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ISSUE SUMMARY

The information in this section 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.

| | |
|--|--|
| Issuer: | Town of Watertown, Connecticut (the "Town") |
| Issue: | \$9,700,000 General Obligation Bond Anticipation Notes, book-entry-only (the "Notes") |
| Financial Advisor: | Webster Bank, National Association, Hartford, Connecticut |
| Date of Sale: | Sealed bids and electronic bids via PARITY® on Tuesday, March 18, 2014, until 11:30 A.M. (E.D.T.) |
| Location of Sale: | Town of Watertown, Town Hall Annex, Town Manager's Conference Room, 424 Main Street, Watertown, Connecticut 06795 |
| Dated Date: | March 27, 2014 |
| Interest Date: | At maturity – March 26, 2015 |
| Principal Due: | At maturity – March 26, 2015 |
| Purpose: | The Notes are being issued to finance construction of the Swift Middle School, renovations at Judson Elementary School and Watertown High School, acquisition of a fire truck, and various capital improvements. See "Authorization and Purpose" herein. |
| Redemption: | The Notes are not subject to redemption prior to maturity. |
| Security: | The Notes will be general obligations of the Town of Watertown, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due. |
| Bank Qualification: | The Notes shall not be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes. |
| Credit Rating: | No application has been made for a rating on the Notes. The Town's most recent long-term credit rating by Moody's Investors Service was Aa2 on its bonds dated March 15, 2013. |
| Basis of Award: | Lowest Net Interest Cost, as of the dated date |
| Tax Exemption: | See Appendix B – "Opinion of Bond Counsel and Tax Exemption" herein. |
| Certifying Agent, Registrar, Transfer Agent and Paying Agent: | U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 |
| Legal Opinion: | Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel. |
| Delivery: | It is expected that delivery of the Notes in book-entry-only form to The Depository Trust Company will be made on or about March 27, 2014. |

**Final Official
Statement:**

This Official Statement is in a form “deemed final” by the Town for the purposes of SEC Rule 15c2-12(b)(1).

**Availability of
Continuing
Information:**

See Appendix C - “Form of Continuing Disclosure Agreement for Notes” herein.

For additional copies of the Official Statement or requests for additional information, please contact:

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Webster Bank, National Association
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Hartford, CT 06103

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Town Hall Annex
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INTRODUCTION

The purpose of this Official Statement is to provide certain financial information and economic and demographic data relevant to the Town of Watertown, Connecticut (the "Town") in connection with the sale of \$9,700,000 General Obligation Bond Anticipation Notes (the "Notes") of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated March 11, 2014 has been furnished to prospective bidders. Reference is made to the Notice of Sale which is included as Appendix D for the terms and conditions of the bidding.

The successful bidder(s) for the Notes may add a separate page on the front of this Official Statement to indicate their name, the Note offering prices, the interest rate per annum on the Notes, information regarding ratings and insurance (if any), and any other information which the successful bidder(s) deems appropriate.

The Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Notes. This Official Statement does not constitute an offer to sell Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, broker, salesman, or any other person has been authorized to give any information or make any representation, other than those contained herein, in connection with the offering of these Notes and if given or made, such information or representation must not be relied upon. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue to be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. All quotations and summaries and explanations of provisions of law herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

The information in this Official Statement has been prepared by the Town's financial advisor, Webster Bank, National Association (the "Bank"), from information supplied by the Town's officials and other sources as indicated. The Bank does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same. An agreement between the Town and the Bank has been entered into to conform to Municipal Securities Rulemaking Board ("MSRB") Rule G-23. U.S. Bank National Association, of Hartford, Connecticut will act as Certifying Agent, Registrar, Transfer Agent, and Paying Agent for the Notes.

Set forth in Appendix A - "Audited Financial Statements" hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion in Appendix B - "Opinion of Bond Counsel and Tax Exemption" herein), and they make no representation that they have independently verified the same.

SECTION I - SECURITIES OFFERED

Description of the Notes

The Notes are being offered for sale at public bidding. A Notice of Sale and Proposal for Notes dated March 11, 2014, a copy of which appears as Appendix D herein, has been furnished to prospective bidders. Reference is made to the Notice of Sale and Proposal for Notes for the terms and conditions of the bidding.

The Notes in the principal amount of \$9,700,000 will be dated March 27, 2014 and will be due and payable as to both principal and interest at maturity, on March 26, 2015. The Notes are not subject to redemption prior to maturity and will bear interest, calculated on the basis of a 30-day month and a 360-day year, at such rate or rates per annum as are specified by the successful bidder(s). A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$25,000 or integral multiples thereof, with transfers effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-entry-only System" herein.

Authorization and Purpose

\$4,800,000 Watertown High School: By ordinance adopted at a Town Council meeting held April 16, 2007 and approved at a referendum held June 5, 2007, the Town authorized an appropriation and bond authorization in the amount of \$56,157,000 to finance renovations and additions to Watertown High School to provide an approximately 1,023-student capacity school for grades 9 through 12.

\$900,000 Judson Elementary School: By ordinance adopted at a Town Council meeting held April 16, 2007 and approved at a referendum held June 5, 2007, the Town authorized an appropriation and bond authorization in the amount of \$15,859,000 to finance renovations and additions to Judson Elementary School to provide an approximately 450-student capacity school for grades 3 through 5.

\$1,000,000 Swift Middle School Project: By ordinances adopted at Town Council meetings held March 29, 2004 and October 17, 2005 and approved at referenda held May 4, 2004 and November 29, 2005, the Town authorized an aggregate appropriation and bond authorization in the amount of \$33,768,919 to finance costs in connection with the renovation and expansion of the Gordon C. Swift Middle School.

\$1,000,000 Fire Truck Acquisition: By an ordinance adopted at a Town Council meeting held January 22, 2013 and approved at a referendum held February 26, 2013, the Town authorized an appropriation and bond authorization in the amount of \$1,000,000 to finance the purchase of a fire truck.

\$4,000,000 Capital Improvements: By an ordinance adopted at a Town Council meeting held January 22, 2013 and approved at a referendum held February 26, 2013, the Town authorized an appropriation and bond authorization in the amount of \$4,000,000 to finance various public works capital improvements.

Use of Proceeds

| <u>Project</u> | <u>Amount Authorized</u> | <u>Previously Bonded</u> | <u>Notes Maturing</u> | <u>New Money (Paydowns)</u> | <u>Notes of This Issue</u> |
|--|------------------------------|------------------------------|---------------------------|---------------------------------|--------------------------------|
| Watertown High School | \$56,157,000 | \$24,600,000 | \$4,800,000 | \$ - | \$4,800,000 |
| Judson Elementary School | 15,859,000 | 7,500,000 | 900,000 | - | 900,000 |
| Swift Middle School ¹ | 33,768,919 | 13,900,000 | 1,000,000 | - | 1,000,000 |
| Fire truck | 1,000,000 | - | - | 1,000,000 | 1,000,000 |
| Capital improvements | 4,000,000 | <u>2,000,000</u> | <u>-</u> | <u>2,000,000</u> | <u>2,000,000</u> |
| Total | | \$48,000,000 | \$6,700,000 | \$3,000,000 | \$9,700,000 |

¹The permanent financing for Swift Middle School has been completed. The \$1,000,000 notes are expected to be repaid with the final State of Connecticut grant reimbursement.

Security and Remedies

The Notes will be general obligations of the Town of Watertown, Connecticut, and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due.

Unless paid from other sources, the Notes are payable from general property tax revenues. The Town has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain 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. There were no acres of such certified forest land on the last completed Grand List of the Town. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds and notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

Qualification for Financial Institutions

The Notes **shall not** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Book-entry-only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each interest rate of the Notes, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform

Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Town or Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in

effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECTION II - THE ISSUER

Description of the Town

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.

Government Organization

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.

Principal Municipal Officials

| <u>Office</u> | <u>Name</u> | <u>Manner of Selection/Term</u> | <u>Term Expires</u> | <u>Length of Service</u> |
|--|------------------------|---------------------------------|---------------------|--------------------------|
| Chairman, Town Council | Raymond Primini | Elected/2 years | 11/17 | 13 years ¹ |
| Town Manager | Charles Frigon | Appointed/indefinite | N/A | 28 years ¹ |
| Finance Director and Assistant Town Manager | Frank J. Nardelli, Jr. | Appointed/indefinite | N/A | 23 years |
| Assistant Finance Director | Susan Zappone | Appointed/indefinite | N/A | 19 years |
| Treasurer | Joan Mondak | Appointed/indefinite | N/A | 24 years ¹ |
| Tax Collector | Carla Hamel | Appointed/indefinite | N/A | 22 years ¹ |
| Assessor | Carolyn Nadeau | Appointed/indefinite | N/A | 11 years |
| Town Clerk | Lisa Dalton | Elected/4 years | 1/14 | 5 years |
| Interim Superintendent of Schools | Dr. Thomas Y. McDowell | Appointed | 12/14 | 1 year |

¹In various Town positions.

Summary of Municipal Services

Police Department: Watertown's Police Department consists of 35 sworn officers and a civilian staff of three under the direction of a Chief of Police. The Department is divided into Administrative, Patrol and Investigative Services divisions and operates on a 24-hour basis. Watertown's Communications Department is responsible for answering and dispatching all police, fire and 911 emergency calls.

Fire Protection and Ambulance Service: Fire protection is provided by a 105-person Volunteer Fire Department under the supervision of a paid Chief and Deputy Chief. Department expenses are underwritten by Watertown. The Department operates from two stations, and equipment includes eight engines and two ladder trucks. Training drills are conducted throughout the year, and over 50% of the department has advanced training in areas such as hazardous materials. The Department has two emergency vehicles for first response use in emergencies. Ambulance service is provided by private carriers.

