

Annual Comprehensive Financial Report

of the

City of Waterbury Connecticut

Fiscal Year Ended June 30, 2021

Prepared by:
Department of Finance
Michael J. LeBlanc, CPA
Director of Finance

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**CITY OF WATERBURY, CONNECTICUT
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Introductory Section

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CITY OF WATERBURY, CONNECTICUT

OFFICIALS

June 30, 2021

Mayor - Neil M. O'Leary

Town Clerk
Antoinette C. Spinelli

City Clerk
Michael J. Dalton

City Sheriff
Stephen M. Conway

BOARD OF ALDERMEN

Paul Pernerewski, Jr. (President)

Ernest M. Brunelli
Mary Grace Cavallo
Brenda Cotto Figueroa
Michael DiGiovancarlo
Christian D'Orso
Jeffrey A. Hunter
Victor Lopez, Jr.

Kevin D. Markey
Sandra Martinez-McCarthy
Vernon R. Matthews, Jr.
George Noujaim
Michael R. Salvio
Belinda Weaver
Kelly Zimmermann

ADMINISTRATION

Assessor
Building Official
Chief of Fire
Chief of Police
City Planner
Corporation Counsel
Director of Audit
Director of Finance
Director of Health
Director of Human Resources
Director of Information Technology
Director of Libraries
Director of Public Works
Director of Purchasing
Director of Senior Center
Manager of Budget Development & Oversight
Revenue Collection Manager
Superintendent of Water

David Dietsch
Gil Graveline
Terrence Ballou
Fernando Spagnolo
Robert Nerney
Linda Wihbey
Joseph Garvis
Michael LeBlanc
Aisling McGuckin
Scott Morgan
Daniel Iarrapino
Raechel Guest
David Simpson
Kevin McCaffery
Danessa Marshall
Sarah Geary
Frank Caruso, Jr.
Robert Langenauer

BOARD OF EDUCATION

Mayor Neil M. O'Leary, Chairman Ex-Officio

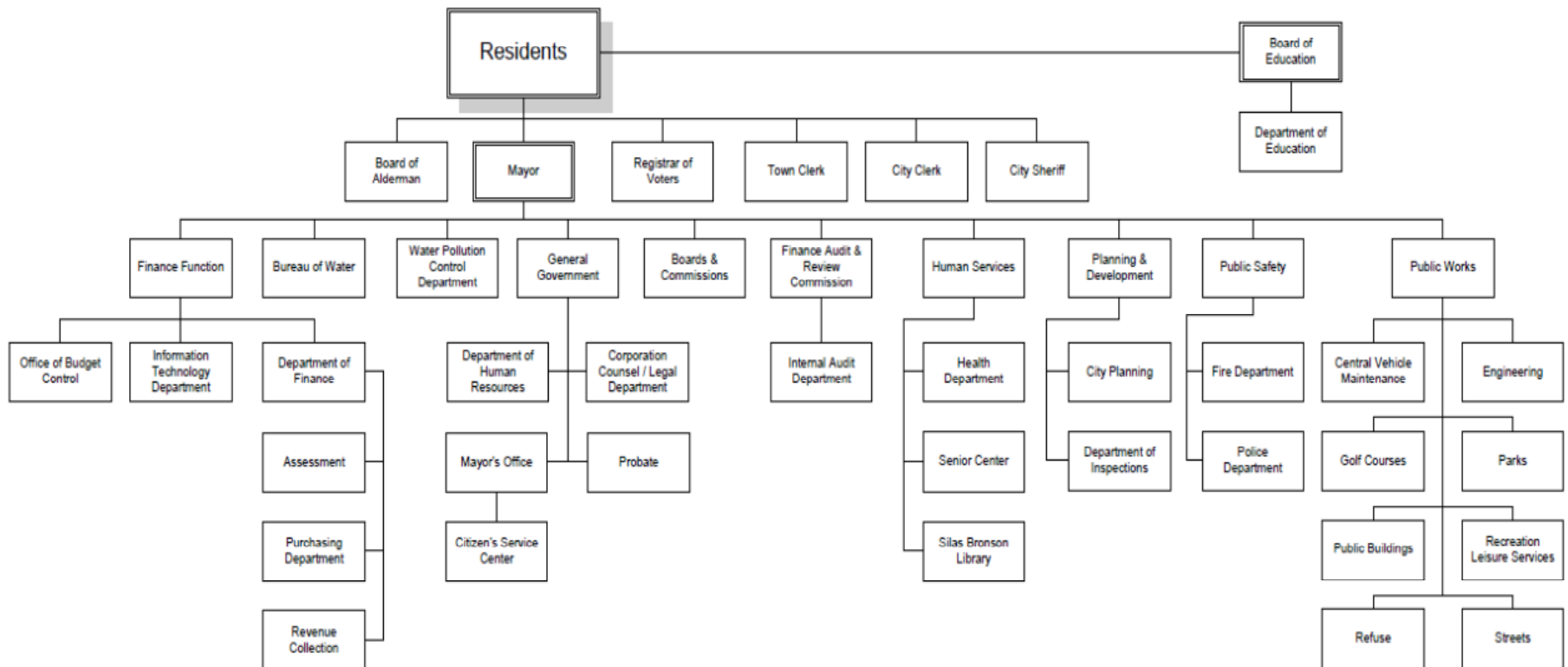
Charles E. Pagano, (President)
Elizabeth C. Brown
Juanita P. Hernandez
Rocco F. Orso
Melissa Serrano-Adorno

Karen E. Harvey, (Vice President)
Amanda K. Nardozzi
Charles L. Stango
Ann M. Sweeney
Thomas Van Stone, Sr.

Dr. Verna Ruffin, Superintendent of Schools

City of Waterbury

Table of Organization - Entire Enterprise





OFFICE OF THE DIRECTOR OF FINANCE
THE CITY OF WATERBURY
CONNECTICUT

December 15, 2021

Honorable Mayor and Board of Aldermen
City of Waterbury

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Waterbury, Connecticut (the City) for the fiscal year ended June 30, 2021. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the City of Waterbury. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to undergo an annual Federal Single Audit in conformity with the provisions of the Federal Single Audit Act and U.S. Office of Management and Budget Uniform Guidance, "Audits of States, Local Governments and Non-Profit Organizations." Information related to the Federal Single Audit, including the schedule of expenditures of federal awards, findings and recommendations, and auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are issued under separate cover and are not included in this report. The City is also required to undergo a State Single Audit. Information related to the State Single Audit is issued as a separate report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management Discussion & Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Waterbury was founded in 1674, incorporated as a village in 1686 and as a city in 1853. The City is located in west-central Connecticut at the heart of a 19-town area known as the Central Naugatuck Valley Region and is 21 miles north of New Haven, 29 miles southwest of Hartford, and 24 miles east of Danbury.

Follow THEWATERBURY.COM to learn all about the City of Waterbury and to gain exclusive content on Facebook, Twitter, LinkedIn, YouTube and Instagram.



November 5, 2020 – Launch of THEWATERBURY.COM – “The Waterbury” is a public-private partnership between the City of Waterbury and several local organizations with a goal to dramatically raise awareness and understanding of Waterbury’s enhanced profile and more specifically to promote the people, organizations and initiatives which are influencing a positive momentum in Waterbury.

“The Waterbury” website is generating exceptional interest in the City, its available properties and its leading organizations. To date the website has been visited by 72,292 unique users. The Commercial Properties section has been reviewed 60,036 times. Original content videos have been viewed 396,259 times across the website and social media channels. The Healthcare Excellence section, which features Waterbury Health (Waterbury Hospital) and Trinity Health (St. Mary’s Hospital) has been viewed more than 200 times by both healthcare professionals and organizations. The Waterbury Talks podcast series launched on September 28, 2021. In the first six weeks, the podcast has been downloaded 507 times. In October 2021, videos on “The Waterbury” You Tube channel were viewed 16,400 times. This past November, the City of Waterbury was selected as a winner in the 2021 American Graphic Design Awards for excellence in branding.

The City is conveniently located at the crossroads of two major expressways, Interstate 84 and Connecticut Route 8. To the east, I-84 provides direct access to Hartford and joins the Massachusetts Turnpike for travel to Boston and northern New England. Heading west, I-84 passes through Danbury and crosses the states of New York and Pennsylvania, with connections to the New York Thruway and Interstate 80. Route 8 south meets the Connecticut Turnpike (I-95) in Bridgeport, making all of southern Connecticut and Fairfield County easily accessible. To the north, Route 8 ultimately leads through Torrington and further north to western Massachusetts.

The City is home to a passenger rail station and a bus terminal. Rail, passenger and freight services are operated by Metro North and Conrail, respectively. Metro North offers daily passenger round trips between Waterbury & New York City, and freight service via New Haven provides for shipments to any point in the country. Waterbury is situated within a short distance (30 miles) to deep water ports in New Haven and Bridgeport. New England’s second largest airport, Bradley International Airport, is located 45 miles northeast of the City while the Waterbury-Oxford Airport is located 15 miles west of the City. Just over the New York State line is Westchester County (N.Y.) Airport, 60 minutes southwest of the City. In addition, Tweed-New Haven Airport has regularly scheduled commuter flights to Newark, Philadelphia, Chicago and Washington D.C.

The City is a regional center for medical and mental health services available to Waterbury’s approximately 114,000 residents and the surrounding towns. The City is home to Waterbury Hospital, owned-operated by Prospect Waterbury/Waterbury Health, Inc. and Saint Mary’s Hospital, owned-operated by Trinity Health New England. Waterbury Hospital and St. Mary’s Hospital are the City’s largest and 3rd largest private employers, respectively. Both hospitals are equipped with trauma centers, emergency helicopter pads and are affiliated with Yale University School of Medicine. Prospect Waterbury/Waterbury Health, Inc. is a for-profit taxable entity and Saint Mary’s Hospital is one of five hospitals comprising Trinity Health New England.

The City maintains a diverse and growing business environment as evidenced by the listing of major employers and major taxpayers located in the Statistical Section Information. Healthcare, higher education, manufacturing, financial services, utilities and retail all have significant representation within the City, providing for employment opportunities and offering goods and services locally, regionally and globally. Waterbury continues to advance a comprehensive economic development strategy with both public and private investments. This business opportunity environment is complemented by a partnership with the State of Connecticut to demolish and remediate former, large manufacturing brownfield sites to repurpose into new manufacturing facilities and mixed-use development projects. Manufacturing employment efforts are furthered by a workforce development collaboration between the City’s Career Academy technical high school, Naugatuck Valley Community College, Northwest Regional Workforce Investment Board and the Manufacturing Alliance of Connecticut. These collaborative employment efforts are geared towards producing results through the training and placement of individuals (students, residents, etc.) into unfilled high wage, high tech advanced manufacturing jobs.

The City serves as a regional center of higher education, being the home of Post University, Naugatuck Valley Community College, and a robust downtown branch of the University of Connecticut (UCONN). The UCONN Waterbury campus provides access to lifelong learning and community engagement through its academic programs and provides entry to the more than one hundred undergraduate programs available at the University of Connecticut. In June 2019, it was announced that UCONN Waterbury would be developing and offering a new bachelor's degree program in allied health sciences, one of the nation's fastest growing career fields. The new allied health sciences bachelor's degree program had strong enrollment in its first year and continues to see increased enrollment as the 2021-2022 academic year began this past fall. Graduates will earn their degree in downtown Waterbury and be prepared to continue into graduate programs such as medical, dental or optometry school or move directly into careers where skilled workers are in high demand. Post University offers both a large on campus class setting as well as a comprehensive online degree program. In December 2018, Post University celebrated its return to downtown Waterbury with approximately 400 employees beginning work in the former newly renovated Howland-Hughes Department Store on Bank Street. POST University is now the City's 2nd largest private employer.

The City provides its population of approximately 114,000 residents with a variety of housing options in all price ranges. Single-family dwellings from modest to luxurious, multi-family homes, apartments and condominiums meet the needs of workers and residents. The City provides housing for senior citizens and offers assisted living facilities and housing opportunities for low-to-middle income families in collaboration with federal housing assistance programs.

The City's public schools educate close to 19,000 students within four high schools, three middle schools, a magnet school for grades 6-12, twenty-one elementary schools, and two alternative schools. There are additionally several private/parochial elementary schools, private/parochial high schools and one vocational-technical high school serving students not enrolled in the public school system. The City's schools are considered "racially balanced" by the State of Connecticut Department of Education.

Waterbury boasts one of the longest existing and most successful Police Activity League's (PAL) in the State of Connecticut and quite possibly in the United States, assisting and supporting the development of thousands of children year in and year out. The Police Activity League of Waterbury, Inc. provides youth of the Greater Waterbury area with positive guidance during their crucial childhood years. Waterbury PAL provides athletic facilities, afterschool & recreation programming, homework support, summer camps, mentorships and so much more. Their motto "Today's Youth Tomorrow's Leaders" emphasizes PAL's commitment to being positive role models for children and encompasses a hope to instill a sense of citizenship and civic duty to the members of PAL. It has been proven that a strong support system, such as PAL, has a powerful impact on a child's future and a direct relationship with lowering crime rates.

Public parks and recreation facilities offering tennis courts, splash pads, swimming pools, ball fields, ice skating, and recreational programs are located throughout the City. Recreational programs and activities are available at five different locations throughout the city: River Baldwin Recreation Center, Chase Park House, North End Recreation Center, William Tracy Park House and Waterville Recreation Center. Each serves a different region and population of the city. The city's recreation program for children consists of an after-school program as well as a summer recreation program. Adult and senior programs are also offered. Municipal Stadium is the main athletic facility for the City. The installation of a new 1,800-person capacity aluminum grandstand, new perimeter fencing and the resurfacing of the facility's south parking lot were completed in June 2016. The construction of a \$3.8 million, 8,500 square foot locker room and public restroom facility was completed in July 2019. The facility's 130,000 square foot synthetic football field turf was replaced in September 2019 completing several phases of major improvements that have now positioned Municipal Stadium as one of the premier multi-functional athletic facilities in the region. The City committed \$1.2 million of community development and local funds to provide for a neighborhood recreation park in the City's Brooklyn neighborhood. The new park will include two playscapes and a basketball court. The construction of a new Brooklyn neighborhood recreation park is nearly complete with an anticipated ribbon cutting in the spring of 2022. In the City's south-end, the construction of a projected \$3.3 million recreational baseball field park will begin in the spring of 2022.

The City offers bathing, boating, and fishing facilities at Lakewood Park within the City and at Lake Quassapaug and Hitchcock Lake just outside the City limits. Two 18-hole City-owned golf courses and an acclaimed 18-hole private course are located in Waterbury, and several 9-hole golf courses are situated immediately adjacent to the City. Mattatuck State Forest with its many trails and campsites is only four miles from the center of the City. Black Rock State Park, with camping, hiking, swimming and picnic facilities available, is a short drive away.

The City's downtown area is home to the fully restored Palace Theater, originally built in 1922 and considered by today's fans and performers as one of the top performance venues in the country for its beauty and sound quality. With over 175 shows annually, the Palace boasts an impressive diversity in programming – including professional Broadway tours, top musical acts, family entertainment and educational programs. Downtown Waterbury is also home to the Mattatuck Museum. Established as a historical society in 1877, the Mattatuck Museum is an art and regional history museum on the Green in downtown Waterbury. The museum collects and exhibits American art and cultural artifacts, with a focus on local history. In 2021, the Museum was reimagined to expand its role as a welcoming, inclusive, stimulating and enriching community anchor. The completed expansion & renovation project featured a 14,000 square foot renovation of existing space and nearly 7,000 square feet of new space to enhance educational programming, collections storage and exhibitions. These are just a few of the many cultural institutions available to Waterbury residents, college students and residents of surrounding communities and the region.

The Silas Bronson Library, the public library of the City, was established in 1869 by an endowment from Mr. Silas Bronson. There are over 240,000 volumes and 120 computer workstations in the main library available to the public, while a branch library operates in the Bunker Hill section of the City. The library is jointly supported by the Silas Bronson endowment and public funds. A near \$1 million interior renovation to the Silas Bronson Library was completed in October 2015. The renovation of the Library's front plaza and entryway was completed in the spring of 2018. In November 2020, a \$2.3 million public/private funded renovation of the City's Library Park, arguably downtown's most iconic and recognizable public open space was substantially completed. The Library Park improvements included the installation of underground utilities, site walks, a new fiber reinforced lawn, plantings, site amenities, free Wi-Fi, and repairs to the pavilion overlooking the Waterbury Train Station.

The City continues to investment in its public service buildings, infrastructure and facilities:

- The City's Fiscal 2022 Capital Improvement Budget commits \$24.6 million in appropriations to building facility improvements, road infrastructure improvements and vehicle & equipment purchases continuing the City's investment in its public service buildings and facilities.
- The City completed a \$36 million restoration of its historic City Hall complex in December 2010.
- In December 2018, the City's Department of Public Works operations were consolidated into a new 137,500 square foot facility. The City committed \$35 million to site remediation, a complete renovation and large expansion of a long vacant chemical manufacturing facility for the new Department of Public Works operations facility. The new state-of-the-art DPW Facility has addressed a several decade's long need for the City to have a state of the art centralized and efficiently functional public works operations facility.
- In October 2018, substantial completion of a \$28 million City-wide Energy Savings Measures project was reached. The state-of-the-art energy savings project encompassed fourteen (14) comprehensive energy savings measures applied to thirty (30) school buildings and three (3) government buildings. The completed energy savings measures provided significant reductions in energy consumption, improved building comfort, reduced risk of system failures and extended the useful life of replaced equipment through enhanced building management systems.
- The \$46.3 million Wendell L. Cross Elementary School construction project started in October 2019 with project plans calling for nearly 80% demolition of the existing Pre-k to 5th grade elementary school and construction of a larger school designed to educate Pre-k through 8th grade students and providing space for three classrooms per grade. The newly constructed Pre-K through 8th grade Wendell L. Cross elementary school opened to rave reviews this past August for the 2021-2022 school year.

The American Rescue Plan Act (ARPA), approved on March 11, 2021 authorized \$350 billion in emergency funding for the Coronavirus State and Local Fiscal Recovery Funds for eligible state, local, territorial, and Tribal governments to help turn the tide on the pandemic, address its economic fallout and lay the foundation for a strong and equitable recovery. The City of Waterbury is the direct entitlement recipient of \$74 million in ARPA funding. The Waterbury Board of Education is the recipient of \$42 million in Elementary and Secondary School Emergency Relief (ESSER) - ESSER-II funding and \$90 million in ESSER-III funding to be passed through the State Department of Education. The City and its Board of Education anticipate that a substantial portion of the combined \$206 million of ARPA and ESSER funding will be appropriated for water infrastructure renewal & replacement, park improvements, HVAC & mechanical building renovation & improvements and other capital projects yet to be determined in addition to having funding available for continued covid mitigation and prevention efforts. The Board of Education has engaged a firm that will be completing a Long Range Infrastructure Facility Study which will include the examination of all school facilities, resources, and technology infrastructure with respect to current and future condition and capacity and preparation of a Facilities Master Plan with identified priorities for repair, renovation, reconstruction or consolidation of the District's physical plant including major mechanicals. Projects will be defined based on the recommendations and cost estimates identified in the Facilities Master Plan. It is anticipated that many of these projects once defined will be ESSER funded. The City's Finance Director has established ARPA and ESSER work groups which are meeting biweekly to further plan, develop and execute on efforts for the timely commitment and expenditure of the awarded funding. The City's ARPA funds need to be committed by December 2024 and expended by December 2026. The Board of Education ESSER-II funds need to be committed by September 2023 and expended by November 2023. The Board of Education ESSER-III funds need to be committed by September 2024 and expended by November 2024.

The City has the largest municipally-owned water system in the State of Connecticut. It encompasses 7,000 acres of City-owned watershed and has sufficient capacity to provide 38 million gallons of water per day. The system consists of two inactive and five active reservoirs with a total capacity of 7.54 billion gallons of water. The system serves customers located in Waterbury and neighboring communities with its operations and capital costs are fully self-supported through user charges. A \$17.7 million capital appropriation and bond authorization was approved in May 2015 for plant, equipment and system renewal capital costs. The Fiscal 2022 Bureau of Water - Capital Improvement Budget commits \$4.7 million more in funding for water projects with \$3.45 million to be funded by American Rescue Plan Act funds.

The City operates a municipally-owned sewage treatment plant with a sewage collection infrastructure comprising approximately 320 miles of sanitary sewers and 20 pump stations. The City's upgraded 27.05 MGD advanced Sewage Treatment Facility was put into operation in April of 2000 in accordance with a consent order between the City and the State of Connecticut Department of Environmental Protection. The planning, design and construction phases of this upgrade were funded through the State of Connecticut Clean Water Fund Program. The City entered into a 10-year, third party operations, maintenance and management services agreement with CH2M Hill Engineers, Inc., a subsidiary of Jacobs Engineering Group, Inc. for its Water Pollution Control - Wastewater Collection and Treatment Systems in the summer of 2018. Beginning on November 1, 2018, Jacobs Engineering Group became responsible for performing full-services 24-hours-a-day, seven days a week for the proper and satisfactory operation and maintenance of the wastewater collection and treatment systems.

The Fiscal 2022 Water Pollution Control Capital Improvement Budget commits \$4.8 million more in funding for plant and collection system improvements. A \$10.3 million capital appropriation and bond authorization was approved in May 2015 for other plant, equipment and collection system capital expenses. That 2015 bond authorization along with reserves in the sewer capital sinking fund will be used to fund these capital expenses.

The United States Environmental Protection Agency (EPA) has mandated that all New England states establish limitations on phosphorous in all wastewater discharge permits. The State Department of Energy & Environmental Protection ("DEEP") established proposed limits that required significant capital investment including the installation of effluent filter equipment along with chemical phosphorous removal

and operational changes to reduce phosphorous nutrient loads to achieve a 0.2 mg/level by April 2020. Construction of a \$32 million phosphorous reduction facility began in July 2018 and was completed in April 2020. The plant is now operating in compliance with the phosphorous limit of 0.2 mg/level. Funding for the project was provided in the form of a 50% grant and an interim funding obligation twenty-year 2% loan from the State of CT through its clean water funding program. On November 30, 2020, an interim funding obligation of \$15.5 million was converted to a permanent, 20-year 2% loan obligation with the State through the Clean Water Fund.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

Mayor's Administration

Mayor Neil M. O'Leary was sworn into office in December 2011, re-elected in 2013 and then in 2015 re-elected to the City's first four-year term as Mayor. On November 5, 2019, Mayor O'Leary was re-elected to a fourth term in office and a second four-year term. Mayor O'Leary has demonstrated to Waterbury residents and businesses that he is a man of action with a long list of major accomplishments for the betterment of the City over the past ten years. Mayor O'Leary remains enthusiastic about being Mayor and has set priorities for his current term to include education, furthering economic development, downtown redevelopment & infrastructure improvements and rail service improvements.

The Mayor and his administrative and economic development teams desire to build a sustainable future for the City that makes the links between transportation, housing and the environment so that the City remains a great place to live and work. The Mayor believes with the presence of a skilled and educated workforce, affordable real estate, and the convenience and culture of city life balanced by the nearby rural beauty of the countryside, the City will continue to draw interest from investors and developers who see Waterbury as a center for business, education and quality of life.

Mayor O'Leary relentlessly pushes forward initiatives with the common goal of improving the quality of life for Waterbury citizens, redeveloping downtown, growing the City's taxable grand list and increasing the City's employer base. The Mayor envisions a transformed City providing a multi-faceted locale for advanced technology, niche manufacturing, healthcare, educational opportunities and cultural venues.

Since coming into office, Mayor O'Leary has made economic development one of the major core functions of his Administration. The Mayor's focused efforts on economic development included the establishment of a full-time Economic Development Director's position within the Mayor's executive cabinet. The Economic Development Director's core functions include the recruitment of new business, maintaining the stability and retention of existing business and the pursuit of investors, developers and companies looking to invest in Waterbury. The Mayor's Economic Development team meets weekly to ensure that updates are communicated timely along with extensive discussions on all ongoing initiatives and potential new opportunities. The economic development program encompasses recruitment of new business, stability and expansion of existing business, remediation and repurposing of brownfield sites, downtown investment and development, housing, education and transportation along with public infrastructure improvements including recreation facilities and parks.

Accomplishments to date are validated with the City's net-taxable grand list having increased by \$358 million in the past five years providing for \$21.6 million in new property tax growth. Grand list growth, strategic investments in cost saving solutions and sound budget management policies has provided for the stabilization of the City's mill rate. The City's real estate & personal property mill rate has been held at 60.21 mills now for six (6) consecutive fiscal years including the current 2022 Fiscal Year. Most noteworthy of the accomplishments are the completion of several brownfield and downtown redevelopment projects. These initiatives were supported by the investment of \$162 million in State and local funding which are now generating a \$12 million annual return on investment to the City in the form of increased property tax revenues and lease income.

The Mayor and his Administrative and Economic Development teams continue to work tirelessly towards the overall goal of securing Waterbury's resurgence. In furtherance of these efforts, Mayor O'Leary sought the creation of the Naugatuck Valley Regional Development Corporation (NVRDC) by identifying a need for an organization that would foster regional collaboration amongst business leaders and municipal leaders and leverage that collaboration to drive greater investment and State and Federal aid within this region of the State. The over-arching goal of the NVRDC is to facilitate business attraction, retention and expansion in Waterbury and throughout the region, ultimately providing employment opportunities and taxable capital investment for the community. The organization is a visible leader in the business, nonprofit, and government sectors, working effectively across a wide variety of stakeholders to encourage positive and productive collaboration, continue to grow businesses, and lead a talented and diverse team. The NVRDC board is composed of business, non-profit and municipal leaders from across the region and will meet monthly going forward.

Employment Base

The City continues to advance its economic development strategy through both public and private investments. New business openings and expansions in manufacturing, retail, restaurant and professional businesses are providing for grand list growth and diversification of the City's employment base. This fall it was announced that a developer plans to build a 97,954 sq. ft. facility in the City's East End for an Amazon last mile distribution center. The development investment is estimated at \$25 million and upon opening will provide for approximately 200 new jobs. The developer plans to complete construction of the distribution facility within one year.

The unemployment rates of the City and the Waterbury labor market as a whole were trending down prior to the onset of the coronavirus pandemic and mitigation measures taken to bend the positive case trend curve between March and June 2020. As of June 2021, the labor market reflected a City unemployment rate of 11.0%, a regional unemployment rate of 8.4% and a State unemployment rate of 6.9%. Demands to fill open positions is strong locally, regionally and throughout the State. It is anticipated that the unemployment rates will continue to trend downward in the months ahead.

The City continues to see significant activity in the manufacturing sector of its economic base resulting in the ongoing creation of new jobs. Waterbury Construction Career Initiative, a program run by the Northwest Regional Workforce Investment Board (NRWIB), allows residents to attend orientation sessions to learn about construction career opportunities. Many continue beyond orientations and enroll in formal job training programs. Through partnerships with Naugatuck Valley Community College and the NRWIB, the City is training and placing its residents into high wage, high tech advanced manufacturing jobs.

Programs expanding after-school academic and manufacturing training for City students have been implemented as well. In 2013, a program offering after-school academic and manufacturing training for City students was expanded to include offerings focused on manufacturing and S.T.E.M. (science, technology, engineering and math) opportunities. In 2016, Porter and Chester Institute opened a career training center in Waterbury offering 10 carefully designed career-focused programs.

Downtown Revitalization

Downtown Waterbury is proud to continue to be the main operations center for City Government, Board of Education services, Waterbury Superior Court, St. Mary's Hospital, Webster Bank, MacDermid Inc., UCONN Waterbury, POST University, Waterbury Arts Magnet School, the Palace Theatre and over 150 other businesses. These include professional offices, restaurants, museums, entertainment venues, educational facilities, retail establishments and others. The downtown area offers elegantly refurbished brownstones and turn-of-the-century architecture with affordable office, retail and housing space. Parking is plentiful and strategically located throughout downtown. In furthering growth and investment within downtown, the Mayor, the Economic Development Director and the Waterbury Development Corporation actively reach out to existing downtown businesses and new private investors and

developers to engage them in reinvestment opportunities and programs to further advance downtown revitalization. Securing State and Federal grants along with private investment is an integral component of the City's economic development efforts.

The following announcements highlight a few of the transformational investments that continue in downtown Waterbury:

In November 2021, the downtown East Main Street streetscape was completed. In September 2019, plans were finalized and a Phase I contract was awarded which provided for the major upgrade of the downtown street sections of East Main Street, South Main Street and Bank & North Main Street supported by a secured \$4 million funding commitment from the State and a \$6.8 million funding commitment from the Naugatuck Valley Council of Governments. The project includes repairing and replacing subsurface water and sewer lines prior to replacing the street surface and sidewalks. New streetlights, benches, bus shelters and other amenities were installed. The East Main Street subsurface utility replacement work began in October 2019 and was completed in December 2020. Street scape and sidewalk work on East Main Street began in early spring 2021 and reached substantial completion with final coat paving in November 2021. The City anticipates allocating approximately \$10 million of American Rescue Plan Act funds to fund the cost of repairing and replacing the subsurface utilities on the downtown sections of South Main, Bank and North Main Street. The restoration and improvement of these central downtown street sections is deemed a critical component of ongoing downtown redevelopment efforts.

In November 2021, a \$2.0 million municipal parking lot off Prospect Street in downtown reached substantial completion with final paving. The surface parking lot will provide for 120 spaces for off-street downtown parking just north of the City's downtown green and several downtown buildings including 36 North Main Street referenced below. The new parking lot is viewed as a benefit to ongoing efforts to revitalize downtown. The new parking lot includes landscaping, lighting, fencing, four spaces with outlets for electric cars, security cameras and emergency call boxes.

In November 2020, a \$2.3 million public/private funded renovation of the City's Library Park, arguably downtown's most iconic and recognizable public open spaces was substantially completed. The Library Park improvements included the installation of underground utilities, site walks, a new fiber reinforced lawn, plantings, site amenities, free Wi-Fi, and repairs to the pavilion overlooking the Waterbury Train Station. This renovation has provided for a much improved multipurpose open space for a variety of passive and active uses, all contributing to great pride and enjoyment along with garnering additional downtown interest.

In October 2019, a purchase and sale agreement with Green Hub Development III, LLC was approved by the City's Board of Aldermen. Closing on the sale and development agreement for the disposition and redevelopment of the 36 North Main Street "Odd Fellows" building is subject to approval by the State Department of Economic & Community Development which is requiring that a tenant be secured prior to release of funds. The COVID pandemic brought development efforts to a halt as companies and institutions were not willing to commit to new leases. The City, DECD and Green Hub Development III, LLC are hopeful that the finalization of terms and conditions and the securing of tenant will come about in 2022. The long vacant Odd Fellows building is situated directly across from the recently renovated City Green and in close proximity to UCONN-Waterbury, the newly redeveloped Howland Hughes building (now occupied by Post University) and the Palace Theater. Mayor O'Leary has secured a \$10 million commitment from the State which was deemed a critical component to successfully redeveloping and restoring the long-vacant neglected historical Odd Fellows building. Green Hub Development III anticipates a private investment of \$5 million providing for a total of \$15 million to be invested into redeveloping the Odd Fellows building.

In June 2019, it was announced that UCONN Waterbury would be developing and subsequently offering a bachelor's degree program in allied health sciences, one of the nation's fastest growing career fields. The new allied health sciences bachelor's degree program had strong enrollment in its first year and continues to see increased enrollment as the 2021-2022 academic year began this past fall. Graduates earning their degree in downtown Waterbury will be prepared to continue into graduate programs such as medical, dental or optometry school or move directly into careers where skilled workers are high in demand.

In December 2018, the former historic downtown Howland Hughes Department Store, located at 114-116 Bank Street welcomed 400 Post University employees to the City's downtown following a \$15 million renovation with an additional 200 more employees thereafter. The 114,000 square foot, five-story building had remained largely vacant since the department store closed in 1997. The State had previously committed \$5 million and subsequently an additional \$2.7 million to support the redevelopment believing that an investment in modern upgrades to the interior and facades would attract a significant commercial tenant. Green Hub Development, successfully negotiated a long-term lease with Post University with the City's help and commitment to continued downtown revitalization efforts. Today over 450 new employees are working in the downtown Waterbury. Most of the employees provide support for Post University's online degree programs.

