,378
Change in net OPEB obligation	(2,123,369)

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.

569,501

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 1,282,367</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Business-Type Activities				Governmental
	Sewer Authority	Water Authority	Nonmajor	Total	Internal Service
			Crestbrook Golf Operation		
Assets:					
Current:					
Cash and cash equivalents	\$ 2,036,984	\$ 1,946,101	\$	\$ 3,983,085	\$ 993,488
Receivables, net:					
User charges	589,226	334,373		923,599	
Total current assets	<u>2,626,210</u>	<u>2,280,474</u>	<u>-</u>	<u>4,906,684</u>	<u>993,488</u>
Noncurrent:					
Other charges	2,566,052			2,566,052	
Capital assets:					
Assets not being depreciated		84,600	935,000	1,019,600	
Assets being depreciated, net	<u>7,141,653</u>	<u>6,470,418</u>	<u>342,644</u>	<u>13,954,715</u>	
Total noncurrent assets	<u>9,707,705</u>	<u>6,555,018</u>	<u>1,277,644</u>	<u>17,540,367</u>	<u>-</u>
Total assets	<u>12,333,915</u>	<u>8,835,492</u>	<u>1,277,644</u>	<u>22,447,051</u>	<u>993,488</u>
Liabilities:					
Current liabilities:					
Accounts and other payables	275,605	238,350	457	514,412	
Due to other funds	9,946		269,739	279,685	
Notes payable	453,213			453,213	
Compensated absences	29,596	29,596	27,360	86,552	
Risk management claims				-	708,000
Total current liabilities	<u>768,360</u>	<u>267,946</u>	<u>297,556</u>	<u>1,333,862</u>	<u>708,000</u>
Noncurrent liabilities:					
Notes payable	2,112,839			2,112,839	
Compensated absences	31,131	31,131	54,886	117,148	
Risk management claims				-	425,000
Total noncurrent liabilities	<u>2,143,970</u>	<u>31,131</u>	<u>54,886</u>	<u>2,229,987</u>	<u>425,000</u>
Total liabilities	<u>2,912,330</u>	<u>299,077</u>	<u>352,442</u>	<u>3,563,849</u>	<u>1,133,000</u>
Net Position:					
Net investment in capital assets	4,575,601	6,555,018	1,277,644	12,408,263	
Unrestricted	<u>4,845,984</u>	<u>1,981,397</u>	<u>(352,442)</u>	<u>6,474,939</u>	<u>(139,512)</u>
Total Net Position	<u>\$ 9,421,585</u>	<u>\$ 8,536,415</u>	<u>\$ 925,202</u>	<u>\$ 18,883,202</u>	<u>\$ (139,512)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities				Governmental
				Total	Activities
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operation		Internal Service
Operating Revenues:					
Charges for services	\$ 2,008,272	\$ 1,213,415	\$ 480,389	\$ 3,702,076	\$ 11,906,381
Permits and fees	55,178	2,800		57,978	
Other		38,007	38,834	76,841	
Total operating revenues	<u>2,063,450</u>	<u>1,254,222</u>	<u>519,223</u>	<u>3,836,895</u>	<u>11,906,381</u>
Operating Expenses:					
Salaries	244,277	240,028	264,437	748,742	
Benefits	151,358	151,032	127,685	430,075	
Purchased services	923,611	838,315	201,393	1,963,319	
Depreciation	256,536	233,591	48,740	538,867	
Amortization of deferred charge	466,048			466,048	
Claims				-	9,924,991
Premiums and administrative charges				-	1,412,366
Total operating expenses	<u>2,041,830</u>	<u>1,462,966</u>	<u>642,255</u>	<u>4,147,051</u>	<u>11,337,357</u>
Operating Income (Loss)	<u>21,620</u>	<u>(208,744)</u>	<u>(123,032)</u>	<u>(310,156)</u>	<u>569,024</u>
Nonoperating Revenues (Expenses):					
Investment earnings	3,669	2,342		6,011	477
Interest expense	(56,371)			(56,371)	
Net nonoperating revenues (expenses)	<u>(52,702)</u>	<u>2,342</u>	<u>-</u>	<u>(50,360)</u>	<u>477</u>
Income (Loss) Before Contributions and Transfers	(31,082)	(206,402)	(123,032)	(360,516)	569,501
Transfers in		87,359		87,359	
Transfers out	(41,956)	(41,956)	(46,498)	(130,410)	
Capital contributions			92,558	92,558	
Change in Net Position	(73,038)	(160,999)	(76,972)	(311,009)	569,501
Net Position at Beginning of Year	<u>9,494,623</u>	<u>8,697,414</u>	<u>1,002,174</u>	<u>19,194,211</u>	<u>(709,013)</u>
Net Position at End of Year	<u>\$ 9,421,585</u>	<u>\$ 8,536,415</u>	<u>\$ 925,202</u>	<u>\$ 18,883,202</u>	<u>\$ (139,512)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities</u>				<u>Governmental</u>
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Activities</u>
	<u>Authority</u>	<u>Authority</u>	<u>Crestbrook</u>		<u>Internal</u>
			<u>Golf</u>		<u>Service</u>
			<u>Operation</u>		
Cash Flows from Operating Activities:					
Cash received from charges for services	\$ 2,044,789	\$ 1,250,768	\$ 519,223	\$ 3,814,780	\$ 1,669,081
Cash received from interfund services provided				-	10,236,103
Cash received from other				-	1,197
Cash paid to vendors	(1,384,248)	(680,587)	(200,936)	(2,265,771)	(11,701,357)
Cash paid to employees for services	(391,840)	(387,265)	(387,658)	(1,166,763)	
Net cash provided by (used in) operating activities	<u>268,701</u>	<u>182,916</u>	<u>(69,371)</u>	<u>382,246</u>	<u>205,024</u>
Cash Flows from Noncapital and Related Financing Activities:					
Cash received from other funds		87,359	115,869	203,228	-
Cash paid to other funds	(41,956)	(41,956)	(46,498)	(130,410)	
Net cash provided by (used in) noncapital and related financing activities	<u>(41,956)</u>	<u>45,403</u>	<u>69,371</u>	<u>72,818</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets	(13,084)	(13,084)		(26,168)	
Principal payment on notes	(466,048)			(466,048)	
Interest payment on notes	(56,371)			(56,371)	
Net cash used in capital and related financing activities	<u>(535,503)</u>	<u>(13,084)</u>	<u>-</u>	<u>(548,587)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Income on investments	3,669	2,342	-	6,011	477
Net Increase (Decrease) in Cash and Cash Equivalents	(305,089)	217,577	-	(87,512)	205,501
Cash and Cash Equivalents at Beginning of Year	2,342,073	1,728,524	-	4,070,597	787,987
Cash and Cash Equivalents at End of Year	<u>\$ 2,036,984</u>	<u>\$ 1,946,101</u>	<u>\$ -</u>	<u>\$ 3,983,085</u>	<u>\$ 993,488</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 21,620	\$ (208,744)	\$ (123,032)	\$ (310,156)	\$ 569,024
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization expense	722,584	233,591	48,740	1,004,915	
Increase in receivables	(18,661)	(3,454)		(22,115)	
Increase (decrease) in accounts payable and accrued liabilities	(460,637)	157,728	457	(302,452)	(364,000)
Increase in compensated absences	3,795	3,795	4,464	12,054	
Total adjustments	<u>247,081</u>	<u>391,660</u>	<u>53,661</u>	<u>692,402</u>	<u>(364,000)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 268,701</u>	<u>\$ 182,916</u>	<u>\$ (69,371)</u>	<u>\$ 382,246</u>	<u>\$ 205,024</u>
Noncash Capital and Financing Activities:					
Capital contributions	\$	\$	\$ 92,558	\$ 92,558	\$

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	<u>Pension Trust Funds</u>	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$	\$ 1,404	\$ 500,889
Investments - mutual funds	<u>37,989,157</u>		
Total Assets	<u>37,989,157</u>	<u>1,404</u>	<u>\$ 500,889</u>
Liabilities:			
Due to student groups and agencies			<u>\$ 500,889</u>
Net Position:			
Held in trust for pension benefits	<u>\$ 37,989,157</u>	<u>\$ 1,404</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

STATEMENT OF CHANGES IN PLAN NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Pension</u> <u>Trust Funds</u>	<u>OPEB</u> <u>Trust Fund</u>
Additions:		
Contributions:		
Employer	\$ 1,134,953	\$
Plan members	506,780	
Total contributions	<u>1,641,733</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	4,484,507	
Interest and dividends	836,244	2
Total investment gain	5,320,751	2
Less investment expense	(96,008)	
Net investment gain	<u>5,224,743</u>	<u>2</u>
Total additions	<u>6,866,476</u>	<u>2</u>
Deductions:		
Benefits	2,074,163	
Administration	77,854	
Total deductions	<u>2,152,017</u>	<u>-</u>
Transfers out	<u>-</u>	<u>-</u>
Net Increase in Net Position	4,714,459	2
Net Position at Beginning of Year, as Restated	<u>33,274,698</u>	<u>1,402</u>
Net Position at End of Year	<u>\$ 37,989,157</u>	<u>\$ 1,404</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERTOWN, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure asset thresholds for additions have been established at \$25,000 for road overlays and \$100,000 for new construction.