Public Works: The Department of Public Works consists of Engineering and Operations and Maintenance Divisions. Engineering is responsible for design and construction inspection of Town-owned sewer and water mains, roads and storm drains. Operations and Maintenance is responsible for maintenance of Town

facilities including 130 miles of road, 45 miles of storm drains, 52 miles of water mains, 62 miles of sewer mains, three water pumping stations, five sewer pumping stations and Town equipment.

Solid Waste: Although solid waste collection in Watertown is collected by private firms under direct contract to the user, the Town has executed a Service Contract (the "Service Contract") with the Connecticut Resources Recovery Authority (the "Authority") for the disposal of solid waste through the Mid-Connecticut System (the "System"). The Service Contract became effective upon execution and will remain in effect so long as any bonds issued by the Authority remain outstanding, provided the last installment of principal on any bond shall become due no later than 30 years from the effective date of the Service Contract.

Each municipality signing a Service Contract, including the Town, has agreed to cause to be delivered to the System, after the date when the consulting engineer for the System has certified in writing that the Facility is ready for testing, all of the solid waste under the legal control of the municipality. The Authority is required to impose service payments at a uniform rate per ton for all municipalities. If the municipality delivers less than its minimum commitment (as defined in the Service Contract) such rates shall be applied to its minimum commitment amount.

The Authority is required to accept and dispose of solid waste in accordance with the Service Contract and with acceptable business standards. Each municipality retains the responsibility for the collection, disposal and treatment of solid waste which does not meet the requirements of or which the Authority refuses or is unable to accept under the Service Contract.

The Authority is required to calculate and impose Service Payments for all solid waste accepted at the System, such that the aggregate of all such Service Payments received by the Authority shall be sufficient to pay for the net cost of operation of the System as defined in the Service Contract. Service Payments shall be at a uniform rate per ton for all municipalities. If a municipality delivers less than its Minimum Commitment (as defined in the Service Contract) such rate shall be applied to its Minimum Commitment amount. For fiscal year 2014-15, the Town's Minimum Commitment is 9,000 tons, and its cost is \$69.00 per ton for regular solid waste and \$85.00 per ton for bulky solid waste. The Authority is required to submit bills to the participating municipalities on or before the fifteenth day following the end of a billing period. Municipalities are required to pay Service Payments within 30 days of the date of invoice.

Sewage Disposal: Town sewage disposal in the Oakville section of Town is provided by the Watertown Water and Sewer Authority operating through the Department of Public Works. Approximately 3.1 million gallons per day are transported through Town-owned mains to City of Waterbury treatment facilities. Private septic systems serve the rest of the Town.

Water: The Watertown Water and Sewer Authority provides water service to approximately 3,950 customers. Consumption is currently 1 million gallons per day. Water is purchased from the City of Waterbury. Under terms of a contract with the City of Waterbury, Watertown may purchase up to 3 million gallons per day. Water is provided to the central portion of Town by the Watertown Fire District which distributes approximately 640,000 gallons per day from well fields in Woodbury. Private wells serve the rest of the Town.

In compliance with Public Act 89-305, the Water and Sewer Authority has implemented a conservation program. The program's intent is to educate the public on water conservation, to determine adequate water specifications for new developments and to design plans that will reduce water consumption for residential and commercial customers.

Utilities and Other Services: Watertown is served by Northeast Utilities. Common carriers provide over the road freight service; passenger and freight rail service are available in Waterbury. A regional airport is located in nearby Oxford, and the Town is served by international airports in Windsor Locks and New York.

Parks and Recreation: Watertown provides a variety of recreational facilities and programs. Facilities include two swimming areas, an 18-hole golf course, tennis courts, playgrounds and ball fields. The 34-acre Veteran's Memorial Park is off of Nova Scotia Hill Road. Black Rock State Park is located in Watertown with additional facilities for swimming, camping and hiking. The Watertown Recreation Department provides year-round athletic and instructional programs for all age groups.

Public Library: Watertown is served by the Watertown Public Library, a non-profit organization which receives approximately 90% of its funding from the Town. The Library is open 64 hours per week and has over 60,000 volumes as well as an extensive collection of periodicals, records and cassettes. Through membership in an inter-library loan program, the resources of 36 other libraries are available to members.

Social Services: Through its Social Services Department, Watertown provides various services to the elderly, troubled youths and the indigent, including meals and rides programs, counseling and public assistance. Public health needs are addressed through Watertown’s membership in the Torrington Health District. St. Mary’s Hospital and Waterbury Hospital, both teaching hospitals, are located in adjacent Waterbury.

Municipal Employees¹

| | <u>2013-14</u> | <u>2012-13</u> | <u>2011-12</u> | <u>2010-11</u> | <u>2009-10</u> |
|--------------------------|----------------|----------------|----------------|----------------|----------------|
| General Government | 133 | 133 | 132 | 135 | 133 |
| Board of Education | <u>435</u> | <u>436</u> | <u>450</u> | <u>444</u> | <u>485</u> |
| Total | 568 | 569 | 582 | 579 | 618 |

¹Full-time equivalent.

Municipal Employees Bargaining Organizations

| | <u>Employees</u> | <u>Positions Covered</u> | <u>Current Contract Expiration Date</u> |
|--|---------------------------|--------------------------|---|
| Board of Education | | | |
| Watertown Federation of Para-Professionals, Local 3960 AFT, AFL-CIO | Paraprofessionals | 83 | 08/31/15 |
| Watertown Education Association | Teachers | 231 | 08/31/16 |
| American Federation of State, County and Municipal Employees – Local 1049 | Custodians/ Technology | 38 | 06/30/14 |
| American Federation of State, County and Municipal Employees – Local 1303 | Secretaries | 34 | 06/30/15 |
| Watertown Principals Association | Principals | 10 | 08/31/14 |
| American Federation of State, County and Municipal Employees – Local 1049 | Cafeteria Workers | 26 | 06/30/15 |
| Watertown School Nurses Association | School Nurses | <u>7</u> | 06/30/15 |
| Total Organized | | 429 | |
| Non-Union | | <u>7</u> | |
| | | 436 | |
| General Government | | | |
| American Federation of State, County and Municipal Employees – Local 1303 | Highway | 29 | 06/30/16 |
| American Federation of State, County and Municipal Employees – Local 541 | Police | 35 | 03/31/13 ¹ |
| Industrial Brotherhood of Electrical Workers Local 42 | Communications | 10 | 08/31/16 |
| Civil Service Employees Association, Inc. AFL-CIO, Local 760 | White Collar | 37 | 06/30/14 |
| Civil Service Employees Association, Inc. AFL-CIO, Local 760 | Supervisors | <u>8</u> | 06/30/16 |
| Total Organized | | 119 | |
| Non-Union | | <u>14</u> | |
| | | 133 | |

¹In negotiation.

Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject the arbitration panel’s decision by a two-thirds majority vote. The State of

Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. Effective October 1, 1997, for binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

School Enrollment and Projections

| <u>Year</u> | <u>Grades Pre-K-6</u> | <u>Grades 7-8</u> | <u>Grades 9-12</u> | <u>Total</u> |
|-------------------|---------------------------|-----------------------|------------------------|--------------|
| <i>Historical</i> | | | | |
| 2003-04 | 2,019 | 570 | 947 | 3,536 |
| 2004-05 | 1,963 | 591 | 952 | 3,506 |
| 2005-06 | 1,934 | 627 | 995 | 3,556 |
| 2006-07 | 1,906 | 615 | 983 | 3,504 |
| 2007-08 | 1,809 | 602 | 989 | 3,400 |
| 2008-09 | 1,758 | 598 | 976 | 3,332 |
| 2009-10 | 1,718 | 533 | 982 | 3,233 |
| 2010-11 | 1,669 | 505 | 1,000 | 3,174 |
| 2011-12 | 1,625 | 506 | 944 | 3,075 |
| 2012-13 | 1,592 | 504 | 926 | 3,022 |
| 2013-14 | 1,518 | 517 | 880 | 2,915 |
| <i>Projected</i> | | | | |
| 2014-15 | 1,495 | 463 | 867 | 2,825 |
| 2015-16 | 1,476 | 426 | 875 | 2,777 |
| 2016-17 | 1,420 | 444 | 828 | 2,692 |

School Facilities

| <u>Facility</u> | <u>Grades</u> | <u>Date of Construction</u> | <u>Type of Construction</u> | <u>Number of Classrooms</u> | <u>Actual Enrollment 10/1/13</u> | <u>Rated Capacity</u> |
|---------------------------------------|---------------|---------------------------------|---------------------------------|---------------------------------|--|---------------------------|
| Watertown High School | 9-12 | 1972 | Brick | 48 | 880 | 1,123 |
| Swift Junior High School | 6-8 | 1972 | Brick | 76 | 734 | 1,000 |
| Judson Elementary School ... | 3-5 | 1971 | Brick | 31 | 286 | 452 |
| Polk Elementary School | 3-5 | 1990 | Brick | 28 | 338 | 512 |
| John Trumbull Primary School | Pre-K-2 | 2000 | Brick | <u>35</u> | <u>677</u> | <u>950</u> |
| Total | | | | 218 | 2,915 | 4,037 |

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population and Density

| <u>Year</u> | <u>Population¹</u> | <u>Percent Change</u> | <u>Density²</u> |
|-------------|-------------------------------|-----------------------|----------------------------|
| 2010 | 22,514 | 3.9 | 756 |
| 2000 | 21,661 | 5.9 | 727 |
| 1990 | 20,456 | 5.0 | 686 |
| 1980 | 19,489 | 4.2 | 654 |
| 1970 | 18,704 | 26.4 | 628 |
| 1960 | 14,800 | - | 497 |

¹Source: U.S. Department of Commerce, Bureau of Census, Census of Population 1960–2010.

²Based on 29.8 square miles.