In June 2017, a \$2.5 million State funded renovation of the City's beautiful Green in Downtown Waterbury came to fruition. This facelift provided for the installation of new walkways, lighting, irrigation, benches, trash receptacles, and free Wi-Fi, all contributing to great pride and enjoyment along with garnering new downtown interest.

In June 2016, Green Hub Developers committed to acquiring the upper two floors of the historic downtown "Brown Building". During 2016-2017, the 63,000 square foot historic building on East Main Street was renovated, with an approximate \$7 million investment, into 28 suites specifically designed to provide downtown housing to 90 college students. Green Hub Developers indicated that were attracted to the downtown's antique architecture and the easy access to bus, rail and highway transportation. In September 2017, UCONN students began occupying the newly renovated luxury suites less than 100 feet from the UCONN campus. Each floor is designed exclusively for students with laundry facilities, study room, recreational lounge, and state of the art security.

In January 2016, the City completed renovation of a vacant, City-owned 22,500 square foot downtown building adjacent to the Waterbury Palace Theater. Upon completion the building was leased to the University of Connecticut (UCONN) allowing for further expansion of UCONN's Waterbury campus in downtown Waterbury. The downtown branch is now educating far more students than originally planned. The upper floors of the leased facility offers UCONN expanded space including six 50-student classrooms, a student lounge and a large meeting space directly across the street from its main downtown branch.

In September 2014, the U.S. Department of Transportation awarded the City of Waterbury a highly competitive \$14.4 million Transportation Investment Generating Economic Recovery Grant (TIGER) that would fund the Waterbury Active Transportation and Economic Resurgence (WATER) Project, comprising an integrated system of downtown transportation improvements including the reconstruction and expansion of a network of local streets to enhance development opportunities. The three phase project funded by this TIGER Grant reached substantial completion in October 2020, and has transformed the City's Freight Street and Naugatuck River transportation corridors. The Project's goals are to catalyze future redevelopment of 60 acres of under-utilized downtown land on Freight Street and adjacent to the City's train station. This major project together with other downtown initiatives, represents the most comprehensive and far-reaching plan to stimulate the City's economy and position Waterbury to capture a greater proportion of the region's future economic growth. Refer to the Brownfield Redevelopment Program section in this letter for more specifics on the redevelopment of the Freight Street corridor.

Waterbury-Naugatuck Industrial Park

In November 2018, the City approved an inter-municipal agreement with the Borough of Naugatuck to establish, market and develop a 155 acre parcel to be known as the Waterbury-Naugatuck Industrial Park. This would not have been possible without the collaboration and mutual economic development interests of the City's Mayor and the Mayor of the neighboring Borough of Naugatuck. The City has secured a \$2.8 million State Urban Act grant for site infrastructure improvements including the construction/extension of an access roadway to further enhance the marketability of the industrial park. This greenfield site is adjacent to and easily accessible to the Route 8 highway running north/south, with short distance interconnection to Interstate 84 just to the north and Interstate 95 to the south.

Marketing of the site has produced strong interest over the past year despite the impacts of the COVID pandemic and following the cancellation of a 2020 request for proposal. A new request for proposals was issued in July 2021 for the Disposition & Development of the 154.57 acre site. Responses to the request for proposal were received on September 9, 2021. Responses were received from two (2) Developers with both providing strong development concepts & plans. Development plans proposed by both developers would likely result in significant grand list expansion and the opportunity for the creation of a significant number of local jobs. A preferred developer has been identified with ongoing negotiations and due diligence currently underway.

Waterbury Development Corporation (WDC) – Business Growth Group Initiatives

WDC Business Growth Group (BGG) administers business loans and assists with tax abatements to existing City businesses and to businesses looking to open in the City. The availability of loans and other business incentives has made the BGG Waterbury's clearinghouse for business development inquiries. In addition, the BGG works in partnership with the City's Economic Development Office on business retention, expansion, and recruitment.

State and local Enterprise Zone Tax Abatement programs are available to qualifying businesses. If the owners of a manufacturing operation are considering Waterbury with other towns offering lower tax rates, the availability of tax abatement programs can help "level the playing field". The awarded tax abatements reduce annual taxes for qualifying projects that are undertaken by local business owners for a period of 5 to 7 years. The City, through legislation, also offers two incentive programs for manufacturing and certain industrial projects. Such incentives provide an advantage to local business owners and attracts private investment for the expansion and rehabilitation of Waterbury properties. WDC also administers the Urban Jobs Tax Abatement Program. Both of these tax abatement programs continue to result in business retention, business creation, job creation and the enhancement of neighborhoods.

East End Corridor and Adjacent Interstate-84 Commercial and Retail Development

Robust commercial and retail development has continued over the past year in the City's East End, as a direct result of the I-84 lane widening project completed in 2019. I-84 now provides for three driving lanes for both east and westbound travelers from Hartford through downtown Waterbury. Both phases of the highway widening project involved significant cross-over bridge replacements & improvements, along with comprehensive on and off ramp reconfigurations for additional ease of access to the highway.

The following is a summary of commercial and retail developments due in large part to the I-84 widening project:

- The East End is home to Kohl's and Costco, known to be high sales performing locations.
- A new retail plaza in close proximity to Kohl's and Costco with multiple business units opened with immediate leasing of all available units.
- The opening of an East End medical building in summer 2017 across from Kohl's and Costco.

- The former East End Coco Key's and hotel conference center was acquired and demolished to provide for the new home of a Restaurant Depot retailer along with establishing 10 acres of land for new development.
- Car Max, a car buying and selling dealership with 175 locations nationally, constructed a new facility on a highly visible site from I-84 and was opened for business in the summer of 2017. The facility includes an operations center, showroom & vehicle maintenance service center.
- Hoffman BMW constructed a state of the art automobile sales and service center on a parcel of undeveloped land adjacent to I-84, opening in 2021.
- October 2021, a developer sought permit approvals to build a 97,954 sq. ft. facility on an East End parcel with adjacent access to I-84 for an Amazon last mile distribution center. The development investment is estimated at \$25 million and upon opening will provide for approximately 200 new jobs. The developer plans to complete construction of the distribution facility within one year.
- November 2021, a Pennsylvania health care company announces a partnership with the company operating Waterbury Hospital to build a \$34 million, 42-bed, rehabilitation hospital on Harpers Ferry Road in the city's East End. The site was in part selected due to its location right off I-84 providing for convenient transfers from hospitals in Waterbury, Bristol, Derby and elsewhere.

Existing and new retail, gas station/convenience markets and restaurant establishments adjacent to I-84 are doing very well. Construction of several new facilities are currently underway providing for a new Starbuck's, Taco-Bell and 7-Eleven with openings anticipated this winter or early spring 2022.

Local and Regional Transportation Upgrades and Enhancements

Easy access to, from and through the City of Waterbury is seen as a critical component of economic development growth. The following local and regional transportation projects speak to efforts underway to vastly improve the efficiency of travel in and out of Waterbury:

Metro-North Waterbury Branch, In April 2015, CDOT began work on the design of a new signalization system for the Waterbury Branch of the New Haven Line which will enhance safety and allow for more daily trains and improved service between Waterbury and Bridgeport and connecting to New York City. Project funding of \$6 million to \$7 million is being provided by CDOT. The project was completed in 2021.

Waterbury Train Station Improvements, The concept of developing a multi-modal transportation center to house and link a variety of transportation services to serve the City and the surrounding Central Naugatuck Valley Region has been discussed for several years. A long-term phased approach to achieve this vision is underway. The completed first Phase resulted in the demolition of a long vacant building owned by the Connecticut Department of Transportation (CDOT) located adjacent to the City's active rail-line station in downtown. The completed second Phase encompassed the rebuilding and expanding of the commuter rail parking lot, completed in October 2020. The parking lot improvements included subsurface base & drainage improvements, new pavement, curbing, lighting and improved accessibility. These measures will benefit the anticipated increase of daily commuters with the two-way signalization system recently completed in 2021 allowing for an increase in the number of daily trains.

Interstate 84 Widening Project, In April 2015, the State of Connecticut Department of Transportation (CDOT) began a \$330 million project to widen the east and west lanes of Interstate 84 through Waterbury, and replace aging infrastructure with new exit and entrance ramps, new bridges and sidewalks, and new utilities such as sewer and water lines. With the project completed in 2019, Waterbury is now the beneficiary of a faster and safer flow of vehicular traffic while opening more opportunities for new and existing businesses.

Route 8/I-84 Mixmaster Rehabilitation, The Route 8 & I-84 interchange sits just west of the City's downtown area facilitating flow of all highway traffic north & south and east and west of the City. Repairs to the fifty-two (52) year old Route 8 / I-84 interchange in Waterbury, popularly known as the "Mixmaster", are currently underway. Both temporary and permanent repairs to several of the ten (10) separate bridges that make up the Mixmaster have begun. The purpose is to preserve and provide a 25-year service life to the structures and to assure their structural integrity. The project consists of deck repairs and replacements, steel repairs, substructure repairs, joint repairs, and other general repairs. The project is scheduled for completion by September 2022 and is anticipated to improve traffic flow in the area and further reduce traffic congestion.

Express Bus Service, The State provides express bus service which connects Waterbury with the City of Torrington to the north. The new service has exceeded ridership expectations and provides much needed connections to the train station, the Waterbury Branch of the University of Connecticut and our neighbors to the north.

Brownfield Redevelopment Program (WDC)

The Waterbury Development Corporation and the newly established Naugatuck Valley Regional Development Corporation, in partnership with the City, categorizes city-wide brownfields in order to determine the conditions which may have impeded the reuse of the sites; determines the human health and ecological health risks; estimates the cost of remediating individual sites; and when possible, acquire and remediate a site. A Center City Brownfields Corridor was established as an internal guide for a strategic, targeted approach for using brownfield assessment funds and to redevelop challenged areas based on goals for smart growth redevelopment, transit oriented development, soliciting developer interest, support the cross-cutting federal funding and providing a base for discussion and preparation of an area redevelopment plan leveraging enterprise and opportunity zone programs.

Brownfield redevelopment is seen as an integral component of current and future economic development within the City and the region. A combination of federal, state, and City funds are presently being used for the assessment and cleanup of many contaminated sites across the City. Brownfields have been the City's biggest obstacle to the provision of pad-ready properties to support: manufacturing and processing; wholesaling, distribution operations, warehousing and freight handling; sub-assembly operations; and industrial services. The City, WDC and now NVRDC continue to leverage funds for the preparation of shovel-ready sites. The following is a summary of active brownfield projects that speak to the importance, continued commitment and significance of this initiative towards the City's sustainability and economic development strategy:

Anamet Property, Located at 698 South Main Street in the City's south end is a 17.5 acre site along the banks of the Naugatuck River that for over one hundred years hosted an American Brass manufacturing facility. On April 28, 2017, WDC purchased the site through 698 South Main St., LLC using grant funding provided by the State of Connecticut Department of Economic and Community Development. WDC is currently managing a multi-year, multi-phase project that will demolish the crumbling structures on the premises, clean and remediate the lot, and remodel an existing 220,000 square foot building located on the site that is in good structural condition. Phase I consisted of vegetation clearing which was completed in early 2018. Phase II demolition and debris removal occurred throughout 2019 prior to exhausting the awarded demolition grant funding. The City committed \$3 million in bond funds in order to move forward with the removal and replacement roof on the 220,000 square foot building. The roof replacement project was completed in January 2021. The City and WDC are actively marketing the property in hopes of securing one or multiple tenants. Subsequent phases will consist of sub-surface site cleaning and enhancements where demolished buildings and other facilities once stood. This project is a priority project under Mayor Neil M. O'Leary's administration because of the amount of jobs it has the potential to create, the site's redevelopment potential, and the City and State's past and present investments in the site's redevelopment. The City recently secured \$4 million in additional demolition grant funding from the State and anticipates completing the demolition Phase work in 2022.

Freight Street Redevelopment Project, Parcels located at 130 Freight Street were originally the site of the American Brass Company (1867-1974) followed by EWR and Phoenix Soil (1974-1998). These sites are currently abandoned. The brownfield sites along Freight Street are large, flat, and have an ideal location along the river, making them particularly suitable for redevelopment. Freight Street has been identified in the recently commissioned update of the City's Plan of Conservation and Development and its Downtown Strategic Plan as the last viable opportunity to expand the core of downtown Waterbury and connect it with the Naugatuck River. This brownfield redevelopment project would enhance other community development initiatives taking place and build on adjacent state/federal investments (Jackson Street redevelopment taking place alongside the Freight Street corridor). Because the Freight Street Corridor sits at the Western gateway to the City's Central Business District, the City views redevelopment of the site as critical to the economic revitalization of not only Waterbury but the entire region. In September 2018 the State Bond Commission approved \$1.5 million for the demolition of 130 Freight Street that would come available once the City acquired the parcel. A certificate of foreclosure was recorded on October 21, 2020. Abandoned property demolition work was performed during this past year and will continue into 2022. The City has secured \$2 million in additional brownfield assistance funding from the State and is in the process of engaging a new environmental consultant to further demolition and remediation efforts on the site.

Mad River Redevelopment Project, In November 2016, the State Bond Commission approved \$1.7 million in funding for the construction of Phase I of the three phase Brass City Harvest Regional Food Hub on a 1.3-acre lot located on the banks of the Mad River owned by the City of Waterbury. In 2019, the City committed Community Development Block Grant funding and local funding to provide \$1.2 million in additional funding for the construction of the Food Hub facility. The newly constructed 6,000 square foot Food Hub facility opened in May 2020 and has begun providing what will become a year-round "farmers market" to this densely populated inner-city area. The additional phases, dependent upon securing funding, include the remediation of 3.5 acres of former brownfields along the banks of the Mad River.

313 Mill Street Park and Recreational Facility, in the summer of 2018 WDC began planning for the clean-up and remediation of remaining foundations at the former Nova Dye factory located at 313 Mill Street and for the construction of a park and baseball field on the site. In September 2018, the State Bond Commission approved \$3.0 million to fund this project. Design plans for the park are completed. It is anticipated that construction of what will be a new baseball park will begin in spring 2022.

Risdon Property, Located at 2100 South Main Street across the street from the Naugatuck River is the 3.1-acre site of the former Risdon Manufacturing. For over one hundred years, this was the site of a metals manufacturing and finishing facility for the cosmetics industry. On December 31, 2016, a massive fire destroyed much of the facility. WDC was the recipient of a \$1 million competitive DECD grant in October 2018 which was used to complete demolition of the former factory and debris removal. The City and WDC are pursuing additional grant funding for sub-surface remediation of the site.

Waterbury Industrial Commons (WIC) Site Remediation and Redevelopment, on July 19, 2010 the City approved a \$60.4 million bonding and grant financing appropriation for the acquisition, clean-up/remediation and renovation of the Waterbury Industrial Commons Property located at 1875 Thomaston Avenue. In the fall of 2011, demolition began on the southern portion of the "Mile Long Mill" facility formerly the site of the Chase Brass and Copper manufacturing plant. Approximately 186,000 square feet of the northern portion of the facility has been rehabilitated and expanded to accommodate growth by existing tenants resulting in over 200,000 square feet of industrial space. The end result of this phase of the project is a remediated site which the City has leased to large-scale industrial tenants resulting in increased lease income, tax revenue and employment opportunities. The project, funded with \$15 million in federal Department of Defense grant funds and local bond authorization commitments, has resulted in one of the largest remediated industrial or manufacturing ready sites in New England. Long-term lease agreements are in place with three major tenants. Among them is LUVATA, an international company whose Waterbury plant, due to recent onsite expansion, has become the world's single-largest manufacturer of superconducting wire used in the healthcare industry.

King Industry, In 2014, Mayor Neil M. O’Leary and Richard S. King signed closing documents on King Industry’s acquisition of 10.75 acres of a remediated brownfield industrial site at Waterbury Industrial Commons for \$750,000. King Industries is currently investing approximately \$50 million for the construction of an 80,000 square foot manufacturing complex projected to create an estimated 180 construction jobs and upon completion, over 200 permanent manufacturing jobs. During 2019, site development was completed along with construction of the first building. Construction of additional buildings has continued on the site during 2020 and 2021. King Industries has acquired an adjacent parcel and large building that will be incorporated into the manufacturing complex. A total of ten (10) buildings are now anticipated to be on the site.

Blight Demolition Program

In January 2012, the Mayor announced an anti-blight campaign concentrated in inner city neighborhoods in the north and south ends of the City. The City and the WDC maintain this aggressive Anti-Blight/Demolition Program. The City’s blight taskforce consisting of the Building Official, Fire Marshal, and representatives from the Health Department, City Planning Department, Police Department, Mayor’s Office and the WDC meets weekly. The taskforce meets to discuss and prioritize properties slated for demolition. The City has a large number of properties that are vacant or that contain vacant and dilapidated buildings. The existence of these vacant and blighted properties/buildings contributes to the decline of our City’s neighborhoods. It is further evident that the existence of these properties adversely affects the economic wellbeing of the City and is detrimental to the health, safety and welfare of City residents. The City utilizes the emergency powers of the Building Official for condemnation purposes to effect demolition of these rundown structures. Vacant/abandoned/foreclosed units are purchased, rehabilitated and put back into active use on the City’s Grand List as part of this program or committed to open space for the benefit of the neighborhood. The City has now committed \$2.7 million under three separate bond authorizations approved by the City to continue this initiative. Well over one-hundred blighted buildings have been demolished to date.

Education – School Construction and Renovation Program

The City and its school system are strongly committed to pre-kindergarten to twelfth grade education. Having a strong, vibrant school system that additionally offers career directed course curriculum options at the high school level are considered a critical part of the City’s overall sustainability and economic development strategies. Over the past 10 plus years the City has embarked on an aggressive school construction program focused on meeting the needs of student enrollment and satisfying various deficiencies within the public school system. Since then, two new pre-K through eighth grade neighborhood schools, Gilmartin and Duggan, were opened in August 2010 and August 2011, respectively. A third new pre-K through eighth grade school, Jonathan E. Reed, was opened in August 2012. A fourth new pre-K through eighth grade school, Carrington, along with a new technical high school, Waterbury Career Academy, were opened in August 2013. The new Waterbury Career high school, opened in August 2013, has provided Waterbury students with an alternative to the traditional high school curriculum with a focus on manufacturing, computer technology and human services. A \$15 million project for a new media center and additional classroom space at the Wallace Middle School was completed in August 2015. A \$25 million addition and alteration project to the Kennedy High School was completed in 2016.

The \$46.3 million Wendell L. Cross Elementary School construction project started in October 2019 with project plans calling for nearly 80% demolition of the existing Pre-k to 5th grade elementary school and construction of a larger school designed to educate Pre-k through 8th grade students and providing space for three classrooms per grade. The newly constructed Pre-K through 8th grade Wendell L. Cross elementary school opened to rave reviews this past August for the 2021-2022 school year.

Community Development, HOME Investment and Emergency Solution Grants

The City annually receives awards from the U.S. Department of Housing & Urban Development Program to further community development programs, home investment and emergency assistance. The grants are known as the City's Community Development Block Grant (CDBG) Program, the HOME Investment Partnerships Program (HOME) and the Emergency Solutions Grant Program (ESG).

The most recent performance report to HUD detailed the expenditure of \$2.9 million from the Community Development Block Grant Program, the HOME Investment Partnerships Program, and the Emergency Solutions Grant Program on a wide variety of activities and projects, which served the low- and moderate-income residents of Waterbury. A total of 12,065 citizens benefitted from the fourteen public service agencies funded with community development grants, including 296 seniors who received needed transportation via the senior shuttle. Over 800 hundred citizens received food and shelter from the three ESG grantees. Under the HOME Program, a total of six rental units on Maple Avenue were completed during the year.

The City continued its efforts to address citizen needs resulting from the Coronavirus Pandemic (COVID-19) utilizing supplemental funding under the CARES Act: \$1.3 million in CDBG-CV1 funds and \$1.8 million in ESG-CV funds. These funds are being used to carry out various projects aimed at preventing, preparing for, and responding to COVID-19. The Office of Community Development recently received an additional \$968 thousand in CDBG-CV3 funds under the CARES Act; and, under the American Rescue Plan (ARP), has been awarded \$3.2 million in HOME-ARP funds to address homeless assistance needs including: affordable housing, TBRA, supportive services, and non-congregate shelter.

Recreation and Cultural Development

Municipal Stadium, Municipal Stadium is the main athletic facility for the City with multiple baseball fields and a 130,000-square-foot synthetic football field. The City, with State grant assistance, completed a \$4.5 million renovation of the facility in January 2016 to meet the growing needs of City athletes including the installation of a 1,800-person capacity aluminum grandstand. The project consisted of the installation of the aluminum decking system, the completion of the repointing (restoration) of the granite façade, the installation of parapet capstones atop the main wall, and the restoration of the main entrance, egress lighting and site lighting. The construction of a \$3.8 million, 8,500 sq. ft. locker room & public restroom facility was completed in June 2019. The facilities 130,000 sq. ft. synthetic football field turf was replaced in September 2019 and represented the completion of several major facility improvements which has now positioned Municipal Stadium as one of the premier multi-functional athletic facilities in the region. Municipal Stadium now has the facilities required to be able to host high school and collegiate sectional & regional tournaments for several sports. The renovated facility is now home to the Roberto Clemente World Series, the Mickey Mantle World Series and the Stan Musial World Series attracting teams, parents and relatives from all over New England to Waterbury each year, benefiting local lodging and restaurant establishments. Plans are to further utilize the renovated facility and grandstand to include non-sporting events such as outdoor concert performances.

Naugatuck River Greenway Project, Significant grant money has been awarded to the City for the physical construction of Phase I of a Greenway along the banks of the Naugatuck River. It is believed that the Greenway Project will reconnect residents of the City and the region with the Naugatuck River, encourage the use of alternate means of transportation, foster significant riverfront redevelopment and further Brownfield remediation, as well as promote healthier lifestyles and an improved quality of life. The Project includes the planning, final design and engineering, right-of-way acquisition, and construction of a greenway approximately 2.2 miles long along the Naugatuck River. Federal and State grants secured for the Phase I construction of the Greenway are anticipated to fund \$7.4 million or nearly 80% of the estimated project cost of \$9.5 million. Construction of the Greenway began in 2021.

CITY MANAGEMENT FINANCIAL POLICIES AND INITIATIVES

The following financial accomplishments, policies and related initiatives occurred during the fiscal year ended June 30, 2021:

Sustained Long-Term Financial Stability

The City's General Fund generated a \$1.0 million surplus for the fiscal year ending June 30, 2021 following the posting of \$7.9 million in year-end surplus transfers to other reserve accounts. The General Fund's total fund balance as of June 30, 2021 is \$25.0 million, representing 5.9% of the FY2021 adopted budget. For more than ten years running, the City has produced fiscal year-end budget surpluses while at the same time not drawing upon any designation of fund balance built into the budget. It is a testament to the efforts of the Mayor, the Finance Director, the Manager of Budget Development & Oversight and the Cost Containment & Oversight Committee along with adhering to a City practice of adopting an annual budget based on sound principals and reasonable expectations along with not being reliant upon one-time revenues. The fiscal year 2022 adopted budget includes a \$3 million designation of fund balance for mill rate stabilization as has been consistently designated for several years. To the extent that the \$3 million designation is not drawn upon during the current fiscal year it remains available for designation in the subsequent fiscal year.

The City's Internal Service Funds comprised of largely self-insured programs for health benefits, workers compensation claims, heart & hypertension claims & general liability claims report a positive net position of \$40.4 million as of June 30, 2021, following strong results of operations in FY2021, and are net of recording \$42.2 million in current and non-current accrued claim liabilities. The established program reserves are available to assist with any potential budgetary pressures driven by future program cost increases.

Economic development efforts over the past ten years are being validated by the continuing growth in the City's net-taxable grand list, having increased by \$358 million during the past five years and providing for \$21.6 million in new property tax growth. Grand list growth, strategic investments in cost saving solutions and sound budget management policies has provided for the stabilization of the City's mill rate. The City's real estate & personal property mill rate has been held at 60.21 mills now for six (6) consecutive fiscal years, including the current 2022 Fiscal Year.

The current FY2022 budget was crafted in a manner which took into consideration the projected year end results for FY2021 within the City's General Fund and Internal Service Funds and additionally considered the ongoing impacts of the Covid-19 pandemic. The FY2022 budget was approved by the City's Board of Aldermen on June 7, 2021. Revenue estimates of \$425.0 million were developed on the basis of achievable results as a means to limit income deficiencies and thereby strengthening the likelihood of again meeting the City's undesignated fund balance objectives. The FY2022 appropriated expenditure budget of \$425.0 million represents an increase of \$3.750 million or 0.89%. The FY2022 adopted budget maintains a budgeted contingency of \$1.5 million. Budgeted appropriations provide funding to meet current services, includes appropriate levels of budgeted contributions to the debt service and internal service funds to meet current obligations and fully funds the Pension Fund's annual required contribution.

Property Tax Collections

The City continues to utilize a collection agency to pursue delinquent motor vehicle taxes, utilizes a warrant collection program on delinquent real-estate and personal property, maintains a scoff-law booting program and administers an active tax sale auction program. Current levy tax collections benefit from these delinquent collection programs. The budgeted current taxes collection rate of 96.0% was exceeded by 1.03% in FY2021 achieving a 97.03% collection rate on the original levy in the first year of levy. Total property tax collections of \$260.9 million came in \$3.9 million more than budgeted.

General Fund Balance Status & Policy

The City's General Fund reported a total fund balance this year of \$25.0 million representing an increase of \$1.0 million. The General Fund's unassigned component of fund balance is \$22.0 million with \$3.0 million assigned to the fiscal year 2022 Budget. The fund balance designation is designed to limit unnecessary tax levy growth and additionally to remain in compliance with an Internal Revenue Service (IRS) working capital bond covenant restriction. The restriction was established with the City's issuance of special capital reserve fund deficit financing bonds in 2002. That restriction limits the City's build-up of working capital funds in its General Fund. The IRS working capital restriction will expire when all of the City's special capital reserve fund bonds have been redeemed in April 2022. The City has an adopted Fund Balance Policy designed to balance the concerns of the bond rating agencies, bond investors, and financial institutions to maintain sufficient resources to meet unexpected emergencies with the taxpayers' desire to have a reasonable tax levy. The policy's general goals include maintaining an unreserved general fund balance equal to 5% to 8% of budgetary expenditures and a limitation to designate no more than 1% of prior year's budgetary based actual expenditures as a revenue source during the budget development and approval process for the subsequent budget year. The City complied with the adopted policy in setting the \$3 million designation from Fund Balance for tax relief as part of the fiscal 2022 adopted budget.

Bond Credit Ratings Reaffirmed & Upgraded with Stable Outlooks

City representatives last met with three credit rating agencies in early January 2020 to present the City's current financial condition and outlook including a comprehensive overview of current economic development activities and financial management policies. Standard and Poor's Global, Fitch Ratings and the Kroll Bond Rating Agency all reaffirmed the City's "AA-" bond rating with stable outlooks highlighting the City's very strong management, strong budgetary performance, and budget flexibility. The combination of the reaffirmation of the City's "AA-" credit rating from three rating agencies, a continued stable outlook and very favorable market conditions allowed the City to permanently finance the \$55.0 million in new general obligation bonds at a true interest cost of 2.55%. The City anticipates that its next bond issuance will occur during the first half of calendar year 2022. The City currently maintains the "AA-" bond rating and stable outlooks from Standard and Poor's, Fitch Ratings and the Kroll Bond Rating Agency.

Pension Funding

In September 2009, the City issued a \$313 million pension obligation bond to provide for a 70% funding of the Pension Plan's actuarial accrued liability. The outstanding balance on the pension obligation bonds is \$215.2 million as of June 30, 2021. The July 1, 2020 Pension Plan Actuarial Valuation Report prepared by Hooker & Holcombe, Inc., reports the actuarial value of plan assets at \$435.9 million and an actuarial accrued benefit liability of \$652.1 million representing a 66.8% actuarial value plan funding status as of July 1, 2020. This represents a 0.8% decrease in the plan funding status when compared with a plan funding status of 67.6% on July 1, 2019. In FY2021, the City fully funded its \$21.8 million annual required contribution. In addition, the City paid debt service totaling \$26.1 million for principal and interest on the pension obligation bonds. The FY2021 pension plan contribution included the eleventh year of a thirty-year amortization period (established in fiscal year 2010) to amortize the remaining unfunded portion of the actuarial accrued liability.

OPEB Funding

The City will continue its commitment to meeting its obligations for medical benefits of both its active employees and benefit eligible retired employees, on a pay-as-you go basis, through the annual adoption of General Fund contributions to the City's Health Benefits internal service fund factoring in current reserves, prior year experience & medical cost trends. The City's Health Benefits self-insured internal service fund has a Net Position of \$23.6 million as of June 30, 2021. The program reserves will be available to assist with future anticipated program cost increases post pandemic. The City's OPEB Liability of \$1.1 billion as of June 30, 2021 has been actuarially calculated in accordance with new GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The \$58 million decrease in the OPEB Liability below the \$1.2 billion reported on June 30, 2020 is due to lower actual costs than actuarially assumed for the past year.

In 2003, with an understanding of the long-term implications of the existing OPEB benefit program, the City, via the powers of the State Oversight Board at the time, modified collective bargaining agreements to significantly curtail the OPEB benefits for those employees hired after the contract modification date (2004 time frame). In addition, future retiree co-share requirements were established for those current employees grandfathered into the previous benefit program. Over time the elimination and significant curtailment of post-employment medical coverage will begin to reduce the OPEB accrued liability and eventually significantly reduce the compounded cost impact of funding medical coverage for both active employees and retirees. The City has successfully negotiated the adoption of a consumer driven high-deductible health plan for all active employees with few exceptions.

A "Medicare Enrollment Initiative" was developed to leverage Medicare as the primary payer to reduce costs for the City all while preserving and maintaining the integrity of the benefits that have been promised to retirees through their Collective Bargaining Agreements (CBA). With a plan enrollment effective date of July 1, 2016 (FY2017), following successful enrollment of all retirees in the prior fiscal year, the City was positioned to save significant sums of money with transitioning first-party payer obligation to Medicare for City retirees over age 65 that were not previously enrolled in Medicare A and B. Without Medicare's position as primary payer the City had the sole responsibility for the total financial burden to pay retiree medical claims. The results with Medicare positioned as primary payer have far exceeded preliminary estimates and proven the critical importance of implementing the Medicare Enrollment Initiatives. The City's net avoided medical claims costs, net of Medicare premiums continue to average approximately \$10 million per year.

DEBT MANAGEMENT

The City is strongly committed to attaining the right balance of capital renewal and reinvestment within the City over time. Each and every bond authorization submitted for approval by the City's governing body is critically evaluated beforehand by the City's Administration. All merits of a project are evaluated to ensure the project fully warrants committing the City's bonding capacity for the identified purpose. The City's bond authorization and debt issuance management plan seeks to maintain an annual debt service cost in the 5%-6% range of total budget. A level, annual debt service commitment in the 5%-6% range of total budget will provide for continual capital investment opportunities in educational facilities, infrastructure and economic development initiatives for the long-term betterment of the City, its residents & businesses and to provide long-term sustainability of the City for generations to come.

The \$9.4 million Debt Service - Fund Balance as of June 30, 2021 decreased by \$3.0 million during FY2021 as part of a planned, multi-year drawdown of a \$9.5 million bond premium derived from the City's February 2020 bond sale. A majority of the bond premium will be used to offset debt service program increases occurring in fiscal years 2021 & 2022. The City's debt service program costs are anticipated to decrease by \$3.3 million in FY2023 as the City's deficit financing bonds issued in 2002 will be fully redeemed during FY2022. Debt service expenditures, including debt service on the 2009 pension obligations bonds, was \$51.0 million in FY2021 as compared with \$49.8 million in FY2020.