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

I. Compensated Absences

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

teachers can accumulate an unlimited amount of sick time. Upon termination, teachers receive 50% of the value of the first 150 days of sick time and 10% of the value of sick days accumulated in excess of 150 days. General Fund resources have been used in prior years to liquidate this liability.

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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 expenses.

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

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

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

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

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

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

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

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

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

Budget control is established at the department level. Under the Town Charter, no officer of the Town may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated for the department until such matter has been approved and voted by the Council. Management may make changes to line items within a department without the approval of the Town Council. Town Meeting approval is required for additional appropriations over \$25,000. Additional appropriations of \$515,777 from fund balance were approved during the fiscal year for the General Fund in accordance with Charter requirements.

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

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

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as either reserved, committed or assigned fund balance, depending on the level of restriction. These reservations do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

B. Deficit Fund Equity

Certain individual funds had fund balance/net position deficits at June 30, 2014 as follows:

Nonmajor Governmental Funds:		
Parks and Recreation	\$	145
Internal Service Funds:		
Health and Dental Benefits		1,890
Workers' Compensation		151,249

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$17,569,125 of the Town's bank balance of \$18,346,555 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 15,762,529
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,806,596</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 17,569,125</u>

Cash Equivalents

At June 30, 2014 the Town's cash equivalents amounted to \$846,966. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Other Investments:		
Mutual funds	N/A	\$ <u>37,989,157</u>

N/A - Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Sewer Authority</u>	<u>Water Authority</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 1,198,102	\$	\$	\$	\$	\$ 1,198,102
Accrued interest on taxes	235,000					235,000
Intergovernmental	2,393,822	6,644,986			228,591	9,267,399
User charges			589,226	334,373		923,599
Assessments	894,423					894,423
Accounts	491,988					491,988
Housing loans					899,319	899,319
Gross receivables	<u>5,213,335</u>	<u>6,644,986</u>	<u>589,226</u>	<u>334,373</u>	<u>1,127,910</u>	<u>13,909,830</u>
Less allowance for uncollectibles:						
Taxes	(126,000)					(126,000)
Accrued interest on taxes	(24,000)					(24,000)
Accounts	(184,000)					(184,000)
Total allowance	<u>(334,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(334,000)</u>
Net Total Receivables	<u>\$ 4,879,335</u>	<u>\$ 6,644,986</u>	<u>\$ 589,226</u>	<u>\$ 334,373</u>	<u>\$ 1,127,910</u>	<u>\$ 13,575,830</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,597,876	\$	\$	\$ 2,597,876
Construction in progress	<u>81,771,971</u>	<u>18,264</u>	<u>9,849,300</u>	<u>71,940,935</u>
Total capital assets not being depreciated	<u>84,369,847</u>	<u>18,264</u>	<u>9,849,300</u>	<u>74,538,811</u>
Capital assets being depreciated:				
Buildings and improvements	82,970,522	9,869,556		92,840,078
Vehicles	8,033,487	801,869	456,347	8,379,009
Machinery and equipment	5,460,137	483,827	31,720	5,912,244
Infrastructure	<u>76,340,540</u>	<u>1,851,219</u>		<u>78,191,759</u>
Total capital assets being depreciated	<u>172,804,686</u>	<u>13,006,471</u>	<u>488,067</u>	<u>185,323,090</u>
Less accumulated depreciation for:				
Buildings and improvements	21,662,562	1,947,339		23,609,901
Vehicles	7,206,740	419,765	414,807	7,211,698
Machinery and equipment	4,463,073	286,882	31,720	4,718,235
Infrastructure	<u>25,614,061</u>	<u>1,334,538</u>		<u>26,948,599</u>
Total accumulated depreciation	<u>58,946,436</u>	<u>3,988,524</u>	<u>446,527</u>	<u>62,488,433</u>
Total capital assets being depreciated, net	<u>113,858,250</u>	<u>9,017,947</u>	<u>41,540</u>	<u>122,834,657</u>
Governmental Activities Capital Assets, Net	<u>\$ 198,228,097</u>	<u>\$ 9,036,211</u>	<u>\$ 9,890,840</u>	<u>\$ 197,373,468</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,019,600	\$	\$	\$ 1,019,600
Construction in progress				-
Total capital assets not being depreciated	<u>1,019,600</u>	<u>-</u>	<u>-</u>	<u>1,019,600</u>
Capital assets being depreciated:				
Buildings and improvements	2,667,269	92,558		2,759,827
Vehicles	264,222	26,168		290,390
Machinery and equipment	953,799			953,799
System infrastructure	<u>23,240,251</u>			<u>23,240,251</u>
Total capital assets being depreciated	<u>27,125,541</u>	<u>118,726</u>	<u>-</u>	<u>27,244,267</u>
Less accumulated depreciation for:				
Buildings and improvements	1,679,055	73,410		1,752,465
Vehicles	231,099	6,818		237,917
Machinery and equipment	919,817	19,385		939,202
System infrastructure	<u>9,920,714</u>	<u>439,254</u>		<u>10,359,968</u>
Total accumulated depreciation	<u>12,750,685</u>	<u>538,867</u>	<u>-</u>	<u>13,289,552</u>
Total capital assets being depreciated, net	<u>14,374,856</u>	<u>(420,141)</u>	<u>-</u>	<u>13,954,715</u>
Business-Type Activities Capital Assets, Net	<u>\$ 15,394,456</u>	<u>\$ (420,141)</u>	<u>\$ -</u>	<u>\$ 14,974,315</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 22,716
Public safety	638,505
Public works	1,682,454
Parks and recreation	175,321
Education	<u>1,469,528</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,988,524</u>
Business-type activities:	
Sewer	\$ 256,536
Water	233,591
Golf	<u>48,740</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 538,867</u>

Construction Commitments

The Town has the following active construction/renovation projects as of June 30, 2014. At year end, the Town's commitments with contractors are as follows:

	<u>Project Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Project Balance</u>
Watertown High School Renovation	\$ 56,157,000	\$ 12,915	\$ 56,064,968	\$	\$ 92,032
Judson School Renovation	15,877,000		15,837,162		39,838
Polk School Renovation	12,517,000	5,350	9,847,702	6,081	2,663,217
Swift School Reconstruction	34,368,919	17,412	33,966,147	2,514	400,258
Roadway and Drainage Improvements	2,034,704	33,643	1,810,637	14,949	209,118
Road, Bridge, & Drainage Improvements	<u>4,000,000</u>	<u>787,503</u>	<u>843,618</u>	<u>822,265</u>	<u>2,334,117</u>
Total	<u>\$ 124,954,623</u>	<u>\$ 856,823</u>	<u>\$ 118,370,234</u>	<u>\$ 845,809</u>	<u>\$ 5,738,580</u>

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2014 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Authority	\$ 9,946
	Crestbrook Golf Operation	<u>269,739</u>
		<u>\$ 279,685</u>

A summary of interfund transfers is presented below:

	Transfers In			
	General Fund	Water Authority	Nonmajor Governmental Funds	Total Transfers Out
Transfers:				
General Fund	\$	\$ 87,359	\$ 195,000	\$ 282,359
Sewer Authority	41,956			41,956
Water Authority	41,956			41,956
Crestbrook Golf	46,498			46,498
Nonmajor Governmental Funds	<u>377</u>			<u>377</u>
Total Transfers In	<u>\$ 130,787</u>	<u>\$ 87,359</u>	<u>\$ 195,000</u>	<u>\$ 413,146</u>

The Town pays the debt service of the water and sewer funds. The Town's cost is partially offset by transfer of the homeowner assessment payments collected by the Water and Sewer Authority to the Town's General Fund. Additionally, the Sewer Authority, Water Authority and Crestbrook Golf enterprise funds transfer funds to the Town's General Fund for reimbursement of indirect administrative costs incurred by the Town.