Age Distribution of the Population

| <u>Age¹</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|--|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Under 5 years | 1,047 | 4.7 | 202,106 | 5.7 |
| 5 to 9 years | 1,262 | 5.6 | 222,571 | 6.2 |
| 10 to 14 years | 1,540 | 6.8 | 240,265 | 6.7 |
| 15 to 19 years | 1,501 | 6.7 | 250,834 | 7.0 |
| 20 to 24 years | 1,107 | 4.9 | 227,898 | 6.4 |
| 25 to 34 years | 2,186 | 9.7 | 420,377 | 11.8 |
| 35 to 44 years | 2,983 | 13.2 | 484,438 | 13.5 |
| 45 to 54 years | 4,011 | 17.8 | 575,597 | 16.1 |
| 55 to 59 years | 1,731 | 7.7 | 240,157 | 6.7 |
| 60 to 64 years | 1,509 | 6.7 | 203,295 | 5.7 |
| 65 to 74 years | 1,865 | 8.3 | 254,944 | 7.1 |
| 75 to 84 years | 1,214 | 5.4 | 166,717 | 4.7 |
| 85 years and over | <u>558</u> | <u>2.5</u> | <u>84,898</u> | <u>2.4</u> |
| Total | 22,514 | 100.0 | 3,574,097 | 100.0 |
| 2010 median age (years) ¹ | 42.4 | - | 40.0 | - |
| 2000 median age (years) ² | 39.0 | - | 37.4 | - |

Sources: ¹U.S. Department of Commerce, Bureau of Census, 2010 Census.

²U.S. Department of Commerce, Bureau of Census, 2000 Census.

Income Distribution

| | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|-------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Families</u> | <u>Percent</u> | <u>Families</u> | <u>Percent</u> |
| \$ 0 - 9,999 | 53 | 0.9 | 29,554 | 3.3 |
| 10,000 - 14,999 | 41 | 0.7 | 19,067 | 2.1 |
| 15,000 - 24,999 | 237 | 3.9 | 46,703 | 5.2 |
| 25,000 - 34,999 | 246 | 4.1 | 56,959 | 6.3 |
| 35,000 - 49,999 | 574 | 9.5 | 86,314 | 9.5 |
| 50,000 - 74,999 | 942 | 15.7 | 145,557 | 16.0 |
| 75,000 - 99,999 | 1,111 | 18.5 | 135,431 | 14.9 |
| 100,000 - 149,999 | 1,693 | 28.2 | 190,762 | 21.0 |
| 150,000 - 199,999 | 632 | 10.5 | 89,839 | 9.9 |
| 200,000 and over | 484 | 8.0 | 107,414 | 11.8 |
| Total | 6,013 | 100.0 | 907,600 | 100.0 |

Source: 2008–2012 American Community Survey.

Comparative Income Measures

| | <u>Town of Watertown</u> | <u>State of Connecticut</u> |
|-------------------------------------|--------------------------|-----------------------------|
| Per capita income, 2012 | \$36,503 | \$37,807 |
| Median family income, 2012 | \$97,433 | \$87,182 |
| Median household income, 2012 | \$80,899 | \$69,519 |

Source: 2008–2012 American Community Survey.

**Educational Attainment
(Years of School Completed - Age 25 and Over)**

| | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|---|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than 9 th grade | 386 | 2.5 | 109,649 | 4.5 |
| 9 th to 12 th grade, no diploma | 756 | 4.8 | 158,805 | 6.5 |
| High school graduate | 4,751 | 30.1 | 677,253 | 27.9 |
| Some college, no degree | 3,311 | 21.0 | 429,013 | 17.7 |
| Associate's degree | 1,341 | 8.5 | 177,531 | 7.3 |
| Bachelor's degree | 2,997 | 19.0 | 494,197 | 20.3 |
| Graduate or professional degree | 2,226 | 14.1 | 387,892 | 15.8 |
| Total | 15,768 | 100.0 | 2,431,340 | 100.0 |
| Total high school graduate or higher | - | 92.8 | - | 89.0 |
| Total bachelor's degree or higher | - | 33.1 | - | 36.2 |

Source: 2008–2012 American Community Survey.

Labor Force Data

| Reporting Period Average | Labor Force | Employed | Unemployed | Unemployment Rate | | |
|---|------------------------|-----------------|-------------------|----------------------------------|---------------------------------------|---------------------------------|
| | | | | Town of Watertown | Waterbury Labor Market | State of Connecticut |
| December 2013 | 11,869 | 10,926 | 943 | 7.9 | 10.8 | 8.1 |
| 2012 | 11,760 | 10,965 | 795 | 6.8 | 9.2 | 6.8 |
| 2011 | 12,295 | 11,226 | 1,069 | 8.7 | 11.6 | 8.8 |
| 2010 | 12,210 | 10,999 | 1,211 | 9.9 | 12.8 | 9.6 |
| 2009 | 12,207 | 11,159 | 1,048 | 8.6 | 11.1 | 8.2 |
| 2008 | 12,291 | 11,580 | 711 | 5.8 | 7.6 | 5.7 |
| 2007 | 12,459 | 11,914 | 545 | 4.4 | 5.9 | 4.6 |
| 2006 | 12,392 | 11,878 | 514 | 4.1 | 5.5 | 4.3 |
| 2005 | 12,265 | 11,681 | 584 | 4.8 | 6.3 | 4.9 |
| 2004 | 12,208 | 11,623 | 585 | 4.8 | 6.3 | 4.9 |
| 2003 | 12,223 | 11,566 | 657 | 5.4 | 7.2 | 5.5 |
| 2002 | 12,128 | 11,586 | 542 | 4.5 | 6.0 | 4.4 |

Source: State of Connecticut, Labor Department, Office of Research.

Industry Classification

| Sector | Town of Watertown | | State of Connecticut | |
|---|--------------------------|----------------|-----------------------------|----------------|
| | Number | Percent | Number | Percent |
| Agriculture, forestry, fishing, hunting, and mining | 116 | 0.9 | 6,786 | 0.4 |
| Construction | 685 | 5.6 | 102,566 | 5.8 |
| Manufacturing | 1,341 | 10.9 | 197,445 | 11.2 |
| Wholesale trade | 332 | 2.7 | 43,172 | 2.4 |
| Retail trade | 1,911 | 15.6 | 193,133 | 10.9 |
| Transportation, warehousing and utilities | 239 | 2.0 | 66,436 | 3.8 |
| Information | 185 | 1.5 | 43,327 | 2.5 |
| Finance, insurance, real estate and leasing | 680 | 5.6 | 165,347 | 9.4 |
| Professional, scientific, management, administrative and waste management | 1,085 | 8.9 | 190,556 | 10.8 |
| Educational, health and social services | 3,810 | 31.1 | 459,463 | 26.1 |
| Arts, entertainment, recreation, accommodation and food services | 721 | 5.9 | 145,799 | 8.3 |
| Other services | 372 | 3.0 | 80,847 | 4.6 |
| Public administration | <u>768</u> | <u>6.3</u> | <u>67,830</u> | <u>3.8</u> |
| Total | 12,245 | 100.0 | 1,762,707 | 100.0 |

Source: 2008–2012 American Community Survey.

**Major Employers
As of February 2014**

| <u>Employer</u> | <u>Nature of Business</u> | <u>Approximate Number of Employees¹</u> |
|------------------------------|-----------------------------|--|
| The Siemon Company | Manufacturer | 300 |
| The Taft School | Private school | 275 |
| ALBEA | Metal stamping manufacturer | 200 |
| Super Stop & Shop | Supermarket | 180 |
| Braxton Manufacturing | Manufacturer | 163 |
| Global Steering System | Manufacturer | 156 |
| Crystal Road | Bottled water | 150 |
| Apple Rehab | Health care | 140 |
| LaBonne's | Specialty supermarket | 125 |
| Truelove & Maclean | Manufacturer | 110 |

¹Full-time equivalent.

**Commute to Work
(16 years of age and over)**

| | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|-------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Drove alone | 10,205 | 85.5 | 1,362,328 | 78.7 |
| Car pools | 780 | 6.5 | 146,721 | 8.5 |
| Using public transportation | 31 | 0.3 | 78,653 | 4.6 |
| Walked | 197 | 1.7 | 50,900 | 2.9 |
| Using other means | 86 | 0.7 | 20,663 | 1.2 |
| Worked at home | <u>632</u> | <u>5.3</u> | <u>70,811</u> | <u>4.1</u> |
| Total | 11,931 | 100.0 | 1,730,076 | 100.0 |
| Mean travel to work (minutes) | 22.6 | - | 24.8 | - |

Source: 2008–2012 American Community Survey.

Number and Value of Building Permits

| <u>Fiscal Year Ended 6/30</u> | <u>Residential</u> | | <u>Commercial/ Industrial</u> | | <u>Other</u> | | <u>Total</u> | |
|---------------------------------------|--------------------|--------------|-----------------------------------|--------------|---------------|--------------|---------------|--------------|
| | <u>Number</u> | <u>Value</u> | <u>Number</u> | <u>Value</u> | <u>Number</u> | <u>Value</u> | <u>Number</u> | <u>Value</u> |
| 2013 | 184 | \$7,924,437 | 39 | \$ 4,115,165 | 2,230 | \$15,490,639 | 2,453 | \$27,530,241 |
| 2012 | 207 | 8,047,756 | 19 | 1,054,105 | 1,208 | 5,822,305 | 1,434 | 14,924,166 |
| 2011 | 179 | 4,666,499 | 19 | 2,232,620 | 981 | 5,212,678 | 1,179 | 12,111,797 |
| 2010 | 205 | 11,910,294 | 39 | 2,044,564 | 1,136 | 9,572,555 | 1,380 | 23,527,413 |
| 2009 ¹ | 186 | 4,732,707 | 31 | 31,451,893 | 1,138 | 37,580,508 | 1,355 | 73,765,108 |
| 2008 | 256 | 8,326,361 | 21 | 2,182,646 | 1,162 | 6,704,412 | 1,439 | 17,213,419 |
| 2007 | 302 | 12,112,722 | 24 | 947,810 | 1,422 | 6,995,150 | 1,748 | 20,055,682 |
| 2006 | 400 | 16,916,223 | 21 | 24,351,076 | 1,719 | 19,873,158 | 2,140 | 61,140,457 |
| 2005 | 582 | 20,791,492 | 49 | 3,432,160 | 1,623 | 8,547,864 | 2,254 | 32,771,516 |
| 2004 | 424 | 12,070,696 | 33 | 2,581,847 | 1,594 | 5,604,750 | 2,051 | 20,257,293 |

¹ The 2009 building permits include building permits for the three school renovations and the Taft School dining room addition.