Bureau of Water Enterprise Debt

The Bureau of Water enterprise fund has \$11.0 million in self-supporting bond and drinking water fund serial note obligations outstanding as of June 30, 2021. A \$17.7 million capital appropriation and bond authorization was approved in May 2015 for water plant equipment and system renewal capital costs. The Management of the Bureau of Water has actively pursued grants and 2% fixed loan funding from the State of Connecticut to reduce the debt service impact on these capital authorizations. On September 30, 2020, the City entered into a 20-year, 2% Drinking Water Service Revolving Fund note to permanently finance \$2.570 million in water system improvements.

Water Pollution Control Enterprise Debt

The Water Pollution Control enterprise fund has self-supporting bond and clean water fund serial note outstanding debt totaling \$16.3 million as of June 30, 2021. A \$10.3 million capital appropriation and bond authorization was approved in May 2015 for water pollution control plant, equipment and system capital expenses.

A \$40.0 million capital appropriation and bond authorization was approved in April 2018 for a water pollution control phosphorous reduction upgrade project required by CT DEEP NPDES Permit # CT0100625 which required WPC to meet a more stringent effluent phosphorus limit of 0.2 mg/l by April 2020. Changes to State Public Act 16-57 allowed the City/WPC to be eligible for a 50% Clean Water Fund Grant from the State and additionally be eligible for a 2% - 20 year clean water fund loan from the State. On November 30, 2020 an interim funding obligation of \$15.5 million was converted to a permanent 20-year, 2% loan obligation with the State through the Clean Water Fund for the completed phosphorous reduction project.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

The Finance Department submitted the City's Annual Comprehensive Financial Report for the fiscal year ending June 30, 2020 to the Government Finance Officers Association for certification. For the fourteenth (14) consecutive year the City's Annual Comprehensive Financial Report was awarded the "Certificate of Achievement for Excellence in Financial Reporting." The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment of the Department of Finance. In order to receive the Certificate of Achievement, the Department of Finance published an easily readable and efficiently organized annual comprehensive financial report. The 2020 Annual Comprehensive Financial Report satisfied both the accounting principles generally accepted in the United States of America and applicable legal requirements. The City's Independent Auditor issued an unqualified opinion on the City's 2020 Annual Comprehensive Financial Report representing that in their opinion, "The financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Waterbury, Connecticut, as of June 30, 2020".

FINANCIAL MANAGEMENT

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that its assets are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to manage spending within prescribed budget limitations and for the preparation of financial statements in conformity with generally accepted accounting principles. The City's internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's accounting records for general government are maintained on the modified accrual basis. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City's accounting records for enterprise funds, internal service funds, pension and nonexpendable trust funds are maintained on an accrual basis. Revenues are recognized when earned, and expenses recognized when incurred.

INDEPENDENT AUDIT

State Statute and the City Charter require an annual audit by an independent certified public accountant. The statute further prescribes that each municipality's annual report shall be prepared in accordance with accounting principles generally accepted in the United States of America. This report has been prepared according to these standards. The auditors' unmodified opinion is included in this report.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waterbury for its annual comprehensive financial report for the fiscal year ended June 30, 2020.

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

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

Acknowledgments

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Department who assisted and contributed to its preparation. I also would like to thank the Mayor, his Manager of Budget Development & Oversight and the Board of Aldermen for their interest and commitment in the planning, participation in and oversight of the financial operations of the City.

Respectfully submitted,



Michael J. LeBlanc, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Waterbury
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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Financial Section

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

During fiscal year ended June 30, 2021, the City of Waterbury, Connecticut adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the City of Waterbury, Connecticut reported a restatement for the change in accounting principle (see Note 17). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Honorable Mayor and Board of Aldermen
City of Waterbury, Connecticut

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 on our consideration of the City of Waterbury, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Waterbury, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Waterbury, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 15, 2021

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**CITY OF WATERBURY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information. The government-wide statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances, similar to the private-sector. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Financial Highlights

- On a government-wide basis, the City's Net Position as of June 30, 2021 is a negative \$743.2 million which includes the full recognition of a total OPEB (*other post-employment benefits*) Liability of \$1.147 billion and a Net Pension Liability of \$185.6 million. The City's government-wide negative Net Position of \$743.2 million is comprised of a governmental activities negative Net Position of \$905.8 million and a business-type activities positive Net Position of \$162.6 million.
- The City's Net Position, on a government-wide full accrual basis, increased by \$27.1 million as a result of this year's operations. Net Position in governmental activities increased \$28.2 million with Net Position in business-type activities decreasing \$1.1 million. Within the governmental activities, the recognition of annual changes in the City's Pension & OPEB liabilities generated a \$26.4 million Net Position reduction. That reduction was entirely offset by principal bond repayments totaling \$26.4 million during the fiscal year as the governmental bonds payable liability decreased from \$451.1 million to \$424.7 million as of June 30, 2021. The \$24.3 million negative net change in Fund Balances was offset by positive accrual basis changes on several receivables and strong performance in the City's internal services funds which had a positive \$18.7 million increase in Net Position. With several Net Position changes offsetting each other as summarized above, the \$28.2 million increase in the governmental activities Net Position can largely be correlated to the \$24.6 million net increase in capital assets, with capitalized assets during the year totaling \$50.3 million and annual depreciation totaling \$25.5 million. A majority of capitalized asset costs were funded by a combination of capital grant revenues (*\$21.7 million realized during fiscal year*) and unexpended bond proceeds from the City's February 2020 bond sale. Net Position of our business-type activities decreased \$1.085 million. Change in Net Position was a positive \$15 thousand prior to a transfer out of \$1.1 million approved during the fiscal year to support a downtown redevelopment project. During the fiscal year, the City recorded government-wide program revenues, operating & capital grants, property taxes and other general revenues of \$692.8 million compared with \$665.7 million in government-wide expenses.

- The City's General Fund reported a total fund balance this year of \$25.0 million representing an increase of \$1.0 million. The General Fund unassigned component of fund balance is \$22.0 million with \$3.0 million assigned to the 2022 fiscal year budget. The General Fund's revenue resources available for appropriation were \$4.5 million more than anticipated. The General Fund's expenditures were \$7.4 million less than appropriated. The net budgetary surplus of \$11.9 million avoided any drawdown of the prior year's \$3.0 million designation of fund balance. Additionally, the net budgetary surplus provided for \$7.9 million in year-end surplus transfers to allocate funding for capital purchases and building improvements and provided for a \$1.0 million increase in the General Fund balance reserve.
- The City's governmental activities change in Net Position is annually impacted by the recognition of annual changes in the City's Pension & OPEB liabilities as well as the associated recognition of deferred inflows/outflows that do not require the use of current financial resources but are recognized in the statement of activities as a change in Net Position. Financial Statement Exhibit IV's reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances reports the following changes related to the City's governmental type Pension & OPEB liabilities:

Change in Net Pension Liability	\$ 75,788
Change in Deferred Outflows Related to Pension	3,865
Change in Deferred Inflows Related to Pension	(71,514)
Change in Total OPEB Liability	57,303
Change in Deferred Outflows Related to OPEB	(27,100)
Change in Deferred Inflows related to OPEB	<u>(64,734)</u>
Statement of Activities - Change in Pension/OPEB Liabilities	<u>\$ (26,392)*</u>

**The notes to the financial statements contain informative disclosures on the funding status & funding policy for the City's Pension & OPEB Liabilities.*

- The City's governmental activities net position in the City's Internal Service Funds reported a combined \$18.7 million increase when factoring in all sources of revenues used to fund the 2021 fiscal year health benefit, workers compensation, heart & hypertension and general liability self-insured program expenses. Investment Income of \$7.2 million on \$55.9 million of invested assets provided for nearly half of the FY2021 net position increase. Additionally, FY2021 benefits, claims and administration costs decreased by \$1.1 million as benefit utilization has not yet fully returned to pre-pandemic levels. The City & Board of Education were able to increase employer premiums by \$4.3 million, supported by the allocation of a portion of the General Fund's year-end surplus. Overall, operating revenues of \$124.7 million, including City premiums of \$96.7 million provided full funding for program expenses of \$113.1 million and a substantial increase to the Net Position program reserves. The program reserves will be available to assist with future anticipated program cost increases post pandemic.
- The Fund Balance in the City's Debt Service Fund decreased by \$3.0 million, as a planned multi-year drawdown of a \$9.5 million bond premium derived from the City's February 2020 bond sale began in fiscal year 2021. A majority of the bond premium is being used to offset debt service program increases occurring in fiscal years 2021 & 2022. The City's debt service program costs are anticipated to decrease by \$3.3 million in fiscal year 2023 as the City's 20-year deficit financing bonds issued in 2002 will be fully redeemed during fiscal year 2022.

- The General Capital Improvement has a \$30.0 million positive fund balance as of June 30, 2021. Refer to Exhibit B-3 for a summary of active capital projects. The Capital Budget and Vehicle Replacement Fund, each comprised of local funds set aside by the City and Board of Education for capital renewal, replacement and program investments accounts for \$28.6 million of the overall General Capital Improvement fund balance.
- The Education Capital Improvement has a \$28.9 million deficit fund balance as of June 30, 2021. Refer to Exhibit B-4 for a summary of active capital projects. The Educational Capital Improvement fund is comprised of school building construction and renovation projects that are largely funded through the State's School Construction Grant Program. The accumulated deficit as of June 30, 2021 will be funded by the receipt of school construction grant revenues and the issuance of bonds to permanently finance capital expenditures incurred on approved capital projects.
- Governmental Funds conversion activity included the capitalization of expenses for capital improvement and equipment purchases during FY2021 totaling \$50.3 million, depreciation on previously capitalized assets of \$25.7 million and outstanding bond principal repayments of \$26.4 million.
- In the City's business-type activities, expenses of \$34.1 million, including depreciation expense of \$7.1 million were supported by revenues of \$34.1 million in user fees, other service revenue, and investment income that generated a net position increase of \$15 thousand prior to an approved special development project transfer of \$1.1 million. Overall, the net position in the City's business-type activities enterprise funds decreased by \$1.085 million. The negative net unrestricted position of \$1.1 million includes the full accrual recognition of the long-term Pension & OPEB liabilities attributable to retired and current employees of the Bureau of Water, Water Pollution Control & Utility Administrative Division.

Government-Wide Financial Statements

The analysis of the City as a whole begins on Exhibits I and II. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and the changes within. The City's net position, the difference between assets and liabilities, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other nonfinancial factors, however, such as the accounting standards applied to the recognition of long-term OPEB & Pension obligations, changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net position and the statement of activities the City reports the following activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, human services, culture, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City's Bureau of Water Enterprise Fund and Water Pollution Control Enterprise Funds are reported here. The City charges user fees to customers to help cover most or all of the cost of services.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City establishes many other funds to help control and manage financial activities for particular purposes to show that it is meeting legal responsibilities for using grants and other money. The City's funds are divided into three categories: governmental, proprietary and fiduciary.

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

Government-Wide Financial Analysis

The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

TABLE 1
NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 243,643	\$ 193,323	\$ 34,399	\$ 33,626	\$ 278,042	\$ 226,949
Capital assets	727,796	703,159	193,310	197,273	921,106	900,432
Total assets	971,439	896,482	227,709	230,899	1,199,148	1,127,381
Deferred charge on refunding	3,223	3,551	94	125	3,317	3,676
Deferred outflow related to pension	6,497	23,630	278	1,046	6,775	24,676
Deferred outflow related to OPEB	178,365	205,465	4,348	5,007	182,713	210,472
Total deferred outflows	188,085	232,646	4,720	6,178	192,805	238,824
Long-term liabilities:						
Long-term debt	445,997	475,739	28,681	12,724	474,678	488,463
Employee benefit obligations	1,334,353	1,467,220	35,231	40,053	1,369,584	1,507,273
Risk management and other	44,141	44,185			44,141	44,185
Other liabilities	88,044	37,927	2,027	19,524	90,071	57,451
Total liabilities	1,912,535	2,025,071	65,939	72,301	1,978,474	2,097,372
Advance property tax collections	239	782			239	782
Deferred inflow related to pension	53,029	2,513	1,359	114	54,388	2,627
Deferred inflow related to OPEB	99,528	34,794	2,486	932	102,014	35,726
Total deferred inflows	152,796	38,089	3,845	1,046	156,641	39,135
Net Position:						
Net investment in capital assets	500,062	468,330	164,723	166,521	664,785	634,851
Restricted	5,017	3,483			5,017	3,483
Unrestricted	(1,410,886)	(1,405,845)	(2,078)	(2,791)	(1,412,964)	(1,408,636)
Total Net Position	\$ (905,807)	\$ (934,032)	\$ 162,645	\$ 163,730	\$ (743,162)	\$ (770,302)

Net position of the City's governmental activities increased by \$28.2 million (negative net position of \$905.8 million compared to last year's negative net position of \$934.0 million). The City's governmental activities unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements is a negative \$1.411 billion at the end of this year compared with last year's negative net position of \$1.406 billion. The \$1.411 billion negative net position encompasses a governmental activities long-term net pension liability of \$178.1 million, a long-term OPEB liability of \$1.120 billion and a long-term Pension Obligation outstanding bond of \$215.2 million.

The notes to the financial statements contain informative disclosures on the funding status & funding policies for the City's Pension & OPEB liabilities. The governmental activities change in net position reflects a \$57.3 million decrease in the governmental portion of the OPEB Liability as post-employment health care costs actual experience was better than expected experience during the past year. The governmental activities change in net position reflects a \$75.8 million decrease in the governmental portion of the net pension liability as the money-weighted rate of return on the pension plan investments for fiscal year ending June 30, 2021 was 27.79% compared with a plan investment rate return assumption of 7.8%.

With the Governmental Activities, the net investment in capital assets reported amount of \$500.1 million excludes \$5.1 million of outstanding general obligation bonds previously issued in 2002 for special capital reserve financing purposes. Additionally, the net investment in capital assets excludes pension obligation bonds outstanding of \$215.2 million as of June 30, 2021. Outstanding general obligation bonds for capital asset construction purposes totaled \$204.4 million as of June 30, 2021. Unamortized bond premiums totaled \$20.1 million.

Fund balances in the City's General & Education Capital Improvement funds reflect a combined balance of \$1.1 million, decreasing \$23.7 million during FY2021. Refer to Exhibits B-3 & B-4 for the schedules of changes in project fund balances. Current year capital outlay expenses of \$58.1 million were offset by \$18.4 million in receipted capital grants and other revenues. Transfers in of \$16.0 million will be used to fund various capital expenses in subsequent fiscal years. The Fund Balance in the City's Debt Service Fund decreased by \$3.0 million, as a planned multi-year drawdown of a \$9.5 million bond premium derived from the City's February 2020 bond sale began in FY2021. A majority of the bond premium will be used to offset overall debt service program increases occurring in fiscal years 2021 & 2022.

The City's governmental activities net position in the City's Internal Service Funds reported a combined \$18.7 million increase when factoring in all sources of revenues used to fund the 2021 fiscal year health benefit, workers compensation, heart & hypertension and general liability self-insured program expenses. Investment Income of \$7.2 million on \$55.9 million of invested assets provided for nearly half of the FY2021 net position increase. Additionally, FY2021 benefits, claims and administration costs decreased by \$1.1 million year-over-year as benefit utilization has not yet fully returned to pre-pandemic levels. The City & Board of Education were able to increase employer premiums by \$4.3 million year-over-year, supported by the allocation of a portion of the General Fund's year-end surplus. Overall, Operating Revenues of \$124.7 million, including City premiums of \$96.7 million provided full funding for Program Expenses of \$113.1 million and a substantial increase to the Net Position program reserves. The health benefits & risk management claims current and non-current accrued liabilities of \$42.2 million as of June 30, 2021 were fully funded. The program reserves will be available to assist with future anticipated program cost increases post pandemic.

The total net position of the City's business-type activities decreased \$1.1 million during FY2021 compared with an increase of \$7.39 million in FY2020 as capital grants associated with a major capital grant funded project concluded prior to the start of the current fiscal year. Capital grants in FY2020 totaled \$6.6 million. A positive net position of \$162.6 million compares to last year's positive net position of \$163.7 million. The FY2021 Water and Water Pollution Control enterprise fund expenses of \$34.1 million, including depreciation expense of \$7.1 million were supported by revenues of \$34.1 million in user fees, other service revenue, and investment income that generated a net position increase of \$15 thousand prior to an approved special development project transfer of \$1.1 million. The City generally can only use the enterprise funds positive net positions to finance the continuing operations of the Bureau of Water and Water Pollution Control Enterprise Funds. Changes in net position included the capitalization of \$3.1 million in capital expenses, depreciation of \$7.1 million on previously capitalized assets and \$2.0 million of principal repayments on outstanding capital financing.

TABLE 2
CHANGES IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 14,873	\$ 13,332	\$ 33,663	\$ 32,186	\$ 48,536	\$ 45,518
Operating grants and contributions	327,443	270,988			327,443	270,988
Capital grants and contributions	21,731	25,700		6,598	21,731	32,298
General revenues:						
Property taxes	258,655	256,256			258,655	256,256
Grants and contributions not restricted to specific purposes	26,438	26,461			26,438	26,461
Unrestricted investment earnings	8,441	6,204	7	119	8,448	6,323
Other general revenues	1,150	4,074	470	565	1,620	4,639
Total revenues	<u>658,731</u>	<u>603,015</u>	<u>34,140</u>	<u>39,468</u>	<u>692,871</u>	<u>642,483</u>
Expenses:						
General government	113,468	121,429			113,468	121,429
Public works	35,622	35,206			35,622	35,206
Public safety	70,054	81,827			70,054	81,827
Development and community affairs	1,825	3,319			1,825	3,319
Human services	14,482	11,486			14,482	11,486
Education	368,057	333,601			368,057	333,601
Culture and recreation	6,470	6,272			6,470	6,272
Interest on long-term debt	21,628	23,482			21,628	23,482
Bureau of Water			12,528	11,368	12,528	11,368
Water Pollution Control			18,991	18,305	18,991	18,305
Utility Administrative Division			2,606	2,450	2,606	2,450
Total program expenses	<u>631,606</u>	<u>616,622</u>	<u>34,125</u>	<u>32,123</u>	<u>665,731</u>	<u>648,745</u>
Change in Net Position before transfers	27,125	(13,607)	15	7,345	27,140	(6,262)
Transfers	<u>1,100</u>		<u>(1,100)</u>		<u>-</u>	<u>-</u>
Change in Net Position	28,225	(13,607)	(1,085)	7,345	27,140	(6,262)
Net Position at Beginning of Year, as restated	<u>(934,032)</u>	<u>(920,425)</u>	<u>163,730</u>	<u>156,385</u>	<u>(770,302)</u>	<u>(764,040)</u>
Net Position at End of Year	<u>\$ (905,807)</u>	<u>\$ (934,032)</u>	<u>\$ 162,645</u>	<u>\$ 163,730</u>	<u>\$ (743,162)</u>	<u>\$ (770,302)</u>

Governmental Activities

The City's total governmental revenues were \$658.7 million in FY2021 as compared with \$603.0 million in the prior year. Operating grants & contributions increased \$56.5 million attributable to several items. During the last fiscal year, the City and its Board of Education recorded \$20.7 million in Covid-19 related revenues to fund distance learning, human services and various covid mitigation efforts. These additional costs were funded by Federal operating grants provided through the CARES Act and ARP Act. In addition, the Department of Education's State ECS Alliance Grant saw an increase of \$7.1 million in 2021 as the State continues to address the historically underfunded annual contribution towards the City's cost of education. The last significant item relates to the on-behalf revenue recognition in the City's financial statements associated with the Department of Education's allocated share of the change in the State Teacher's Retirement System (TRB) pension & OPEB liabilities for financial statement recognition purposes. The on-behalf revenue recognition in the City's financial statements associated with the change in the State's TRB's liabilities increased \$23.4 million in 2021, increasing from \$53.9 million to \$77.3 million. The revenue recognition for the State's pension & OPEB

contributions to the Teacher’s Retirement System on behalf of Waterbury teachers was \$33.9 million in FY2021 compared with \$37.6 million in FY2020, representing a \$3.7 million decrease. Other general revenues decreased \$2.9 million as one-time revenues associated with an energy incentive grant and the sale of City property were realized in FY2020. Property tax revenues increased \$2.4 million over the prior year consistent with property assessment growth in the October 1, 2019 grand list over the October 1, 2018 grand list. Unrestricted investment earnings increased \$2.2 million driven by strong performance within the City internal service fund stock market investments.

The total cost of all governmental activities programs and services was \$631.6 million in FY2021 as compared with \$616.6 million reported last year, representing a \$15.0 million reported increase. The \$15.0 million year-over-year increase is net of a \$31.2 million expense decrease derived from the year-over-year expense recognition decrease attributable to a reduction in the City’s OPEB and Pension liabilities (\$26.4 million expense recognition in FY2021 compared with \$57.6 million in FY2020). Excluding the decrease in the City’s OPEB and Pension year-over-year expense recognition, governmental operating expenses increased \$46.2 million. As reported above in the recognition of operating grants and contributions, you will see that \$20.7 million in new expenses were incurred for distance learning, human services and various covid mitigation efforts during the past year. Additionally, the revenue and associated expense recognition in the financial statements associated with the change in the State’s TRB’s liabilities increased \$23.4 million in 2021, increasing from \$53.9 million to \$77.3 million. The State’s recognized expense for the contribution to the State’s Teacher’s Retirement System decreased \$3.7 million. When these items are factored out, the year-over-year governmental activities programs and services costs reflect an increase of \$5.8 million in FY2021, representing a .9% year-over-year increase.

Table 3 presents the cost of each of the City’s five largest programs - general government, public works, public safety, human services and education - as well as each program’s net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City’s taxpayers by each of these functions on the full accrual basis of accounting.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General government	\$ 113,468	\$ 121,429	\$ 104,534	\$ 114,793
Public works	35,622	35,206	19,911	20,546
Public safety	70,054	81,827	64,389	75,783
Human services	14,482	11,486	1,205	4,244
Education	368,057	333,025	55,663	65,444
All others	29,923	33,073	21,857	25,216
Totals	<u>\$ 631,606</u>	<u>\$ 616,046</u>	<u>\$ 267,559</u>	<u>\$ 306,026</u>

Business-Type Activities

Charges for service revenues in the City’s business-type activities (see Table 2) increased \$1.5 million as allowances for recognition of potential doubtful collections were lower compared with the prior fiscal year. There were no capital grants and contributions realized in FY2021 as the capital projects reimbursed through the State of Connecticut’s Clean Water Fund concluded in FY2020. The Water Pollution Control Plant’s Phosphorous Reduction multi-year \$40 million capital improvement project reached substantial completion in December 2019 and final completion in April 2020.

Business-type activities operating expenses increased by \$2.0 million in FY2021, mostly attributable to a \$1.8 million increase in operations. Bureau of Water operational costs increased \$1.0 million and WPC operational costs increased \$712 thousand. This increase is due to a combination of factors including outside management and internal employee salary/benefit cost increases, chemical cost increases, emergency repair cost increases and increases associated with a greater focus on repairs and preventive maintenance programs.

It should also be noted in November 2018, the City entered into a third-party operations, maintenance and management services agreement with CH2M Hill Engineers, Inc., a subsidiary of Jacobs Engineering Group, Inc. to operate and manage the City's Water Pollution Control wastewater collection and treatment systems. Jacobs Engineering Group is now responsible for performing all services necessary for the proper and satisfactory operation and maintenance of the wastewater collection and treatment systems with full-service 24-hours-a-day, seven days a week. The term of the Agreement is for ten years.

In the City's business-type activities, a Utility Administrative Division enterprise fund exists to provide accounting, billing and collection activities for the Bureau of Water and Water Pollution Control under one Division. Premium cost allocations are included in the Bureau of Water and Water Pollution Control's operating budgets to fund the Administrative Division.

City Funds Financial Analysis

Governmental Funds

As the City closed FY2021, its governmental funds (as presented in the balance sheet - Exhibit III) reported combined fund balances of \$50.9 million as compared with \$75.2 million last year. The Educational Capital Improvement fund experienced a fund balance decrease of \$26.2 million as significant school building construction and renovations costs were incurred that will be funded in subsequent years through a combination of receipted school construction grants from the State and proceeds from the sale of capital financing bonds.

The City's General Fund reported a total fund balance this year of \$25.0 million reflecting an increase of \$1.0 million over the prior year. The General Fund's unassigned component of fund balance is \$22.0 million with \$3.0 million assigned to the FY2022 Budget. The assignment of fund balance was designed to limit tax levy growth and further to ensure compliance with an Internal Revenue Service (IRS) working capital bond covenant restriction established with the City's issuance of special capital reserve fund deficit financing bonds in 2002. That restriction expires this fiscal year with the April 2022 final redemption on the special capital reserve fund bonds. The designation of fund balance to limit tax levy growth will be evaluated as part of the 2023 budget development process.

The General Fund's realized revenues were \$4.5 million more than anticipated and included \$2.6 million of unbudgeted COVID-19 funding used to assist the City's General Fund with revenue shortfalls due to Covid shutdowns and Covid mitigation expenses occurring in prior FY2020. General Fund expenditures were \$7.4 million less than appropriated. Most of the budgetary surplus was attained by departments operating within their budgets, generating additional cost savings throughout the year and benefitting from certain costs being shifted outside of the General Fund to designated COVID response funding assistance. The \$7.4 million in unspent appropriations was comprised of \$5.8 million within the City's general government departments and \$1.6 million from the Department of Education. The net budgetary surplus of \$11.9 million avoided any drawdown of the prior year's \$3.0 million designation of fund balance, provided for \$7.9 million in year-end budgetary surplus transfers to fund various capital purchases and building improvements and provided for a \$1.0 million increase in the General Fund balance reserve.

The Fund Balance in the City's Debt Service Fund decreased by \$3.0 million, as a planned, multi-year drawdown of a \$9.5 million bond premium derived from the City's February 2020 bond sale began in FY2021. A majority of the bond premium will be used to offset debt service program increases occurring in fiscal years 2021 & 2022. The City's debt service program costs are anticipated to decrease by \$3.3 million in FY2023 as the City's deficit financing bonds issued in 2002 will be fully redeemed during FY2022. Debt service expenditures, including debt service on the 2009 pension obligations bonds, was \$51.0 million in FY2021 as compared with \$49.8 million in FY2020.

Fund balances in the City's General & Education Capital Improvement funds reflect a combined balance of \$1.1 million, decreasing \$23.7 million during FY2021. Current year capital outlay expenses of \$58.1 million were offset by \$18.4 million in receipted capital grants and other revenues. Transfers in of \$16.0 million will be used to fund various capital expenses in subsequent fiscal years. The General Capital Improvement has a \$30.0 million positive fund balance as of June 30, 2021. Refer to Exhibit B-3 for a summary of active capital projects. The Capital Budget and Vehicle Replacement Fund, each comprised of local funds set aside by the City and Board of Education for capital renewal, replacement and program investments accounts for \$28.6 million of the overall General Capital Improvement fund balance. The Education Capital Improvement has a \$28.9 million deficit fund balance as of June 30, 2021. The Educational Capital Improvement fund is comprised of school building construction and renovation projects that are largely funded through the State's School Construction Grant Program. The accumulated deficit as of June 30, 2021 will be funded by the receipt of school construction grant revenues and the issuance of bonds to permanently finance capital expenditures incurred on approved capital projects.

Proprietary Funds

The City's self-insured programs for Health Benefits, General Liability, Workers' Compensation and Heart and Hypertension are reported as internal service funds of the City. The combined reserves net position in the City's self-insured internal service funds is \$40.4 million as of June 30, 2021. This compares with a reserves net position of \$21.6 million as of June 30, 2020 and reflects the further stabilization of the City's historically volatile self-insured programs, particularly with the cost of healthcare. Total operating revenues of \$124.7 million, including City premiums of \$96.7 million, fully funded the \$113.1 million expended on health benefits program costs, general liability claim costs and workers compensation & heart and hypertension program claim costs during FY2021. FY2021 benefits, claims and administration costs remained below pre-pandemic levels as benefit utilization and workers compensation injuries, although higher in FY2021 were marginally below FY2019 pre-pandemic levels. The operating income of \$11.5 million was further enhanced by \$7.2 million in investment income providing for the \$18.7 million overall increase in reserves. The accrued health benefits & risk management claims liability of \$42.2 million as of June 30, 2021 is fully funded. The City continues focused efforts to further control cost increases in its health benefit & workers compensation programs through the implementation of health & wellness initiatives and various benefit & program cost control efforts.

General Fund Budgetary Highlights

General Fund revenues came in \$4.5 million more than budgetary revenue estimates. Total property tax collections came in \$3.9 million more than budgeted as the impacts of the City's expanded delinquent collection efforts continue to be realized along with collections benefitting from a strong residential property sale market over the past year-plus. Additionally, the City continues to budget current tax collections at a conservative collection rate of 96.0%. The budgeted current taxes collection rate of 96.0% was exceeded by 1.03% in FY2021. The City continues to utilize a collection agency to pursue delinquent motor vehicle taxes, utilizes a warrant collection program on delinquent real-estate and personal property, maintains a scoff-law booting program and administers an active tax sale auction program. Current levy tax collections continue to benefit from these delinquent collection programs. Intergovernmental Revenues exceeded budgeted estimates by \$2.4 million as the City

benefited from \$2.6 million in COVID-19 assistance funding receipted in FY2021 related to funding allocated to offset revenue losses and Covid mitigation and prevention costs incurred prior to June 30, 2020. Investment Income fell below budgetary estimates as interest rates on the City's bank deposits remained extraordinarily low. Charges for Services exceeded budgetary estimates by \$1.0 million benefitting from increased property conveyance taxes as residential property sales remained strong through all of FY2021. Other charges for services including parking fees and restaurant licenses fees remained depressed and below budgetary estimates as measures taken to bend the COVID-19 positive case curve beginning in March 2020 continued through much of FY2021. Fringe benefit reimbursements fell below budgetary estimates by \$2.5 million as certain new grant funded reimbursements were posted directly to the City's Health Benefits Fund.

Budgeted appropriations were amended after the close of the fiscal year to increase the original budget by \$7.9 million, increasing from \$421.3 million to \$429.2 million. The increase approved by the City's Board of Aldermen allowed for the year-end transfer of \$7.9 million in surplus funds to address other areas of need. \$5.6 million was transferred to the City's Capital Improvement Fund and \$2.3 million was transferred to fund various special purpose projects and programs. Following the budget amendment and posting of the year-end transfers, overall expenditures came in under budget by \$7.4 million. Most of the budgetary surplus was attained by departments operating within their budgets, generating additional cost savings throughout the year and benefitting from certain costs being shifted outside of the General Fund to designated COVID response funding assistance. The City's Cost Containment and Oversight Committee (CCOC), established in 2012, continued to meet regularly with City department heads to discuss current budget status, closely monitor expenditure requests and implement cost saving measures deemed necessary. The CCOC efforts during FY2021 and the cooperation and support of the City's department heads allowed for budgetary savings in all functions of government.