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 61,945,000	\$	\$ 4,610,000	\$ 57,335,000	\$ 4,745,000
Add unamortized premiums	<u>1,638,668</u>		<u>97,992</u>	<u>1,540,676</u>	
Total bonds payable	63,583,668	-	4,707,992	58,875,676	4,745,000
Capital leases	912,593	592,437	551,987	953,043	430,255
Compensated absences	3,655,685	1,165,237	1,159,404	3,661,518	1,146,938
Retirement obligations	676,359	181,674	337,855	520,178	350,934
Landfill closure	522,588		103,378	419,210	40,000
Net OPEB obligation	10,162,101	3,561,560	1,438,191	12,285,470	
Risk management claims	<u>1,497,000</u>	<u>9,537,480</u>	<u>9,901,480</u>	<u>1,133,000</u>	<u>708,000</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 81,009,994</u>	<u>\$ 15,038,388</u>	<u>\$ 18,200,287</u>	<u>\$ 77,848,095</u>	<u>\$ 7,421,127</u>

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

Bonds and serial notes payable at June 30, 2014 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2014</u>
Governmental:					
General purpose and schools	2008	9/15/2027	3.75-4.00	\$ 5,900,000	\$ 945,000
General purpose and schools	2009	4/1/2016	2.50-4.50	16,200,000	1,620,000
General purpose and schools	2013	3/15/2028	2.00-3.00	2,000,000	1,865,000
Schools	2010	3/15/2030	2.00-4.00	7,500,000	6,000,000
Schools	2008	1/15/2015	3.00-5.00	10,000,000	400,000
Refunding bonds (1996, 1999 and 2000)	2005	8/1/2019	3.00-5.00	15,535,000	5,645,000
Refunding bonds (2003-2009)	2010	6/30/2023	3.00-5.00	20,070,000	17,020,000
Refunding bonds (2003, 2004, 2005)	2012	8/2/2025	2.00-4.00	6,110,000	5,735,000
Refunding bonds (2007, 2008, 2009)	2012	5/29/2029	2.00-3.00	9,505,000	9,505,000
Refunding bonds (2008, 2009)	2013	1/15/2033	2.50-4.00	<u>8,600,000</u>	<u>8,600,000</u>
Total General Town Bonds				\$ <u>101,420,000</u>	\$ <u>57,335,000</u>

The annual requirements to amortize bonds payable as of June 30, 2014 are as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,745,000	\$ 2,135,069	\$ 6,880,069
2016	4,765,000	1,938,069	6,703,069
2017	4,790,000	1,732,744	6,522,744
2018	4,870,000	1,530,194	6,400,194
2019	4,890,000	1,312,588	6,202,588
2020-2024	19,395,000	4,153,526	23,548,526
2025-2029	11,875,000	1,286,933	13,161,933
2030-2033	<u>2,005,000</u>	<u>136,500</u>	<u>2,141,500</u>
Total	\$ <u>57,335,000</u>	\$ <u>14,225,623</u>	\$ <u>71,560,623</u>

Prior Years Defeasance of Debt

In prior years, the Town advance refunded certain bond issuances to reduce its total debt service payments. As a result, the refunded bonds are considered defeased and have been removed from the Town's financial statements. At June 30, 2014, the amount of defeased bonds outstanding is \$21,070,000. The amount held in escrow related to these bonds is \$21,938,630 at June 30, 2014.

Capital Leases

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

Asset class:	
Vehicles	\$ 3,574,063
Machinery and equipment	<u>849,340</u>
Total gross value	4,423,403
Less accumulated depreciation	<u>3,453,856</u>
Net Undepreciated Value	\$ <u><u>969,547</u></u>

The net undepreciated value approximates the capital lease principal balance payable at June 30, 2014.

The following is a summary of capital lease commitments as of June 30, 2014:

<u>Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 462,390
2016	302,817
2017	160,838
2018	<u>85,850</u>
Total lease payments	1,011,895
Less amount representing interest	<u>58,852</u>
Present Value of Minimum Lease Payments	\$ <u><u>953,043</u></u>

Landfill Closure

Solid waste landfill closure and postclosure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the postclosure period are the responsibility of the Town. The estimated project costs of this postclosure period are \$419,210. The cost estimate is subject to change due to inflation or changes in cost estimate components. Current year costs amounted to \$34,883.

Retirement Obligations

The liability for retirement obligations to retired employees of the Board of Education as of June 30, 2014 is \$520,178. This amount consists of payments due to retired individuals for compensated absences payments and retirement incentives that have been amortized over the following years:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2015	\$ 350,934
2016	111,037
2017	<u>58,207</u>
Total	\$ <u><u>520,178</u></u>

Bond Anticipation Notes

The Town uses bond anticipation notes during the construction period of various public projects prior to the issuance of the bonds at the completion of the project. The Town has issued the following bond anticipation notes during the year ended June 30, 2014:

Outstanding, July 1, 2013	\$ 6,700,000
Repayments	(6,700,000)
New borrowings	<u>9,700,000</u>
Outstanding, June 30, 2014	<u>\$ 9,700,000</u>

The bond anticipation notes outstanding on June 30, 2014 mature on March 26, 2015 and bear interest of 1.0%.

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
State of Connecticut - serial note	\$ 3,032,100	\$	\$ 466,048	\$ 2,566,052	\$ 453,213
Compensated absences	<u>191,646</u>	<u>98,377</u>	<u>86,323</u>	<u>203,700</u>	<u>86,552</u>
Business-Type Activity:					
Long-Term Liabilities	<u>\$ 3,223,746</u>	<u>\$ 98,377</u>	<u>\$ 552,371</u>	<u>\$ 2,769,752</u>	<u>\$ 539,765</u>

Serial Notes and Other Charges

The State of Connecticut Department of Environmental Protection has provided Clean Water Financing in the form of serial notes to the City of Waterbury for sewage treatment plant upgrades. Pursuant to the provisions of the Waterbury/Watertown Intermunicipal Agreement finalized in January 2001 regarding the Sewer Treatment Plant Upgrade Project CWF-201, the Town is responsible for \$9,026,538 (10.166%) of the capital cost of the project. The Watertown Fire District has been allocated 32.72% of the Town’s share of the project cost. The Town receives monthly reimbursements from the Watertown Fire District to offset the cost to the Sewer Authority Enterprise Fund. The Town pays its proportionate share of the project costs through the repayment of 2% serial notes directly to the State of Connecticut. The outstanding principal balance that the Town is responsible for is \$2,566,052 as of June 30, 2014.

The costs incurred and capitalized by the City of Waterbury to improve and upgrade its sewer treatment plant are not considered capital assets of the Town. Therefore, an Other Charge of \$2,566,052 has been recorded to offset the related liability reported in the Sewer Authority Enterprise Fund. The Other Charge will be amortized annually by the amount of principal paid to the State of Connecticut on the serial notes.

Serial notes payable at June 30, 2014 comprise the following:

	<u>Year of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Original Amount Issue</u>	<u>Balance June 30, 2014</u>
State of Connecticut serial note:					
CWF 201-D-1	2001	7/31/2016	2.0	\$ 616,135	\$ 75,550
CWF 201-C-2	2001	6/30/2020	2.0	8,085,318	2,487,793
CWF 201-P	2001	8/31/2014	2.0	<u>325,085</u>	<u>2,709</u>
Total State of Connecticut serial notes				<u>9,026,538</u>	<u>2,566,052</u>
Total Business-Type Activity Bonds and Serial Notes				\$ <u>9,026,538</u>	\$ <u>2,566,052</u>

The annual requirements to amortize serial notes payable as of June 30, 2014 are as follows:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 453,213	\$ 47,145	\$ 500,358
2016	451,228	38,121	489,349
2017	417,715	29,375	447,090
2018	414,632	21,077	435,709
2019	414,632	12,784	427,416
2020	<u>414,632</u>	<u>4,492</u>	<u>419,124</u>
Total	\$ <u>2,566,052</u>	\$ <u>152,994</u>	\$ <u>2,719,046</u>

Bonds Authorized/Unissued

Bonds authorized/unissued are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonds/ Notes</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
Watertown High School Renovations and Additions	\$ 56,157,000	\$ 24,600,000	\$ 26,262,988	\$ 5,294,012
Judson Elementary School Renovations and Additions	15,859,000	7,500,000	7,389,408	969,592
Polk School Renovation Renovations and Additions	12,517,000	5,500,000	5,030,678	1,986,322
Swift School Reconstruction	33,768,919	13,900,000	18,328,315	1,540,604
Roadway and Drainage Improvements	1,730,000	1,700,000		30,000
Communications System Upgrade Road, Bridge, & Drainage	1,881,000	1,460,000	300,000	121,000
Improvements	4,000,000	2,000,000		2,000,000
Fire Truck Aerial Ladder	<u>1,000,000</u>			<u>1,000,000</u>
Total	\$ <u>126,912,919</u>	\$ <u>56,660,000</u>	\$ <u>57,311,389</u>	\$ <u>12,941,530</u>

Legal Debt Limit

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

<u>Category</u>	<u>Debt Limitation</u>	<u>Net Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 111,854	\$ 54,688	\$ 57,166
Schools	223,709	13,797	209,912
Sewers	186,424		186,424
Urban renewal	161,567		161,567
Pension deficit	149,139		149,139

* The indebtedness includes Watertown Fire District underlying debt of approximately \$.6 million.