Age Distribution of Housing

| <u>Year Structure Built</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|--------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Built in 1939 or earlier | 1,882 | 20.6 | 342,631 | 23.1 |
| Built in 1940-1949 | 847 | 9.3 | 105,863 | 7.1 |
| Built in 1950-1959 | 1,634 | 17.9 | 228,672 | 15.4 |
| Built in 1960-1969 | 1,166 | 12.8 | 200,398 | 13.5 |
| Built in 1970-1979 | 1,213 | 13.3 | 202,110 | 13.6 |
| Built in 1980-1989 | 1,075 | 11.8 | 193,255 | 13.0 |
| Built in 1990-1999 | 789 | 8.7 | 110,651 | 7.4 |
| Built in 2000-2009 | 515 | 5.6 | 99,443 | 6.7 |
| Built in 2010 or later | - | - | 2,422 | 0.2 |
| Total | 9,121 | 100.0 | 1,485,445 | 100.0 |

Source: 2008-2012 American Community Survey.

Housing Units by Type of Structure

| <u>Type</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|--------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Single-family detached | 7,351 | 80.6 | 880,924 | 59.3 |
| Single-family attached | 289 | 3.2 | 78,601 | 5.3 |
| Multifamily | 1,463 | 16.0 | 513,215 | 34.5 |
| Mobile home, trailer, or other | 18 | 0.2 | 12,705 | 0.9 |
| Total | 9,121 | 100.0 | 1,485,445 | 100.0 |

Source: 2008-2012 American Community Survey.

Owner-occupied Housing Units

| | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|----------------------------------|--------------------------|--|-----------------------------|--|
| Total owner-occupied units | 7,182 | | 929,560 | |
| Persons per unit | 2.74 | | 2.66 | |

| <u>Specified Owner-occupied Units</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|---------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Less than \$50,000 | 152 | 2.1 | 17,515 | 1.9 |
| \$ 50,000 to \$ 99,999 | 51 | 0.7 | 21,595 | 2.3 |
| \$100,000 to \$149,999 | 378 | 5.3 | 60,303 | 6.5 |
| \$150,000 to \$199,999 | 815 | 11.3 | 129,791 | 14.0 |
| \$200,000 to \$299,999 | 3,324 | 46.3 | 272,261 | 29.3 |
| \$300,000 to \$499,999 | 1,988 | 27.7 | 262,321 | 28.2 |
| \$500,000 to \$999,999 | 447 | 6.2 | 121,757 | 13.1 |
| \$1,000,000 or more | 27 | 0.4 | 44,017 | 4.7 |
| Total | 7,182 | 100.0 | 929,560 | 100.0 |

| | | | | |
|--------------------|-----------|---|-----------|---|
| Median value | \$268,500 | - | \$285,900 | - |
|--------------------|-----------|---|-----------|---|

Source: 2008-2012 American Community Survey.

Number and Size of Households

| <u>Household Characteristics</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|---------------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Persons in households | 22,253 | - | 3,455,945 | - |
| Persons per household (average) | 2.57 | - | 2.52 | - |
| Persons per family | 3.06 | - | 3.08 | - |
| Family households | 6,224 | 71.8 | 908,661 | 66.3 |
| Non-family households | <u>2,448</u> | <u>28.2</u> | <u>462,426</u> | <u>33.7</u> |
| All households | 8,672 | 100.0 | 1,371,087 | 100.0 |
| Family households by type | | | | |
| Married couple | 4,987 | 80.1 | 672,013 | 73.9 |
| Female householders, no spouse | 898 | 14.4 | 176,973 | 19.5 |
| Other | <u>339</u> | <u>5.5</u> | <u>59,675</u> | <u>6.6</u> |
| Total family households | 6,224 | 100.0 | 908,661 | 100.0 |
| Non-family households by type | | | | |
| Householders living alone | 2,087 | 85.3 | 373,648 | 80.8 |
| Other | <u>361</u> | <u>14.7</u> | <u>88,778</u> | <u>19.2</u> |
| Total non-family households | 2,448 | 100.0 | 462,426 | 100.0 |

Source: U.S. Department of Commerce, Bureau of Census, 2010 Census.

Housing Unit Vacancy Rates

| <u>Housing Units</u> | <u>Town of Watertown</u> | | <u>State of Connecticut</u> | |
|------------------------------|--------------------------|----------------|-----------------------------|----------------|
| | <u>Number</u> | <u>Percent</u> | <u>Number</u> | <u>Percent</u> |
| Occupied housing units | 8,672 | 95.3 | 1,359,218 | 92.1 |
| Vacant housing units | <u>424</u> | <u>4.7</u> | <u>116,439</u> | <u>7.9</u> |
| Total units | 9,096 | 100.0 | 1,475,657 | 100.0 |
| Homeowner vacancy rate | - | 1.0 | - | 1.4 |
| Rental vacancy rate | - | 5.8 | - | 7.0 |

Source: U.S. Department of Commerce, Bureau of Census, 2010 Census.

SECTION IV - DEBT SECTION

**Debt Summary
As of March 27, 2014
(Pro Forma)**

Outstanding Short-term Debt

| <u>Purpose</u> | <u>Amount Authorized</u> | <u>Notes Maturing</u> | <u>This Issue</u> | <u>Maturity Date</u> | <u>Legal Renewable Limit</u> |
|--------------------------------|------------------------------|---------------------------|-----------------------|--------------------------|--------------------------------------|
| Swift Middle School | \$33,768,919 | \$1,000,000 | \$1,000,000 | 03/26/15 | 04/01/17 |
| Judson Elementary School | 15,859,000 | 900,000 | 900,000 | 03/26/15 | 09/24/19 |
| Watertown High School | 56,157,000 | 4,800,000 | 4,800,000 | 03/26/15 | 09/24/19 |
| Fire truck | | - | 1,000,000 | 03/26/15 | 03/27/24 |
| Capital improvements | | | <u>2,000,000</u> | 03/26/15 | 03/27/24 |
| Total | | <u>\$6,700,000</u> | <u>\$9,700,000</u> | | |

Outstanding Bonded Debt¹

| <u>Dated Date</u> | <u>Final Maturity</u> | <u>Purpose</u> | <u>Interest Rate %</u> | <u>Original Issue</u> | <u>Amount Outstanding</u> |
|-------------------|---------------------------|--------------------|----------------------------|---------------------------|-------------------------------|
| 02/01/05 | 08/01/19 | School | 3.00-5.00 | \$15,521,000 | \$ 5,645,000 |
| 09/15/07 | 09/15/15 | School | 3.75-4.00 | 4,100,000 | 205,000 |
| 09/15/07 | 09/15/27 | Sewer | 3.75-4.00 | 800,000 | 40,000 |
| 09/15/07 | 09/15/27 | Sewer (taxable) | 5.50-5.75 | 1,000,000 | 700,000 |
| 01/15/08 | 01/15/15 | School | 3.00-5.00 | 10,000,000 | 400,000 |
| 04/01/09 | 04/01/16 | School | 2.50-4.50 | 16,000,000 | 2,321,000 |
| 04/01/09 | 04/01/16 | Sewer | 2.50-4.50 | 200,000 | 29,000 |
| 08/27/09 | 07/01/22 | School | 3.00-5.00 | 11,160,000 | 10,544,000 |
| 08/27/09 | 07/01/22 | Public improvement | 3.00-5.00 | 6,290,000 | 5,166,000 |
| 08/27/09 | 07/01/21 | Water | 3.00-5.00 | 840,000 | 840,000 |
| 08/27/09 | 07/01/21 | Sewer | 3.00-5.00 | 470,000 | 470,000 |
| 03/15/10 | 03/15/30 | School | 2.00-4.00 | 7,500,000 | 6,000,000 |
| 08/02/11 | 08/01/25 | School | 2.00-4.00 | 3,005,800 | 2,977,400 |
| 08/02/11 | 08/01/25 | Public improvement | 2.00-4.00 | 2,671,500 | 2,369,900 |
| 08/02/11 | 08/01/23 | Water | 2.00-4.00 | 320,700 | 287,400 |
| 08/02/11 | 08/01/23 | Sewer | 2.00-4.00 | 112,000 | 100,300 |
| 05/29/12 | 04/01/27 | Public improvement | 2.00-3.00 | 652,400 | 652,400 |
| 05/29/12 | 04/01/29 | School | 2.00-3.00 | 8,433,300 | 8,433,300 |
| 05/29/12 | 04/01/29 | Sewer | 2.00-3.00 | 419,300 | 419,300 |
| 02/15/13 | 01/15/33 | School | 2.50-4.50 | 8,549,700 | 8,549,700 |
| 02/15/13 | 01/15/25 | Sewer | 2.50-4.50 | 50,300 | 50,300 |
| 03/15/13 | 03/15/28 | Public improvement | 2.00-3.00 | 2,000,000 | <u>1,865,000</u> |
| Total | | | | | <u>\$58,065,000</u> |

Other Commitments

In addition to bonded debt, the Town has entered into an agreement, approved by the Town Council and the Watertown Water and Sewer Authority, to pay a portion of the debt of the City of Waterbury incurred through the issuance of obligations under the State of Connecticut’s Clean Water Fund Program for costs of various upgrades and expansions to the City of Waterbury’s sewage treatment facilities, as follows:

| <u>Dated Date</u> | <u>Final Maturity</u> | <u>Interest Rate %</u> | <u>Town’s Share of Original Issue</u> | <u>Town’s Share of Amount Outstanding</u> |
|-------------------|-----------------------|------------------------|---------------------------------------|---|
| 08/30/95 | 08/31/14 | 2.00% | \$ 325,084 | \$ 8,127 |
| 07/31/97 | 07/31/16 | 2.00 | 616,134 | 87,349 |
| 12/31/00 | 06/03/20 | 2.00 | <u>8,085,318</u> | <u>2,626,001</u> |
| Total | | | \$9,026,536 | \$2,721,477 |

Pursuant to an agreement between the Town and the Watertown Fire District, the District reimburses the Town for 32.72% of the Town’s payments to the City of Waterbury pursuant to this agreement. The balance of the Town’s payment obligations under the agreement are anticipated to be paid from assessments and other charges upon the Town’s sewer users. See “Sewage Disposal” above regarding the Town’s use of the City’s sewage treatment facilities.