The net budgetary surplus of \$11.9 million avoided any drawdown of the prior year's \$3.0 million designation of fund balance and provided for \$7.9 million in year-end budgetary surplus transfers. Following the year-end transfers the General Fund budgetary results provided for a \$1.0 million increase to the General Fund Balance. The General Fund's total fund balance as of June 30, 2021 is \$25.0 million. An assigned portion of \$3.0 million exists as the FY2022 adopted budget includes a designation of fund balance for mill rate stabilization as has been consistently designated for several years. To the extent that the \$3.0 million designation is not drawn upon during the current fiscal year it remains available for designation in the subsequent fiscal year.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the City had \$921.1 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles & equipment, roads & bridges, and water & sewer plant, equipment and infrastructure - Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$20.7 million over last year.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and land improvements	\$ 22,015	\$ 22,847	\$ 1,773	\$ 1,773	\$ 23,788	\$ 24,620
Buildings, utility plant and improvements	553,314	569,548	94,273	65,813	647,587	635,361
Infrastructure	54,654	57,867	57,881	55,979	112,535	113,846
Machinery and equipment	15,016	15,925	31,624	33,188	46,640	49,113
Vehicles	6,867	5,766	(141)	(379)	6,726	5,387
Construction in progress	75,930	31,206	7,900	40,899	83,830	72,105
Totals	<u>\$ 727,796</u>	<u>\$ 703,159</u>	<u>\$ 193,310</u>	<u>\$ 197,273</u>	<u>\$ 921,106</u>	<u>\$ 900,432</u>

Major governmental capital activities during the year included the construction in progress capitalization of approximately \$8.5 million in streetscape and bridge improvement projects, \$31.9 million on the ongoing Wendell Cross Pre-k to Eighth Grade school construction project and \$2.0 million on park improvements. A total of \$50.3 million in governmental capital expenses were capitalized during FY2021. Governmental depreciation expense on previously capitalized assets totaled \$25.7 million for FY2021. In the water and water pollution control business-type activities, FY2021 capitalized plant, equipment and infrastructure expenses totaled \$3.1 million. Current year depreciation on previously capitalized business-type activity capital assets totaled \$7.1 million. More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

As of June 30, 2021, the City had \$453.7 million in bonds and notes outstanding versus \$464.4 million last year - as shown in Table 5.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 424,673	\$ 451,085	\$ 1,935	\$ 2,041	\$ 426,608	\$ 453,126
Serial notes payable	1,178	1,514	25,919	9,792	27,097	11,306
Total outstanding debt	<u>\$ 425,851</u>	<u>\$ 452,599</u>	<u>\$ 27,854</u>	<u>\$ 11,833</u>	<u>\$ 453,705</u>	<u>\$ 464,432</u>

The City is strongly committed to attaining the right balance of capital renewal and reinvestment within the City over time. Each and every bond authorization submitted for approval by the City's governing body is critically evaluated beforehand by the City's Administration. All merits of a project are evaluated to ensure the project fully warrants committing the City's bonding capacity for the identified purpose. The City's bond authorization and debt issuance management plan seeks to maintain an annual debt service cost in the 5%-6% range of total budget. A level annual debt service commitment in the 5%-6% range of total budget will provide for continual capital investment opportunities in educational facilities, infrastructure and economic development initiatives for the long-term betterment of the City, its residents & businesses and to provide long-term sustainability of the City for generations to come.

As of June 30, 2021, general purpose and education bonds authorized and unissued totaled \$85.8 million. An estimated \$33.9 million of the \$85.8 million in authorizations will be funded by state and federal grants. The Education school project portion of authorized and unissued bonds totals \$40.1 million. Approximately 78 percent of the total school project authorizations will be funded in subsequent years through the State of Connecticut's school construction reimbursement program. Included in the authorizations is a \$46.3 million authorization approved in June 2016 to renovate as new and expand the Wendell Cross Elementary School. Construction of the renovated and expanded school was completed in July 2021 and opened for the school year that began in late August 2021. An estimated \$34.7 million of the project cost will be funded through the State's school construction reimbursement program. The general purpose capital project portion of authorized and unissued bonds totals \$45.7 million. An estimated \$11.0 million of those authorizations will be funded through a combination of state and federal grants to be realized in subsequent years. General purpose bond authorizations have been appropriated to support a continual commitment of funding for infrastructure improvements including road reconstructions, sidewalks and road restoration, funding public safety vehicle & large equipment purchases, the completed construction of a centralized DPW Facility, the completed remediation and repurposing of a decades closed manufacturing facility, ongoing blight remediation, completion of comprehensive energy savings measures and many other productive initiatives supporting continual reinvestment into the City.

City representatives last met with three credit rating agencies in early January 2020 to present the City's current financial condition and outlook including a comprehensive overview of current economic development activities and financial management policies. Standard and Poor's Global, Fitch Ratings and the Kroll Bond Rating Agency all reaffirmed the City's "AA-" bond rating with stable outlooks highlighting the City's very strong management, strong budgetary performance, and budget flexibility. The combination of the reaffirmation of the City's "AA-" credit rating from three rating agencies, a continued stable outlook and very favorable market conditions allowed the City to permanently finance the \$55.0 million in new general obligation bonds at a true interest cost of 2.55%. The City anticipates that its next bond issuance will occur during the first half of calendar year 2022.

Included in the outstanding debt as of June 30, 2021 are outstanding pension obligation bonds in the amount of \$215.2 million and outstanding special capital reserve deficit bonds in the amount of \$5.1 million. The special capital reserve deficit bonds will be fully redeemed in April 2022.

The Water Pollution Control enterprise fund has self-supporting bond and clean water fund serial note outstanding debt totaling \$16.3 million as of June 30, 2021. The Bureau of Water enterprise fund has \$11.0 million in self-supporting bond and drinking water fund serial note obligations outstanding as of June 30, 2021. The Utility Administrative Division has \$490 thousand of bonds outstanding that are self-supported by premiums assessed to Water Pollution Control and the Bureau of Water enterprise funds.

A \$17.7 million capital appropriation and bond authorization was approved in May 2015 for water plant equipment and system renewal capital costs. A \$10.3 million capital appropriation and bond authorization was approved in May 2015 for water pollution control plant, equipment and system capital expenses. The Management of the Bureau of Water and Water Pollution Control have actively pursued grants and 2% fixed loan funding from the State of Connecticut to reduce the debt service impact on these capital authorizations. The City entered into a 20-year, 2% Drinking Water Service Revolving Fund note to permanently finance \$2.570 million in water system improvements.

A \$40.0 million capital appropriation and bond authorization was approved in April 2018 for a water pollution control phosphorous reduction upgrade project required by CT DEEP NPDES Permit # CT0100625 which required WPC to meet a more stringent effluent phosphorus limit of 0.2 mg/l by April 2020. Changes to State Public Act 16-57 allowed the City/WPC to be eligible for a 50% Clean Water Fund Grant from the State and additionally be eligible for a 2% - 20 year clean water fund loan from the

State. On November 30, 2020 an interim funding obligation of \$15.5 million was converted to a permanent 20-year 2% loan obligation with the State through the Clean Water Fund.

The State of Connecticut limits the amount of general obligation debt cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The City's outstanding general obligation debt is significantly below this \$1.78 billion state-imposed limit.

Other obligations which include accrued vacation pay and sick leave as well as more detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's Mayor, since coming into office on December 1, 2011 has made economic development one of the major core functions of his Administration. Mayor O'Leary's focused efforts on economic development have included the establishment of a full-time Economic Development Director's position within the Mayor's executive cabinet. The Economic Development Director's core functions include the recruitment of new business, maintaining the stability and retention of existing business and the pursuit of investors, developers and companies looking to invest in Waterbury. The Mayor's Economic Development team meets weekly to ensure that updates are communicated timely along with extensive discussions on all ongoing initiatives and potential new opportunities. The economic development program encompasses recruitment of new business, stability and expansion of existing business, remediation and repurposing of brownfield sites, downtown investment and development, housing, education and transportation along with public infrastructure improvements including recreation facilities and parks.

The City continues to advance its economic development strategy through both public and private investments. New business openings and expansions include manufacturing, retail, restaurant and professional businesses are providing for continued expansion and diversification of the City's employment base. The unemployment rates of the City and the Waterbury labor market as a whole continued to trend lower prior to the onset of the coronavirus pandemic and mitigation measures taken to bend the positive case trend curve between March and June 2020. As of June 2021, the labor market reflected a City unemployment rate of 11.0%, a regional unemployment rate of 8.4% and a State unemployment rate of 6.9%. Demands to fill open positions is strong locally, regionally and throughout the State. It is anticipated that the unemployment rates will continue to trend downward in the months ahead.

Mayor O'Leary and his Economic Development Director work in close collaboration with the Waterbury Development Corporation. The Waterbury Development Corporation (WDC) is the City's designated economic and community development agency. WDC was founded in May 2004 as a partnership of the public and private sectors and works collaboratively with City and State officials to stimulate development opportunities by assessing and repurposing contaminated properties (brownfields), eliminating urban blight and decay, and managing various construction and capital improvement projects. This team approach has proven beneficial and has been further supported with establishing and maintaining strong relationships and collaborative efforts with the Connecticut Department of Economic and Community Development (DECD) and Connecticut Department of Transportation (CDOT). The Mayor and his Economic Development Director are now working in close collaboration with the Naugatuck Valley Regional Waterbury Development Corporation (NVRDC). Mayor O'Leary sought the creation of the Naugatuck Valley Regional Development Corporation (NVRDC) by identifying a need for an organization that would foster regional collaboration amongst business leaders and municipal leaders and to leverage that collaboration to drive greater investment and State and Federal aid within this region of the State. The over-arching goal of the NVRDC is to facilitate business attraction, retention and expansion in Waterbury and throughout the region, ultimately providing employment opportunities and taxable capital investment for the community.

The City's current mill rate is higher than surrounding towns and can serve as a detriment to private investment & business development within the City. However, the City has been able to keep the mill rate stable for six (6) consecutive budgets due in large part to recurring annual grand list growth. The City anticipates being able to hold the mill rate stable through the fiscal 2024 revaluation budget at which time a reduction on the mill rate is expected when calculated off of the updated October 1, 2022 property values. Residential real-estate values have improved substantially since the last October 1, 2017 valuation. Although the actual tax burden may not change post revaluation, the perception issues of stability and competitiveness driven by the City's current high mill rate will be largely addressed.

Any increase in the mill rate is considered a negative factor to the Administration's economic development and property re-use/redevelopment efforts. The City's real estate & personal property mill rate has been held at 60.21 mills now for six consecutive fiscal years including the current 2022 Fiscal Year. The motor vehicle mill rate for FY2021 remained at 45 mills equal to the statewide mill rate cap threshold to qualify for State reimbursement. The statewide mill rate cap of 45 mills did not change for the current 2022 fiscal year. The FY2023 budget development process will begin in January 2022. The Mayor and his Budget Development Team remain cognizant of the fact that any further increases in the mill rate could be detrimental to the City.

The City's annual budget setting process avoids the utilization of unreasonable assumptions to project revenues and appropriations. Ongoing budget monitoring systems are in place to allow the City to react timely to unanticipated revenue shortfalls or unplanned costs with controlled use of the budgeted contingency account for non-recurring expenses. The budget appropriation process is precise in its detail yet considers variables that may be encountered in the course of operations.

The current FY2022 budget was crafted in a manner which took into consideration the projected year end results for FY2021 in the City's General Fund and its Internal Service Funds and additionally considered the ongoing impacts of the Covid-19 pandemic. The FY2022 budget was approved by the City's Board of Aldermen on June 7, 2021. Revenue estimates of \$425.0 million were developed on the basis of achievable results as a means to limit income deficiencies and thereby strengthening the likelihood of again meeting the City's undesignated fund balance objectives. The FY2022 appropriated expenditure budget of \$425.0 million represents an increase of \$3.750 million or 0.89%. The FY2022 adopted budget maintains a budgeted contingency of \$1.5 million. Budgeted appropriations provide funding to meet current services, includes appropriate levels of budgeted contributions to the debt service and internal service funds to meet current obligations and full funding of the Pension Fund's annual required contribution.

The City was able to keep the fiscal 2022 mill rate unchanged at the prior year's 60.21 rate. A mill rate of 60.21 mills for real estate and personal property and 45.00 mills for motor vehicles was applied to a net taxable grand list of \$4.44 billion. Property taxes are projected to provide 60% or \$256.9 million of all revenues needed. The annual property tax collection rate continues to exceed 97% with a lower budgeted rate of 96%. The high rate of tax collection is a credit to the taxpaying residents of the City of Waterbury coupled with the use of appropriate methods of delinquent tax collection including tax sale auctions and engaging the services of a collection agency to pursue delinquent motor vehicle accounts. A lower budgeted collection rate of 96% allows for the realization of property tax revenue surpluses to buffer against any unanticipated shortfalls in other revenue categories in order to avoid use of fund balance designated to the subsequent budget. The adopted budget includes a \$3 million designated use of fund balance in accordance with the City's fund balance policy.

As the City begins to prepare for the FY2023 budget development process, it does so with the knowledge there will again be intensified pressure on controlling increases to the expenditure appropriation side of the budget due to constraints on new tax revenues, no increases in non-education State aid growth and recognizing both the short-term and potentially long-term impacts of the coronavirus pandemic on the City's budget. The outlook for the 2023 budget development and adoption process will be similar to the 2022 budget development process with the overall objective of maintaining the long-term financial stability of the City, further stabilizing the City's reserve funds and balancing the governmental service needs of the taxpayers while holding the line on property tax increases.

The user rates for the Bureau of Water and Water Pollution Control enterprise funds are also adopted annually. For the current 2022 fiscal year, the water user rate of \$2.52 per CCF was increased to \$2.65 per CCF and the quarterly fixed service charge was increase from \$5.00 to \$12.00 per quarter. Annual revenues are estimated to increase by \$1.3 million. The enhanced annual revenues will provide increased funding for the operations of the Water Department as well as funding sinking fund capital contributions for vehicle & equipment replacements, system renewal & replacement and emergency repairs. The sewer user rate & capital recovery charge rate of \$3.953 per CCF remained unchanged for FY2022.

The American Rescue Plan Act (ARPA), approved on March 11, 2021, authorized \$350 billion in emergency funding for the Coronavirus State and Local Fiscal Recovery Funds for eligible state, local, territorial, and Tribal governments to help turn the tide on the pandemic, address its economic fallout and lay the foundation for a strong and equitable recovery. The City of Waterbury is the direct entitlement recipient of \$74 million in ARPA funding and the Waterbury Board of Education (BOE) is the recipient of \$42 million in Elementary and Secondary School Emergency Relief (ESSER) - ESSER-II funding and \$90 million in ESSER-III funding to be passed through the State Department of Education. The City and its Board of Education anticipate that a substantial portion of the combined \$206 million of ARPA and ESSER funding will be appropriated for water infrastructure renewal & replacement, park improvements, HVAC & mechanical building renovation & improvements and other capital projects yet to be determined in addition to having funding available for continued covid mitigation and prevention efforts. The Board of Education has engaged a firm that will be completing a Long Range Infrastructure Facility Study which will include the examination of all school facilities, resources, and technology infrastructure with respect to current and future condition and capacity and preparation of a Facilities Master Plan with identified priorities for repair, renovation, reconstruction or consolidation of the District's physical plant including major mechanicals. Projects will be defined based on the recommendations and cost estimates to be provided in the Facilities Master Plan. It is anticipated that many of these projects once defined will be ESSER funded. The City's Finance Director has established ARPA and ESSER working groups that are meeting biweekly to further plan, develop and execute on efforts for the timely commitment and expenditure of the awarded funding. The City's ARPA funds need to be committed by December 2024 and expended by December 2026. The Board of Education ESSER funds need to be committed by September 2024 and expended by December 2024.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance Department, City of Waterbury, 235 Grand Street, Waterbury, Connecticut 06702.

Basic Financial Statements

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CITY OF WATERBURY, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 138,601	\$ 20,311	\$ 158,912
Investments	62,923		62,923
Receivables, net	41,396	12,672	54,068
Due from fiduciary fund	116		116
Other current assets	607	1,416	2,023
Capital assets:			
Assets not being depreciated	88,486	9,673	98,159
Assets being depreciated, net	639,310	183,637	822,947
Total assets	<u>971,439</u>	<u>227,709</u>	<u>1,199,148</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	3,223	94	3,317
Pension	6,497	278	6,775
OPEB	178,365	4,348	182,713
Total deferred outflows of resources	<u>188,085</u>	<u>4,720</u>	<u>192,805</u>
Liabilities:			
Accounts payable and accrued expenses	45,015	2,027	47,042
Unearned revenue	43,029		43,029
Noncurrent liabilities:			
Due within one year	89,713	3,281	92,994
Due in more than one year	1,734,778	60,631	1,795,409
Total liabilities	<u>1,912,535</u>	<u>65,939</u>	<u>1,978,474</u>
Deferred Inflows of Resources:			
Advance property tax collections	239		239
Pension	53,029	1,359	54,388
OPEB	99,528	2,486	102,014
Total deferred inflows of resources	<u>152,796</u>	<u>3,845</u>	<u>156,641</u>
Net Position:			
Net investment in capital assets	500,062	164,723	664,785
Restricted	5,017		5,017
Unrestricted	(1,410,886)	(2,078)	(1,412,964)
Total Net Position	<u>\$ (905,807)</u>	<u>\$ 162,645</u>	<u>\$ (743,162)</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 113,468	\$ 5,944	\$ 2,990	\$	\$ (104,534)	\$	\$ (104,534)
Public works	35,622	480		15,231	(19,911)		(19,911)
Public safety	70,054	4,380	1,232	53	(64,389)		(64,389)
Development and community affairs	1,825	1,885	3,485		3,545		3,545
Human services	14,482	147	13,130		(1,205)		(1,205)
Education	368,057	165	306,357	5,872	(55,663)		(55,663)
Culture and recreation	6,470	1,872	249	575	(3,774)		(3,774)
Interest on long-term debt	21,628				(21,628)		(21,628)
Total governmental activities	<u>631,606</u>	<u>14,873</u>	<u>327,443</u>	<u>21,731</u>	<u>(267,559)</u>	<u>-</u>	<u>(267,559)</u>
Business-type activities:							
Bureau of Water	12,528	13,081				553	553
Waste Treatment	18,991	20,582				1,591	1,591
Utility Administrative Division	2,606					(2,606)	(2,606)
Total business-type activities	<u>34,125</u>	<u>33,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(462)</u>	<u>(462)</u>
Total	<u>\$ 665,731</u>	<u>\$ 48,536</u>	<u>\$ 327,443</u>	<u>\$ 21,731</u>	<u>(267,559)</u>	<u>(462)</u>	<u>(268,021)</u>
General revenues:							
Property taxes					258,655		258,655
Grants and contributions not restricted to specific programs					26,438		26,438
Unrestricted investment earnings					8,441	7	8,448
Miscellaneous					1,150	470	1,620
Transfers					<u>1,100</u>	<u>(1,100)</u>	<u>-</u>
Total general revenues					<u>295,784</u>	<u>(623)</u>	<u>295,161</u>
Change in Net Position					28,225	(1,085)	27,140
Net Position, July 1, 2020, as restated					<u>(934,032)</u>	<u>163,730</u>	<u>(770,302)</u>
Net Position, June 30, 2021					<u>\$ (905,807)</u>	<u>\$ 162,645</u>	<u>\$ (743,162)</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(In Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Improvement</u>	<u>Education Capital Improvement</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 21,390	\$ 9,355	\$ 72,645	\$ -	\$ 4,601	\$ 422	\$ 5,240	\$ 113,653
Investments	4,235						2,743	6,978
Receivables, net	7,196		4,666		10,238	14,065	3,683	39,848
Due from other funds	26,948							26,948
Other							311	311
Total Assets	\$ 59,769	\$ 9,355	\$ 77,311	\$ -	\$ 14,839	\$ 14,487	\$ 11,977	\$ 187,738
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 28,017	\$ -	\$ 3,106	\$ 3,293	\$ 5,857	\$ 254	\$ 533	\$ 41,060
Due to other funds				25,620			1,212	26,832
Unearned revenue			40,647		1,960		422	43,029
Total liabilities	28,017	-	43,753	28,913	7,817	254	2,167	110,921
Deferred Inflows of Resources:								
Unavailable revenue - property taxes	5,021							5,021
Unavailable revenue - loans receivable						13,826		13,826
Unavailable revenue - other receivables	1,447		3,523				1,863	6,833
Advanced property tax collections	239							239
Total deferred inflows of resources	6,707	-	3,523	-	-	13,826	1,863	25,919
Fund Balances:								
Nonspendable							794	794
Restricted							4,223	4,223
Committed		9,355	14,098		7,022	407	2,930	33,812
Assigned	3,000		15,937					18,937
Unassigned	22,045			(28,913)				(6,868)
Total fund balances	25,045	9,355	30,035	(28,913)	7,022	407	7,947	50,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,769	\$ 9,355	\$ 77,311	\$ -	\$ 14,839	\$ 14,487	\$ 11,977	\$ 187,738

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021
(In Thousands)

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

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

Fund balances - total governmental funds	\$ 50,898
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 1,123,703	
Less accumulated depreciation	<u>(395,907)</u>	
Net capital assets		727,796

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are not recorded in the funds:

Property tax receivables greater than 60 days	4,007
Interest receivable on property taxes	1,014
Other receivables and deferred amounts	6,833
Loans receivable	13,826
Deferred outflows related to pension	6,497
Deferred outflows related to OPEB	178,365

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

40,357

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

Bonds and notes payable	(425,851)
Deferred charge on refunding	3,223
Unamortized bond premium	(20,146)
Interest payable on bonds and notes	(3,771)
Accrued compensated absences	(32,233)
Retired employee obligations	(4,427)
Total OPEB liability	(1,119,570)
Net pension liability	(178,123)
Deferred inflows related to pension	(53,029)
Deferred inflows related to OPEB	(99,528)
Landfill post-closure	(630)
Pollution remediation	<u>(1,315)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>(905,807)</u></u>
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The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	General	Debt Service Fund	General Capital Improvement	Education Capital Improvement	Educational Grants	Housing and Development Programs	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:								
Property taxes	\$ 260,901	\$	\$	\$	\$	\$	\$	\$ 260,901
Intergovernmental	179,925		11,773	5,617	102,223	3,850	13,329	316,717
Investment income	428		1			1	799	1,229
Charges for services	8,571						5,366	13,937
Reimbursements	10,008							10,008
Other	579		1,042		797	126	1,135	3,679
Total revenues	<u>460,412</u>	<u>-</u>	<u>12,816</u>	<u>5,617</u>	<u>103,020</u>	<u>3,977</u>	<u>20,629</u>	<u>606,471</u>
Expenditures:								
Current:								
General government	10,304						413	10,717
Public works	19,140							19,140
Public safety	55,635						4,361	59,996
Development and community affairs	1,130					4,012		5,142
Human services	7,126						7,795	14,921
Education	182,332				100,529		10,036	292,897
Culture and recreation	1,822						1,843	3,665
General financial	116,298							116,298
Capital outlay			26,192	31,922				58,114
Debt service:								
Principal		26,412						26,412
Interest		24,578						24,578
Total expenditures	<u>393,787</u>	<u>50,990</u>	<u>26,192</u>	<u>31,922</u>	<u>100,529</u>	<u>4,012</u>	<u>24,448</u>	<u>631,880</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>66,625</u>	<u>(50,990)</u>	<u>(13,376)</u>	<u>(26,305)</u>	<u>2,491</u>	<u>(35)</u>	<u>(3,819)</u>	<u>(25,409)</u>
Other Financing Sources (Uses):								
Transfers in		48,145	15,853	125	1,211		5,950	71,284
Transfers out	(65,622)	(203)	(17)		(3,500)		(842)	(70,184)
Total other financing sources (uses)	<u>(65,622)</u>	<u>47,942</u>	<u>15,836</u>	<u>125</u>	<u>(2,289)</u>	<u>-</u>	<u>5,108</u>	<u>1,100</u>
Net Change in Fund Balances	1,003	(3,048)	2,460	(26,180)	202	(35)	1,289	(24,309)
Fund Balance, July 1, 2020, as restated	<u>24,042</u>	<u>12,403</u>	<u>27,575</u>	<u>(2,733)</u>	<u>6,820</u>	<u>442</u>	<u>6,658</u>	<u>75,207</u>
Fund Balance, June 30, 2021	<u>\$ 25,045</u>	<u>\$ 9,355</u>	<u>\$ 30,035</u>	<u>\$ (28,913)</u>	<u>\$ 7,022</u>	<u>\$ 407</u>	<u>\$ 7,947</u>	<u>\$ 50,898</u>

(Continued on next page)

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (24,309)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	50,333
Depreciation expense	(25,669)

In the statement of activities, the loss on the sale or disposal of capital assets is reported. However, in the governmental funds, the transaction is not reported. Thus the change in net position differs from the change in fund balance by the loss on assets disposed. (27)

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

Property tax receivable - accrual basis change	(1,953)
Property tax interest and lien revenue - accrual basis change	(293)
Loans receivable - accrual basis change	2,849
Other receivables - accrual basis change	4,940
Change in deferred outflows related to pension	3,865
Change in deferred outflows related to OPEB	(27,100)

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

Bond principal payments	26,412
Amortization of deferred charge on refunding	(328)
Amortization of premiums and discounts	2,994
Note principal payments	336

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The details of the changes in other recorded obligations are as follows:

Compensated absences	(399)
Retired employee obligations	175
Accrued interest	283
Landfill post closure care	70
Pollution remediation	455
Change in net pension liability	75,788
Change in total OPEB liability	57,303
Change in deferred inflows related to pension	(71,514)
Change in deferred inflows related to OPEB	(64,734)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.	<u>18,748</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 28,225</u>
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The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021
(In Thousands)

	Business-Type Activities				Governmental
	Major Funds		Nonmajor Fund		Activities
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	Internal Service Funds
Assets:					
Current assets:					
Cash and cash equivalents	\$ 5,440	\$ 14,432	\$ 439	\$ 20,311	\$ 24,948
Investments				-	55,945
Receivables, net	4,761	7,911		12,672	1,548
Prepaid expenses				-	296
Materials and supplies	1,416			1,416	
Total current assets	11,617	22,343	439	34,399	82,737
Noncurrent assets:					
Capital assets, net	59,503	133,495	312	193,310	
Total assets	71,120	155,838	751	227,709	82,737
Deferred Outflows of Resources:					
Pension	131	147		278	
OPEB	2,124	2,224		4,348	
Amount on refunding	94			94	
Total deferred outflows of resources	2,349	2,371	-	4,720	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	837	1,183	7	2,027	184
Bonds and serial notes payable	554	1,593	70	2,217	
Compensated absences	60		40	100	
Total OPEB liability	471	493		964	
Risk management claims				-	14,416
Total current liabilities	1,922	3,269	117	5,308	14,600
Noncurrent liabilities:					
Bonds and notes payable	11,309	14,735	420	26,464	
Compensated absences	239		160	399	
Risk management claims				-	27,780
Net pension liability	3,525	3,955		7,480	
Total OPEB liability	12,844	13,444		26,288	
Total noncurrent liabilities	27,917	32,134	580	60,631	27,780
Total liabilities	29,839	35,403	697	65,939	42,380
Deferred Inflows of Resources:					
Pension	641	718		1,359	
OPEB	1,215	1,271		2,486	
Total deferred inflows of resources	1,856	1,989	-	3,845	-
Net Position:					
Net investment in capital assets	47,734	117,167	(178)	164,723	
Unrestricted	(5,960)	3,650	232	(2,078)	40,357
Total Net Position	\$ 41,774	\$ 120,817	\$ 54	\$ 162,645	\$ 40,357

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities				Internal Service Funds
	Major Funds		Nonmajor Fund		
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	
Operating Revenues:					
Operations	\$ 13,081	\$ 20,582	\$	\$ 33,663	\$
Employer premiums				-	96,658
Charges for services				-	15,196
Other	325	145		470	12,816
Total operating revenues	<u>13,406</u>	<u>20,727</u>	<u>-</u>	<u>34,133</u>	<u>124,670</u>
Operating Expenses:					
Operations	6,054	11,141		17,195	
Administration and general	4,422	1,925	2,517	8,864	
Depreciation	1,676	5,322	64	7,062	
Benefits, claims and administration				-	113,139
Total operating expenses	<u>12,152</u>	<u>18,388</u>	<u>2,581</u>	<u>33,121</u>	<u>113,139</u>
Operating Income (Loss)	<u>1,254</u>	<u>2,339</u>	<u>(2,581)</u>	<u>1,012</u>	<u>11,531</u>
Nonoperating Income (Expense):					
Investment income		7		7	7,217
Interest expense	(376)	(603)	(25)	(1,004)	
Net nonoperating income (expense)	<u>(376)</u>	<u>(596)</u>	<u>(25)</u>	<u>(997)</u>	<u>7,217</u>
Income (Loss) Before Grants and Transfers	878	1,743	(2,606)	15	18,748
Transfers In			2,678	2,678	
Transfers Out	<u>(2,189)</u>	<u>(1,589)</u>		<u>(3,778)</u>	
Change in Net Position	(1,311)	154	72	(1,085)	18,748
Total Net Position, July 1, 2020	<u>43,085</u>	<u>120,663</u>	<u>(18)</u>	<u>163,730</u>	<u>21,609</u>
Total Net Position, June 30, 2021	<u>\$ 41,774</u>	<u>\$ 120,817</u>	<u>\$ 54</u>	<u>\$ 162,645</u>	<u>\$ 40,357</u>

The accompanying notes are an integral part of the financial statements

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	Business-Type Activities				Governmental
	Major Funds		Nonmajor Fund		Activities
	Bureau of Water Enterprise Fund	Water Pollution Control Enterprise Fund	Utility Administrative Division	Total	Internal Service Funds
Cash Flows from Operating Activities:					
Cash received from operations	\$ 12,681	\$ 13,044	\$	\$ 25,725	\$
City's contribution				-	96,658
Cash received from employees and other	325	145		470	29,297
Cash paid to employees for services	(5,118)	(1,319)	(1,955)	(8,392)	
Cash paid to vendors	(6,056)	(11,327)	(569)	(17,952)	(112,911)
Net cash provided by (used in) operating activities	1,832	543	(2,524)	(149)	13,044
Cash Flows from Capital and Related Financing Activities:					
Capital grants		7,430		7,430	
Acquisition and construction of capital assets	(1,752)	(1,347)		(3,099)	
Principal payment - bonds and notes	(584)	(1,417)	(70)	(2,071)	
Interest paid on bonds and notes	(376)	(603)	(25)	(1,004)	
Net cash provided by (used in) capital and related financing activities	(2,712)	4,063	(95)	1,256	-
Cash Flows from Noncapital Financing Activities:					
Transfer from other funds			2,678	2,678	
Transfer and advances to other funds	(2,189)	(1,589)		(3,778)	
Net cash provided by (used in) noncapital financing activities	(2,189)	(1,589)	2,678	(1,100)	-
Cash Flows from Investing Activities:					
Income on investments		7		7	987
Purchases of investments				-	(10,000)
Sales of investments				-	6,434
Net cash provided by (used in) investing activities	-	7	-	7	(2,579)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,069)	3,024	59	14	10,465
Cash and Cash Equivalents, July 1, 2020	8,509	11,408	380	20,297	14,483
Cash and Cash Equivalents, June 30, 2021	\$ 5,440	\$ 14,432	\$ 439	\$ 20,311	\$ 24,948
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 1,254	\$ 2,339	\$ (2,581)	\$ 1,012	\$ 11,531
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	1,676	5,322	64	7,062	
(Increase) decrease in receivables	(400)	(7,538)		(7,938)	1,285
(Increase) decrease in inventory	(251)			(251)	
(Increase) decrease in prepaid expenses				-	9
Increase (decrease) in accounts payable and accrued expenses	46	501	(16)	531	117
Increase (decrease) in due to other funds				-	(377)
Increase (decrease) in compensated absences	(31)		9	(22)	
Increase (decrease) in risk management claim liabilities				-	479
Increase (decrease) in net pension liability	(1,966)	(1,832)		(3,798)	
Increase (decrease) in total OPEB liability	(587)	(415)		(1,002)	
Increase (decrease) in deferred inflows of resources	1,342	1,457		2,799	
Increase (decrease) in deferred outflows of resources	749	709		1,458	
Total adjustments	578	(1,796)	57	(1,161)	1,513
Net Cash Provided by (Used in) Operating Activities	\$ 1,832	\$ 543	\$ (2,524)	\$ (149)	\$ 13,044
Noncash Investing, Capital and Financing Activities:					
Increase (Decrease) in Value of Investments					\$ 6,232

The accompanying notes are an integral part of the financial statements

**CITY OF WATERBURY, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2021
 (In Thousands)**

	Pension Trust Fund
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 9,293
Investments:	
Corporate bonds	7,693
U.S. treasury obligations	20,461
Asset backed securities	6,472
Mutual funds	46,117
Common and preferred stock and equities	<u>393,384</u>
Total assets	<u>483,420</u>
Liabilities:	
Due to other funds	<u>116</u>
Net Position:	
Restricted for Pensions	<u>\$ 483,304</u>

The accompanying notes are an integral part of the financial statements

**CITY OF WATERBURY, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN PLAN NET POSITION
 PENSION TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2021**
 (In Thousands)

Additions:		
Contributions:		
Employer		\$ 21,829
Plan members		<u>6,504</u>
Total contributions		28,333
Investment income:		
Net change in fair value of investments	\$ 101,388	
Interest and dividends	10,438	
Less investment management fees	<u>(1,691)</u>	
Total investment income		<u>110,135</u>
Total additions		138,468
Deductions:		
Benefits	50,751	
Refunds	<u>513</u>	
Total deductions		<u>51,264</u>
Change in Net Position		87,204
Net Position Restricted for Pension Benefits, July 1, 2020		<u>396,100</u>
Net Position Restricted for Pension Benefits, June 30, 2021		<u>\$ 483,304</u>

The accompanying notes are an integral part of the financial statements

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**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Waterbury was founded in 1674, incorporated as a village in 1686 and became a City in 1853. The City operates under a Mayor-Board of Aldermen form of government. Included in the services provided by the City are public safety, highways and streets, sanitation, health and social services, culture, recreation, education, public improvement, planning and zoning, and general administrative services.