The total of the Town's net statutory indebtedness of \$68.5 million does not exceed the legal debt limitation of \$348.0 million (seven times the base for debt limitation computation).

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. School building grants receivable for bond principal of \$2.4 million are reflected in the computation of net indebtedness.

8. FUND EQUITY

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Inventory	\$	\$	\$ 23,788	\$ 23,788
Trust			160,650	160,650
Restricted for:				
Bonds		2,092,599		2,092,599
Grants			162,965	162,965
Committed to:				
General government			199,873	199,873
Public safety			6,192	6,192
Public works			545,618	545,618
Parks and recreation			239,629	239,629
Health and welfare			33,281	33,281
Education			352,117	352,117
Assigned to:				
Education - encumbrances	184,658			184,658
General government - encumbrances	50,316			50,316
Public safety - encumbrances	20,312			20,312
Public works - encumbrances	295,244			295,244
Parks and recreation - encumbrances	12,600			12,600
Unassigned	<u>6,953,281</u>		<u>(15,910)</u>	<u>6,937,371</u>
Total Fund Balances	\$ <u>7,516,411</u>	\$ <u>2,092,599</u>	\$ <u>1,708,203</u>	\$ <u>11,317,213</u>

Significant encumbrances at June 30, 2014 are contained in the above table in the assigned category of the General Fund.

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

9. RISK MANAGEMENT

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

The Town has contracted with outside organizations to pay claims and provide administrative services for the Workers' Compensation Fund and the Health Benefits Fund. Additionally, stop loss insurance coverage has been purchased to limit the Town's liability for health and medical claims and workers' compensation claims. A workers' compensation claims liability of \$483,000 (Workers' Compensation Fund) reported at June 30, 2014 is based on a summary report of outstanding liabilities on incurred claims. The health, dental and medical claims liability of \$650,000 (Health and Dental Benefits Fund) reported at June 30, 2014 is based on estimated claims incurred but not reported. The changes in the claims liability were as follows:

	Liability		Current Year Claims		Claim		Liability
<u>Workers' Compensation Fund</u>	<u>July 1,</u>		<u>and Changes</u>		<u>Payment</u>		<u>June 30,</u>
			<u>in Estimates</u>				
2013-14	\$ 758,000	\$	48,136	\$	(323,136)	\$	483,000
2012-13	620,000		752,240		(614,240)		758,000
 <u>Health and Dental Benefits Fund</u>							
2013-14	\$ 739,000	\$	9,489,344	\$	(9,578,344)	\$	650,000
2012-13	462,476		12,018,193		(11,741,669)		739,000

10. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

A. Plan Description

The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to eligible retirees and their spouses. The retiree welfare plan (RWP) covers Town and Board of Education retired employees. The plan provides for a self-insured plan administered by Blue Cross including options such as BC65 High Option, Century Preferred, Century Preferred HAS, Lumenos HAS, Hospital Plans and more. Also, the Town offers Group Term Life Insurance in varying amounts based on contract and retirement date. All retired program members receiving benefits are required to contribute up to 13% of premiums for medical (teachers & BOE administrators pay 100% of premiums). Life insurance is 100% employer paid. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements.

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

At July 1, 2012, plan membership consisted of the following:

	Retiree Welfare Plan
Retired participants and spouses	220
Active plan members	433
Total	<u>653</u>

B. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town expects to contribute \$0 beyond the pay-as-you-go in the future. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. For the 2014 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$1,438,191.

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Welfare Plan
Annual required contribution (ARC)	\$ 3,115,459
Interest on net OPEB obligation	406,484
Adjustment to annual required contribution	(565,072)
Amortization of actuarial losses	<u>604,689</u>
Annual OPEB cost	3,561,560
Contributions made	<u>1,438,191</u>
Increase in net OPEB obligation	2,123,369
Net OPEB obligation - beginning of year	<u>10,162,101</u>
Net OPEB Obligation - End of Year	<u>\$ 12,285,470</u>

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

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2012	\$ 3,169,267	\$ 1,227,816	38.74%	\$ 8,076,116
6/30/2013	3,424,645	1,338,660	39.09%	10,162,101
6/30/2014	3,561,560	1,438,191	40.38%	12,285,470

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 31,307,168	\$ (31,307,168)	0.00%	\$ 25,480,137	-122.87%
7/1/2009	-	32,914,496	(32,914,496)	0.00%	25,480,137	-129.18%
7/1/2010	300,000	34,311,401	(34,011,401)	0.87%	25,402,437	-133.89%
7/1/2012	600,613	38,325,972	(37,725,359)	1.57%	26,415,121	-142.82%

Schedule of Employer Contributions			
Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
6/30/2009	\$ 2,968,986	\$ 787,695	26.53%
6/30/2010	2,899,351	837,045	28.87%
6/30/2011	2,953,318	1,155,270	39.12%
6/30/2012	2,950,503	1,227,816	41.61%
6/30/2013	3,061,982	1,338,660	43.72%
6/30/2014	3,115,459	1,438,191	46.16%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. Healthcare trend rates range from 6% and decrease to 5% for fiscal year 2015. The actuarial value of assets was determined using the market value method. The general inflation assumption is 2.5% per annum. Annual compensation increases are estimated to be 3.0%. The UAAL is being amortized on a level-dollar basis with a 30-year closed amortization period at July 1, 2009. The remaining amortization period was 26 years as of July 1, 2012.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Town Employees

A. Plan Description

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

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

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

Management of the pension plans rest with the Town Manager.

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

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

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

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

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

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

At January 1, 2014, plan memberships consisted of:

	Town of Watertown Retirement System	Police Benefit Fund
	<hr/>	<hr/>
Retirees, disabled and beneficiaries currently receiving benefits	91	28
Terminated employees entitled to benefits but not yet receiving them	18	
Inactive members	4	
Current employees:		
Vested	81	22
Nonvested	56	14
	<hr/>	<hr/>
Total	<u>250</u>	<u>64</u>

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

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

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

Plan Changes: The projected salary increases were 3.5% for the Town plan and from 2.0% for the police plan.

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

C. Funding Policy

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members of the Town of Watertown Retirement System are required to contribute 3% of their salary up to \$7,800 plus 4 1/2% of their salary in excess of \$7,800, except for the Highway Division employees who are required to contribute 7.1% of their salary up to \$7,800 plus

8.6% of the salary in excess of \$7,800. Plan members of the Police Benefit Fund are required to contribute 6% of their earnings. The Town is required to contribute the remaining amounts necessary to finance administrative costs and benefits for its employees. The Town's contributions are actuarially determined by the Prudential Retirement on an annual basis. The current rate for the Town's contribution is 5.70% for the Town Retirement System and 25.61% for the Police Benefit Fund.

D. Investments

Investment Policy: The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Manager at any time. It is the policy of the Town Manager to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policies for the Town and Police Pension plans, respectively, as of June 30, 2014:

Town Pension Plan:

Asset Class	Target Allocation
Large Cap Equity	31.00%
Mid-Cap Equity	4.00%
Small Cap Equity	8.00%
International Equity	12.00%
Fixed Income	24.00%
Real Estate	5.00%
Stable Value	16.00%
Total Portfolio	100.00%

Police Pension Plan:

Asset Class	Target Allocation
Large Cap Equity	26.00%
Mid-Cap Equity	7.00%
Small Cap Equity	7.00%
International Equity	10.00%
Fixed Income	27.00%
Real Estate	5.00%
Stable Value	18.00%
Total Portfolio	100.00%

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.40% for the Town Pension plan and 15.20% for the Police Pension plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

TOWN PENSION

Total pension liability	\$ 20,382,466
Plan fiduciary net position	<u>19,726,466</u>
Net Pension Liability	<u>\$ 656,000</u>
Plan fiduciary net position as a percentage of the total pension liability	96.78%

POLICE PENSION

Total pension liability	\$ 22,703,939
Plan fiduciary net position	<u>18,262,691</u>
Net Pension Liability	<u>\$ 4,441,248</u>
Plan fiduciary net position as a percentage of the total pension liability	80.44%

The Town's net pension liabilities will be required to be recorded on the government-wide statement of net position at June 30, 2015.