**Overlapping/Underlying Debt
As of March 27, 2014
(Pro Forma)**

The Town of Watertown has no overlapping debt. The debt, if any, of the Watertown Fire District and the Lake Winnemaug Association represents underlying debt for the Town of Watertown. The Watertown Fire District has the authority to issue tax-exempt debt, and its outstanding indebtedness as of March 27, 2014 is shown below.

| <u>Date of Issue</u> | <u>Bonds Outstanding</u> |
|----------------------|--------------------------|
| 03/30/95 | \$ 22,753 |
| 09/30/03 | 332,204 |
| 06/30/04 | <u>247,315</u> |
| Total | \$602,272 |

**Bonded Debt Maturity Schedule
As of March 27, 2014
(Pro Forma)**

| <u>Fiscal Year Ending</u> | <u>Principal Payments</u> | <u>Interest Payments¹</u> | <u>Total Payments</u> | <u>Cumulative Principal Retired</u> |
|---------------------------|-------------------------------|--|---------------------------|---|
| 2014 ² | \$ 730,000 | \$ 173,494 | \$ 903,494 | 1.26 |
| 2015 | 4,745,000 | 2,135,069 | 6,880,069 | 9.43 |
| 2016 | 4,765,000 | 1,938,069 | 6,703,069 | 17.64 |
| 2017 | 4,790,000 | 1,732,744 | 6,522,744 | 25.88 |
| 2018 | 4,870,000 | 1,530,194 | 6,400,194 | 34.27 |
| 2019 | 4,890,000 | 1,312,588 | 6,202,588 | 42.69 |
| 2020 | 4,220,000 | 1,121,713 | 5,341,713 | 49.96 |
| 2021 | 3,880,000 | 972,875 | 4,852,875 | 56.64 |
| 2022 | 3,870,000 | 827,106 | 4,697,106 | 63.31 |
| 2023 | 3,715,000 | 687,469 | 4,402,469 | 69.71 |
| 2024 | 3,710,000 | 544,362 | 4,254,362 | 76.10 |
| 2025 | 3,150,000 | 421,078 | 3,571,078 | 81.52 |
| 2026 | 2,810,000 | 330,631 | 3,140,631 | 86.36 |
| 2027 | 2,265,000 | 248,550 | 2,513,550 | 90.26 |
| 2028 | 2,030,000 | 175,600 | 2,205,600 | 93.76 |
| 2029 | 1,620,000 | 111,075 | 1,731,075 | 96.55 |
| 2030 | 790,000 | 63,900 | 853,900 | 97.91 |
| 2031 | 410,000 | 36,450 | 446,450 | 98.61 |
| 2032 | 405,000 | 24,150 | 429,150 | 99.31 |
| 2033 | <u>400,000</u> | <u>12,000</u> | <u>412,000</u> | 100.00 |
| Total | \$58,065,000 | \$14,399,117 | \$72,464,117 | |

¹ Does not include interest on this issue.

² Excludes \$3,880,000 of principal payments and \$2,104,377 of interest payments made from July 1, 2013 through March 27, 2014.

**THE TOWN OF WATERTOWN HAS NEVER DEFAULTED IN THE PAYMENT OF ITS
BONDS OR NOTES EITHER AS TO PRINCIPAL OR INTEREST**

Current Debt Statement¹
As of March 27, 2014
(Pro Forma)

| | |
|--|------------------|
| Bonded debt | |
| General purpose | \$10,053,300 |
| Schools | 45,075,400 |
| Sewers | 1,808,900 |
| Water | <u>1,127,400</u> |
| Bonded debt | 58,065,000 |
| Short-term debt (this issue) | <u>9,700,000</u> |
| Direct debt | 67,765,000 |
| Less school construction grants receivable | <u>2,944,036</u> |
| Net direct debt | 64,820,964 |
| Underlying debt (Watertown Fire District)..... | <u>602,272</u> |
| Overall net debt | \$65,423,236 |

¹ Excludes the Town's obligations described in "Other Commitments" herein.

Current Debt Ratios¹
As of March 27, 2014
(Pro Forma)

| | |
|--|-----------------|
| Population 2010 ² | 22,514 |
| Net taxable grand list, 10/1/12 | \$1,718,661,051 |
| Estimated full value | \$2,455,330,073 |
| Equalized net taxable grand list (2011) ³ | \$2,400,494,080 |
| Income per capita (2012) ⁴ | \$36,503 |

| | Direct Debt | Net Direct Debt | Overall Net Debt |
|---|----------------------------|----------------------------|----------------------------|
| | <u>\$67,765,000</u> | <u>\$64,820,964</u> | <u>\$65,423,236</u> |
| Debt per capita | \$3,009.90 | \$2,879.14 | \$2,905.89 |
| Percent of net taxable grand list | 3.94% | 3.77% | 3.81% |
| Percent of estimated full value | 2.76% | 2.64% | 2.66% |
| Percent of equalized net taxable grand list | 2.82% | 2.70% | 2.73% |
| Debt per capita to income per capita | 8.24% | 7.89% | 7.963% |

¹ Excludes the Town's obligations described in "Other Commitments" herein.

² U.S. Department of Commerce, Bureau of Census, 2010 Census.

³ State of Connecticut, Office of Policy and Management.

⁴ 2008-2012 American Community Survey.

**Statement of Statutory Debt Limitation
As of March 27, 2014
(Pro Forma)**

Debt Limitation Base

| | |
|---|--------------|
| Total tax collections, including interest and lien fees, for the fiscal year ended June 30, 2013 | \$47,312,372 |
| Reimbursement for revenue loss on Elderly Tax Relief | <u>2,000</u> |
| Debt Limitation Base | \$47,314,372 |

| | <u>General Purpose¹</u> | <u>Schools</u> | <u>Sewers</u> | <u>Urban Renewal</u> | <u>Pension Deficit Funding</u> |
|--|--|--------------------|--------------------|--------------------------|--|
| Debt Limitation by Purpose | | | | | |
| 2.25 x base | \$106,457,337 | | | | |
| 4.50 x base | - | \$212,914,674 | | | |
| 3.75 x base | - | - | \$177,428,895 | | |
| 3.25 x base | - | - | - | \$153,771,709 | |
| 3.00 x base | - | - | - | - | \$141,943,116 |
| Total debt limitation | <u>106,457,337</u> | <u>212,914,674</u> | <u>177,428,895</u> | <u>153,771,709</u> | <u>141,943,116</u> |
| Less indebtedness | | | | | |
| Notes payable | 3,000,000 | 6,700,000 | - | - | - |
| Bonds payable ¹ | 10,053,300 | 45,075,400 | 1,808,900 | - | - |
| Underlying debt | 602,272 | - | - | - | - |
| Authorized but unissued | <u>3,177,672</u> | <u>3,090,530</u> | <u>36,650</u> | - | - |
| Total indebtedness | 16,833,244 | 54,865,930 | 1,845,650 | - | - |
| Less school construction grants | - | <u>2,944,036</u> | - | - | - |
| Net total indebtedness | 16,833,244 | 51,921,894 | 1,845,550 | - | - |
| Debt limitation in excess of outstanding and authorized debt | \$89,624,093 | \$160,992,780 | \$175,583,345 | \$153,771,709 | \$141,943,116 |

¹ Water bonds outstanding in the amount of \$1,127,400 excluded by State statute.

Note: Excludes the Town's obligations described in "Other Commitments" herein.

In accordance with Connecticut General Statutes municipalities may not incur indebtedness through the issuance of bonds which will cause aggregate indebtedness to be exceeded by class as outlined above and in no case shall total indebtedness exceed seven times the base, or in the Town's case, \$331,200,604.

The statutes also provide for exclusion from the debt limit calculation debt issued in anticipation of taxes; for the supply of water, gas and electricity; for the construction of subways for cables, wire or pipes; and for the construction of underground conduits for cables, wires or pipes; and for two or more of such purposes. There are additional exclusions for indebtedness, issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement, for indebtedness issued in anticipation of receipt of proceeds from State or Federal grants evidenced by a written commitment or by contract only to the extent such indebtedness can be paid from such proceeds and for debt to be paid from a funded sinking fund.