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

Fiduciary Component Unit

The City has established a single-employer Pension Trust Fund to provide retirement benefits to employees and their beneficiaries. The Retirement Board governs the Pension plan and the City is required to make contributions to the pension plan.

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

Blended Component Unit

Waterbury Development Agency

The Waterbury Development Agency (WDA) was established in 1949 to administer various programs including urban renewal and economic development, central relocation and housing development. The WDA's sole remaining purpose of existence is to represent the City as its designated redevelopment agency, allowing for the performance of certain activities on behalf of the City that only a designated redevelopment agency can perform such as acquiring properties that will then be owned by the City. The WDA is included as part of the Housing and Development Programs Fund (Major Special Revenue Fund).

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Related Organizations

The City has designated the Waterbury Development Corporation (WDC), among other designations, as the City's economic development agency, housing site development agency and community development agency. Under a subrecipient agreement between the City and the WDC, the WDC has assumed certain City responsibilities and obligations to administer projects on behalf of the City. The Mayor sits on the Board of the WDC and is responsible for the ultimate appointment of 10 members of the 25-member Board.

The City has designated the Naugatuck Valley Regional Development Corporation (NVRDC), as the City's regional economic development agency. The NVRDC was formed to serve as an organization that would foster regional collaboration amongst business leaders and municipal leaders and leverage that collaboration to drive greater investment and State and Federal aid within the region. The overarching goal of the NVRDC is to facilitate business attraction, retention and expansion in Waterbury and throughout the region, ultimately providing employment opportunities and taxable capital investment for the community. The Board of Directors shall always include the Mayors of the City of Waterbury and Borough of Naugatuck. All other directors shall be chosen in the manner described in the By-Laws of the NVRDC.

The Mayor is responsible for appointing board members to the City's Housing Authority and the Brass Centers Limited Corporation (BCL). The City's accountability for these organizations extends beyond making these appointments. The City has provided for certain guarantees in the event a future environmental liability associated with BCL's Brass Mill Center Project was to occur.

B. Government-Wide and Fund Financial Statements

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

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

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of grant revenues which are considered available if they are collected 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The *Debt Service Fund* accounts for financial resources transferred in from other funds to fund debt service obligations.

The *General Capital Improvement Fund* accounts for all the financial resources including transfers from the General Fund and bond proceeds used to finance the City's general capital improvement projects.

The *Education Capital Improvement Fund* accounts for all the financial resources including school construction grants, bond proceeds and transfers from the General Fund to finance the City's school building construction, addition and renovation projects.

The *Educational Grants Fund* accounts for all the educational grants administered by the Board of Education.

The *Housing and Development Programs Fund* accounts for the financial resources dedicated primarily for housing loan assistance and economic development initiatives.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

The City reports the following major proprietary funds:

The *Bureau of Water Enterprise Fund* accounts for the operation of the City's water distribution system.

The *Water Pollution Control Enterprise Fund* accounts for the operation of the sewage treatment plant and collection systems.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for the City's risk management function.

The *Pension Trust Fund* accounts for the fiduciary activities of the City of Waterbury Retirement System, which accumulates resources for pension benefit payments to qualified City employees.

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

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

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

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

D. Deposits and Investments

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

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

Investments for the City, as well as for its component units, are reported at fair value.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables, including those for component units, are shown net of an allowance for uncollectibles. The property tax receivable allowance of \$2,444 is equal to 35.2% of outstanding property taxes as of June 30, 2021.

Real, personal and motor vehicle property taxes are levied on the assessed value at the rate enacted by the Board of Aldermen in the annual budget ordinance.

Property taxes are levied on all assessed property on the Grand List of October 1 prior to the beginning of the fiscal year and are billed on the following July 1 and January 1. Taxes are overdue on August 1 and February 1. Interest at the rate of 1-1/2% per month accrues on all overdue taxes. If taxes are unpaid as of June 30, following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value.

Property tax revenues are recognized when they become measurable and available. Available means due, or past due and collectible within 60 days of the end of the current period. The amount of property taxes receivable but not recorded as revenue is recorded as a deferred inflow of resources. Deferred inflows resulting from the accounting for property taxes is \$5,021.

F. Material, Supplies and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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

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

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

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

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings	50
Other structures	25
Infrastructure	10-65
Machinery and equipment	5-20
Vehicles	5

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner. The City also reports a deferred inflow of resources related to advanced property tax collections in the government-wide statement of net position. Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes, interest on property taxes, advanced property tax collections, loan receivables and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

I. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. The General Fund generally liquidates this liability.

Accumulated vacation and sick time is recognized as a liability of the City.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

J. Net Pension Liability

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

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

L. Long-Term Obligations

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

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

M. Fund Equity

In the government-wide financial statements and in proprietary fund types, net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position

This category represents the net position of the City that is restricted by externally imposed constraints placed on the net position by grantors, contributors or laws and regulations of other governments.

Unrestricted Net Position

This category represents the net position of the City that is not restricted for any project or other purpose.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Aldermen). An approval of a resolution by the Board of Aldermen is required to establish, modify or rescind a commitment of fund balance.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter. The assignment of fund balance requires formal approval of the City's Board of Aldermen. The City's Mayor or designee (Budget Director or Finance Director) are authorized to submit resolutions to the Board of Aldermen for assignment consideration. The City's Fund Balance Policy limits the assignment of fund balance as a revenue source for the subsequent year's budget to no more than 1% of the prior year's budgetary based actual expenditures. An approval of a resolution by the Board of Aldermen is required to establish, modify or rescind an assignment of fund balance.

Unassigned Fund Balance

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

N. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance.

O. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues expenditures during the fiscal year.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget for the General Fund is authorized annually by the Board of Aldermen. The procedures for establishing the budgetary data reflected in the basic financial statements are as follows:

- The Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Aldermen holds two public hearings and adjusts the proposed budget to incorporate taxpayer comments, as considered necessary.
- The budget is legally enacted through a Board of Aldermen resolution.
- At any time, in any fiscal year, upon recommendation of the Mayor and approval of the Board of Aldermen, the City may transfer any unexpended balance or any part thereof of any specific appropriation as made for that year to such other department or for such other purposes as the Board of Aldermen may designate.
- At any time, in any fiscal year, upon recommendation of the Mayor and approval of the Board of Aldermen, the City may increase the amount of any specific appropriation as made for that year to such department or for such purpose as the Board of Aldermen may designate. Any increased appropriation must be reconciled by an accompanying increase in revenue.

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

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

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

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

For fiscal year 2021, there were additional appropriations of \$7,925 from fund balance derived from budgetary surpluses generated during the year.

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

B. Deficit Fund Equity

The following funds had deficit net position balances as of June 30, 2021:

	<u>Amount</u>
Major Funds:	
Education Capital Improvement	\$ 28,913 *
Nonmajor Fund:	
Food Service	72 **

* Deficit balance will be funded by the receipt of school construction grant revenues and the issuance of bonds to permanently finance capital expenditures incurred on approved capital projects.

** Deficit balance will be reduced in subsequent year as Food Service revenues return to normal levels with the return of in-person student learning for the 2021-2022 school year.

CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$178,339 of the City’s bank balance of \$184,987 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,335
Uninsured and collateral held by the pledging bank’s trust department, not in the City’s name	<u>154,004</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 178,339</u>

Cash Equivalents

At June 30, 2021, the City had deposits in the STIF of \$514. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Credit Risk – Cash Equivalents

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following chart summarizes year-end ratings for the City as rated by Standard & Poor’s:

	Standard & Poor’s
State Short-Term Investment Fund (STIF)	AAAm

CITY OF WATERBURY, CONNECTICUT
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(Amounts expressed in thousands)

Investments

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

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More Than 10
Interest-bearing investments:				
Certificate of Deposit	\$ 4,235	\$ 3,243	\$ 992	\$
U.S. Government Securities	38,903	7,184	27,345	4,374
U.S. Government Agencies	12,576			12,576
Corporate Bonds	15,432	33	7,214	8,185
Total	71,146	\$ 10,460	\$ 35,551	\$ 25,135
Other investments:				
Mutual Funds	47,701			
Common and Preferred Stock	418,132			
Asset Backed Securities	71			
Total Investments	\$ 537,050			

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

Average Rating	Corporate Bonds	U.S. Government Securities	Certificate of Deposit	U.S. Government Agencies	Mutual Funds
Aaa	\$ 17	\$ 36,580	\$	\$	
Aa1	78				
Aa2	1,420				
A1	1,702				
A2	5,375				
A3	2,373				
Baa1	3,567				
Baa2	884				
Unrated	16	2,323	4,235	12,576	47,701
	\$ 15,432	\$ 38,903	\$ 4,235	\$ 12,576	\$ 47,701

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

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

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Securities	\$ 38,903	\$ 38,903	\$	\$
Corporate Bonds	15,432		15,432	
Common and Preferred Stock	418,132	418,132		
U.S. Government Agencies	12,576		12,576	
Mutual Funds	47,701	47,701		
Asset Backed Securities	71		71	
	<u>532,815</u>	<u>\$ 504,736</u>	<u>\$ 28,079</u>	<u>\$ -</u>
Total investments by fair value level				
Investments not recorded at fair value:				
Certificate of Deposit	<u>4,235</u>			
Total Investments	<u>\$ 537,050</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk

The City's formal investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The City's investment policy further limits its investment choices including prohibiting investments in derivatives.

Concentration of Credit Risk

The City's pension fund investment policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity. Information regarding concentration of the investments that represent more than 5% of the investments in the City of Waterbury Retirement System is detailed in Note 14.

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts expressed in thousands)

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's formal investment policy includes sections regarding safekeeping and custody of investments to mitigate custodial credit risk. The City's individual investments in equities, corporate bonds, corporate asset backed securities and U.S. government agencies are uninsured and unregistered securities held by a counterparty or by its trust department or agent that are not in the City's name.

RECEIVABLES

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

	<u>General</u>	<u>General Capital</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Bureau of Water</u>	<u>Water Pollution Control</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Taxes	\$ 6,943	\$	\$	\$	\$	\$	\$	\$ 6,943
Accrued interest on taxes	2,916							2,916
Service fees					4,754	3,587		8,341
Unbilled revenue					2,219	3,107		5,326
Intermunicipal fees						5,684		5,684
Intergovernmental		4,666	10,238	239			3,201	18,344
Loans				13,826				13,826
Accounts and other	4,159				244	313	2,062	6,778
Gross receivables	<u>14,018</u>	<u>4,666</u>	<u>10,238</u>	<u>14,065</u>	<u>7,217</u>	<u>12,691</u>	<u>5,263</u>	<u>68,158</u>
Less allowance for uncollectibles:								
Taxes	(2,444)							(2,444)
Accrued interest on taxes	(1,902)							(1,902)
Service fees					(2,456)	(4,780)		(7,236)
Accounts and other	(2,476)						(32)	(2,508)
Total allowance	<u>(6,822)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,456)</u>	<u>(4,780)</u>	<u>(32)</u>	<u>(14,090)</u>
Net Total Receivables	<u>\$ 7,196</u>	<u>\$ 4,666</u>	<u>\$ 10,238</u>	<u>\$ 14,065</u>	<u>\$ 4,761</u>	<u>\$ 7,911</u>	<u>\$ 5,231</u>	<u>\$ 54,068</u>

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts expressed in thousands)

5. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 12,456	\$ 100	\$	\$	\$ 12,556
Construction in progress	31,206	(5,376)	50,100		75,930
Total capital assets not being depreciated	<u>43,662</u>	<u>(5,276)</u>	<u>50,100</u>	<u>-</u>	<u>88,486</u>
Capital assets being depreciated:					
Land improvements	24,167		99	(192)	24,074
Buildings and improvements	761,464	1,963		(119)	763,308
Infrastructure	171,671				171,671
Machinery and equipment	56,502	1,089	118	(309)	57,400
Vehicles	16,731	2,224	16	(207)	18,764
Total capital assets being depreciated	<u>1,030,535</u>	<u>5,276</u>	<u>233</u>	<u>(827)</u>	<u>1,035,217</u>
Less accumulated depreciation for:					
Land improvements	(13,776)		(1,031)	192	(14,615)
Buildings and improvements	(191,916)		(18,193)	115	(209,994)
Infrastructure	(113,804)		(3,213)		(117,017)
Machinery and equipment	(40,577)		(2,097)	290	(42,384)
Vehicles	(10,965)		(1,135)	203	(11,897)
Total accumulated depreciation	<u>(371,038)</u>	<u>-</u>	<u>(25,669)</u>	<u>800</u>	<u>(395,907)</u>
Total capital assets being depreciated, net	<u>659,497</u>	<u>5,276</u>	<u>(25,436)</u>	<u>(27)</u>	<u>639,310</u>
Governmental Activities Capital Assets, Net	<u>\$ 703,159</u>	<u>\$ -</u>	<u>\$ 24,664</u>	<u>\$ (27)</u>	<u>\$ 727,796</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,773	\$	\$	\$	\$ 1,773
Construction in progress	40,899	(35,586)	2,587		7,900
Total capital assets not being depreciated	<u>42,672</u>	<u>(35,586)</u>	<u>2,587</u>	<u>-</u>	<u>9,673</u>
Capital assets being depreciated:					
Utility plant	117,227	32,072			149,299
Infrastructure	107,757	3,224			110,981
Machinery and equipment	82,850	289	174		83,313
Vehicles	4,148		339	(153)	4,334
Total capital assets being depreciated	<u>311,982</u>	<u>35,585</u>	<u>513</u>	<u>(153)</u>	<u>347,927</u>
Less accumulated depreciation for:					
Utility plant	(51,414)		(3,612)		(55,026)
Infrastructure	(51,778)		(1,322)		(53,100)
Machinery and equipment	(49,662)		(2,027)		(51,689)
Vehicles	(4,527)		(101)	153	(4,475)
Total accumulated depreciation	<u>(157,381)</u>	<u>-</u>	<u>(7,062)</u>	<u>153</u>	<u>(164,290)</u>
Total capital assets being depreciated, net	<u>154,601</u>	<u>35,585</u>	<u>(6,549)</u>	<u>-</u>	<u>183,637</u>
Business-Type Activities Capital Assets, Net	<u>\$ 197,273</u>	<u>\$ (1)</u>	<u>\$ (3,962)</u>	<u>\$ -</u>	<u>\$ 193,310</u>

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 1,229
Public works (including parks)	8,314
Public safety	2,624
Education	11,540
Culture and recreation	<u>1,962</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>25,669</u></u>
 Business-type activities:	
Bureau of Water	\$ 1,676
Water Pollution Control	5,322
Utility Admin Division	<u>64</u>
 Total Depreciation Expense - Business-Type Activities	 \$ <u><u>7,062</u></u>

6. CONSTRUCTION COMMITMENTS

The City has authorized capital projects for the improvement and expansion of the City's facilities, infrastructure and other capital items. The following is a summary of the City's authorized capital projects by major program and the related commitments as of June 30, 2021:

<u>Program</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Encumbered</u>	<u>Balance June 30, 2021</u>
General Capital Improvement	\$ 312,570	\$ 168,596	\$ 15,937	\$ 128,037
Education Capital Improvement	384,760	344,082	6,116	34,562
Water Enterprise Improvement	26,259	16,349	1,266	8,644
WPC Enterprise Improvement	66,627	34,795	4,770	27,062
Utility Admin Enterprise Improvement	<u>750</u>	<u>697</u>	<u> </u>	<u>53</u>
	 \$ <u><u>790,966</u></u>	 \$ <u><u>564,519</u></u>	 \$ <u><u>28,089</u></u>	 \$ <u><u>198,358</u></u>

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2021 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental	\$ 1,212
General Fund	Education Capital Improvement	25,620
General Fund	Pension Fund	116
		<u>116</u>
Total		<u>\$ 26,948</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>						<u>Total</u>
	<u>Debt Service</u>	<u>General Capital</u>	<u>Educational Capital</u>	<u>Educational Grants</u>	<u>Utility Administrative Division</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:							
General Fund	\$ 48,128	\$ 13,833		\$ 1,211		\$ 2,450	\$ 65,622
General Capital Improvement	17						17
Education Grants						3,500	3,500
Debt Service		78	125				203
Nonmajor Governmental Funds		842					842
Bureau of Water		850			1,339		2,189
Water Pollution Control		250			1,339		1,589
Total	<u>\$ 48,145</u>	<u>\$ 15,853</u>	<u>\$ 125</u>	<u>\$ 1,211</u>	<u>\$ 2,678</u>	<u>\$ 5,950</u>	<u>\$ 73,962</u>

Transfers from the General Fund to the Debt Service Fund are in accordance with budgetary appropriations authorizing the transfer of funds for designated purposes. Transfers from the General Fund to the General Capital Improvement Fund are designed to locally fund portions of capital activities to reduce future bonding requirements.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

8. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 451,085	\$	\$ 26,412	\$ 424,673	\$ 27,569
Add unamortized premiums	23,140		2,994	20,146	
Total bonds payable	<u>474,225</u>	-	<u>29,406</u>	<u>444,819</u>	<u>27,569</u>
Notes payable	1,514		336	1,178	336
Accrued compensated absences	31,834	6,766	6,367	32,233	6,447
Retired employee obligations	4,602	947	1,122	4,427	1,305
Total OPEB liability	1,176,873		57,303	1,119,570	39,570
Landfill post-closure	700		70	630	70
Pollution remediation	1,770		455	1,315	
Risk management	41,470	726		42,196	14,416
Net pension liability	<u>253,911</u>		<u>75,788</u>	<u>178,123</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 1,986,899</u>	<u>\$ 8,439</u>	<u>\$ 170,847</u>	<u>\$ 1,824,491</u>	<u>\$ 89,713</u>

The risk management claims accounted for in the Internal Service Funds are reported in the long-term liabilities as part of the above totals for governmental activities. All governmental long-term liabilities are generally liquidated by the General Fund.

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts expressed in thousands)

A schedule of governmental activities bonds and serial notes outstanding at June 30, 2021 is presented below:

Description	Date of Issue	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2021
General purpose bonds payable:				
Refunding Bond - Special Capital Reserves	02/15/07	3.8-4.5	\$ 27,055	\$ 5,060
Waterbury Industrial Commons	12/05/13	1.2-4.6	10,000	4,000
Waterbury Industrial Commons	12/02/15	1.2-4.6	7,000	4,000
Capital Acquisition & Infrastructure Improvements	12/02/15	3.0-5.0	13,000	12,580
Refunding Bond 11/28/2017 on 2009 Bonds	11/28/17	3.0-5.0	9,332	6,351
Capital Acquisition & Infrastructure Improvements	11/28/17	3.0-5.0	43,000	38,905
Refunding Bond 2/11/2020 on 2010 Bonds	02/11/20	4.0	24,480	23,140
Refunding Bond 2/11/2020 on (2011, 2012 & 2013) Bonds	02/11/20	1.7-2.7	24,185	23,054
Capital Acquisition & Infrastructure Improvements	02/11/20	4.0-5.0	50,000	48,000
Total general purpose				165,090
School bonds payable:				
School Construction	12/02/15	3.0-5.0	10,000	9,670
Refunding Bond - 2009	11/28/17	3.0-5.0	4,433	3,384
School Construction	11/28/17	3.0-5.0	5,000	4,490
Refunding Bond 2/11/2020 on (2011, 2012 & 2013) Bonds	02/11/20	1.7-3.0	28,220	26,839
Total school				44,383
Pension deficit bonds payable:				
Pension Obligation	09/17/09	2.7-7.1	313,145	215,200
Total				\$ 424,673

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

A schedule of governmental activities bonds outstanding at June 30, 2021 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 27,569	\$ 23,118	\$ 50,687
2023	25,740	21,611	47,351
2024	25,742	20,238	45,980
2025	25,734	18,857	44,591
2026	25,199	17,489	42,688
2027-2031	124,497	67,117	191,614
2032-2036	95,377	35,443	130,820
2037-2041	55,160	10,552	65,712
2042-2046	16,325	2,673	18,998
2047-2050	3,330	167	3,497
Total	<u>\$ 424,673</u>	<u>\$ 217,265</u>	<u>\$ 641,938</u>

Prior Year Defeasance of Debt

In prior years, the City had defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased bonds as of June 30, 2021 is \$47,280 and the escrow balance is \$49,173.

Notes Payable

Notes payable consists of borrowings from a third party to purchase three (3) automated recycling trucks and single stream recycling carts to be used by the City's residents. The note does not bear interest and principal payments of \$84 are due quarterly through December 2024. Future maturities of notes payable are as follows:

	<u>Principal</u>
2022	\$ 336
2023	336
2024	336
2025	170
Total	<u>\$ 1,178</u>

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

Compensated Absences

Employees can accumulate unused vacation and sick leave (as determined by individual union contracts) until termination of their employment. At termination, pay-out provisions as determined by individual union contract provide for payments to vested employees net of provisions to exchange selected amounts of accumulated sick time for pension service years. The amount recorded represents 20% of the total accumulated time of employees to account for the estimated percentage of employees that will never vest and to account for those employees who have accrued days in excess of that, which will be paid by contract.

Retired Employee Obligations

Obligations to retired employees consist of amounts due to retired employees for unused compensated absences. The retired employee obligation at June 30, 2021 consisted of \$3,922 due to retired Board of Education employees and \$505 due to retired General Government employees. The obligation will be amortized over various years as follows:

<u>Fiscal Year Ending June 30,</u>		
2022	\$	1,305
2023		1,183
2024		884
2025		548
2026		276
2027-2029		<u>231</u>
Total	\$	<u><u>4,427</u></u>

Landfill Post Closure Care Costs

The City received a consent order from the State of Connecticut Department of Environmental Protection requiring as of October 9, 1994 that its landfill no longer accept any solid waste and that by October 31, 1996 the facility be capped. The City has closed and capped the landfill and is in the nineteenth year of a thirty year required post closure monitoring period. GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, requires a liability related to closure and post closure care to be estimated and recorded based on landfill capacity used to date. The City has estimated \$630 for the post closure monitoring liability as of June 30, 2021. However, due to changes in technology, laws or regulations, these costs may change in the future.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Pollution Remediation

The City is obligated to demonstrate compliance with the financial assurance requirement for corrective action contained in Stewardship Permit No. DEP/HWM/CS-151-001 EPA ID CTD001164599 associated with the MacDermid Facility (the Facility) located on Huntington Avenue in Waterbury, Connecticut. All corrective action tasks approved in the remedial action plan have been completed including the installation of an engineered cap and ground water monitoring wells. The current cost estimate of \$1.3 million includes costs for 30 years of engineered cap inspections and pavement replacement after 15 years. The current cost estimate additionally includes costs for 30 years of site-wide groundwater monitoring and reporting. Funding for this obligation is currently provided for within the capital appropriation and bond authorization for the construction of the centralized Department of Public Works operations facility at the former MacDermid Facility. Funding in subsequent years will be provided through the City's annual operating budget.

Business-Type Activities

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond and serial notes payable	\$ 11,833	\$ 18,028	\$ 2,007	\$ 27,854	\$ 2,217
Add unamortized premiums	<u>891</u>		<u>64</u>	<u>827</u>	
Total bonds payable	12,724	18,028	2,071	28,681	2,217
Net pension liability	11,278		3,798	7,480	
Total OPEB liability	28,254		1,002	27,252	964
Accrued compensated absences	<u>521</u>	<u>82</u>	<u>104</u>	<u>499</u>	<u>100</u>
Total Business-Type Activities					
Long-Term Liabilities	\$ <u>52,777</u>	\$ <u>18,110</u>	\$ <u>6,975</u>	\$ <u>63,912</u>	\$ <u>3,281</u>

All business-type liabilities are generally liquidated by the Water and WPC user fees.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

A schedule of business-type activities bonds and serial notes outstanding at June 30, 2021 is presented below:

Description	Date of Issue	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2021
Business-Type Activities:				
Utility Administrative Division:				
Financial Management System	11/28/17	3.0-5.0	\$ 700	\$ 490
Bureau of Water:				
Infrastructure Improvements	11/28/17	3.0-5.0	1,300	1,105
Infrastructure Improvements	02/11/20	4.0-5.0	5,000	1,812
Refunding Bond 2/11/2020 on (2011 & 2012) Bonds	02/11/20	1.7-2.5	1,945	4,800
DWSRF #2017-7052	05/31/18	2.0	953	830
DWSRF#2019-7060	09/30/20	2.0	2,570	2,489
Water Pollution Control:				
Serial notes payable - State of Connecticut:				
Clean Water Act	10/30/02	2.0	11,547	574
Clean Water Act	11/30/03	2.0	2,424	270
Clean Water Act	05/30/04	2.0	2,953	336
Clean Water Act	11/30/05	2.0	544	66
Clean Water Act	11/30/20	2.0	15,458	15,082
Total			\$	\$ <u>27,854</u>

A schedule of business-type activities bonds outstanding at June 30, 2021 is presented below:

Due During Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 471	\$ 329	\$ 800
2023	525	311	836
2024	523	291	814
2025	521	271	792
2026	511	251	762
2027-2031	2,318	961	3,279
2032-2036	1,408	566	1,974
2037-2041	1,130	287	1,417
2042-2046	800	80	880
Total	\$ <u>8,207</u>	\$ <u>3,347</u>	\$ <u>11,554</u>

CITY OF WATERBURY, CONNECTICUT
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(Amounts expressed in thousands)

A schedule of business-type activities serial notes outstanding at June 30, 2021 is presented below:

<u>Due During Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,746	\$ 376	\$ 2,122
2023	1,133	347	1,480
2024	840	328	1,168
2025	858	311	1,169
2026	875	293	1,168
2027-2031	4,648	1,195	5,843
2032-2036	5,135	707	5,842
2037-2041	<u>4,412</u>	<u>182</u>	<u>4,594</u>
Total	<u>\$ 19,647</u>	<u>\$ 3,739</u>	<u>\$ 23,386</u>

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021
(Amounts expressed in thousands)

Bonds Authorized/Unissued

Bonds authorized/unissued outstanding are as follows:

<u>Project Description</u>	<u>Date Authorized</u>	<u>Total Authorized</u>	<u>Debt Issued</u>	<u>Grants Received</u>	<u>Authorized Unissued</u>
General Purpose:					
Fire Stations - Rehabilitations & Renovations	01/25/21	\$ 1,300	\$	\$	1,300
Golf Course Maintenance Equipment	01/25/21	1,200			1,200
Anamet Property Redevelopment	03/23/20	3,000			3,000
Demolition of Abandoned Properties	01/21/20	1,000			1,000
Replacement of Elevators - City Buildings	01/21/20	3,000			3,000
Prospect Street Surface Parking Lot	01/21/20	2,000			2,000
Road Milling/Repaving	01/21/20	3,000			3,000
Fire Apparatus - Fire Engine Seven	01/21/20	625			625
Fire Apparatus	05/06/19	1,200			1,200
Municipal Stadium Improvements	10/22/18	5,000	3,575		1,425
East Liberty Bridge Replacement	09/11/17	4,000		914	3,086
Waterbury Greenway Phase I**	09/11/17	9,500		297	9,203
City-wide Energy Savings Project	07/18/16	34,000	29,000	4,598	402
W.A.T.E.R. - TIGER Project	02/17/15	19,500	3,000	10,642	5,858
Road Milling/Repaving & Sidewalks	01/28/14	2,000	1,000		1,000
Great Brook Culvert Replacement	11/25/13	3,100		214	2,886
Waterbury Industrial Commons & Centralized DPW Facility	07/19/10	88,420	67,500	15,363	5,557
Education:					
Roof Replacement - Generali Elementary School*	01/21/20	1,200			1,200
Elevators - Washington & Bunker Hill Elementary*	09/11/17	1,700			1,700
Elevators - Sprague, Chase, Kingsbury, & Hopeville*	08/22/16	3,500		2,531	969
Wendell Cross Elementary School Renovation & Addition*	06/20/16	46,250		31,543	14,707
West Side Middle School Roof Replacement*	10/20/14	3,040		1,239	1,801
Kennedy High School Additions & Alterations*	06/25/12	25,232	4,750	16,566	3,916
Wallace Middle School Addition*	06/20/11	15,758	3,100	10,544	2,114
Carrington Pre-k to 8 School*	05/20/13	37,043	8,300	26,525	2,218
Waterbury Career Academy Technical School*	06/09/08	68,190	14,300	47,956	5,934
Wilby High School*	06/09/08	6,700	1,500	3,874	1,326
Special Education Facility*	11/19/07	14,635	3,000	9,660	1,975
School Facilities Plan*	06/25/04	101,500	25,800	73,496	2,204
Bureau of Water:					
Water Plant, Equipment System Renewal & Replacement	05/11/15	17,700	9,323	853	7,524
Water Meter Reading Program	10/11/11	2,500	2,000		500
Water Pollution Control Authority:					
WPC Plant - Phosphorous Reduction Upgrade	04/09/18	40,000	15,458	15,458	9,084
WPC Plant, Equipment & Infrastructure Renewal & Replacement	05/11/15	10,325			10,325
Total		\$ 577,118	\$ 191,606	\$ 272,273	\$ 113,239

* The City expects to receive approximately 78% of eligible project costs from the State in the form of progress payments.

** The City expects to receive approximately 80% of Greenway Phase I project costs reimbursed from State & Federal Grants.

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 573,577	\$ 180,511	\$ 393,066
Schools	1,147,154	47,974	1,099,180
Sewers	955,961	16,328	939,180
Urban renewal	828,500	-	828,500
Pension deficit	764,769	215,200	549,569

The total of the City's net statutory indebtedness of \$460.0 million does not exceed the legal debt limitation of \$1.78 billion (seven times the base for debt limitation computation).

Bonds authorized and unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued. In addition, authorized and unissued amounts have been reduced for grants received to date for applicable bond authorizations.

Pursuant to Public Act 97-11, an amount of \$16.1 million will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects applicable to bonds authorized and unissued.

The net indebtedness excludes water bonds and Drinking Water State Revolving Fund notes payable totaling \$11.0 million, water bonds authorized and unissued of \$8.0 million, as well as \$.5 million in Utility Administrative Division bonds payable.

9. RISK MANAGEMENT

The City is self-insured in most areas of risk. Self-insured risks include general and auto liability, workers' compensation, unemployment and employee health claims. The City's Legal Counsel defends the City in any lawsuits that arise from the normal course of operations.

The City purchases commercial insurance for excess coverage for general liability claims set at \$10 million with a City retention of \$1 million. Settlements over the last three years have not exceeded the insured coverage limits maintained by the City. The City purchases commercial insurance for excess coverage for workers' compensation claims with a City retention of \$1.5 million.