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

TOWN PENSION

Inflation	2.5%
Salary increases	3.50%
Investment rate of return	7.50%, net of investment and contract fees

POLICE PENSION

Inflation	2.5%
Salary increases	4.0%
Investment rate of return	7.50%, net of investment and contract fees

Mortality rates were based on the RP-2000 Mortality Table for males or females, as appropriate.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period of January 1, 2013 to June 30, 2014.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Large Cap Equity	31.00%	8.50%	2.64%
Mid-Cap Equity	4.00%	9.00%	0.36%
Small Cap Equity	8.00%	9.25%	0.74%
International Equity	12.00%	8.25%	0.99%
Fixed Income	24.00%	5.00%	1.20%
Real Estate	5.00%	7.25%	0.36%
Stable Value	<u>16.00%</u>	4.50%	<u>0.72%</u>
Total Portfolio	100.00%		7.01%
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			9.51%

The long-term expected rate of return on the Police Pension plan assets has been validated by applying the most recent capital market assumptions, as developed by Prudential Retirement, to the asset allocation strategy of the Town of Watertown Retirement Income Plan using a building block approach. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Weighting</u>
Large Cap Equity	26.00%	8.50%	2.21%
Mid-Cap Equity	7.00%	9.00%	0.63%
Small Cap Equity	7.00%	9.25%	0.65%
International Equity	10.00%	8.25%	0.83%
Fixed Income	27.00%	5.00%	1.35%
Real Estate	5.00%	7.25%	0.36%
Stable Value	<u>18.00%</u>	4.50%	<u>0.81%</u>
Total Portfolio	100.00%		6.84%
Long-Term Inflation Expectation			<u>2.50%</u>
Long-Term Expected Nominal Return			9.34%

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

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

TOWN PENSION

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net pension liability (asset) as of June 30, 2014	\$ 2,887,709	\$ 656,000	\$ (1,254,040)

POLICE PENSION

	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net pension liability as of June 30, 2014	\$ 6,854,007	\$ 4,441,248	\$ 2,401,464

F. Annual Pension Cost and Net Pension Obligations

In accordance with Government Accounting Standards Board Statement No. 27, the Town's annual pension cost and net pension obligation to the Watertown's Retirement System and Police Benefit Fund for the current year were as follows:

	Town of Watertown Retirement System	Police Benefit Fund
Annual required contribution/annual pension cost	\$ 364,691	\$ 770,262
Contributions made	<u>364,691</u>	<u>770,262</u>
Net Pension Obligation, End of Year	<u>\$ -</u>	<u>\$ -</u>

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

	Town of Watertown Retirement System	Police Benefit Fund
Actuarial Valuation Date	January 1, 2013	January 1, 2013
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Cost	Level Cost
Remaining amortization period (Frozen Actuarial Accrued Liability)	15 years, open	20 years, open
Asset Valuation Method	Smoothed Market	Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return	7.5% per annum	7.5% per annum
Projected Salary Increase	6.0% per annum*	4.5% per annum*

* Inflation rate included 2.5%

G. Pension Plan Required Supplementary Information

Town Retirement System

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 360,695	\$ 360,695	100.00%	\$ -
6/30/2013	367,373	367,373	100.00%	-
6/30/2014	364,691	364,691	100.00%	-

Police Benefit Fund

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 689,641	\$ 689,641	100.00%	\$ -
6/30/2013	736,930	736,930	100.00%	-
6/30/2014	770,262	770,262	100.00%	-

Schedule of Funding Progress

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

Schedule of Funding Progress - Town Retirement System

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2008	\$ 15,739,354	\$ 15,238,116	\$ 501,238	103.3%	\$ 5,779,045	8.7%
1/1/2009	13,617,941	14,488,555	(870,614)	94.0%	6,245,400	-13.9%
1/1/2010	15,888,764	16,624,132	(735,368)	95.6%	6,466,618	-11.4%
1/1/2011	16,402,816	17,102,475	(699,659)	95.9%	6,591,118	-10.6%
1/1/2012	16,935,651	18,004,766	(1,069,115)	94.1%	6,443,786	-16.6%
1/1/2013	17,637,843	18,732,739	(1,094,896)	94.2%	6,409,573	-17.1%

Police Benefit Fund

Schedule of Funding Progress - Police Benefit Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Unfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
1/1/2008	\$ 13,856,444	\$ 15,249,691	\$ (1,393,247)	90.9%	\$ 2,524,078	-55.2%
1/1/2009	12,513,012	16,253,686	(3,740,674)	77.0%	2,574,363	-145.3%
1/1/2010	14,238,384	17,976,016	(3,737,632)	79.2%	2,702,918	-138.3%
1/1/2011	14,982,718	18,719,827	(3,737,109)	80.0%	2,953,780	-126.5%
1/1/2012	15,581,062	20,131,988	(4,550,926)	77.4%	2,877,202	-158.2%
1/1/2013	16,381,494	21,296,992	(4,915,498)	76.9%	3,059,132	-160.7%

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

Pension Trust Funds

The Town maintains two pension trust funds (Town Retirement System and Police Benefit Fund) to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2014 and the changes in net position for the year then ended.

Combining Schedule of Plan Net Position Employee Retirement Funds

	<u>Town</u>	<u>Police</u>	<u>Totals</u>
Assets:			
Investments	\$ 19,726,466	\$ 18,262,691	\$ 37,989,157
Net position:			
Held in Trust for Pension Benefits	\$ 19,726,466	\$ 18,262,691	\$ 37,989,157

Combining Schedule of Changes in Plan Net Position Employee Retirement Funds

	<u>Town</u>	<u>Police</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 364,691	\$ 770,262	\$ 1,134,953
Plan members	319,890	186,890	506,780
Total contributions	<u>684,581</u>	<u>957,152</u>	<u>1,641,733</u>
Investment income:			
Net appreciation in fair value of investments	2,424,872	2,059,635	4,484,507
Interest and dividends	428,001	408,243	836,244
Total	<u>2,852,873</u>	<u>2,467,878</u>	<u>5,320,751</u>
Investment expense	(50,599)	(45,409)	(96,008)
Net investment income	<u>2,802,274</u>	<u>2,422,469</u>	<u>5,224,743</u>
Total additions	<u>3,486,855</u>	<u>3,379,621</u>	<u>6,866,476</u>
Deductions:			
Benefits	958,346	1,115,817	2,074,163
Administration	<u>52,566</u>	<u>25,288</u>	<u>77,854</u>
Total deductions	<u>1,010,912</u>	<u>1,141,105</u>	<u>2,152,017</u>
Net increase	2,475,943	2,238,516	4,714,459
Net position held in trust for pension benefits, beginning of year, as restated	<u>17,250,523</u>	<u>16,024,175</u>	<u>33,274,698</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 19,726,466</u>	<u>\$ 18,262,691</u>	<u>\$ 37,989,157</u>

Connecticut Municipal Employees' Retirement Fund

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

Funding Policy: Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 11.9% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2014, 2013 and 2012 were \$165,978, \$160,951, and \$153,286, respectively, equal to the required contributions for each year.

Teachers' Retirement System

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$16,705,381 or 70.1% of the total Board of Education payroll of \$23,829,503. The teachers' contributions totaled \$1,215,143 for the year ended June 30, 2014.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. For the year ended June 30, 2014, the Town has recorded in the General Fund (Exhibit IV) intergovernmental revenue and education expenditures in the amount of \$4,155,062 as payments made by the State of Connecticut on behalf of the Town. The Town does not have any liability for teacher pensions.

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

12. LITIGATION

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

13. PRIOR PERIOD ADJUSTMENT - RESTATEMENT OF NET POSITION

The Town had historically been accounting for the Guaranteed Deposit Account portion of their Town and Police Pension plans at its book value as opposed to the market value at fiscal year end. As of June 30, 2013, the recognition of the mark to market difference for the Guaranteed Deposit Account for the Town and Police Pension plan net positions resulted in increases of \$97,471 and \$99,886, respectively.

The following represents the effect of this restatement:

	<u>Opinion Unit</u>	
	<u>Pension Trust Funds</u>	<u>Total</u>
Net position as reported in 2013 financial statements	\$ 33,077,341	\$ 33,077,341
Prior period adjustment - adjustment to market value for guaranteed deposit accounts at June 30, 2013	<u>197,357</u>	<u>197,357</u>
Net Position, Beginning of Year, as Restated	<u>\$ 33,274,698</u>	<u>\$ 33,274,698</u>