**Authorized but Unissued Debt
As of March 27, 2014
(Pro Forma)**

| <u>Project</u> | <u>Date Authorized</u> | <u>Amount Authorized</u> | <u>Bonds and Notes Issued</u> | <u>Grants Received</u> | <u>Authorized but Unissued</u> |
|---|------------------------|--------------------------|-------------------------------|------------------------|--------------------------------|
| Roadway and Drainage Improvements ¹ | 11/25/03 | \$ 1,730,000 | \$ 1,700,000 | \$ - | \$ 30,000 |
| Fire House Renovation and Expansion ¹ | 11/25/03 & 11/29/05 | 6,046,672 | 6,020,000 | - | 26,672 |
| Swift Middle School Project ² | 05/04/04 & 11/29/05 | 33,768,919 | 14,900,000 | 18,328,315 | 540,604 |
| Wattles Brook Interceptor | 2/21/06 | 2,036,650 | 2,000,000 | - | 36,650 |
| Watertown High School Renovations and Additions ¹ | 04/16/07 & 06/05/07 | 56,157,000 | 29,400,000 | 26,262,988 | 494,012 |
| Judson Elementary School Renovations and Additions ¹ | 04/16/07 & 06/05/07 | 15,859,000 | 8,400,000 | 7,389,408 | 69,592 |
| Polk Elementary School Renovations and Additions ³ | 04/16/07 & 06/05/07 | 12,517,000 | 5,500,000 | 5,030,678 | 1,986,322 |
| Communications Systems | 03/15/10 & 04/27/10 | 1,881,000 | 1,460,000 | 300,000 | 121,000 |
| Aerial Ladder Fire Truck Acquisition | 02/26/13 | 1,000,000 | - | - | 1,000,000 |
| Road, Bridge and Drainage Improvements | 02/26/13 | <u>4,000,000</u> | <u>2,000,000</u> | <u>-</u> | <u>2,000,000</u> |
| Total | | \$134,996,241 | \$71,380,000 | \$57,311,389 | \$6,304,852 |

¹ These projects are complete, and the Town does not expect to use any remaining authorizations.

² The balance of this project is expected to be completely funded with State school construction grants.

³ The Town's share of this school project is estimated at 47.5% and the State's share is estimated at 52.5%.

Authority to Incur Debt

The Town of Watertown has the power to incur indebtedness as provided by the Connecticut General Statutes and the Town Charter. When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding in an amount equal to a minimum of 1/20th (1/30th for sewer and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years, from their initial borrowing date, except for sewer notes issued in anticipation of State and/or Federal grants. If a written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from certain sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

**Ratio of Annual Debt Service
to General Fund Expenditures and Transfers Out**

| <u>Fiscal Year Ended 6/30</u> | <u>Total Debt Service</u> | <u>General Fund Expenditures and Transfers</u> | <u>Ratio of Debt Service to Expenditures and Transfers</u> |
|-------------------------------|---------------------------|--|--|
| 2013 | \$6,811,471 | \$69,506,335 | 9.80 |
| 2012 | 7,345,894 | 66,914,231 | 10.97 |
| 2011 | 7,103,314 | 62,044,830 | 11.45 |
| 2010 | 5,795,979 | 62,689,668 | 9.25 |
| 2009 | 5,559,514 | 62,239,479 | 8.93 |

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

| <u>Fiscal Year Ended 6/30</u> | <u>Net Taxable Grand List (000s)</u> | <u>Estimated Full Value (000s)¹</u> | <u>Net Long-term Debt (000s)</u> | <u>Ratio of Net Long-term Debt to Net Taxable Grand List (%)</u> | <u>Ratio of Net Long-term Debt to Estimated Full Value (%)</u> | <u>Population²</u> | <u>Net Long-term Debt Per Capita</u> | <u>Ratio of Net Long-term Debt per Capita to Per Capita Income (%)³</u> |
|-------------------------------|--------------------------------------|--|----------------------------------|--|--|-------------------------------|--------------------------------------|--|
| 2013 | \$1,942,449 | \$2,774,927 | \$55,121 | 2.84 | 1.99 | 22,514 | \$2,448 | 6.71 |
| 2012 | 1,923,262 | 2,747,517 | 60,874 | 3.17 | 2.22 | 22,514 | 2,704 | 7.41 |
| 2011 | 1,912,861 | 2,732,659 | 61,280 | 3.20 | 2.24 | 22,514 | 2,722 | 7.46 |
| 2010 | 1,912,745 | 2,732,493 | 62,861 | 3.29 | 2.30 | 22,514 | 2,792 | 7.65 |
| 2009 | 1,683,563 | 2,405,090 | 58,891 | 3.50 | 2.45 | 22,095 | 2,665 | 10.23 |
| 2008 | 1,668,339 | 2,383,341 | 45,635 | 2.74 | 1.91 | 22,128 | 2,062 | 7.92 |

¹ Assessment Ratio 70%.

² State of Connecticut Department of Public Health estimates for 2008 and 2009; U.S. Department of Commerce, Bureau of Census, 2010 Census for 2010 through 2013.

³ U.S. Department of Commerce, Bureau of Census, 2000 Census per capita income \$26,044 for 2008 and 2009; 2008-12 American Community Survey per capita income \$36,503 for 2010-13.

SECTION V - FINANCIAL SECTION

**Comparative Assessed Valuations
(\$ in thousands)**

| <u>Fiscal Year Ended 6/30</u> | <u>Grand List of 10/1</u> | <u>Residential Real Property Percent</u> | <u>Commercial and Industrial Real Property Percent</u> | <u>Other Land Percent</u> | <u>Personal Property Percent</u> | <u>Motor Vehicle Percent</u> | <u>Gross Taxable Grand List (000s)</u> | <u>(000s) Less Exemptions</u> | <u>Net Taxable Grand List</u> | <u>Percent Change</u> |
|-------------------------------|---------------------------|--|--|---------------------------|----------------------------------|------------------------------|--|-------------------------------|-------------------------------|-----------------------|
| 2015 | 2013 ¹ | 69.3 | 13.1 | 0.1 | 7.5 | 10.0 | \$1,773,933 | \$55,272 | \$1,718,661 | (12.24) |
| 2014 | 2012 | 72.9 | 11.8 | 0.1 | 6.5 | 8.7 | 2,007,488 | 49,217 | 1,958,271 | 0.81 |
| 2013 | 2011 | 72.8 | 11.9 | 0.1 | 6.7 | 8.5 | 2,002,926 | 60,477 | 1,942,449 | 1.00 |
| 2012 | 2010 | 73.4 | 12.0 | 0.1 | 6.3 | 8.2 | 1,978,382 | 55,120 | 1,923,262 | 0.54 |
| 2011 | 2009 | 73.7 | 12.0 | 0.1 | 6.3 | 7.9 | 1,963,356 | 50,495 | 1,912,861 | 0.01 |
| 2010 | 2008 ¹ | 73.3 | 12.1 | 0.1 | 6.7 | 7.8 | 1,967,095 | 54,350 | 1,912,745 | 13.61 |
| 2009 | 2007 | 71.5 | 11.4 | 0.1 | 7.7 | 9.3 | 1,723,065 | 39,502 | 1,683,563 | 0.91 |
| 2008 | 2006 | 71.2 | 11.4 | 0.1 | 7.8 | 9.5 | 1,711,948 | 43,609 | 1,668,339 | 2.33 |
| 2007 | 2005 | 71.4 | 11.6 | 0.1 | 7.9 | 9.0 | 1,675,520 | 45,234 | 1,630,286 | - |

¹ Revaluation.

Principal Taxpayers

| <u>Name</u> | <u>Nature of Business</u> | <u>Taxable Valuation As of 10/1/13</u> | <u>Percent of Net Taxable Grand List¹</u> |
|--|---------------------------|--|--|
| Connecticut Light & Power | Utility | \$26,797,142 | 1.56 |
| The Siemon Company | Manufacturer | 12,726,464 | 0.74 |
| Siemon Realty Company | Manufacturer | 7,905,900 | 0.46 |
| JSD Partners LLC | Real estate | 7,884,200 | 0.46 |
| Global Steering Systems LLC | Manufacturer | 7,444,336 | 0.43 |
| Greenbriar Associates Inc. | Real estate | 7,222,100 | 0.42 |
| Anstro Manufacturing Inc. | Manufacturer | 6,989,865 | 0.41 |
| Siemon Company | Manufacturer | 6,974,841 | 0.41 |
| Straits Commercial Assoc LTD PTN | Real estate | 6,837,000 | 0.40 |
| Truelove & Maclean, Inc. | Manufacturer | <u>6,767,950</u> | <u>0.39</u> |
| Total | | \$97,549,798 | 5.68 |

¹ Based on 10/1/13 Net Taxable Grand List of \$1,718,661,051.

Property Tax Levies and Collections

| <u>Fiscal Year Ended 6/30</u> | <u>Net Taxable Grand List (000s)</u> | <u>Mill Rate</u> | <u>Total Adjusted Tax Levy (000s)</u> | <u>Percent of Annual Levy Collected at End of Fiscal Year</u> | <u>Percent of Annual Levy Uncollected At End of Fiscal Year</u> | <u>Percent of Annual Levy Uncollected as of 2/1/14</u> |
|-------------------------------|--------------------------------------|------------------|---------------------------------------|---|---|--|
| 2014 | \$1,958,271 | 25.09 | \$49,133 | -----In collection----- | | |
| 2013 | 1,942,449 | 24.23 | 47,107 | 98.35 | 1.65 | 1.01 |
| 2012 | 1,923,262 | 23.22 | 44,879 | 98.50 | 1.50 | 0.04 |
| 2011 | 1,912,861 | 22.91 | 43,767 | 98.57 | 1.43 | 0.02 |
| 2010 | 1,912,745 | 22.38 | 42,763 | 98.60 | 1.40 | 0.01 |
| 2009 | 1,683,563 | 24.35 | 41,233 | 98.56 | 1.44 | 0.01 |
| 2008 | 1,668,339 | 22.72 | 37,970 | 99.16 | 0.84 | - |

Property Taxes Receivable

| <u>Fiscal Year Ended 6/30</u> | <u>Current Year</u> | <u>Total</u> |
|-------------------------------|---------------------|--------------|
| 2013 | \$775,221 | \$1,301,837 |
| 2012 | 671,301 | 1,117,865 |
| 2011 | 625,854 | 982,505 |
| 2010 | 597,671 | 892,285 |
| 2009 | 593,836 | 827,344 |