The City provides self-insured medical plans for which payments are based upon actual claims (versus premium payments). A third party acts as a claims processor and a transfer of risk does not occur. All funds of the City participate in the program and make payments to the Self-Insurance Internal Service Fund to pay claims, claim reserves and administrative costs of the program. During the fiscal year ended June 30, 2021, \$102.9 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$6.8 million have been accrued as a liability based upon information supplied by the City's Health Care Administrator. Actuarial estimated liability for claims incurred but not reported is not available.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

An actuarial study estimates the present value of general liability outstanding losses including case reserves for known claims and incurred but not reported claims at \$3.3 million as of June 30, 2021.

An actuarial study estimates the present value of workers' compensation claims liabilities, including case reserves for known claims and incurred but not reported claims, at \$26.0 million as of June 30, 2021.

The present value of future costs to current eligible recipients subject to Heart and Hypertension benefits is estimated at \$6.0 million as of June 30, 2021. The actuarial estimate is based on the present value of seven times current year paid benefits.

Changes in the reserve amounts in fiscal years 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 41,715	\$ 41,470
Fiscal year claims incurred and changes in prior years' estimates	113,469	114,736
Fiscal year claims payments	<u>(112,988)</u>	<u>(114,491)</u>
End of Year	<u>\$ 42,196</u>	<u>\$ 41,715</u>

10. OPERATING LEASES

Lease Agreements as Lessor

The City completed the full remediation, renovation and expansion of a facility formally known as Waterbury Industrial Commons in 2017. The former ammunitions plant acquired by the City for the purposes of redevelopment now houses three tenant manufacturers under long-term lease agreements with the City. Additionally, the City completed the renovation of a vacant City owned building in 2016 that is now leased to Waterbury-UCONN under a 10-year lease agreement for expanded classroom space in addition to the main UCONN branch across the street. The City has additional leases for use and occupancy of several other City owned properties throughout the City. The income for such leases was \$1,508 for the fiscal year ended June 30, 2021. Future minimum lease payments to the City over the next five years are projected as follows:

<u>Year Ending June 30,</u>	
2022	\$ 1,525
2023	1,542
2024	1,524
2025	1,318
2025	<u>1,158</u>
Total	<u>\$ 7,067</u>

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts expressed in thousands)

Lease Agreements as Lessee

The City has entered into various operating leases related to the City & Board of Education’s rental of property for probate court services, educational instructional space, school inspector operations and storage and for food service program operations and storage. In addition, the Waterbury Board of Education is granted use of space within the Waterbury Palace Theater for its programs in exchange for an annual payment to the Palace Theater Group. The operating leases consist of both non-cancelable long-term operating leases and month-to-month lease arrangements. The costs for such leases were \$1,036 for the fiscal year ended June 30, 2021. Other Education month-to-month department leases are estimated for the five-year projections. Future minimum long-term lease payments are projected as follows:

<u>Year Ending June 30,</u>	
2022	\$ 914
2023	875
2024	880
2025	885
2025	<u>890</u>
Total	<u>\$ 4,444</u>

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

11. FUND EQUITY

The components of fund balance at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Education Capital</u>	<u>Educational Grants</u>	<u>Housing and Development Programs</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:								
Nonspendable:								
Inventory	\$	\$	\$	\$	\$	\$	261	\$ 261
Trust							533	533
Restricted for:								
Trust							3,776	3,776
Education							447	447
Committed to:								
Debt service		9,355						9,355
Public safety							1,530	1,530
Human services							50	50
Culture and recreation							301	301
Development and community affairs						407		407
General government							1,382	1,382
Education					7,022		(333)	6,689
Capital projects			14,098					14,098
Assigned to:								
Subsequent budget	3,000							3,000
Capital projects			15,937					15,937
Unassigned	22,045			(28,913)				(6,868)
Total Fund Balances	\$ 25,045	\$ 9,355	\$ 30,035	\$ (28,913)	\$ 7,022	\$ 407	\$ 7,947	\$ 50,898

Major encumbrances include the following:

Vehicles	\$ 1,374
East Main Street - Streetscape	3,356
Wendell Cross School Project	5,165
Greenway Phase I	5,660
Golf Course Equipment	700
Prospect Street Parking Lot	1,161

12. TAX ABATEMENTS

As of June 30, 2021, the City provides tax abatements via Tax Assessment (Stabilization) Agreements. The City enters into Tax Assessment Agreements (Stabilization Agreements) which provide real property tax abatements for real property improvements pursuant to Connecticut General Statutes Section 12-65. The agreements are entered into by the City and are approved by the Board of Aldermen. The abatements are obtained pursuant to a contract between the City and the owner of the property. The agreements fix the assessment value prior to improvement and defer the increase in the assessed value attributable to the construction/renovation over a period of 7 to 15 years. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the City has consented thereto. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the City to the abatement recipients under this program. For the fiscal year ended June 30, 2021, taxes abated through this program total \$410.

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

The City additionally has entered into a three-year tax stabilization agreement with Prospect Waterbury, Inc. on the Waterbury Hospital real estate property. The tax stabilization agreement provides for a fixed assessment of \$54,223 for grand list years 10/1/2019, 10/1/2020 and 10/1/2021. Prospect Waterbury's total taxes paid to the City in FY2021 total \$4,645, with \$5,291 classified as abated per the agreed upon reduced fixed assessment.

13. OTHER POST EMPLOYMENT BENEFITS (OPEB)

City OPEB Plan

The City, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses. Benefits are established and amended through negotiations between the City and the various unions representing City employees. The City pays the full cost of life insurance premiums. The percentage contribution of employees and retirees for medical benefits are negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving benefits under the City's self-insured medical benefits program.

The post employment benefit plan is a single employer defined benefit plan and is considered to be part of the City's financial reporting entity. Plan benefit payments are included in the City's medical benefits fund. There are no stand-alone financial statements available for the plan.

A. OPEB Benefits Funding Policy

The City continues its commitment to meeting its obligations for medical benefits of both its active employees and benefit eligible retired employees, on a pay-as-you go basis, through the annual adoption of General Fund contributions to the City's Health Benefits internal service fund. In 2003, with an understanding of the long-term implications of the existing OPEB benefit program, the City, via the powers of the State Oversight Board at the time, modified collective bargaining agreements to significantly curtail the OPEB benefits for those employees hired after the contract modification date (2004 time frame). In addition, future retiree co-share requirements were established for those current employees grandfathered into the previous benefit program. The elimination and/or significant curtailment of post-employment medical coverage will begin to reduce the OPEB accrued liability and eventually, significantly reduce the compounded cost impact of funding medical coverage for both active employees and retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The following is the current census of City benefit participants as of July 1, 2020:

	(not in thousands)
Active members	3,258
Retirees	4,084
	<hr/>
Total	7,342
	<hr/> <hr/>

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

B. Total OPEB Liability

The City's total OPEB liability of \$1,146,822 (\$1,119,570 governmental activities and \$27,252 business-type activities) was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021.

C. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.40%
Salary increases	2.40%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	6.50 % for 2020, decreasing 0.2% per year to an ultimate rate of 4.40% for 2031 and later years
Retirees' share of benefit-related costs	Varies by Union

The discount rate was based on the Bond Buyer GO 20-Bond Municipal Index.

Mortality rates were based on Pub-2010 (B) Public Retirement Plans Below Median Amount Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances as of July 1, 2020	\$ <u>1,205,127</u>
Changes for the year:	
Service cost	28,369
Interest on total OPEB liability	26,855
Difference between expected and actual experience	(85,194)
Changes in assumptions or other inputs	8,514
Benefit payments	<u>(36,849)</u>
Net changes	<u>(58,305)</u>
Balances as of June 30, 2021	\$ <u><u>1,146,822</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021 as well as a change in the inflation and compensation increase rate from 2.6% in 2020 to 2.4% in 2021.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands)

E. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (1.16%)	Current Discount Rate (2.16%)	1% Increase in Discount Rate (3.16%)
Total OPEB Liability	\$ 1,339,819	\$ 1,146,822	\$ 993,522

F. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (5.50% Decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% Decreasing to 4.40%)	1% Increase (7.50% Decreasing to 5.40%)
Total OPEB Liability	\$ 977,495	\$ 1,146,822	\$ 1,362,522

G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$70,796. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 651	\$ (85,427)
Changes of assumptions or other inputs	182,062	(16,587)
Total	<u>\$ 182,713</u>	<u>\$ (102,014)</u>

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands)

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

Year Ending June 30

2022	\$	17,367
2023		17,367
2024		17,367
2025		20,747
2026		18,467
Thereafter		<u>(10,616)</u>
Total	\$	<u>80,699</u>

Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

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

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

Benefit Provisions (amounts not rounded)

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

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands)

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

Survivor Health Care Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
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(Amounts expressed in thousands)

D. Contributions

State of Connecticut

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

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$797 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

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

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

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

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>76,793</u>
Total	<u>\$ 76,793</u>

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

For the year ended June 30, 2021, the City recognized OPEB expense and revenue of \$3,547 in Exhibit II.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

F. Actuarial Assumptions

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

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

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

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

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

G. Discount Rate

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

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

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

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

I. Other Information

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

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City of Waterbury Retirement System

A. Plan Description and Benefits Provided

The City is the administrator of the City of Waterbury Retirement System, a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its non-teacher employees. The PERS is considered to be part of the City’s financial reporting entity and is included in the City’s financial reports as a pension trust fund and there are no stand-alone financial statements available for the plan.

Management of the Waterbury Retirement System rests with the Retirement Board as required by §6C-10 of the Charter of the City. The powers and duties of the Retirement Board are codified in City of Waterbury ordinances, Chapter 35: Pension and Retirement System.

The Retirement Board consists of seven (7) members appointed by the Mayor. No more than one (1) member of the Board shall be a currently-employed, management employee of the Department of Finance of the City, who shall serve a two-year term. No more than one (1) member shall be a currently-employed, non-management employee, who shall be appointed for a four (4) year term. No more than one (1) member shall be a member of the Board of Aldermen, who shall be appointed for a two (2) year term. The remaining four (4) members of the Retirement Board shall have professional or business experience in the in the areas of investments, finance, actuarial principles or retirement plan administration or similar qualifications.

Membership as of July 1, 2020 of the PERS consisted of the following:

	<u>(not in thousands)</u>
Retirees and beneficiaries currently receiving benefits	2,167
Terminated employees not yet receiving benefits	72
Participants due refund of contributions	264
Current active members	<u>1,548</u>
 Total	 <u><u>4,051</u></u>

Members are required to contribute to the Plan and the City is required to contribute the remaining amounts necessary to finance the employees coverage. Benefits and contributions are established by the City and may be amended only by the City Charter and Union negotiation. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed by the plan and used in determining the City’s annual required contribution.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Refer to the PERS actuarial valuation report for summaries of specific plan provisions and actuarial assumptions and for eligibility and benefit exception provisions applicable to employees based on pre-existing hire dates and years of services. The following is a brief summary of current plan provisions:

	Retirement Eligibility	Benefit	Employee Vesting	Contribution
Police	25 Yrs. Or 15 Yrs. and Age 65	2%/Yr. Max. 70%	10 Yrs.	9.5%
Fire	25 Yrs. Or 15 Yrs. and Age 65	2%/Yr. Max. 70%	10 Yrs.	9.5%
Blue Collar	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr. Max. 70%	10 Yrs.	7.5%
White Collar	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr. Max. 70%	10 Yrs.	7.5%
Nurses	25 Yrs.	2%/Yr. Max. 70%	10 Yrs.	7.5%
WMAA	Earlier of 15 Yrs. and Age 65 25 Yrs. and Age 55	2%/Yr. Max. 70%	10 Yrs.	7.5%

B. Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

C. Funding Policy

Employees are required to contribute various percentages of their earnings to the PERS (See A above). If an employee leaves employment or dies before meeting the vesting requirements, accumulated employee contributions and interest are refunded. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 27.62% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations.

Administrative costs of the Plan are financed through investment earnings.

Investments

The Retirement Board's policy in regard to the allocation of invested assets is to rely on the Plan's investment consultant to periodically present the results of a comprehensive asset allocation study on allocating assets between major asset classes in the capital markets. The asset allocation study assists the Retirement Board in determining a suitable strategic mix of asset classes in line with the Retirement Board's investment objectives, risk tolerance and investment time horizon. It is the policy of the Retirement Board to follow an investment strategy that balances risk with expected returns. Investments are made for the sole interest and exclusive purpose of providing returns for the Waterbury Retirement System (System). In addition to the statutory direction and restrictions, the System operates under the "Prudent Person" rule, used herein meaning that in investing the assets of the plan, the governing authorities of the systems, funds and plans shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion and intelligence exercises in the management of large investments entrusted to it not in regard to speculation but in regard to the permanent disposition of funds considering probable safety of capital as well as probable income. The following is a representation of the Board's adopted asset allocation strategy as of July 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
US Government Fixed Income	4.00%	0.18%	0.01%
US Corporate Fixed Income - Investment Grade	10.00%	1.18%	0.12%
US Corporate Fixed Income - High Yield	2.00%	3.45%	0.07%
US Large Cap Equity	30.20%	4.83%	1.46%
US Mid Cap Equity	15.90%	6.62%	1.05%
US Small Cap Equity	9.80%	7.70%	0.75%
International Equity	14.60%	5.33%	0.78%
Emerging Markets Equity	7.60%	9.60%	0.73%
Real Estate	5.90%	4.10%	0.24%
Cash	0.00%	-0.60%	0.00%
Total Portfolio	100.00%		5.21%
Long-Term Inflation Expectation			2.60%
Long-Term Expected Nominal Return			7.81%

* Long-term returns are provided by RBC. The returns are arithmetic means.

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts expressed in thousands)

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 27.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net Pension Liability of the City

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

Total pension liability	\$ 668,907
Plan fiduciary net position	<u>483,304</u>
Net Pension Liability	<u>\$ 185,603</u>
Plan fiduciary net position as a percentage of the total pension liability	72.25%

Actuarial Assumptions

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

Inflation	2.60%
Salary increases	Ranges from 2.75% to 6.25%, based on age
Investment rate of return	7.80%

Mortality rates were based on the PUB-2010 (B) Public Retirement Plans Below Median Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the rates term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. An expected rate of return of 7.80% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.80%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Changes in the Net Pension Liability

	City of Waterbury Retirement System		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2020	\$ 661,289	\$ 396,100	\$ 265,189
Changes for the year:			
Service cost	9,169		9,169
Interest on total pension liability	50,980		50,980
Differences between expected and actual experience	(8,465)		(8,465)
Changes in assumptions	7,198		7,198
Employer contributions		21,829	(21,829)
Member contributions		6,504	(6,504)
Net investment income		110,135	(110,135)
Benefit payments, including refund of employee contributions	(51,264)	(51,264)	
Net changes	<u>7,618</u>	<u>87,204</u>	<u>(79,586)</u>
Balances as of June 30, 2021	<u>\$ 668,907</u>	<u>\$ 483,304</u>	<u>\$ 185,603</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.80%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease in Discount Rate (6.80%)	Current Discount Rate (7.80%)	1% Increase in Discount Rate (8.80%)
Net Pension Liability as of June 30, 2021	\$ 248,878	\$ 185,603	\$ 131,358

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2021, the City recognized pension expense of \$11,903. At June 30, 2021, the City reported deferred outflows of resources related to pension from the following sources:

	City of Waterbury Retirement System	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,377	\$ (6,350)
Changes of assumptions	5,398	(1,313)
Net difference between projected and actual earning on pension plan investments		<u>(46,725)</u>
Total	<u>\$ 6,775</u>	<u>\$ (54,388)</u>

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

<u>Year Ending June 30,</u>	
2022	\$ (10,649)
2023	(10,554)
2024	(10,460)
2025	<u>(15,950)</u>
Total	<u>\$ (47,613)</u>

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$33,024 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

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

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

**CITY OF WATERBURY, CONNECTICUT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021**

(Amounts expressed in thousands)

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

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

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>514,868</u>
Total	<u>\$ 514,868</u>

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

For the year ended June 30, 2021, the City recognized pension expense and revenue of \$73,752 in Exhibit II.

E. Actuarial Assumptions

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

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

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

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

Cost-of-Living Allowance

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

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

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

Long-Term Rate of Return

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

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

F. Discount Rate

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

**CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

(Amounts expressed in thousands)

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

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

H. Other Information

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

15. CONTINGENT LIABILITIES

The City is contingently liable in connection with litigation involving general liability, automobile liability, professional liability, law enforcement liability, employment practice liability, and other related miscellaneous suits and unasserted claims. These claims are estimated to total \$3.3 million and the City has recorded a provision for these claims in the General Liability Internal Service Fund. The City is also contingently liable in connection with litigation involving contractual liability, tax appeals and environmental liability. There is no specific provision for these claims as the City currently does not expect probable losses. The City intends to vigorously defend these actions; however, there can be no assurance that the City will prevail.

16. COMMITMENTS

The City entered into a Power Purchase Agreement (PPA) with a third party which requires the City to purchase 100% of the electricity output of a fuel cell power plant through the fiscal year 2037. The City estimates an annual savings of \$155 thousand and a total savings of over \$3.1 million over the 20-year term of the PPA. The City purchases the power at a rate that is 1.5 cents per kilowatt hour less than the rate the City is receiving from its traditional supplier. If the fuel cell power plant runs at maximum capacity, the City will be required to purchase approximately \$923 thousand in electricity output in fiscal year 2022.

The City has entered into a third-party operations, maintenance and management services agreement with CH2M Hill Engineers, Inc., a subsidiary of Jacobs Engineering Group, Inc., for its Water Pollution Control - Wastewater Collection and Treatment Systems. Jacobs Engineering Group is responsible to perform all services necessary for the proper and satisfactory operation and maintenance of the wastewater collection and treatment systems, full-service 24-hours-a-day, seven days a week. The term of the Agreement is for ten years, initiated in November 2018 and concluding in October 2028. The City will pay approximately \$6.1 million to Jacob's Engineering Group, Inc., in fiscal year 2022 for operating and maintenance services provided in accordance with the terms and conditions of the Agreement.

CITY OF WATERBURY, CONNECTICUT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(Amounts expressed in thousands)

17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The City previously reported the activities of the Student Activities Agency Fund, Flexible Spending Account Agency Fund and Performance Bonds and Escrow Accounts Agency Fund as fiduciary funds. As a result of implementation of GASB No. 84, Fiduciary Activities, as of July 1, 2020, the City made the following reporting changes: The activities of the Flexible Spending Accounts and Performance Bonds and Escrow Accounts are reported with the general fund activities, and the Student Activities Fund is reported as a special revenue fund. Accordingly, the City restated the beginning assets and liabilities of the General Fund by \$1,134. The remaining assets of \$569 previously reported in the agency fund were recognized as assets and fund balance of the newly created special revenue fund. Accordingly, the City restated beginning balances of the assets, liabilities, fund balance and net position as follows:

Governmental Funds:	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
Balance as previously reported June 30, 2020	\$ (934,601)	\$ 6,089
Adjustment:		
Student Activities now reported as a Special Revenue Fund	<u>569</u>	<u>569</u>
Balance as restated July 1, 2020	<u>\$ (934,032)</u>	<u>\$ 6,658</u>
 Fiduciary Funds:		Agency Funds
Balance as previously reported June 30, 2020		\$ 1,703
Adjustments:		
Student Activities now reported as a Special Revenue Fund		(569)
Flexible Spending Accounts now reported within the General Fund		(196)
Performance Bonds and Escrow Accounts now reported within the General Fund		<u>(938)</u>
Balance as restated July 1, 2020		<u>\$ -</u>

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**Required
Supplementary
Information**

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Property taxes:				
Current property taxes	\$ 247,402	\$ 247,402	\$ 250,608	\$ 3,206
Prior year property taxes	3,800	3,800	4,073	273
Supplemental auto list	2,650	2,650	2,813	163
Interest and penalties prior year	2,000	2,000	2,168	168
Interest and penalties current year	1,100	1,100	1,239	139
Total property taxes	<u>256,952</u>	<u>256,952</u>	<u>260,901</u>	<u>3,949</u>
Intergovernmental:				
Exemptions for elderly	20	20	17	(3)
Veterans additional exemption	100	100	101	1
Pequot - State	2,637	2,637	2,637	-
PILOT - State owned properties	3,021	3,021	3,021	-
PILOT - Private tax exempt property	3,706	3,706	3,706	-
PILOT - Housing Authority	25	25		(25)
Distressed municipalities	125	125		(125)
Education equalization	113,617	113,617	113,919	302
Nonpublic school medical services	255	255	184	(71)
Special Education - excess cost and agency placement	2,200	2,200	2,268	68
Special Education - Medicaid	650	650	380	(270)
Special revenue - federal grants	25	25		(25)
Municipal revenue sharing	13,331	13,331	13,331	-
Special revenue - state grants	175	175	164	(11)
COVID-19- federal grants			2,604	2,604
Total intergovernmental	<u>139,887</u>	<u>139,887</u>	<u>142,332</u>	<u>2,445</u>
Investment income:				
Income from investments	<u>950</u>	<u>950</u>	<u>428</u>	<u>(522)</u>
Charges for services:				
Probate court costs - Wolcott	30	30	25	(5)
Proceeds - off track revenue	180	180	114	(66)
Deed transfer and recording fees	353	353	452	99
Real estate conveyance tax	950	950	2,053	1,103
Vital statistics and fees	388	388	401	13
Landlord registrations	1	1		(1)
Dog pound fees and licenses	17	17	9	(8)

(Continued on next page)

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Charges for services (continued):				
Refuse disposal charge	\$ 175	\$ 175	\$ 169	\$ (6)
Sewer permits	40	40	21	(19)
False alarm fines	50	50	21	(29)
Parking violation fees	400	400	367	(33)
Garage and meters parking fees	815	815	465	(350)
Marriott ramp garage	5	5		(5)
Building permits	800	800	902	102
Electrical work permits	245	245	456	211
Heating etc. permits	165	165	238	73
Plumbing permits	100	100	95	(5)
Restaurant license permits	145	145	90	(55)
Outside tuition	450	450	471	21
Building rental fees	1,400	1,400	1,516	116
Departmental charges	199	199	132	(67)
Other permits, licenses and fees	621	621	574	(47)
Total charges for services	<u>7,529</u>	<u>7,529</u>	<u>8,571</u>	<u>1,042</u>
Reimbursements:				
Fringe benefits	8,545	8,545	6,089	(2,456)
Bureau of Water	2,055	2,055	2,055	-
Waste Treatment	1,237	1,237	1,237	-
Utility Admin. Division	627	627	627	-
Total reimbursements	<u>12,464</u>	<u>12,464</u>	<u>10,008</u>	<u>(2,456)</u>
Other:				
Telephone access lines	200	200	194	(6)
Miscellaneous sources	283	283	385	102
Total other	<u>483</u>	<u>483</u>	<u>579</u>	<u>96</u>
Total Revenues	\$ <u>418,265</u>	\$ <u>418,265</u>	422,819	\$ <u>4,554</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut pension on-behalf payment related to the Connecticut State Teachers' Retirement System for Waterbury teachers is not budgeted.

33,024

State of Connecticut OPEB on-behalf payment related to the Connecticut State Teachers' Retirement System for Waterbury teachers is not budgeted.

797

State of Connecticut WIC on-behalf payment

3,772

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

\$ 460,412

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Government:				
Office of the Mayor	\$ 880	\$ 880	\$ 717	\$ 163
Board of Aldermen	64	64	63	1
Legal Department	1,958	1,958	1,619	339
City Clerk	230	230	225	5
Town Clerk	589	589	560	29
Department of Human Resources	789	864	758	106
Registrar of Voters	446	446	401	45
City Sheriff	18	18	18	-
Probate Court	160	160	111	49
Finance Department	1,757	1,757	1,738	19
Department of Assessment	802	802	768	34
Collector of Revenue	1,150	1,150	981	169
Department of Purchases	290	290	277	13
Department of Audit	157	157	96	61
Department of Budget Control	148	148	120	28
Department of Information Technology	1,958	1,958	1,852	106
Total general government	<u>11,396</u>	<u>11,471</u>	<u>10,304</u>	<u>1,167</u>
Public Works:				
Public Works Administration	651	651	632	19
Engineering	1,242	1,242	1,060	182
Public Works Services	5,483	5,618	5,165	453
Public Works Operations	12,595	12,965	12,283	682
Total public works	<u>19,971</u>	<u>20,476</u>	<u>19,140</u>	<u>1,336</u>
Public Safety:				
Police Department	34,558	34,558	34,189	369
Fire Department	21,655	21,655	21,446	209
Total public safety	<u>56,213</u>	<u>56,213</u>	<u>55,635</u>	<u>578</u>
Planning and Development:				
Office of the City Plan	456	456	369	87
Department of Inspections	897	897	761	136
Total planning and development	<u>1,353</u>	<u>1,353</u>	<u>1,130</u>	<u>223</u>
Human Services:				
Department of Health	<u>4,001</u>	<u>4,001</u>	<u>3,354</u>	<u>647</u>
Education:				
Department of Education	<u>158,375</u>	<u>151,322</u>	<u>149,722</u>	<u>1,600</u>
Culture and Recreation:				
Silas Bronson Library	<u>1,966</u>	<u>1,966</u>	<u>1,822</u>	<u>144</u>

(Continued on next page)

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

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
General Financial:				
Contractual services	\$ 1,222	\$ 1,222	\$ 1,218	\$ 4
Employee benefits	6,650	6,650	6,114	536
Health benefits	76,000	76,000	76,000	-
Pension	21,930	21,930	21,909	21
Legal - general liability	1,200	1,200	1,200	-
Heart and hypertension	1,000	1,000	1,000	-
Workers compensation	7,100	7,100	7,100	-
Municipal groups	2,110	1,955	1,757	198
Contingency	1,500	920		920
Total general financial	<u>118,712</u>	<u>117,977</u>	<u>116,298</u>	<u>1,679</u>
Total expenditures	<u>371,987</u>	<u>364,779</u>	<u>357,405</u>	<u>7,374</u>
Other Financing Uses:				
Transfers Out:				
Debt Service Fund	48,128	48,128	48,128	-
Special revenue programs	1,150	5,650	5,650	-
Capital Improvement		10,633	10,633	-
Total other financing uses	<u>49,278</u>	<u>64,411</u>	<u>64,411</u>	<u>-</u>
Total	\$ <u>421,265</u>	\$ <u>429,190</u>	421,816	\$ <u>7,374</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut pension expense related to the Connecticut State Teachers' Retirement System for Waterbury teachers is not budgeted.			33,024	
State of Connecticut OPEB revenue related to the Connecticut State Teachers' Retirement System for Waterbury teachers is not budgeted.			797	
State of Connecticut WIC on-behalf payment			<u>3,772</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 459,409</u>	

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:								
Service cost	\$ 9,169	\$ 8,936	\$ 8,812	\$ 8,622	\$ 8,058	\$ 7,823	\$ 7,514	\$ 7,656
Interest	50,980	50,311	50,223	49,515	48,847	48,242	47,744	47,157
Differences between expected and actual experience	(8,465)		5,508		(689)		325	
Changes of assumptions	7,198		(5,253)		15,399		2,657	
Benefit payments, including refunds of member contributions	<u>(51,264)</u>	<u>(50,774)</u>	<u>(49,946)</u>	<u>(49,024)</u>	<u>(48,836)</u>	<u>(49,000)</u>	<u>(48,892)</u>	<u>(47,186)</u>
Net change in total pension liability	7,618	8,473	9,344	9,113	22,779	7,065	9,348	7,627
Total pension liability - beginning	<u>661,289</u>	<u>652,816</u>	<u>643,472</u>	<u>634,359</u>	<u>611,580</u>	<u>604,515</u>	<u>595,167</u>	<u>587,540</u>
Total pension liability - ending	<u>668,907</u>	<u>661,289</u>	<u>652,816</u>	<u>643,472</u>	<u>634,359</u>	<u>611,580</u>	<u>604,515</u>	<u>595,167</u>
Plan fiduciary net position:								
Contributions - employer	21,829	21,096	20,235	17,742	17,509	17,003	16,649	16,085
Contributions - member	6,504	6,576	6,551	6,739	6,962	6,476	6,301	6,499
Net investment income (loss)	110,135	2,974	32,140	31,829	34,437	(152)	8,837	59,597
Benefit payments, including refunds of member contributions	<u>(51,264)</u>	<u>(50,774)</u>	<u>(49,946)</u>	<u>(49,024)</u>	<u>(48,836)</u>	<u>(49,000)</u>	<u>(48,892)</u>	<u>(47,186)</u>
Net change in plan fiduciary net position	87,204	(20,128)	8,980	7,286	10,072	(25,673)	(17,105)	34,995
Plan fiduciary net position - beginning	<u>396,100</u>	<u>416,228</u>	<u>407,248</u>	<u>399,962</u>	<u>389,890</u>	<u>415,563</u>	<u>432,668</u>	<u>397,673</u>
Plan fiduciary net position - ending	<u>483,304</u>	<u>396,100</u>	<u>416,228</u>	<u>407,248</u>	<u>399,962</u>	<u>389,890</u>	<u>415,563</u>	<u>432,668</u>
Net Pension Liability - Ending	<u>\$ 185,603</u>	<u>\$ 265,189</u>	<u>\$ 236,588</u>	<u>\$ 236,224</u>	<u>\$ 234,397</u>	<u>\$ 221,690</u>	<u>\$ 188,952</u>	<u>\$ 162,499</u>
Plan fiduciary net position as a percentage of the total pension liability	72.25%	59.90%	63.76%	63.29%	63.05%	63.75%	68.74%	72.70%
Covered payroll	\$ 79,033	\$ 80,729	\$ 78,683	\$ 77,767	\$ 75,502	\$ 78,534	\$ 76,246	\$ 82,045
Net pension liability as a percentage of covered payroll	234.84%	328.49%	300.69%	303.76%	310.45%	282.29%	247.82%	198.06%

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

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined employer contribution (ADEC)	\$ 21,829	\$ 21,096	\$ 20,235	17,742	\$ 17,418	\$ 17,003	\$ 16,649	\$ 16,085	\$ 16,062	\$ 15,961
Contributions in relation to the ADEC	21,829	21,096	20,235	17,742	17,509	17,003	16,649	16,085	16,062	15,961
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	-	\$ (91)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 79,033	\$ 80,729	\$ 78,683	\$ 77,767	\$ 75,502	\$ 78,534	\$ 76,246	\$ 82,045	\$ 78,512	\$ 81,668
Contributions as a percentage of covered payroll	27.62%	26.13%	25.72%	22.81%	23.19%	21.65%	21.84%	19.61%	20.46%	19.54%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2021

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	20 years, closed
Asset valuation method	Asset smoothing
Inflation	2.60%
Salary increases	Ranges from 2.75% to 6.25%, based on age
Investment rate of return	7.80%

Retirement age - Police: Officers with 10 years of service on 6/30/05, 20 years of service or age 55. All others, 25 years of service or age 65 and 15 years of service

Retirement age - Fire: The later of 25 years of service as a full-time Firefighter, or age 65 and 15 years of service

Retirement age - Blue collar: Earlier of either (1) Age 65 and 15 years of service, (2) if 10 years of service on 11/16/05, the later of 25 years of service regardless of age, or (3) if not vested by 11/16/05, age 65 and 25 years of service

Retirement age - White collar: Earlier of either (1) if 10 years of service on 4/11/06, the later of 25 years of service and age 53, (2) Age 65 and 15 years of service, or (3) Age 55 and 25 years of service

Retirement age - Nurses: Earlier of either (1) if hired prior to 12/7/95, 25 years of service, (2) Age 65 and 15 years of service, or (3) Age 55 and 25 years of service

Retirement age - WMAA: Earlier of either (1) if hired prior to 10/1/96, 25 years of service, (2) Age 65 and 15 years of service, or (3) Age 55 and 25 years of service

Mortality: PUB-2010 (B) Public Retirement Plans Below Median Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020.

**CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	27.79%	0.72%	7.92%	8.02%	8.90%	-0.04%	2.06%	15.13%

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

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT PLAN
LAST SEVEN FISCAL YEARS*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City	<u>514,868</u>	<u>483,768</u>	<u>373,013</u>	<u>394,405</u>	<u>416,100</u>	<u>313,535</u>	<u>289,800</u>
Total	<u>\$ 514,868</u>	<u>\$ 483,768</u>	<u>\$ 373,013</u>	<u>\$ 394,405</u>	<u>\$ 416,100</u>	<u>\$ 313,535</u>	<u>\$ 289,800</u>
City's covered payroll	\$ 64,830	\$ 70,888	\$ 79,491	\$ 82,613	\$ 80,564	\$ 78,115	\$ 80,599
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

Notes to Schedule

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

Notes:

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

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS*

(In Thousands)

	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 28,369	\$ 18,964	\$ 18,022	\$ 18,993
Interest	26,855	34,781	36,422	34,479
Differences between expected and actual experience	(85,194)	(1,644)	(17,581)	1,441
Changes of assumptions and other inputs	8,514	200,542	51,139	(36,692)
Benefit payments	<u>(36,849)</u>	<u>(38,569)</u>	<u>(39,756)</u>	<u>(38,689)</u>
Net change in total OPEB liability	<u>(58,305)</u>	<u>214,074</u>	<u>48,246</u>	<u>(20,468)</u>
Total OPEB liability - beginning	<u>1,205,127</u>	<u>991,053</u>	<u>942,807</u>	<u>963,275</u>
Total OPEB Liability - Ending	<u>\$ 1,146,822</u>	<u>\$ 1,205,127</u>	<u>\$ 991,053</u>	<u>\$ 942,807</u>
 Covered-employee payroll	 \$ 204,584	 \$ 206,819	 \$ 201,578	 \$ 194,159
Total OPEB liability as a percentage of covered-employee payroll	560.56%	582.70%	491.65%	485.59%

Notes to Schedule

Changes of assumptions The discount rate was decreased from 2.21% in 2020 to 2.16% in 2021.

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

CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>76,793</u>	<u>75,446</u>	<u>74,568</u>	<u>101,515</u>
Total	<u>\$ 76,793</u>	<u>\$ 75,446</u>	<u>\$ 74,568</u>	<u>\$ 101,515</u>
City's covered payroll	\$ 64,830	\$ 70,888	\$ 79,491	\$ 82,613
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

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

Notes:

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

**Supplemental,
Combining and
Individual Fund
Statements and
Schedules**

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General Fund

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specific funds. The General Fund accounts for the normal recurring activities of the City (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes levied on individuals and businesses, and grants from other governmental units.

CITY OF WATERBURY, CONNECTICUT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2021
(In Thousands)

	<u>2021</u>
ASSETS	
Cash and cash equivalents	\$ 21,390
Investments	4,235
Receivables:	
Property taxes receivable, net of an allowance of \$2,444	4,499
Property taxes accrued interest receivable, net of an allowance of \$1,902	1,014
Accounts receivable, net of an allowance of \$2,475	1,683
Due from other funds	<u>26,948</u>
Total Assets	<u>\$ 59,769</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	<u>\$ 28,017</u>
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	5,021
Unavailable revenue - other receivable	1,447
Advance property tax collections	239
Total deferred inflows of resources	<u>6,707</u>
Fund Balances:	
Unreserved:	
Assigned	3,000
Unassigned	<u>22,045</u>
Total fund balances	<u>25,045</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 59,769</u>

**CITY OF WATERBURY, CONNECTICUT
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**
(In Thousands)

Grand List Year	Combined Uncollected Taxes July 1, 2020	Lawful Corrections		Transfers to Suspense	Discounts Awarded	Adjusted Taxes Collectible	Principal Tax Collections	Tax Refunds	Interest, Liens and Warrants	Total Collections	Uncollected Taxes June 30, 2021 *
		Additions	Deductions								
2019	\$ 264,769	\$ 1,047	\$ 7,001	\$ 3,725	\$ 456	\$ 254,634	\$ 252,497	\$ (482)	\$ 1,003	\$ 253,018	\$ 2,619
2018	5,302	749	1,152	556		4,343	3,276	(204)	628	3,700	1,271
2017	1,963	231	556	1,152		486	404	(21)	187	570	103
2016	341	87	102			326	41	(6)	19	54	291
2015	245	102	102			245	14		9	23	231
2014	184	83	98			169	3		2	5	166
2013	155	91	93			153	-			-	153
2012	136	86	87			135	-			-	135
2011	108	81	82			107	4		3	7	103
2010	116	87	87			116	-			-	116
2009	101	79	81			99	-			-	99
2008	80	75	76			79	-			-	79
2007	16	24	27			13	-			-	13
2006	27	34	37			24	-			-	24
2005	(16)	16								-	
	<u>\$ 273,527</u>	<u>\$ 2,872</u>	<u>\$ 9,581</u>	<u>\$ 5,433</u>	<u>\$ 456</u>	<u>\$ 260,929</u>	<u>\$ 256,239</u>	<u>\$ (713)</u>	<u>\$ 1,851</u>	<u>257,377</u>	<u>\$ 5,403</u>
										Principal Suspense Collections	4,070
										Interest Suspense Collections	1,494
										Increase in Overpayment Liability	(992)
										Less collection agency fees	(692)
										Subtotal	261,257
										Property taxes receivable considered available:	
										June 30, 2020	(848)
										June 30, 2021	492
										Total	<u>\$ 260,901</u>

* Represents total receivable of \$6,943 net of \$1,540 representing overpayment balances recorded as a liability in the General Fund.

Note: Per Section 1B-2 of the City Charter, all property taxes becoming due and payable in the City, exclusive of special taxes, assessments, and water charges and sewer charges, shall be subject to a discount of one (1%) percent of the total amount, if claimed by the taxpayer at the time of making payment and if the entire tax is paid in one payment within the first installment collection period.

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are established in the City of Waterbury pursuant to State Statutes or local ordinances and resolutions. The criteria for the creation of a Special Revenue Fund are generally the desire or need to conspicuously segregate revenues, which are to be utilized for special and specific purposes, or expenditures incurred for the performance of specific activities, or both.

Fund	Funding Source	Function
Public Safety Grants and Programs	State and federal grants and charges for services	Public safety activities and police services - private duty
Health Grants and Programs	State and federal grants and charges for services	General public assistance programs
Recreational Programs	Charges for services	Recreation Department programs and municipal golf courses
Miscellaneous Grants and Programs	Various	Miscellaneous activities
Special Projects	General Fund transfers	Nonrecurring special purpose projects
Food Service	Sale of food and grants	School lunch and breakfast programs
Silas Bronson Library	Charges for services, contributions and grants	City library operations
Expendable Trust Funds	Trust and investment income	Various specified purposes and activities
Student Activities	Donations and charges for services	Collection and payment of expenses for education extra-curricular activities

Permanent Funds

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

**CITY OF WATERBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021
(In Thousands)**

	Special Revenue										Permanent Trust Funds	Total Nonmajor Governmental Funds
	Public Safety Grants and Programs	Health Grants and Programs	Recreational Programs	Miscellaneous Grants and Programs	Special Projects	Food Service	Silas Bronson Library	Expendable Trust Funds	Student Activities	Total		
ASSETS												
Cash and cash equivalents	\$ 1,372	\$ 122	\$ 359	\$ 1,112	\$ 256	\$	\$ 192	\$ 1,247	\$ 447	\$ 5,107	\$ 133	\$ 5,240
Investments							2,743			2,743		2,743
Intergovernmental receivables	163	636		1,457		945				3,201		3,201
Accounts receivable, net	482									482		482
Other assets		50								50		50
Inventory						261				261		261
Total Assets	\$ 2,017	\$ 808	\$ 359	\$ 2,569	\$ 256	\$ 1,206	\$ 2,935	\$ 1,247	\$ 447	\$ 11,844	\$ 133	\$ 11,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued liabilities	\$ 5	\$ 336	\$ 58	\$ 37	\$ 25	\$ 66	\$ 4	\$ 2	\$	\$ 533	\$	\$ 533
Due to other funds						1,212				1,212		1,212
Unearned revenue		422								422		422
Total liabilities	5	758	58	37	25	1,278	4	2	-	2,167	-	2,167
Deferred Inflows of Resources:												
Unavailable revenue - other receivables	482			1,381						1,863		1,863
Total deferred inflows of resources	482	-	-	1,381	-	-	-	-	-	1,863	-	1,863
Fund Balances:												
Nonspendable						261	400			661	133	794
Restricted							2,531	1,245	447	4,223		4,223
Committed	1,530	50	301	1,151	231	(333)				2,930		2,930
Total fund balances	1,530	50	301	1,151	231	(72)	2,931	1,245	447	7,814	133	7,947
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,017	\$ 808	\$ 359	\$ 2,569	\$ 256	\$ 1,206	\$ 2,935	\$ 1,247	\$ 447	\$ 11,844	\$ 133	\$ 11,977

**CITY OF WATERBURY, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)**

	Special Revenue										Permanent Trust Funds	Total Nonmajor Governmental Funds
	Public Safety Grants and Programs	Health Grants and Programs	Recreational Programs	Miscellaneous Grants and Programs	Special Projects	Food Service	Silas Bronson Library	Expendable Trust Funds	Student Activities	Total		
Revenues:												
Intergovernmental	\$ 1,194	\$ 3,393	\$	\$ 3,024	\$ 82	\$ 5,558	\$ 78	\$	\$	\$ 13,329	\$	\$ 13,329
Investment income					6		653		139	798	1	799
Charges for services	3,448	1	1,865	48		2	2			5,366		5,366
Other	31	179	185	46	83	32	326	33	220	1,135		1,135
Total revenues	<u>4,673</u>	<u>3,573</u>	<u>2,050</u>	<u>3,118</u>	<u>171</u>	<u>5,592</u>	<u>1,059</u>	<u>172</u>	<u>220</u>	<u>20,628</u>	<u>1</u>	<u>20,629</u>
Expenditures:												
General government				44	369					413		413
Public safety	4,361									4,361		4,361
Human services		3,567		4,228						7,795		7,795
Education						9,667		27	342	10,036		10,036
Culture and recreation			1,464				178	201		1,843		1,843
Total expenditures	<u>4,361</u>	<u>3,567</u>	<u>1,464</u>	<u>4,272</u>	<u>369</u>	<u>9,667</u>	<u>178</u>	<u>228</u>	<u>342</u>	<u>24,448</u>	<u>-</u>	<u>24,448</u>
Excess (Deficiency) of Revenues over Expenditures	<u>312</u>	<u>6</u>	<u>586</u>	<u>(1,154)</u>	<u>(198)</u>	<u>(4,075)</u>	<u>881</u>	<u>(56)</u>	<u>(122)</u>	<u>(3,820)</u>	<u>1</u>	<u>(3,819)</u>
Other Financing Sources (Uses):												
Transfers in	250			2,000	200	3,500				5,950		5,950
Transfers out	(494)			(340)	(8)					(842)		(842)
Total other financing sources (uses)	<u>(244)</u>	<u>-</u>	<u>-</u>	<u>1,660</u>	<u>192</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,108</u>	<u>-</u>	<u>5,108</u>
Net Change in Fund Balances	68	6	586	506	(6)	(575)	881	(56)	(122)	1,288	1	1,289
Fund balance, July 1, 2020, as restated	1,462	44	(285)	645	237	503	2,050	1,301	569	6,526	132	6,658
Fund Balance, June 30, 2021	<u>\$ 1,530</u>	<u>\$ 50</u>	<u>\$ 301</u>	<u>\$ 1,151</u>	<u>\$ 231</u>	<u>\$ (72)</u>	<u>\$ 2,931</u>	<u>\$ 1,245</u>	<u>\$ 447</u>	<u>\$ 7,814</u>	<u>\$ 133</u>	<u>\$ 7,947</u>

**CITY OF WATERBURY, CONNECTICUT
 GENERAL CAPITAL IMPROVEMENT FUND
 SCHEDULE OF CHANGES IN PROJECT FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021**

(In Thousands)

	Accounting Unit	Fund Balance July 1, 2020	Capital Grants	Investment Income	Other Income/Expense	Capital Outlay Expenditures	Internal Transfers In (Out)	External Transfers In (Out)	Issuance of Bonds and Notes Payable	Fund Balance June 30, 2021
Capital Projects and Programs:										
WIC & DPW Consolidated Facility	60000	\$ (696)	\$	\$	\$	260	\$	\$	\$	(956)
Naugatuck River Greenway	60005	(56)			(34)	8				(98)
Train Station Improvements	60006	-			(6)	36				(42)
Infrastructure Improvements Brass Mills	60010	386				393		308		301
Energy Savings Project	60011	(77)						77		-
Blight Property Demolition	60014	225				191				34
Roads and Sidewalk Improvement	60018	(157)				222				(379)
Road Improvements	60019	1						(1)		-
Great Brook Culvert	60028	(137)								(137)
Road Improvements	60029	17						(17)		-
Road Imp.	60031	763		1		190				574
Transit-Oriented Development	60034	21								21
Water/Tiger Transportation Improvement	60035	(1,509)	2,950			2,591				(1,150)
Waterbury Next	60040	37				1				36
East Main Street - Streetscape	60042	-	2,538		169	2,954		1,100		853
Phase I 698 S. Main	60043	-				2,787				(2,787)
Prospect St. Parking	60044	(39)				189				(228)
Demolition - Blight Property	60045	-				446				(446)
DECD Demo 130 Freight St.	60046	-	898			900				(2)
Library PK Renovation	60073	350			500	686				164
Traffic Signals	60075	-			(11)					(11)
E. Liberty Bridge	60078	(1)				2,778				(2,779)
CMAQ Downtown System Upgrade	60079	-			(156)	9				(165)
Safe Route to School	60081	-			(70)					(70)
Town Aid Road	60085	2,326	1,068			966				2,428
Local Capital Improvement Program	60106	7	574			2,749				(2,168)
Municipal Revenue Sharing	60107	8,545	3,508			939				11,114
Elevators City Building	60121	-				62				(62)
DOT Traffic Safety Improvement	60125	(6)								(6)
Police Headquarters Improvements	60152	32								32
COVID Emergency Response Grant	60154	(4)	158			154				-
Capital Budget	60180	14,377			586	3,813	(175)	11,193		22,168
Vehicle Replacement Fund	60185	4,014			37	930	175	3,176		6,472
Town Clerk - Public Act	60221	123			29					152
Technology HRIS/Payroll Project	60226	86				10				76
Extrication Equipment	60246	4								4
Assistance to Firefighters - Equipment	60250 - 60256	48	79			116				11
Fire Truck 2	60254	-				996				(996)
Fire Engine 7	60257	-				602				(602)
Municipal Stadium Grandstand	61019	(1,108)				1				(1,109)
Fulton Ponds	61022	-			(2)	104				(106)
Schofield Park - NOW	61035	3								3
Golf Equipment	61055	-				109				(109)
Total		<u>\$ 27,575</u>	<u>\$ 11,773</u>	<u>\$ 1</u>	<u>\$ 1,042</u>	<u>\$ 26,192</u>	<u>\$ -</u>	<u>\$ 15,836</u>	<u>\$ -</u>	<u>\$ 30,035</u>

**CITY OF WATERBURY, CONNECTICUT
 EDUCATION CAPITAL IMPROVEMENT FUND
 SCHEDULE OF CHANGES IN PROJECT FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021
 (In Thousands)**

	<u>Accounting Unit</u>	<u>Fund Balance July 1, 2020</u>	<u>Capital Grants</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlay Expenditures</u>	<u>Internal Transfers In (Out)</u>	<u>External Transfers In (Out)</u>	<u>Fund Balance June 30, 2021</u>
Capital Projects and Programs:									
Carrington Elementary School	65002	\$ (90)	\$	\$	\$	\$	\$	\$	(90)
Waterbury Career Academy	65003	(482)							(482)
Wallace Middle School	65004	(29)							(29)
Kennedy High School Additions & Alterations	65006	(57)							(57)
Crosby Field and Track	65009	(66)							(66)
West Side Roof	65011	(374)							(374)
Elevators (Sprague, Chase, Kingsbury, Hopeville)	65013	(858)							(858)
Elevators (Bunker Hill, Washington)	65014					5			(5)
Wendell Cross School	65016	(1,859)	5,617			31,906			(28,148)
Generali Roof	65017					11			(11)
Tinker School Roof	65018							125	125
School Building Maintenance Program	65035	19							19
New Elementary School #1 - Duggan	65051	1,174							1,174
New Elementary School #2 - Reed	65052	(103)							(103)
New Elementary School #3 - Gilmartin	65053	(8)							(8)
Total		\$ (2,733)	\$ 5,617	\$ -	\$ -	\$ 31,922	\$ -	\$ 125	\$ (28,913)

Internal Service Funds

INTERNAL SERVICE FUNDS

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

Health Benefits - A fund to account for the receipt of General Fund, employee and retiree contributions to pay health insurance claims and to purchase administrative services for the City's health care plans.

General Liability - To account for the receipt of General Fund contributions to fund general and auto liability claims.

Workers' Compensation - Accounts for the receipt of General Fund contributions to fund incurred Workers' Compensation claims.

Heart and Hypertension - To account for the receipt of General Fund contributions to fund heart and hypertension claims and settlements.

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(In Thousands)

	<u>Health Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 16,882	\$ 1,088	\$ 6,588	\$ 390	\$ 24,948
Investments	11,759	5,533	29,968	8,685	55,945
Receivables - other	1,548				1,548
Prepaid expenses	296				296
Total assets	<u>30,485</u>	<u>6,621</u>	<u>36,556</u>	<u>9,075</u>	<u>82,737</u>
Liabilities:					
Current:					
Accounts payable	34	101	49		184
Risk management claim liabilities:					
Current	6,838	982	5,215	1,381	14,416
Noncurrent		2,309	20,787	4,684	27,780
Total liabilities	<u>6,872</u>	<u>3,392</u>	<u>26,051</u>	<u>6,065</u>	<u>42,380</u>
Net Position:					
Unrestricted	<u>\$ 23,613</u>	<u>\$ 3,229</u>	<u>\$ 10,505</u>	<u>\$ 3,010</u>	<u>\$ 40,357</u>

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>Health Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Operating revenues:					
Employer premiums	\$ 85,808	\$ 2,593	\$ 7,257	\$ 1,000	\$ 96,658
Charges for services	15,196				15,196
Other	9,843	20	2,953		12,816
Total operating revenues	<u>110,847</u>	<u>2,613</u>	<u>10,210</u>	<u>1,000</u>	<u>124,670</u>
Operating expenses:					
Benefits, claims and administration:					
Paid	102,906	2,157	6,974	1,432	113,469
Claims incurred reported/unreported	1,170	(465)	(489)	(546)	(330)
Total operating expenses	<u>104,076</u>	<u>1,692</u>	<u>6,485</u>	<u>886</u>	<u>113,139</u>
Operating income (loss)	6,771	921	3,725	114	11,531
Nonoperating income:					
Investment income	<u>1,189</u>	<u>721</u>	<u>4,041</u>	<u>1,266</u>	<u>7,217</u>
Change in Net Position	7,960	1,642	7,766	1,380	18,748
Total Net Position, July 1, 2020	<u>15,653</u>	<u>1,587</u>	<u>2,739</u>	<u>1,630</u>	<u>21,609</u>
Total Net Position, June 30, 2021	<u>\$ 23,613</u>	<u>\$ 3,229</u>	<u>\$ 10,505</u>	<u>\$ 3,010</u>	<u>\$ 40,357</u>

CITY OF WATERBURY, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

	<u>Health Benefits</u>	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Heart and Hypertension</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Employer premiums	\$ 85,808	\$ 2,593	\$ 7,257	\$ 1,000	\$ 96,658
Cash received from users and other	26,324	20	2,953		29,297
Cash paid to suppliers and other	<u>(102,099)</u>	<u>(2,077)</u>	<u>(6,925)</u>	<u>(1,810)</u>	<u>(112,911)</u>
Net cash provided by (used in) operating activities	<u>10,033</u>	<u>536</u>	<u>3,285</u>	<u>(810)</u>	<u>13,044</u>
Cash Flows from Investing Activities:					
Investment income	150	101	556	180	987
Purchases of investments	(5,000)	(1,000)	(3,000)	(1,000)	(10,000)
Sales of investments	<u>1,037</u>	<u>910</u>	<u>2,639</u>	<u>1,848</u>	<u>6,434</u>
Net cash provided by (used in) investing activities	<u>(3,813)</u>	<u>11</u>	<u>195</u>	<u>1,028</u>	<u>(2,579)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,220	547	3,480	218	10,465
Cash and Cash Equivalents, July 1, 2020	<u>10,662</u>	<u>541</u>	<u>3,108</u>	<u>172</u>	<u>14,483</u>
Cash and Cash Equivalents, June 30, 2021	<u>\$ 16,882</u>	<u>\$ 1,088</u>	<u>\$ 6,588</u>	<u>\$ 390</u>	<u>\$ 24,948</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 6,771	\$ 921	\$ 3,725	\$ 114	\$ 11,531
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Increase (decrease) in receivables	1,285				1,285
Increase (decrease) in prepaid expenses	9				9
Increase (decrease) in due to/from other funds				(377)	(377)
Increase (decrease) in accounts payable	(12)	80	49		117
Increase (decrease) in risk management claim liabilities	<u>1,980</u>	<u>(465)</u>	<u>(489)</u>	<u>(547)</u>	<u>479</u>
Total adjustments	<u>3,262</u>	<u>(385)</u>	<u>(440)</u>	<u>(924)</u>	<u>1,513</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 10,033</u>	<u>\$ 536</u>	<u>\$ 3,285</u>	<u>\$ (810)</u>	<u>\$ 13,044</u>
Noncash Investing, Capital and Financing Activities:					
Net Increase in Value of Investments	<u>\$ 1,039</u>	<u>\$ 620</u>	<u>\$ 3,487</u>	<u>\$ 1,086</u>	<u>\$ 6,232</u>

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Supplementary Data

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CITY OF WATERBURY, CONNECTICUT
SCHEDULE OF CHANGES IN BONDS AND SERIAL NOTES
FOR THE YEAR ENDED JUNE 30, 2021
(In Thousands)

Description	Date of Issue	Date of Maturity	Interest Rates (%)	Amount of Original Issue	Balance Outstanding July 1, 2020	Issued	Retired	Balance Outstanding June 30, 2021
Governmental Activities:								
General Purpose:								
Refunding Bond - Special Capital Reserves	02/15/07	02/15/22	3.8-4.5	\$ 27,055	\$ 10,145	\$	\$ 5,085	\$ 5,060
Waterbury Industrial Commons	12/05/13	12/01/24	1.2-4.6	10,000	5,000		1,000	4,000
Waterbury Industrial Commons	12/02/15	08/01/24	1.2-4.6	7,000	5,000		1,000	4,000
Capital Acquisition & Infrastructure Improvements	12/02/15	08/01/35	3.0-5.0	13,000	12,720		140	12,580
Refunding Bond 11/28/2017 on 2009 Bonds	11/28/17	09/01/29	3.0-5.0	9,332	7,201		850	6,351
Capital Acquisition & Infrastructure Improvements	11/28/17	11/15/47	3.0-5.0	43,000	40,270		1,365	38,905
Refunding Bond 2/11/2020 on 2010 Bonds	02/11/20	09/01/30	4.0	24,480	24,480		1,340	23,140
Refunding Bond 2/11/2020 on (2011, 2012 & 2013) Bonds	02/11/20	09/01/33	1.7-2.7	24,185	24,185		1,131	23,054
Capital Acquisition & Infrastructure Improvements	02/11/20	02/01/45	4.0-5.0	50,000	50,000		2,000	48,000
Total					179,001	-	13,911	165,090
Schools:								
School Construction	12/02/15	08/01/35	3.0-5.0	10,000	9,780		110	9,670
Refunding Bond 11/28/2017 on 2009 Bonds	11/28/17	09/01/29	3.0-5.0	4,433	3,724		340	3,384
School Construction	11/28/17	11/15/47	3.0-5.0	5,000	4,660		170	4,490
Refunding Bond 2/11/2020 on (2011, 2012 & 2013) Bonds	02/11/20	09/01/37	1.7-3.0	28,220	28,220		1,381	26,839
Total					46,384	-	2,001	44,383
Pension Deficit:								
Pension Obligation Bonds	09/17/09	12/01/38	2.7-7.1	313,145	225,700		10,500	215,200
Total general government bond indebtedness					451,085	-	26,412	424,673
Business-Type Activities:								
Utility Administrative Division:								
Financial Management System	11/28/17	11/15/27	3.0-5.0	700	560		70	490
Bureau of Water:								
Infrastructure Improvements	11/28/17	11/15/37	3.0-5.0	1,300	1,170		65	1,105
Refunding Bond 2/11/2020 on (2011 & 2012) Bonds	02/11/20	09/01/30	1.7-2.5	1,945	1,945		200	1,745
Infrastructure Improvements	02/11/20	02/01/45	4.0-5.0	5,000	5,000		41	4,959
DWSRF#2017-7052**	05/31/18	05/31/38	2.0	953	871		133	738
DWSRF#2019-7060**	09/30/20	03/31/40	2.0	2,570		2,570	81	2,489
Total					8,986	2,570	520	11,036
Bureau of Waste Water Treatment:								
Clean Water Act*	10/30/02	04/30/22	2.0	11,547	1,250		676	574
Clean Water Act*	11/30/03	04/30/23	2.0	2,424	413		143	270
Clean Water Act*	05/30/04	04/30/23	2.0	2,953	514		178	336
Clean Water Act*	06/30/04	07/31/20	2.0	1,138	7		7	-
Clean Water Act*	11/30/05	04/30/23	2.0	544	101		35	66
Clean Water Act*	06/29/07	07/31/20	2.0	226	2		2	-
Clean Water Act*	11/30/20	07/31/40	2.0	15,458		15,458	376	15,082
Total					2,287	15,458	1,417	16,328
Total business-type bond and serial note indebtedness					11,833	18,028	2,007	27,854
Total Bond and Serial Notes Indebtedness - Primary Government					\$ 462,918	\$ 18,028	\$ 28,419	\$ 452,527

* State of Connecticut serial notes payable - Clean Water Act

** State of Connecticut serial note payable - Drinking Water Special Revolving Fund

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Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

**CITY OF WATERBURY, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental Activities:										
Net investment in capital assets	\$ 500,062	\$ 468,330	\$ 512,206	\$ 497,446	\$ 494,918	\$ 487,171	\$ 494,650	\$ 454,555	\$ 446,299	\$ 364,264
Restricted	5,017	3,483	3,168	3,141	2,667	2,588	2,422	2,360	2,235	2,357
Unrestricted	<u>(1,410,886)</u>	<u>(1,406,414)</u>	<u>(1,436,292)</u>	<u>(1,401,570)</u>	<u>(783,540)</u>	<u>(737,738)</u>	<u>(720,389)</u>	<u>(281,861)</u>	<u>(260,076)</u>	<u>(212,574)</u>
Total governmental activities net position	<u>(905,807)</u>	<u>(934,601)</u>	<u>(920,918)</u>	<u>(900,983)</u>	<u>(285,955)</u>	<u>(247,979)</u>	<u>(223,317)</u>	<u>175,054</u>	<u>188,458</u>	<u>154,047</u>
Business-Type Activities:										
Net investment in capital assets	164,723	166,521	176,515	146,980	146,384	144,101	141,909	139,056	134,717	127,201
Unrestricted	<u>(2,078)</u>	<u>(2,791)</u>	<u>(20,130)</u>	<u>(13,513)</u>	<u>10,525</u>	<u>11,864</u>	<u>15,689</u>	<u>25,804</u>	<u>30,014</u>	<u>30,119</u>
Total business-type activities net position	<u>162,645</u>	<u>163,730</u>	<u>156,385</u>	<u>133,467</u>	<u>156,909</u>	<u>155,965</u>	<u>157,598</u>	<u>164,860</u>	<u>164,731</u>	<u>157,320</u>
Primary Government:										
Net investment in capital assets	664,785	634,851	688,721	644,426	641,302	631,272	636,559	593,611	581,016	491,465
Restricted	5,017	3,483	3,168	3,141	2,667	2,588	2,422	2,360	2,235	2,357
Unrestricted (deficit)	<u>(1,412,964)</u>	<u>(1,409,205)</u>	<u>(1,456,422)</u>	<u>(1,415,083)</u>	<u>(773,015)</u>	<u>(725,874)</u>	<u>(704,700)</u>	<u>(256,057)</u>	<u>(230,062)</u>	<u>(182,455)</u>
Total Primary Government Net Position	<u>\$ (743,162)</u>	<u>\$ (770,871)</u>	<u>\$ (764,533)</u>	<u>\$ (767,516)</u>	<u>\$ (129,046)</u>	<u>\$ (92,014)</u>	<u>\$ (65,719)</u>	<u>\$ 339,914</u>	<u>\$ 353,189</u>	<u>\$ 311,367</u>

NOTES:

- (1) Schedule prepared on the accrual basis of accounting.
- (2) 2015 Unrestricted (deficit) accounts for the elimination of a net pension asset of \$232,448 per GASB No. 27 and new recording of a net pension liability of \$188,952 per GASB No. 68.
- (3) 2018 Unrestricted (deficit) accounts for new recording of a total OPEB liability of \$942,807 per GASB No. 75.