**Required Supplementary
Information**

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Property Taxes:				
Current year	\$ 48,466,095	\$ 48,466,095	\$ 48,506,760	\$ 40,665
Prior year taxes	450,000	450,000	737,080	287,080
Interest and lien fees	267,000	267,000	410,637	143,637
Total property taxes	<u>49,183,095</u>	<u>49,183,095</u>	<u>49,654,477</u>	<u>471,382</u>
Intergovernmental:				
State of Connecticut - Education:				
School construction	548,925	548,925	554,129	5,204
Interest subsidy	142,541	142,541	151,391	8,850
Public transportation			182,074	182,074
Nonpublic health and social services	26,033	26,033	34,564	8,531
Equalization (ECS)	11,945,681	11,945,681	11,869,404	(76,277)
Adult education	5,103	5,103		(5,103)
Total State of Connecticut - Education	<u>12,668,283</u>	<u>12,668,283</u>	<u>12,791,562</u>	<u>123,279</u>
Federal and State of Connecticut - Other:				
PILOT state property			31,976	31,976
Elderly tax relief	197,925	197,925	197,944	19
PILOT - Mashantucket Pequot			82,610	82,610
Tax relief - Veterans	29,538	29,538	27,808	(1,730)
Mini Bus			40,000	40,000
Video grant	50,280	50,280	17,464	(32,816)
Skilton Road bridge			8,423	8,423
Municipal aid adjustment	651,356	651,356	604,064	(47,292)
Total Federal and State of Connecticut - Other	<u>929,099</u>	<u>929,099</u>	<u>1,010,289</u>	<u>81,190</u>
Total intergovernmental	<u>13,597,382</u>	<u>13,597,382</u>	<u>13,801,851</u>	<u>204,469</u>
Departmental:				
Local revenues:				
Communication tower rental	230,700	230,700	231,808	1,108
Equipment and scrap sales	22,500	22,500	44,821	22,321
Town Clerk fees	35,000	35,000	39,721	4,721
Town Clerk recording	98,000	98,000	155,659	57,659
Town Clerk dog licenses	13,112	13,112	13,912	800
Town Clerk marriage licenses	1,000	1,000	1,349	349
Transfer Station fees	81,636	81,636	98,554	16,918
Landfill fees	55,500	55,500	52,391	(3,109)
Damage claims	1,800	1,800	43,057	41,257

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Local revenues (continued):				
Recreation mini-bus	\$ 1,000	\$ 1,000	\$ 1,383	\$ 383
Fishing and hunting licenses	14,000	14,000	13,694	(306)
Conveyance tax	135,000	135,000	148,386	13,386
Assessor - photocopying	750	750	693	(57)
Town vehicle use	10,500	10,500	11,521	1,021
Housing Authority	20,967	20,967		(20,967)
3-LOCIP preservation	11,500	11,500	8,928	(2,572)
Miscellaneous	96,300	96,300	131,338	35,038
Total local revenues	<u>829,265</u>	<u>829,265</u>	<u>997,215</u>	<u>167,950</u>
Permits and fees:				
Zoning Board of Appeals	2,500	2,500	5,810	3,310
Planning and Zoning	15,000	15,000	25,596	10,596
Zoning compliance fees	22,500	22,500	24,245	1,745
Subdivision inspection fees	2,000	2,000		(2,000)
Soil/water State fee	15,500	15,500	19,620	4,120
Inland - wetlands	2,600	2,600	6,540	3,940
Building permits	275,000	275,000	371,896	96,896
Building inspection	3,500	3,500	4,138	638
Blasting permits	240	240	120	(120)
Street opening permits	2,000	2,000	2,899	899
Pool fees	7,500	7,500	8,746	1,246
Miscellaneous	750	750	1,004	254
Total permits and fees	<u>349,090</u>	<u>349,090</u>	<u>470,614</u>	<u>121,524</u>
Police:				
Parking tickets	2,000	2,000	7,558	5,558
Pistol permits	10,000	10,000	26,596	16,596
Police reports	1,650	1,650	1,313	(337)
Solicitor permits	1,200	1,200	848	(352)
Bingo and raffle	50	50	150	100
Alarm charges	10,000	10,000	23,000	13,000
Police service	549,500	549,500	535,834	(13,666)
Animal control fees	4,700	4,700	5,003	303
Miscellaneous	50,500	50,500	61,193	10,693
Total police	<u>629,600</u>	<u>629,600</u>	<u>661,495</u>	<u>31,895</u>
Board of Education:				
Latchkey Program	2,000	2,000	4,432	2,432
Tuition			4,620	4,620
Miscellaneous	2,100	2,100	3,400	1,300
Total Board of Education	<u>4,100</u>	<u>4,100</u>	<u>12,452</u>	<u>8,352</u>
Total departmental	<u>1,812,055</u>	<u>1,812,055</u>	<u>2,141,776</u>	<u>329,721</u>
Investment income	<u>27,500</u>	<u>27,500</u>	<u>22,488</u>	<u>(5,012)</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Other:				
Taft contributions	\$ 125,000	\$ 125,000	\$ 150,000	\$ 25,000
Telephone access	52,000	52,000	55,675	3,675
Scholarship fund	2,000	2,000	1,014	(986)
Heritage bond reimbursement	81,650	81,650	81,650	-
Fusion Centers			25,000	25,000
Cancellation of prior years' encumbrances			54,516	54,516
Total other	<u>260,650</u>	<u>260,650</u>	<u>367,855</u>	<u>107,205</u>
 Total revenues	 <u>64,880,682</u>	 <u>64,880,682</u>	 <u>65,988,447</u>	 <u>1,107,765</u>
 Other Financing Sources:				
Transfers in:				
Water and Sewer Authority	83,911	83,911	83,912	1
Crestbrook Golf Operations	46,498	46,498	46,498	-
Board of Education community services			377	377
Total other financing sources	<u>130,409</u>	<u>130,409</u>	<u>130,787</u>	<u>378</u>
 Total	 <u>\$ 65,011,091</u>	 <u>\$ 65,011,091</u>	 66,119,234	 <u>\$ 1,108,143</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.

4,155,062

Underliquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for GAAP financial reporting purposes.

(54,516)

Capital lease issuances are not budgeted.

592,437

The Board of Education does not budget for intergovernmental grants that are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.

803,458

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

\$ 71,615,675

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance
	Original	Final		
General government:				
Town Council	\$ 1,600	\$ 1,600	\$ 1,521	\$ 79
Town Manager	233,691	233,691	232,079	1,612
Finance Department:				
Administration	468,717	498,758	498,346	412
Treasurer	55,538	55,538	55,505	33
Tax Collector	182,208	184,489	183,389	1,100
Assessor	292,517	297,781	240,506	57,275
Board of Tax Review	4,500	4,500	4,500	-
Town Clerk	194,918	195,933	192,791	3,142
Elections	99,986	91,203	78,827	12,376
Planning and Zoning	216,952	238,437	236,602	1,835
Board of Appeals	13,076	13,949	13,383	566
Conservation Commission	13,626	15,216	14,048	1,168
Public building	546,059	715,665	610,793	104,872
Building inspections	173,633	173,633	170,431	3,202
Economic development	38,912	44,748	31,686	13,062
Total general government	<u>2,535,933</u>	<u>2,765,141</u>	<u>2,564,407</u>	<u>200,734</u>
Public safety:				
Fire Department:				
Administration	235,508	234,818	231,552	3,266
Suppression and rescue	353,658	359,256	319,278	39,978
Maintenance and support	202,690	206,848	194,831	12,017
Police Department:				
Administration	421,855	438,279	430,249	8,030
Patrol and detectives	3,020,989	3,136,407	3,123,204	13,203
Maintenance and support	91,621	89,646	87,897	1,749
Traffic	6,928	5,128	4,789	339
Animal control	100,778	100,558	95,431	5,127
Communications	538,470	592,703	588,206	4,497
Total public safety	<u>4,972,497</u>	<u>5,163,643</u>	<u>5,075,437</u>	<u>88,206</u>
Public works:				
Engineering and administration	533,203	556,384	541,977	14,407
Highway	1,918,282	1,928,565	1,884,990	43,575
Snow removal	407,921	443,428	440,358	3,070
Solid waste disposal	256,540	254,000	241,132	12,868
Street lighting	173,000	156,179	156,178	1
Tree removal	12,500	12,500	12,500	-
Total public works	<u>3,301,446</u>	<u>3,351,056</u>	<u>3,277,135</u>	<u>73,921</u>
Parks and recreation:				
Parks administration	366,156	366,100	346,510	19,590
Recreation administration	297,615	304,519	303,989	530
Senior Center	92,983	96,974	94,346	2,628
Total parks and recreation	<u>756,754</u>	<u>767,593</u>	<u>744,845</u>	<u>22,748</u>
Health and welfare:				
Social services	17,150	18,887	18,286	601
Health services	120,808	120,808	120,808	-
Total health and welfare	<u>137,958</u>	<u>139,695</u>	<u>139,094</u>	<u>601</u>
Board of Education	<u>38,460,276</u>	<u>38,460,276</u>	<u>38,443,242</u>	<u>17,034</u>

(Continued on next page)