Intergovernmental Revenues as a Percent of General Fund Revenues

| <u>Fiscal Year Ended 6/30</u> | <u>Intergovernmental Revenues</u> | <u>General Fund Revenues</u> | <u>Percent</u> |
|-------------------------------|-----------------------------------|------------------------------|----------------|
| 2013 | \$18,523,914 | \$68,260,379 | 27.14 |
| 2012 | 18,470,161 | 66,064,565 | 27.96 |
| 2011 | 15,509,642 | 61,547,900 | 25.20 |
| 2010 | 17,406,285 | 62,569,980 | 27.82 |
| 2009 | 17,032,238 | 61,046,769 | 27.90 |

Comparative Balance Sheets - General Fund

| | <u>6/30/13</u> | <u>6/30/12</u> | <u>6/30/11</u> | <u>6/30/10</u> | <u>6/30/09</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$6,490,797 | \$ 6,978,471 | \$ 6,254,215 | \$ 6,607,592 | \$ 5,898,594 |
| Receivables: | | | | | |
| Taxes | 1,187,837 | 1,011,865 | 886,505 | 971,285 | 896,344 |
| Other | 1,498,003 | 1,635,374 | 559,398 | 312,772 | 444,507 |
| Intergovernmental | 3,309,347 | 3,933,968 | 4,138,099 | 4,729,485 | 5,341,331 |
| Prepaid expenses | - | 10,943 | - | - | - |
| Due from other funds | <u>358,464</u> | <u>109,816</u> | <u>203,182</u> | <u>223,948</u> | <u>97,399</u> |
| Total assets | \$12,844,448 | \$13,680,437 | \$12,041,399 | \$12,845,082 | \$12,678,175 |
| Liabilities and fund balance | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 703,230 | \$ 594,835 | \$ 573,014 | \$ 768,878 | \$ 779,275 |
| Deferred revenues | <u>5,768,935</u> | <u>6,331,015</u> | <u>5,044,580</u> | <u>5,638,042</u> | <u>6,193,541</u> |
| Total liabilities | 6,472,165 | 6,925,850 | 5,617,594 | 6,406,920 | 6,972,816 |
| Fund balance | | | | | |
| Reserved | - | - | - | 698,945 | 305,098 |
| Unreserved | - | - | - | 5,739,217 | 5,400,261 |
| Assigned | 797,675 | 981,642 | 849,103 | - | - |
| Unassigned | <u>5,574,608</u> | <u>5,772,945</u> | <u>5,574,702</u> | <u>-</u> | <u>-</u> |
| Total fund balance | <u>6,372,283</u> | <u>6,754,587</u> | <u>6,423,805</u> | <u>6,438,162</u> | <u>5,705,359</u> |
| Total liabilities and fund equity | \$12,844,448 | \$13,680,437 | \$12,041,399 | \$12,845,082 | \$12,678,175 |
| Analysis of General Fund equity | | | | | |
| Operating revenues | \$68,260,379 | \$66,064,565 | \$61,547,900 | \$62,569,980 | \$61,046,769 |
| Fund balance as a percent of operating revenues | 9.34 | 10.22 | 10.44 | 10.29 | 9.35 |
| Undesignated/unassigned fund balance as a percent of operating revenues | 8.17 | 8.74 | 9.06 | 8.61 | 8.85 |

General Fund Revenues, Expenditures and Changes in Fund Balance

The General Fund revenues, expenditures, and changes in fund balance for the fiscal years ended June 30, 2009 through 2013 have been derived from audited financial statements. The budget for the fiscal year ending June 30, 2014 has been provided on a budgetary basis by the Town. The financial information presented herein is the responsibility of the Town of Watertown's management (other than Appendix A - "Audited Financial Statements" which was taken from the Annual Financial Report of the Town of Watertown for the fiscal year ended June 30, 2013).

| | Adopted Budget 2013-14 | 2012-13² | 2011-12² | 2010-11² | 2009-10² | 2008-09² |
|---|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Revenues | | | | | | |
| Property taxes | \$49,185,095 | \$47,229,837 | \$44,991,044 | \$44,110,778 | \$43,040,294 | \$41,428,222 |
| Intergovernmental revenues | 13,649,382 | 18,523,914 | 18,470,161 | 15,509,642 | 17,406,285 | 17,032,238 |
| Departmental revenues | 1,812,055 | 2,097,152 | 2,267,774 | 1,596,353 | 1,733,768 | 2,001,022 |
| Investment income | 27,500 | 28,295 | 26,233 | 38,143 | 78,693 | 179,968 |
| Other revenue | <u>337,059</u> | <u>381,181</u> | <u>309,353</u> | <u>292,984</u> | <u>310,940</u> | <u>405,319</u> |
| Total revenues | 65,011,091 | 68,260,379 | 66,064,565 | 61,547,900 | 62,569,980 | 61,046,769 |
| Expenditures | | | | | | |
| General government | 2,536,508 | 2,506,428 | 2,572,123 | 2,376,039 | 2,342,926 | 2,381,697 |
| Public safety | 4,972,497 | 5,020,250 | 4,922,640 | 4,723,743 | 4,565,164 | 4,382,794 |
| Public works | 3,371,446 | 3,353,241 | 3,312,263 | 3,075,343 | 3,095,696 | 3,297,676 |
| Parks and recreation | 773,904 | 757,828 | 717,490 | 635,176 | 649,630 | 716,319 |
| Health and welfare | 120,808 | 132,255 | 129,967 | 147,660 | 125,202 | 130,342 |
| Education | 38,460,276 | 42,983,391 | 39,592,522 | 36,930,006 | 38,016,801 | 38,620,195 |
| Debt service | 6,857,653 | 6,811,471 | 7,345,894 | 7,103,314 | 6,778,146 | 5,559,514 |
| Capital outlay | - | 630,313 | 678,051 | - | - | - |
| Other | <u>7,917,999</u> | <u>7,026,858</u> | <u>7,356,740</u> | <u>6,835,366</u> | <u>5,795,979</u> | <u>6,465,866</u> |
| Total expenditures | 65,011,091 | 69,222,035 | 66,627,690 | 61,826,647 | 61,369,544 | 61,554,403 |
| Excess (deficiency) of revenues over (under) expenditures | - | (961,656) | (563,125) | (278,747) | 1,200,436 | (507,634) |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | | 187,386 | 280,908 | 482,573 | 649,570 | 959,594 |
| Bond proceeds | | 9,492,729 | 14,890,832 | - | 18,760,000 | - |
| Deposit to escrow and costs of debt issuance | | (9,446,776) | (14,669,343) | - | (18,557,079) | - |
| Capital lease proceeds | | 630,313 | 678,051 | - | - | - |
| Operating transfers out | | <u>(284,300)</u> | <u>(286,541)</u> | <u>(218,183)</u> | <u>(1,320,124)</u> | <u>(685,076)</u> |
| Total other financing sources (uses) | | 579,352 | 893,907 | 264,390 | (467,633) | 274,518 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | | (382,304) | 330,782 | (14,357) | 732,803 | (233,116) |
| Fund balance, beginning of year | | <u>6,754,587</u> | <u>6,423,805</u> | <u>6,438,162</u> | <u>5,705,359</u> | <u>5,938,475</u> |
| Fund balance, end of year | | \$6,372,283 | \$6,754,587 | \$6,423,805 | \$6,438,162 | \$5,705,359 |

¹ Budgetary basis; does not include payments made on behalf of the Town by the State of Connecticut for Teachers' Retirement System.

² GAAP basis.

Accounting Policies and Basis of Accounting

The Town’s accounting system is organized on a fund basis and uses funds and account groups to report on its financial position and results of operations. The Town’s accounting records are maintained on a modified accrual basis, with major revenues recorded when earned and expenditures recorded when incurred. The accounting policies of the Town conform to generally accepted accounting principles as applied to governmental units. (See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 1” herein.).

Audit

Pursuant to the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The audit must be conducted under the guidelines issued by the State of Connecticut, Office of Policy and Management. The Town of Watertown is in full compliance with said provisions.

Certificate of Achievement

The Town of Watertown’s Comprehensive Annual Financial Report (“CAFR”) for the year ended June 30, 2012 was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for the 18th consecutive year. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

Budget Adoption Procedure

At least 120 days before
close of fiscal year

The head of each department, office, agency, board, including the Board of Education, commission, and authority files estimates of non-tax revenues and expenditures with the Town Manager.

At least 90 days before close
of fiscal year

Town Manager submits proposed Annual Budget to the Council which contains: 1) a budget message, 2) revenue estimates, 3) expenditure estimates and recommendations, 4) a five-year Capital Improvement Program.

At least 65 days before the
start of fiscal year

The Town Council holds a public hearing on proposed Annual Budget. Town Council adopts budget giving effect to citizen input from public hearing.

Not less than 40 days before
the start of fiscal year

The Town Council shall schedule a referendum. Council lays tax.

Pension Programs

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

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

The pension plans are included in the financial statements as Pension Trust Funds. Individual stand-alone statements are not issued. Prudential Financial is the trustee of the Plan’s assets. The latest actuarial valuation was completed for January 1, 2013. The fiscal year 2013–14 annual required contributions (“ARCs”) are \$364,691 for the Town Retirement System and \$770,262 for the Police Benefit Fund for a total ARC of \$1,134,953. The Town’s practice is to always budget 100% of the pension ARC,

Town Retirement System

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 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

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (“AAL”) | (Unfunded) Overfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a % of Covered Payroll |
|---------------------------------|----------------------------------|--|---|---------------------|------------------------|---------------------------------------|
| 1/1/09 | \$13,617,941 | \$14,488,555 | \$ (870,614) | 93.9% | \$6,245,400 | (13.9)% |
| 1/1/10 | 15,888,764 | 16,624,132 | (735,368) | 95.5 | 6,466,618 | (11.3) |
| 1/1/11 | 16,402,816 | 17,102,475 | (699,659) | 95.9 | 6,591,118 | (10.6) |
| 1/1/12 | 16,935,651 | 18,004,766 | (1,069,115) | 94.1 | 6,443,786 | (16.6) |
| 1/1/13 | 17,637,843 | 18,732,739 | (1,094,896) | 94.2 | 6,409,573 | (17.1) |

Schedule of Employer Contributions

| | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|---------------|--|--------------------------------------|
| 6/30/09 | \$198,970 | 100% |
| 6/30/10 | 299,018 | 100 |
| 6/30/11 | 316,948 | 100 |
| 6/30/12 | 360,695 | 100 |
| 6/30/13 | 367,373 | 100 |

Police Benefit Fund

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 five 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.