TOWN OF WATERTOWN, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual	Variance
	Original	Final		
Miscellaneous:				
Legal	\$ 154,639	\$ 114,147	\$ 114,146	\$ 1
Employee benefits	5,009,156	5,006,073	4,793,309	212,764
Centralized services	821,829	818,853	792,820	26,033
Non - Town agencies	1,530,379	1,651,350	1,638,339	13,011
Reserved for contingency	35,000	10,554	7,483	3,071
Reserved for wages and benefits	154,637	137,900	56,014	81,886
Historic district	575	575	269	306
Total miscellaneous	<u>7,706,215</u>	<u>7,739,452</u>	<u>7,402,380</u>	<u>337,072</u>
Debt service	<u>6,857,653</u>	<u>6,857,653</u>	<u>6,857,649</u>	<u>4</u>
Total expenditures	<u>64,728,732</u>	<u>65,244,509</u>	<u>64,504,189</u>	<u>740,320</u>
Other financing uses:				
Transfers out:				
Vehicle Replacement Fund	125,000	125,000	125,000	-
Public Works Equipment Replacement Fund	70,000	70,000	70,000	-
Water Authority	<u>87,359</u>	<u>87,359</u>	<u>87,359</u>	<u>-</u>
Total other financing uses	<u>282,359</u>	<u>282,359</u>	<u>282,359</u>	<u>-</u>
Total	<u>\$ 65,011,091</u>	<u>\$ 65,526,868</u>	64,786,548	<u>\$ 740,320</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.	4,155,062
Payments on capital leases are not budgeted.	592,437
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for GAAP financial reporting purposes.	(330,833)
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.	516,090
The Town and Board of Education do not budget for accrued payroll services earned at year end. The accrued wages are charged to the subsequent year's budget. These amounts are recorded as a current year expenditure for GAAP financial statement purposes.	188,379
Reversal of prior year accrued payroll services charged to the current budget. These amounts were reported as a prior year expenditure for GAAP financial statement reporting purposes.	(239,594)
The Board of Education does not budget for intergovernmental grants that are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial reporting purposes.	<u>803,458</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV \$ 70,471,547

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR - TOWN PENSION**

	<u>2014</u>
Total pension liability:	
Service cost	\$ 493,898
Interest	1,421,610
Differences between expected and actual experience	(225,659)
Benefit payments, including refunds of member contributions	<u>(958,346)</u>
Net change in total pension liability	731,503
Total pension liability - beginning	<u>19,650,963</u>
Total pension liability - ending	<u>20,382,466</u>
 Plan fiduciary net position:	
Contributions - employer	364,691
Contributions - member	319,890
Net investment income	2,802,274
Benefit payments, including refunds of member contributions	(958,346)
Administrative expense	<u>(52,566)</u>
Net change in plan fiduciary net position	2,475,943
Plan fiduciary net position - beginning	<u>17,250,523</u>
Plan fiduciary net position - ending	<u>19,726,466</u>
 Net Pension Liability - Ending	\$ <u><u>656,000</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	96.78%
 Covered-employee payroll	\$ 6,409,573
 Net pension liability as a percentage of covered-employee payroll	10.23%

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - TOWN PENSION

LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 364,691	\$ 367,373	\$ 360,695	\$ 316,948	\$ 299,018	\$ 198,970	\$ 161,247	\$ 215,530	\$ 257,541	\$ 262,039
Contributions in relation to the actuarially determined contribution	364,691	367,373	360,695	316,948	299,018	198,970	161,247	215,530	257,541	262,039
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,409,573	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	5.69%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: January 1, 2013
 Measurement date: June 30, 2014

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Amortization method: Level cost, open
- Remaining amortization period: 15 years, open
- Asset valuation method: 5-year smoothed market
- Inflation: 2.5%
- Salary increases: 3.5%
- Investment rate of return: 7.50%

Retirement age - Highway Division: Earlier of either (1) Age 55 with 25 years of service or (2) Age 65
 Retirement age - All Other Divisions: Age 65 Participants at or beyond this age are assumed to retire immediately

Mortality - Male: The RP2000 Group Annuity Mortality Table (male)
 Mortality - Female: The RP2000 Group Annuity Mortality Table (female)

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE OF INVESTMENT RETURNS - TOWN PENSION

LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

16.40%

TOWN OF WATERTOWN, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR - POLICE PENSION**

	<u>2014</u>
Total pension liability:	
Service cost	\$ 329,808
Interest	1,600,613
Differences between expected and actual experience	317,189
Benefit payments, including refunds of member contributions	<u>(1,115,817)</u>
Net change in total pension liability	1,131,793
Total pension liability - beginning	<u>21,572,146</u>
Total pension liability - ending	<u>22,703,939</u>
 Plan fiduciary net position:	
Contributions - employer	770,262
Contributions - member	186,890
Net investment income	2,422,469
Benefit payments, including refunds of member contributions	(1,115,817)
Administrative expense	<u>(25,288)</u>
Net change in plan fiduciary net position	2,238,516
Plan fiduciary net position - beginning	<u>16,024,175</u>
Plan fiduciary net position - ending	<u>18,262,691</u>
 Net Pension Liability - Ending	\$ <u><u>4,441,248</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	80.44%
 Covered-employee payroll	\$ 3,059,132
 Net pension liability as a percentage of covered-employee payroll	145.18%

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION

LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 770,262	\$ 736,930	\$ 689,641	\$ 665,677	\$ 625,539	\$ 457,440	\$ 425,017	\$ 419,198	\$ 401,147	\$ 418,697
Contributions in relation to the actuarially determined contribution	770,262	736,930	689,641	665,677	625,539	457,440	425,017	419,198	401,147	418,697
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 3,059,132	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	25.18%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: January 1, 2013
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Amortization method: Level cost, open
- Remaining amortization period: 20 years, open
- Asset valuation method: 5-year smoothed market
- Inflation: 2.5%
- Salary increases: 4.0%
- Investment rate of return: 7.50%

Retirement age

Age 55 or the completion of 25 years of service, if later. Participants at or beyond this age are assumed to retire immediately.

Mortality - Male

The RP2000 Group Annuity Mortality Table (male)

Mortality - Female

The RP2000 Group Annuity Mortality Table (female)

TOWN OF WATERTOWN, CONNECTICUT

SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION

LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

15.20%

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Appendix B

Opinion of Bond Counsel and Tax Exemption

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APPENDIX B - OPINION OF BOND COUNSEL AND TAX EXEMPTION

The following information has been prepared by Bond Counsel in connection with this bond and note issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Watertown
Watertown, Connecticut

We have represented the Town of Watertown, Connecticut as Bond Counsel in connection with the issuance by the Town of \$3,000,000 General Obligation Bonds, Issue of 2015, dated as of March 26, 2015 and \$6,700,000 Bond Anticipation Notes, dated as of March 26, 2015.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that the Town of Watertown is authorized to issue the Bonds and Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds and Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds and Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds and Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds and Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not "private activity bonds" and interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative

minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds and Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from the gross income of the owners thereof for Federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes to be includable in gross income for Federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds and Notes will be excluded from the gross income of the owners thereof for Federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals and an alternative minimum tax on corporations. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds and Notes are not "private activity bonds" so that interest on the Bonds and Notes will not be treated as a preference item for individuals or corporations in calculating alternative minimum taxable income.

The Code provides, however, that for most corporations a portion of the excess of adjusted current earnings (which includes certain tax-exempt interest) over other alternative minimum taxable income will be included in alternative minimum taxable income for purposes of calculating the corporation's alternative minimum tax.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds and Notes will **not** be "qualified tax-exempt obligations" for purposes of the deduction for Federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, may result in collateral Federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds and Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

STATE OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds and Notes, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds and Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Bonds and Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the Federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for Federal income tax purposes. Accrued original issue discount on a bond is also excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds and Notes are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for Federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Owners of Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a Bond or Note who bought the Bond or Note at its initial public offering price, should consult their tax advisors with respect to the Federal and state income tax consequences of the disposition of such Bonds and Notes.

GENERAL.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Bonds and Notes may affect the tax status of interest on the Bonds and Notes. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that Federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an adverse effect on the tax-exempt status or market price of the Bonds and Notes or will not change the effect of other Federal tax law consequences discussed above of owning and disposing of the Bonds and Notes and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation, or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed Federal or State of Connecticut tax legislation affecting municipal bonds.

The information above does not purport to deal with all aspects of Federal or State of Connecticut taxation that may be relevant to a particular owner of the Bonds and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the Federal, state and local tax consequences of owning and disposing of the Bonds and Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

Appendix C-1

Form of Continuing Disclosure Agreement for Bonds

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APPENDIX C-1 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR BONDS

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of March 26, 2015 by the Town of Watertown, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$3,000,000 General Obligation Bonds, Issue of 2015, dated as of March 26, 2015 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated March 17, 2015 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2015) as follows:

(i) Financial statements of the Issuer's general fund and, any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

(A) amounts of the gross and the net taxable grand list applicable to the fiscal year,

(B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,

- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,
- (E) calculation of total direct debt, total net direct debt, and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt and total overall net debt of the Issuer to the Issuer's applicable net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the Issuer's pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided. The Issuer's fiscal year currently ends on June 30.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository notice of the occurrence of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;

- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 6. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Bonds of such failure. The present address of the Finance Director is Town Hall Annex, 424 Main Street, Watertown, Connecticut 06795.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Bonds shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF WATERTOWN

By _____
Robert M. Scannell
Town Manager

By _____
Frank J. Nardelli, Jr.
Finance Director

Appendix C-2

Form of Continuing Disclosure Agreement for Notes

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APPENDIX C-2 - FORM OF CONTINUING DISCLOSURE AGREEMENT FOR NOTES

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement for Notes to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:

Continuing Disclosure Agreement For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of March 26, 2015 by the Town of Watertown, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$6,700,000 Bond Anticipation Notes, dated as of March 26, 2015 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;

- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 4. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Finance Director, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Finance Director is Town Hall Annex, 424 Main Street, Watertown, Connecticut 06795.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF WATERTOWN

By: _____
Robert M. Scannell
Town Manager

By: _____
Frank J. Nardelli, Jr.
Finance Director

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Appendix D-1

Notice of Sale and Bid Form - Bonds

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NOTICE OF SALE
\$3,000,000
Town of Watertown, Connecticut
General Obligation Bonds
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Watertown, Connecticut at Town of Watertown, Town Hall Annex, Town Manager's Conference Room, 424 Main Street, Watertown, Connecticut, until **11:30 A.M. Eastern Time on TUESDAY,**

MARCH 17, 2015

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

\$3,000,000 General Obligation Bonds, Issue of 2015
Payable annually on March 15 as follows:

\$105,000 in 2016
\$155,000 in 2017 to 2025
\$150,000 in 2026 to 2035

The Bonds will be dated March 26, 2015, with interest payable on September 15, 2015 and thereafter semiannually on each March 15th and September 15th.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the last business day of August and February.

Redemption. Bonds maturing on March 15, 2023 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after March 15, 2022, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u>	<u>Redemption Price</u>
March 15, 2022 and thereafter	100.0%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than two (2%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All proposals for the purchase of Bonds shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Watertown Bonds." All proposals should be addressed to Mr. Frank J. Nardelli, Finance Director, Town of Watertown, Town Hall Annex, Town Manager's Conference Room, 424 Main Street, Watertown, Connecticut 06795.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth.

All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice and the form of Proposal for Bonds.

Basis of Award. As between proposals which comply with this Notice, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to March 26, 2015, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

Official Statement. The Town of Watertown has prepared a preliminary Official Statement for the Bond issue which is dated March 9, 2015. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser 100 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, CT, by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's financial advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix C-1 to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain material events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Bonds prior to delivery. Neither the failure to print such CUSIP number on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. **IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE BONDS THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF EACH MATURITY OF THE BONDS WERE SOLD.** The successful bidder may specify that the Bonds as "not reoffered" if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about March 26, 2015 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460 (telephone: (203) 283-1110) or from Mr. Frank J. Nardelli, Finance Director, Town of Watertown, Town Hall Annex, 424 Main Street, Watertown, Connecticut 06795 (telephone: (860) 945-5258).

ROBERT M. SCANNELL,
Town Manager

FRANK J. NARDELLI, JR.,
Finance Director

March 9, 2015

PROPOSAL FOR BONDS

March 17, 2015

Mr. Frank J. Nardelli
 Finance Director
 Town of Watertown
 Town Hall Annex
 424 Main Street
 Town Manager's Conference Room
 Watertown, Connecticut 06795

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated March 9, 2015 which is hereby made a part of this proposal, we hereby offer to purchase all of the aggregate principal amount of \$3,000,000 General Obligation Bonds, Issue of 2015, of the Town of Watertown described in said Notice of Sale, and to pay therefor the price of par plus a premium of \$_____ plus interest accrued on said Bonds to the date of their delivery, provided that the Bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>
2016	\$105,000	_____%	2026	\$150,000	_____%
2017	\$155,000	_____%	2027	\$150,000	_____%
2018	\$155,000	_____%	2028	\$150,000	_____%
2019	\$155,000	_____%	2029	\$150,000	_____%
2020	\$155,000	_____%	2030	\$150,000	_____%
2021	\$155,000	_____%	2031	\$150,000	_____%
2022	\$155,000	_____%	2032	\$150,000	_____%
2023	\$155,000	_____%	2033	\$150,000	_____%
2024	\$155,000	_____%	2034	\$150,000	_____%
2025	\$155,000	_____%	2035	\$150,000	_____%

We acknowledge receipt of the Official Statement referred to in the Notice of Sale.

Name of Bidder: _____

Address of Bidder: _____

Signature of Officer or Authorized Agent of Bidder: _____

Telephone Number: _____

The following is our computation of the percentage of true interest cost, made as provided in the above mentioned Notice of Sale, and certain other information, which is not part of the foregoing proposal.

Percent of True Interest Cost _____%
 (four decimals)

Gross Interest \$ _____

Premium \$ _____

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Appendix D-2

Notice of Sale and Bid Form - Notes

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NOTICE OF SALE
\$6,700,000
Town of Watertown, Connecticut
Bond Anticipation Notes
(BOOK-ENTRY)

SEALED PROPOSALS and ELECTRONIC BIDS via PARITY® will be received by the Town of Watertown, Connecticut at Town of Watertown, Town Hall Annex, 424 Main Street, Watertown, Connecticut until **11:00 A.M. Eastern Time on TUESDAY,**

MARCH 17, 2015

for the purchase of \$6,700,000 Bond Anticipation Notes of the Town of Watertown, dated March 26, 2015, maturing on March 24, 2016 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company ("DTC"), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The purchaser, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants or Indirect Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Sealed Proposals Bidding Procedure. All sealed proposals for the purchase of the Notes shall be submitted on forms furnished by the Town and submitted at the time and place indicated above. All proposals must be enclosed in sealed envelopes marked on the outside, in substance, "Proposal for Watertown Notes." All proposals should be addressed to Mr. Frank J. Nardelli, Finance Director, Town of Watertown, Town Hall Annex, 424 Main Street, Watertown, Connecticut 06795.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

Disclaimer - Each PARITY® prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY® for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Town nor PARITY® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Town nor PARITY® shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town is not bound by any advice and determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via PARITY® are the sole responsibility of the bidders; and the Town is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the form of Proposal for Notes.

Basis of Award. As between proposals which comply with this Notice, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax, but in the case of corporations a portion of such interest may be included in alternative minimum taxable income for purposes of computing any Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Notes is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

Official Statement. The Town of Watertown has prepared a preliminary Official Statement for the Note issue which is dated March 9, 2015. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser 5 copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's financial advisor, Phoenix Advisors, LLC, Milford, CT, by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C-2 to the Official Statement (the "Continuing Disclosure Agreement for Notes"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain material events with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

CUSIP Numbers. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All

expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Reoffering Prices. IT SHALL BE THE RESPONSIBILITY OF THE PURCHASER TO FURNISH TO THE TOWN IN WRITING BEFORE THE DELIVERY OF THE NOTES THE REOFFERING PRICES AT WHICH A SUBSTANTIAL PORTION OF THE NOTES WERE SOLD. The successful bidder may specify that the Bonds as “not reoffered” if the successful bidder certifies that it purchased the specified Bonds for its own account (or the account of a related party) without any present intention of reoffering such Bonds to any other investor.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on March 26, 2015.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. Barry Bernabe, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460 (telephone: (203) 283-1110) or from Mr. Frank J. Nardelli, Finance Director, Town of Watertown, Town Hall Annex, 424 Main Street, Watertown, Connecticut 06795 (telephone: (860) 945-5258).

ROBERT M. SCANNELL,
Town Manager

FRANK J. NARDELLI, JR.,
Finance Director

March 9, 2015

PROPOSAL FOR NOTES

March 17, 2015

Mr. Frank J. Nardelli
Finance Director
Town of Watertown
Town of Watertown
424 Main Street
Town Manager's Conference Room
Watertown, Connecticut 06795

Subject to the provisions and in accordance with the terms of the annexed Notice of Sale dated March 9, 2015 which is hereby made a part of this proposal, we hereby offer to purchase the principal amount of the Notes specified below at the interest rate per annum plus the premium, if any, specified below, and to pay therefor said principal amount, premium, if any, and interest accrued on said Notes to the date of their delivery, if any. The following is our computation of the net interest rate, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal.

Of the \$6,700,000 Bond Anticipation Notes of the Town of Watertown, dated March 26, 2015, maturing March 24, 2016, we bid the following:

Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)
Principal Amount	\$	_____	Principal Amount	\$	_____
Interest Rate		_____ %	Interest Rate		_____ %
Premium	\$	_____	Premium	\$	_____
Net Interest Rate		_____ % (four decimals)	Net Interest Rate		_____ % (four decimals)

Name of Bidder: _____
Address of Bidder: _____
Signature of Officer or Authorized Agent of Bidder: _____
Telephone Number: _____

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