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability ("AAL")</u> | <u>(Unfunded) Overfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Covered Payroll</u> |
|---------------------------------|----------------------------------|--|---|---------------------|------------------------|---------------------------------------|
| 1/1/09 | \$12,513,012 | \$16,253,686 | \$(3,740,674) | 76.9% | \$2,574,363 | (145.3)% |
| 1/1/10 | 14,238,384 | 17,976,016 | (3,737,632) | 79.2 | 2,702,918 | (138.2) |
| 1/1/11 | 14,982,718 | 18,719,827 | (3,737,109) | 80.0 | 2,953,780 | (126.5) |
| 1/1/12 | 15,581,062 | 20,131,988 | (4,550,926) | 77.4 | 2,877,202 | (158.2) |
| 1/1/13 | 16,381,494 | 21,296,992 | (4,915,498) | 76.9 | 3,059,132 | (60.7) |

Schedule of Employer Contributions

| | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|---------------|-------------------------------------|-------------------------------|
| 6/30/09 | \$457,440 | 100% |
| 6/30/10 | 625,539 | 100 |
| 6/30/11 | 665,677 | 100 |
| 6/30/12 | 689,641 | 100 |
| 6/30/13 | 736,930 | 100 |

The information presented in the required supplementary schedules to the audited financial statements was determined as part of the actuarial valuations at the dates indicated.

See Appendix A - "Audited Financial Statements, Notes to Financial Statements, Note 11" herein.

Other Post-employment Benefits

The Town has complied with the requirements of Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefit ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. The Town is contributing the "pay-as-you-go" portion only and is not currently amortizing any of the unfunded accrued liability, however the Town is in the process of creating a trust fund, and all investment earnings and positive variances from the "pay-as-you-go" budgeting will be used to mitigate the accrued liability.

The Town's annual 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 ended June 30, 2013, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

Retiree Welfare Plan

| | |
|---|------------------|
| ARC | \$3,061,982 |
| Interest on net OPEB obligation | 323,046 |
| Adjustment to ARC | (449,080) |
| Amortization of actuarial losses | <u>488,697</u> |
| | |
| Annual OPEB cost | 3,424,645 |
| Contributions made | <u>1,338,660</u> |
| | |
| Increase in net OPEB obligation | 2,085,985 |
| Net OPEB obligation, beginning of year | <u>8,076,116</u> |
| Net OPEB obligation, end of year | \$10,162,101 |

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is presented below. The Annual OPEB Cost (“AOC”) for fiscal 2013-14 totals approximately \$3,424,000 and the Town budgeted the current pay-go OPEB cost of approximately \$1,350,000. The Town has established an OPEB trust and as of June 30, 2013 the plan assets totaled approximately \$600.

| <u>Fiscal Year Ending</u> | <u>AOC</u> | <u>Actual Contributions</u> | <u>Percentage of AOC Contributed</u> | <u>OPEB Obligation</u> |
|----------------------------------|-------------------|------------------------------------|---|-------------------------------|
| 6/30/09 | \$2,968,986 | \$ 787,695 | 26.5% | \$ 2,181,291 |
| 6/30/10 | 2,851,177 | 837,045 | 29.3 | 4,195,423 |
| 6/30/11 | 3,094,512 | 1,155,270 | 37.3 | 6,134,665 |
| 6/30/12 | 3,169,267 | 1,227,816 | 38.7 | 8,076,116 |
| 6/30/13 | 3,424,645 | 1,338,660 | 39.1 | 10,162,101 |

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

Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (“AAL”)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as a % of Covered Payroll</u> |
|--|---|---|----------------------------|-------------------------------|--|
| 7/1/08 | \$ - | \$31,307,168 | -% | \$25,480,137 | 122.8% |
| 7/1/09 | - | 32,914,496 | - | 25,480,137 | 129.1 |
| 7/1/10 | 300,000 | 34,311,401 | 0.8 | 25,402,407 | 133.9 |
| 7/1/12 | 600,613 | 38,325,972 | 1.57 | 26,415,121 | 142.8 |

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 10” herein for more information.

Insurance

See Appendix A – “Audited Financial Statements, Notes to Financial Statements, Note 9” herein.

Investment Practices

The Town Charter and Sections 7-400, 7-401 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit; repurchase agreements; municipal notes, bonds, obligations of the United States, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal home loan banks, all Federal land banks, the Tennessee Valley Authority, or any other agency of the United States government. Mutual funds and money market funds that meet certain statutory requirements are also permitted investments.

See Appendix A - "Audited Financial Statements, Notes to Financial Statements, Note 3" herein.

Assessment Practices

The Town of Watertown completed its last physical revaluation on its October 1, 2003 Grand List which was implemented in fiscal year 2004-05. Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods. Since the Town completed its last physical revaluation effective as of October 1, 2013, a statistical revaluation will be required in five years or October 1, 2018.

Prior to the completion of each revaluation, the Assessor shall conduct a field review. Any required revaluation subsequent to such a delayed revaluation shall re-commence at the point in the schedule required pursuant to Section 12-62 that the municipality was following prior to such delay. The Assessor must fully inspect each parcel of improved real property once in every ten assessment years, provided that the Assessor is not required to fully inspect all of a town's improved real property parcels in the same assessment year or to fully inspect any such parcel more than once during every ten assessment years. Section 12-62 provides that the full inspection requirement shall not apply to any parcel of improved real property for which the Assessor obtains satisfactory verification of data listed on the Assessor's property record by means of a questionnaire sent by the Assessor, at any time during the period in which a full inspection of an improved parcel of real property is required, to the owner of such parcel to (A) obtain information concerning the property's acquisition, and (B) obtain verification of the accuracy of data listed on the Assessor's property record for such parcel.

The maintenance of an equitable tax base by locating and appraising all real and personal property within the Town for inclusion onto the grand list is the responsibility of the Assessor's Office. The grand list represents the total assessed values for all taxable and tax-exempt real estate and taxable personal property and motor vehicles located within the Town on October 1. Assessments for real estate are computed at 70% of the estimated market value at the time of the last general revaluation, while assessments for motor vehicles and personal property are computed at 70% of the current fair market value. Each year a Board of Assessment Appeals determines whether taxpayer petitions for assessment reductions on the current grand list are warranted.

When a new structure, or modification to an existing structure, is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. Upon issuance of a certification of completion, a physical inspection is conducted and a new fair market value is determined with the aid of schedules developed at the time of the last revaluation. All value adjustments are reviewed to determine equity with similar properties and estimate changes to existing income streams.

All personal property (furniture, fixtures, equipment, machinery, supplies, non-registered motor vehicles, and leased equipment) is revalued annually. Random audits are conducted periodically.

Motor vehicle registration lists are furnished to the Town by the State Department of Motor Vehicles. The Office of Policy and Management has determined that the average retail values represented by the National Automobile Dealers Association pricing guides must be utilized in preparation of the grand lists. These values are applied uniformly and equitably to all vehicles in the Town; a myriad of exemptions are then applied to qualifying applicants. The same process is applied to the Supplemental Motor Vehicle list, which represents new or replacement vehicles which were registered after the October 1 assessment date, but before the following July 1. Bills for this supplemental list are issued the following January, eighteen months after the grand list date.

The Town of Watertown has not approved the use of Section 12-124a of the Connecticut General Statutes, which permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income.

SECTION VI - ADDITIONAL INFORMATION

Litigation

The Town of Watertown, its officers, employees, boards, and commissions are named defendants in a number of lawsuits, tax appeals, administrative proceedings, and other miscellaneous claims. It is the opinion of the Town Attorney, following consultation with Town officials and other attorneys providing legal services to the Town, that such pending litigation will not be finally determined, individually or in aggregate, so as to result in final judgments against the Town which would have a material adverse effect on the Town's financial position.

Availability of Continuing Information

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State of Connecticut, Office of Policy and Management on an annual basis. The Town provides, and will continue to provide, to the rating agencies ongoing disclosure in the form of the annual financial reports, recommended and adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, annual financial information and operating data and notices of material events with respect to the Notes, substantially in the form attached as Appendix C to this Official Statement. The winning bidders' obligation to purchase the Notes shall be conditioned upon their receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement.

For the past five years, the Town has complied in all material respects with any previous undertaking made by the Town under the Rule.

Documents to Be Furnished at Closing

The following documents will be furnished when the Notes are delivered:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them.
2. A certificate on behalf of the Town, signed by the Town Manager and the Finance Director, which will be dated the date of delivery and attached to a signed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that the description and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement.
3. A receipt for the purchase price of the Notes.
4. An executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C.
5. The approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut.
6. Within seven business days after the bid opening, the Town will furnish each original purchaser of the Notes 25 copies of the Official Statement as prepared by the Town. Additional copies may be obtained by the original purchaser(s) at their own expense by arrangement with the printer. If the Town's financial advisor is provided with the necessary information from the winning bidder(s) by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriters, and the name of the insurer, if any, of the Notes.

Concluding Statement

This Official Statement is submitted only in connection with the sale of the Notes by the Town of Watertown, Connecticut and may not be reproduced or used in whole or in part for any other purpose.

The following officials in their capacity as officers of the Town, and in the name and on behalf of the Town, do hereby certify in connection with this issue that they have examined this Official Statement, and to the best of their knowledge and belief, the description and statements relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Town of Watertown, Connecticut

By _____
Charles Frigon
Town Manager

By _____
Frank J. Nardelli, Jr.
Assistant Town Manager/Finance Director

Dated _____, 2014