CITY OF WATERBURY, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses:										
Governmental activities:										
General government	\$ 113,468	\$ 121,429	\$ 121,886	\$ 118,011	\$ 122,985	\$ 129,249	\$ 128,749	\$ 127,586	\$ 117,929	\$ 109,022
Public works	35,622	35,206	29,545	27,182	30,799	28,854	27,721	28,265	26,803	24,853
Public safety	70,054	81,827	75,737	67,997	74,219	62,895	60,538	62,313	57,601	60,374
Development and community affairs	1,825	3,319	3,613	3,590	3,187	4,399	4,118	3,861	3,785	6,088
Human services	14,482	11,486	7,076	8,149	7,516	7,312	6,714	6,873	6,826	6,723
Education	368,057	333,025	284,937	311,400	314,213	284,774	272,121	272,224	256,396	250,401
Culture and recreation	6,470	6,272	6,085	5,380	5,938	8,061	6,115	5,626	5,496	5,508
Interest on long-term debt	21,628	23,482	25,273	25,762	26,154	26,437	26,430	28,153	27,122	26,853
Total governmental activities expenses	<u>631,606</u>	<u>616,046</u>	<u>554,152</u>	<u>567,471</u>	<u>585,011</u>	<u>551,981</u>	<u>532,506</u>	<u>534,901</u>	<u>501,958</u>	<u>489,822</u>
Business-type activities:										
Bureau of Water	12,528	11,368	12,677	11,666	12,071	13,219	12,944	11,449	11,813	10,729
Water Pollution Treatment	18,991	18,305	15,124	15,777	16,363	16,892	15,747	16,997	14,843	16,129
Utility Administrative Division	2,606	2,450	2,155	2,431	2,367	2,294	2,170	2,106	1,975	2,011
Total business-type activities expenses	<u>34,125</u>	<u>32,123</u>	<u>29,956</u>	<u>29,874</u>	<u>30,801</u>	<u>32,405</u>	<u>30,861</u>	<u>30,552</u>	<u>28,631</u>	<u>28,869</u>
Total expenses	<u>665,731</u>	<u>648,169</u>	<u>584,108</u>	<u>597,345</u>	<u>615,812</u>	<u>584,386</u>	<u>563,367</u>	<u>565,453</u>	<u>530,589</u>	<u>518,691</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	5,944	4,886	3,292	3,257	3,013	2,597	2,344	2,277	1,859	1,748
Public works	480	429	380	391	457	1,457	425	335	329	391
Public safety	4,380	4,476	4,466	4,038	4,126	3,920	4,109	4,189	4,483	4,358
Development and community affairs	1,885	1,452	1,636	1,536	2,110	1,881	1,313	1,298	1,071	1,207
Human services	147	173	172	190	171	208	176	183	201	176
Education	165	316	452	472	545	368	418	897	1,054	914
Culture and recreation	1,872	1,600	1,328	1,520	1,511	1,609	1,503	1,516	1,566	1,592
Operating grants and contributions	327,443	270,988	230,314	255,696	250,803	239,201	229,515	229,056	212,032	211,991
Capital grants and contributions	21,731	25,700	4,348	22,345	8,867	16,870	23,957	29,315	63,753	40,889
Total governmental activities program revenues	<u>364,047</u>	<u>310,020</u>	<u>246,388</u>	<u>289,445</u>	<u>271,603</u>	<u>268,111</u>	<u>263,760</u>	<u>269,066</u>	<u>286,348</u>	<u>263,266</u>
Business-type activities:										
Charges for services:										
Bureau of Water	13,081	12,577	12,926	12,794	13,064	11,896	12,380	11,565	11,825	11,631
Waste Treatment	20,582	19,609	20,279	17,515	17,233	17,485	17,086	16,744	17,151	16,463
Capital grants and contributions		6,598	18,676	791	654	690	1,005	1,593	5,712	2,559
Total business-type activities program revenues	<u>33,663</u>	<u>38,784</u>	<u>51,881</u>	<u>31,100</u>	<u>30,951</u>	<u>30,071</u>	<u>30,471</u>	<u>29,902</u>	<u>34,688</u>	<u>30,653</u>
Total program revenues	<u>397,710</u>	<u>348,804</u>	<u>298,269</u>	<u>320,545</u>	<u>302,554</u>	<u>298,182</u>	<u>294,231</u>	<u>298,968</u>	<u>321,036</u>	<u>293,919</u>

(Continued on next page)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (expense) revenue:										
Governmental activities	\$ (267,559)	\$ (306,026)	\$ (307,764)	\$ (307,764)	\$ (278,026)	\$ (313,408)	\$ (283,870)	\$ (268,746)	\$ (265,835)	\$ (215,610)
Business-type activities	(462)	6,661	21,925	21,925	1,226	150	(2,334)	(390)	(650)	6,057
Total net cost of services	<u>(268,021)</u>	<u>(299,365)</u>	<u>(285,839)</u>	<u>(285,839)</u>	<u>(276,800)</u>	<u>(313,258)</u>	<u>(286,204)</u>	<u>(269,136)</u>	<u>(266,485)</u>	<u>(209,553)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	258,655	256,256	252,622	242,715	236,448	238,060	236,121	226,931	221,934	218,887
Grants and contributions not restricted to specific programs	26,438	26,461	26,837	29,436	34,095	17,730	18,610	17,359	21,982	23,148
Unrestricted investment earnings	8,441	6,204	4,344	3,004	3,348	2,118	1,878	7,373	5,333	2,359
Other general revenues	1,150	3,422	4,026	2,176	1,541	1,300	1,237	768	772	617
Transfers in	1,100									
Total governmental activities	<u>295,784</u>	<u>292,343</u>	<u>287,829</u>	<u>277,331</u>	<u>275,432</u>	<u>259,208</u>	<u>257,846</u>	<u>252,431</u>	<u>250,021</u>	<u>245,011</u>
Business-type activities:										
Unrestricted investment earnings	7	119	175	118	53	35	26	26	40	55
Other general revenues	470	565	818	906	741	666	579	756	1,311	660
Transfers out	(1,100)									
Total business-type activities	<u>(623)</u>	<u>684</u>	<u>993</u>	<u>1,024</u>	<u>794</u>	<u>701</u>	<u>605</u>	<u>782</u>	<u>1,351</u>	<u>715</u>
Total general revenues and other changes in net position	<u>295,161</u>	<u>293,027</u>	<u>288,822</u>	<u>278,355</u>	<u>276,226</u>	<u>259,909</u>	<u>258,451</u>	<u>253,213</u>	<u>251,372</u>	<u>245,726</u>
Changes in Net Position:										
Governmental activities	28,225	(13,683)	(19,935)	(30,433)	(2,594)	(54,200)	(26,024)	(16,315)	(15,814)	29,401
Business-type activities	(1,085)	7,345	22,918	22,949	2,020	851	(1,729)	392	701	6,772
Total	<u>\$ 27,140</u>	<u>\$ (6,338)</u>	<u>\$ 2,983</u>	<u>\$ (7,484)</u>	<u>\$ (574)</u>	<u>\$ (53,349)</u>	<u>\$ (27,753)</u>	<u>\$ (15,923)</u>	<u>\$ (15,113)</u>	<u>\$ 36,173</u>

Notes:

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

**CITY OF WATERBURY, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 18
Assigned	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Unassigned	<u>22,045</u>	<u>21,042</u>	<u>20,584</u>	<u>20,425</u>	<u>20,090</u>	<u>19,661</u>	<u>19,635</u>	<u>19,462</u>	<u>19,422</u>	<u>19,383</u>
Total General Fund	<u>\$ 25,045</u>	<u>\$ 24,042</u>	<u>\$ 23,584</u>	<u>\$ 23,425</u>	<u>\$ 23,090</u>	<u>\$ 22,661</u>	<u>\$ 22,635</u>	<u>\$ 22,462</u>	<u>\$ 22,422</u>	<u>\$ 22,401</u>
All Other Governmental Funds:										
Nonspendable	\$ 794	\$ 968	\$ 634	\$ 733	\$ 252	\$ 319	\$ 314	\$ 434	\$ 417	\$ 670
Restricted	4,223	2,951	2,637	2,614	2,543	5,370	2,277	17,161	9,035	24,665
Committed	33,812	37,125	14,904	17,909	13,164	15,616	8,847	8,242	8,144	8,182
Assigned	15,937	46,102	22,343	15,555	62,252	18,800	30,970	53,524	57,715	102,191
Unassigned	<u>(28,913)</u>	<u>(36,550)</u>	<u>(51,526)</u>	<u>(30,296)</u>	<u>(79,189)</u>	<u>(23,723)</u>	<u>(48,205)</u>	<u>(64,175)</u>	<u>(66,879)</u>	<u>(102,449)</u>
Total All Other Governmental Funds	<u>\$ 25,853</u>	<u>\$ 50,596</u>	<u>\$ (11,008)</u>	<u>\$ 6,515</u>	<u>\$ (978)</u>	<u>\$ 16,382</u>	<u>\$ (5,797)</u>	<u>\$ 15,186</u>	<u>\$ 8,432</u>	<u>\$ 33,259</u>

Notes:

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

CITY OF WATERBURY, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes	\$ 260,901	\$ 255,378	\$ 252,733	\$ 243,479	\$ 238,981	\$ 238,780	\$ 237,112	\$ 230,789	\$ 224,710	\$ 218,688
Intergovernmental	316,717	298,203	276,538	267,084	290,035	266,498	265,901	269,282	292,101	270,816
Investment income	1,229	1,589	1,682	1,170	932	575	587	637	588	569
Charges for services	13,937	13,466	12,343	11,754	12,207	11,574	10,981	10,899	11,161	11,016
Reimbursements	10,008	9,274	10,011	10,757	12,866	13,365	12,213	12,162	12,111	12,804
Other	3,679	6,118	7,135	4,553	3,188	5,901	3,682	3,896	2,744	2,067
Total revenues	606,471	584,028	560,442	538,797	558,209	536,693	530,476	527,665	543,415	515,960
Expenditures:										
General government	10,717	9,835	9,668	9,814	9,583	9,739	9,724	9,721	9,733	9,787
Public works	19,140	18,132	18,392	17,853	17,218	17,066	17,982	17,671	18,755	17,305
Public safety	59,996	57,873	56,588	54,278	52,476	49,384	49,747	49,360	47,375	49,292
Development and community affairs	5,142	4,039	3,535	3,468	4,099	4,511	5,223	5,866	5,004	6,724
Human services	14,921	10,911	6,677	7,778	7,254	6,299	6,193	6,877	6,775	6,740
Education	292,897	278,801	282,485	268,348	285,044	262,132	252,255	252,474	237,049	235,270
Culture and recreation	3,665	3,623	3,610	3,711	3,943	3,762	3,813	3,684	3,766	3,821
General financial	116,298	116,236	117,824	112,428	117,842	110,549	110,280	102,307	101,947	98,450
Capital outlay	58,114	32,463	27,241	60,076	28,996	37,248	49,408	53,022	91,713	59,767
Debt service:										
Principal	26,412	26,039	25,522	24,088	22,104	21,398	20,193	20,669	19,809	18,972
Interest	24,578	23,810	26,264	26,319	26,581	25,796	26,468	26,557	26,295	27,200
Total expenditures	631,880	581,762	577,806	588,161	575,140	547,884	551,286	548,208	568,221	533,328
Deficiency of Revenues Under Expenditures	(25,409)	2,266	(17,364)	(49,364)	(16,931)	(11,191)	(20,810)	(20,543)	(24,806)	(17,368)
Other Financing Sources (Uses):										
Transfers in	71,284	61,748	51,143	50,640	51,677	49,542	49,596	50,096	48,720	47,009
Transfers out	(70,184)	(61,748)	(51,143)	(50,640)	(51,677)	(49,542)	(49,596)	(50,096)	(48,720)	(47,009)
Bonds issued		50,000		48,000		30,000		26,500		48,700
Bond premium		13,262		8,391		3,396		1,859		1,715
Refunding bonds issued		76,885		13,765				10,776		20,505
Refunding bonds - payment to refunding bond escrow agent		(80,275)		(15,487)				(11,798)		(27,021)
Issuance of notes payable				2,523						
Total other financing sources	1,100	59,872	-	57,192	-	33,396	-	27,337	-	43,899
Net Change in Fund Balances	(24,309)	62,138	(17,364)	7,828	(16,931)	22,205	(20,810)	6,794	(24,806)	26,531
Fund Balances, Beginning	75,207	13,069	29,940	22,112	39,043	16,838	37,648	30,854	55,660	29,129
Fund Balances, Ending	\$ 50,898	\$ 75,207	\$ 12,576	\$ 29,940	\$ 22,112	\$ 39,043	\$ 16,838	\$ 37,648	\$ 30,854	\$ 55,660
Debt Service as a % of Noncapital Expenditures	8.8%	9.1%	9.7%	9.1%	8.8%	9.1%	9.3%	9.5%	9.7%	9.7%

Notes:

- (1) Schedule prepared on the modified accrual basis of accounting.
(2) Beginning fund balance restated in 2020 to account for GASB No. 84.

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

Fiscal Year	Grand List	Real Property				Gross Taxable Grand List	Less: Tax Exempt Property	Net Taxable Grand List	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value	Total Direct Rate
		Residential & Apartments	Commercial, Utility & Industrial	Personal Property	Motor Vehicle						
2021	2019	\$ 2,308,778	\$ 1,214,706	\$ 732,683	\$ 473,377	\$ 4,729,544	\$ 254,494	\$ 4,475,050	\$ 6,392,929	70%	60.21
2020	2018	2,318,647	1,199,621	709,399	457,668	4,685,335	349,529	4,335,806	6,194,009	70	60.21
2019	2017	2,319,162	1,189,238	665,692	454,513	4,628,605	356,790	4,271,815	6,102,593	70	60.21
2018	2016	2,352,711	940,475	613,688	445,537	4,352,411	202,005	4,150,406	5,929,151	70	60.21
2017	2015	2,349,817	942,557	656,741	415,600	4,364,715	270,934	4,093,781	5,848,259	70	60.21
2016	2014	2,354,900	949,937	649,148	401,151	4,355,136	280,288	4,074,848	5,821,211	70	58.22
2015	2013	2,341,770	984,424	462,341	401,208	4,189,743	178,221	4,011,522	5,730,746	70	58.22
2014	2012	2,342,246	985,919	489,318	390,456	4,207,939	191,507	4,016,432	5,737,760	70	56.98
2013	2011	3,357,455	1,294,819	482,923	389,413	5,524,610	216,808	5,307,802	7,582,574	70	41.82
2012	2010	3,358,426	1,334,987	476,934	367,069	5,537,416	237,271	5,300,145	7,571,636	70	41.82

Source: City of Waterbury, Assessor's Office, M-13 Report

Notes:

- (1) 2017 & 2012 Real property grand lists are adjusted to reflect statutory revaluation
(2) Assessed Value is 70% of Estimated Actual Value

TABLE 6

**CITY OF WATERBURY, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
OCTOBER 1, 2019 AND OCTOBER 1, 2010**

(In Thousands)

Taxpayer	Nature of Business	October 1, 2019			October 1, 2010		
		Net Taxable Assessed Value	Rank	Percentage of Total City Net Taxable Assessed Value	Net Taxable Assessed Value	Rank	Percentage of Total City Net Taxable Assessed Value
Yankee Gas Company	Utility	\$ 168,826	1	3.77%	\$ 50,932	3	0.96%
Conn. Light & Power Co.	Utility	115,573	2	2.58%	71,674	2	1.35%
Prospect Waterbury Inc	Healthcare	78,032	3	1.74%			
Brass Mill Center Mall LLC	Retail	73,377	4	1.64%	117,145	1	2.21%
Waterbury Generation, LLC	Power Generation	44,926	5	1.00%			
BH Premium Quality Waterbury LLC	Retail	35,480	6	0.79%			
Brass Mill Commons LLC	Retail	20,076	7	0.45%			
Brixmore GA Waterbury LLC	Retail	16,498	8	0.37%			
SUSO 4 Waterbury LP	Retail	16,461	9	0.37%			
Post University	Higher Education	16,254	10	0.36%			
DDRTC Naugatuck Valley SC LLC	Retail				41,985	4	0.79%
Yankee Gas Services Company	Utility				25,758	5	0.49%
Waterbury Partners LLC	Hospitality				20,589	6	0.39%
Centro GA Waterbury LLC	Retail				18,024	7	0.34%
Waterbury VF LLC	Retail				16,596	8	0.31%
Benchmark GPT Waterbury LLC	Assisted Living				13,390	9	0.25%
Macy's Retail Holding Inc	Retail				12,897	10	0.24%
Total		<u>\$ 585,503</u>		<u>13.08%</u>	<u>\$ 388,990</u>		<u>7.34%</u>

Source: City of Waterbury Assessor's Office

During the last ten years real property grand list statutory revaluations were performed in 2012 and then in 2017 (fiscal year 2019).

TABLE 7

**CITY OF WATERBURY, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

(In Thousands)

Fiscal Year Ended June 30,	Grand List Year	Net Taxable Grand List	Mill Rate	Original Tax Levy	Current Adjusted Tax Levy	Collected Within the Fiscal Year of Levy		Tax Collections in subsequent Years	Total Collections To Date	
						Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2021	2019	\$ 4,475,050	60.21	\$ 264,769	\$ 254,634	\$ 252,015	95.18 %	\$ -	\$ 252,015	98.97 %
2020	2018	4,335,806	60.21	256,956	252,627	248,284	96.63	3,072	251,356	99.50
2019	2017	4,271,815	60.21	252,797	248,388	246,060	97.34	2,225	248,285	99.96
2018	2016	4,150,406	60.21	241,203	240,379	237,668	98.53	2,420	240,088	99.88
2017	2015	4,093,781	60.21	239,100	235,304	232,992	97.45	2,081	235,073	99.90
2016	2014	4,074,848	58.22	240,019	234,544	232,813	97.00	1,565	234,378	99.93
2015	2013	4,011,522	58.22	234,864	230,539	228,808	97.42	1,578	230,386	99.93
2014	2012	4,016,432	56.98	231,573	223,619	221,936	95.84	1,548	223,484	99.94
2013	2011	5,307,802	41.82	223,854	217,764	214,662	95.89	2,999	217,661	99.95
2012	2010	5,300,145	41.82	222,723	217,424	213,522	95.87	3,786	217,308	99.95

Notes:

(1) 2017 & 2012 Real property grand list is adjusted to reflect statutory revaluation.

(2) Collections on amounts transferred into suspense in the first year of levy and subsequent years are not included in reported collections.

CITY OF WATERBURY, CCONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Governmental Activities					Business-Type Activities						Ratio of Net Bonded Debt to Taxable Assessed Value	Total Debt Per Capita	Net Bonded Debt Per Capita
	General Obligation Bonds			Unamortized Bond Premiums	Notes Payable	General Obligation Bonds Utility Admin. Division	General Obligation Bonds & DWSRF Notes Water Enterprise	General Obligation Bonds & CWF Notes Sewer Enterprise	Unamortized Bond Premiums	Capital Leases	Total			
	General Purpose	Schools	Pension Deficit											
2021	\$ 165,090	\$ 44,383	\$ 215,200	\$ 20,146	\$ 1,179	\$ 490	\$ 11,036	\$ 16,328	\$ 827		\$ 474,679	9.49 %	\$ 4,149	\$ 3,712
2020	179,001	46,384	225,700	23,140	1,515	560	8,986	2,287	891		488,464	10.40	4,426	4,087
2019	142,923	46,736	235,925	12,972	1,851	630	4,075	7,752	96		452,960	9.96	4,104	3,856
2018	155,726	49,756	245,625	13,891	2,187	700	4,328	13,107	192		485,512	10.87	4,399	4,087
2017	124,716	48,368	255,045	6,265			2,222	18,503			455,119	10.46	4,124	3,879
2016	134,777	51,511	263,945	6,815			2,356	23,813		672	483,889	11.05	4,384	4,079
2015	124,591	44,395	272,645	3,883			2,487	29,277		1,312	478,590	11.01	4,336	4,002
2014	133,635	47,194	280,995	4,264			2,619	34,661		1,921	505,289	11.50	4,578	4,184
2013	122,330	45,260	289,145	2,784			2,747	40,184		2,499	504,949	8.60	4,575	4,138
2012	131,880	47,518	297,145	2,967			2,800	45,520		3,050	530,880	8.99	4,810	4,318

Note:

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

The Total Personal Income and Per Capita Personal Income statistics are not available for the City of Waterbury.

CITY OF WATERBURY, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2021
(In Thousands)

Total tax collections (including interest and penalties)	\$ 254,921
State reimbursement for:	
Tax relief for elderly - freeze	<u>2</u>
Total	<u>\$ 254,923</u>

<u>Limitation</u>	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Factor multiplied times:					
2-1/4	\$ 573,577	\$	\$	\$	\$
4-1/2		1,147,154			
3-3/4			955,961		
3-1/4				828,500	
3					764,769
Total debt limitation	<u>573,577</u>	<u>1,147,154</u>	<u>955,961</u>	<u>828,500</u>	<u>764,769</u>
Debt as defined by Statute:					
Bonds payable	165,090	44,383			215,200
Serial notes payable	1,179		16,328		
Bonds authorized and unissued	14,242	19,687			
School building grants		<u>(16,096)</u>			
Total indebtedness	<u>180,511</u>	<u>47,974</u>	<u>16,328</u>	<u>-</u>	<u>215,200</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 393,066</u>	<u>\$ 1,099,180</u>	<u>\$ 939,633</u>	<u>\$ 828,500</u>	<u>\$ 549,569</u>

NOTES:

- (1) In no event shall total debt exceed seven times annual receipts from taxation - \$1,784,461.
- (2) Bonds authorized and unissued represents bond authorizations for projects which have bond anticipation notes outstanding or for which bonds have been authorized and partially issued. In addition, authorized and unissued amounts have been reduced for grants received to date for applicable bond authorizations.
- (3) Pursuant to Public Act 97-11, an amount of \$16,096 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects applicable to bonds authorized and unissued.
- (4) Excludes Water Enterprise bonds payable & DWSRF notes payable of \$11,036 & Water Enterprise bonds authorized and unissued of \$8,024. Excludes Utility Administrative Division bonds payable of \$490.

CITY OF WATERBURY, CONNECTICUT
OUTSTANDING BOND AUTHORIZATIONS
JUNE 30, 2021
(In Thousands)

Project Description	Date Authorized	Total Authorized	Debt Issued	Grants Received	Authorized Unissued	Total Estimated Project Grant Reimbursement
General Purpose:						
Fire Stations - Rehabilitations & Renovations	01/25/21	\$ 1,300	\$	\$	1,300	\$
Golf Course Maintenance Equipment	01/25/21	1,200			1,200	
Anamet Property Redevelopment	03/23/20	3,000			3,000	
Demolition of Abandoned Properties	01/21/20	1,000			1,000	
Replacement of Elevators - City Buildings	01/21/20	3,000			3,000	
Prospect Street Surface Parking Lot	01/21/20	2,000			2,000	
Road Milling/Repaving	01/21/20	3,000			3,000	
Fire Apparatus - Fire Engine Seven	01/21/20	625			625	
Fire Apparatus	05/06/19	1,200			1,200	
Municipal Stadium Improvements	10/22/18	5,000	3,575		1,425	
East Liberty Bridge Replacement	09/11/17	4,000		914	3,086	1,300
Waterbury Greenway Phase I**	09/11/17	9,500		297	9,203	7,600
City-wide Energy Savings Project	07/18/16	34,000	29,000	4,598	402	4,650
W.A.T.E.R. - TIGER Project	02/17/15	19,500	3,000	10,642	5,858	14,100
Road Milling/Repaving & Sidewalks	01/28/14	2,000	1,000		1,000	
Great Brook Culvert Replacement	11/25/13	3,100		214	2,886	
Waterbury Industrial Commons & Centralized DPW Facility	07/19/10	88,420	67,500	15,363	5,557	15,363
Education:						
Roof Replacement - Generali Elementary School*	01/21/20	1,200			1,200	936
Elevators - Washington & Bunker Hill Elementary*	09/11/17	1,700			1,700	1,342
Elevators - Sprague, Chase, Kingsbury, & Hopeville*	08/22/16	3,500		2,531	969	2,730
Wendell Cross Elementary School Renovation & Addition*	06/20/16	46,250		31,543	14,707	34,739
West Side Middle School Roof Replacement*	10/20/14	3,040		1,239	1,801	2,340
Kennedy High School Additions & Alterations*	06/25/12	25,232	4,750	16,566	3,916	19,222
Wallace Middle School Addition*	06/20/11	15,758	3,100	10,544	2,114	11,755
Carrington Pre-k to 8 School*	05/20/13	37,043	8,300	26,525	2,218	28,176
Waterbury Career Academy Technical School*	06/09/08	68,190	14,300	47,956	5,934	52,548
Wilby High School*	06/09/08	6,700	1,500	3,874	1,326	4,589
Special Education Facility*	11/19/07	14,635	3,000	9,660	1,975	11,351
School Facilities Plan*	06/25/04	101,500	25,800	73,496	2,204	77,076
Bureau of Water:						
Water Plant, Equipment System Renewal & Replacement	05/11/15	17,700	9,323	853	7,524	853
Water Meter Reading Program	10/11/11	2,500	2,000		500	
Water Pollution Control Authority:						
WPC Plant - Phosphorous Reduction Upgrade	04/09/18	40,000	15,458	15,458	9,084	15,458
WPC Plant, Equipment & Infrastructure Renewal & Replacement	05/11/15	10,325			10,325	
Total		\$ 577,118	\$ 191,606	\$ 272,273	\$ 113,239	\$ 306,128

* The City expects to receive approximately 78% of eligible project costs from the State in the form of progress payments.

** The City expects to receive approximately 80% of Greenway Phase I project costs reimbursed from State & Federal Grants.

CITY OF WATERBURY, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION AND CONTINUING DISCLOSURE RATIOS
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 1,784,461	\$ 1,769,747	\$ 1,704,745	\$ 1,673,203	\$ 1,674,316	\$ 1,658,629	\$ 1,596,084	\$ 1,546,545	\$ 1,530,424	\$ 1,527,694
Total net debt applicable to limit	<u>460,013</u>	<u>475,670</u>	<u>506,396</u>	<u>537,177</u>	<u>508,467</u>	<u>513,319</u>	<u>518,781</u>	<u>546,572</u>	<u>557,828</u>	<u>589,592</u>
Legal Debt Margin	<u>\$ 1,324,448</u>	<u>\$ 1,294,077</u>	<u>\$ 1,198,349</u>	<u>\$ 1,136,026</u>	<u>\$ 1,165,849</u>	<u>\$ 1,145,310</u>	<u>\$ 1,077,303</u>	<u>\$ 999,973</u>	<u>\$ 972,596</u>	<u>\$ 938,102</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>25.78%</u>	<u>26.88%</u>	<u>29.71%</u>	<u>32.10%</u>	<u>30.37%</u>	<u>30.95%</u>	<u>32.50%</u>	<u>35.34%</u>	<u>36.45%</u>	<u>38.59%</u>
Calculation of Continuing Disclosure Agreement Ratios:										
Total indebtedness per legal debt limit calculation	\$ 460,013	\$ 475,670	\$ 506,396	\$ 537,177	\$ 508,467	\$ 513,319	\$ 518,781	\$ 546,572	\$ 557,828	\$ 589,592
Less authorized and unissued debt	<u>(17,833)</u>	<u>(20,783)</u>	<u>(71,209)</u>	<u>(72,963)</u>	<u>(61,835)</u>	<u>(39,273)</u>	<u>(47,873)</u>	<u>(50,087)</u>	<u>(60,909)</u>	<u>(67,529)</u>
Total direct debt	442,180	454,887	435,187	464,214	446,632	474,046	470,908	496,485	496,919	522,063
Less sewer indirect self-funding debt	<u>(16,096)</u>	<u>(2,287)</u>	<u>(7,752)</u>	<u>(13,107)</u>	<u>(18,503)</u>	<u>(23,813)</u>	<u>(29,277)</u>	<u>(34,661)</u>	<u>(40,184)</u>	<u>(45,520)</u>
Total Net Direct Debt	<u>\$ 426,084</u>	<u>\$ 452,600</u>	<u>\$ 427,435</u>	<u>\$ 451,107</u>	<u>\$ 428,129</u>	<u>\$ 450,233</u>	<u>\$ 441,631</u>	<u>\$ 461,824</u>	<u>\$ 456,735</u>	<u>\$ 476,543</u>
Total direct debt as a percentage of Equalized grand list	7.5%	7.7%	7.6%	8.1%	7.8%	8.3%	8.5%	9.0%	9.0%	8.6%
Total direct debt per capita	\$ 4,006	\$ 4,122	\$ 3,943	\$ 4,206	\$ 4,047	\$ 4,295	\$ 4,267	\$ 4,499	\$ 4,502	\$ 4,730
Total net debt as a percentage of Equalized grand list	7.5%	7.9%	7.5%	7.9%	7.5%	7.9%	8.0%	8.4%	8.3%	7.8%
Total net debt per capita	\$ 3,861	\$ 4,101	\$ 3,873	\$ 4,087	\$ 3,879	\$ 4,079	\$ 4,002	\$ 4,184	\$ 4,138	\$ 4,318

(1) Total and net indebtedness calculated in accordance with Connecticut General Statutes.

(2) The City has no overlapping debt.

**CITY OF WATERBURY, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS**

Year	Population (1)	Enrollment (2)	Income (3)	Labor Force		Percentage Unemployed (4)			
				Employed (4)	Unemployed (4)	City of Waterbury	Waterbury Labor Market	State of Connecticut	United States
2021	114,403	18,505	\$ 42,401	44,695	5,499	11.0%	8.4%	6.9%	5.7%
2020	110,366	18,674	41,617	43,525	7,115	14.1	11.3	10.0	11.2
2019	110,366	19,202	40,879	48,052	2,997	5.9	4.7	3.9	3.8
2018	110,366	19,094	39,681	47,019	3,524	7.0	5.5	4.5	4.2
2017	110,366	19,010	40,467	48,238	4,038	7.7	6.0	5.0	4.6
2016	110,366	18,755	41,136	47,367	4,535	8.7	6.7	5.6	5.1
2015	110,366	18,798	40,639	47,906	4,772	9.1	6.9	5.6	5.6
2014	110,366	18,622	37,293	45,337	5,406	10.7	8.9	6.8	6.5
2013	110,366	18,387	38,672	43,773	6,645	13.2	10.7	8.0	7.6
2012	110,366	18,062	38,672	43,843	6,718	12.8	10.8	8.1	8.2

Sources:

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

Notes:

Personal Income statistics are not available for the City of Waterbury.

Unemployment spiked as of June 30, 2020 due to COVID-19 Pandemic and continued at elevated levels as of June 30, 2021.

TABLE 13

**CITY OF WATERBURY, CONNECTICUT
PRINCIPAL EMPLOYERS
2021 AND 2012**

Business Name	Nature of Business	2021			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Waterbury	Government Services	4,077	1	9.12%	3,906	1	8.91%
Waterbury Hospital	Medical & Mental Health Services	2,018	2	4.52%	1,800	2	4.11%
POST University	Higher Education	1,790	3	4.00%			
St. Mary's Hospital (Inc. Franklin Medical Center)	Medical Services	1,536	4	3.44%	1,300	3	2.97%
Naugatuck Valley Community College	Higher Education	735	5	1.64%			
Stop & Shop Companies	Grocery	386	6	0.86%	400	5	0.91%
Dunkin Donuts	Fast Food	330	7	0.74%			
Loehmann Blasius	Car Dealership	297	8	0.66%			
Wal-Mart	Household Retail	295	9	0.66%	303	8	0.69%
New Opportunities of Waterbury	Employment Services	249	10	0.56%	450	4	1.03%
Home Depot	Home Improvement Retail	245	11	0.55%			
Costco	Grocery	243	12	0.54%			
United States Postal Service	Government	240	13	0.54%			
Webster Bank	Financial Services	211	14	0.47%	265	10	0.60%
YMCA	Community Services	207	15	0.46%			
OptiCare Health Systems	Health Services				312	6	0.71%
VNA Health Care, Inc	Health Services				308	7	0.70%
Abbot Terrace Health Center	Health Services				280	9	0.64%
Total		<u>12,859</u>		<u>28.77%</u>	<u>9,324</u>		<u>21.27%</u>

Source: The Connecticut Data Center & Direct Inquiry

**CITY OF WATERBURY, CONNECTICUT
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYERS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government (1)	1,062	1,056	1,056	1,048	1,044	1,052	1,058	1,073	1,070	1,075
Board of Education (1)	2,001	2,101	2,162	2,224	2,196	2,215	2,273	2,287	2,240	2,227
Enterprise Funds (1)	65	63	101	100	100	100	98	102	105	107
General Government - Other Funding (2)	94	74	63	50	50	46	58	53	45	51
Board of Education - Other Funding (2)	855	767	699	656	657	692	627	572	470	446
Total	4,077	4,061	4,081	4,078	4,047	4,105	4,114	4,087	3,930	3,906

Sources:

(1) City of Waterbury, Budget Authorized Full Time Positions

(2) HR170 Bargaining Unit Report at 6/30/xx

**CITY OF WATERBURY, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government (1):										
Building permits issued	1,310	1,078	1,217	1,225	1,123	1,328	1,139	1,203	1,196	1,104
Value of permits issued (thousands)	\$38,516	\$68,692	\$54,810	\$51,439	\$44,931	\$44,657	\$45,165	\$55,256	\$27,928	\$77,915
Public works (1):										
Refuse collection:										
Trash collected (tons per day)	180	169	158	164	178	175	172	173	168	171
Cost per ton	\$83	\$83	\$73	\$65	\$64	\$62	\$61	\$60	\$65	\$69
Recyclables collected (tons per day)	26	27	26	11	16	12	13	17	13	13
Other public works:										
Street resurfacing (miles)	0	7	9.5	4.5	7.0	3.5	3.5	7.4	4.5	2.7
Public safety (2):										
Police:										
Physical arrests	4,243	6,503	8,267	7,113	5,296	5,968	8,704	5,809	6,892	7,655
Fire:										
Emergency responses*	21,030	20,554	20,456	20,393	19,037	17,899	17,186	17,948	18,027	18,640
Fires extinguished	564	654	570	623	611	747	690	614	585	635
Inspections	1,139	1,858	1,921	1,673	1,730	1,615	1,638	1,749	3,261	2,320
Library (3):										
Total Print Items	241,626	243,101	241,558	249,579	244,631	234,507	224,660	230,364	230,480	235,027
Total Non-Print Items	30,009	28,684	47,792	30,107	28,860	27,629	24,735	32,172	35,808	24,685
Bureau of Water (4):										
Total Daily Capacity (millions of gallons)	38	38	38	38	38	38	38	38	38	38
Average Daily Demand (millions of gallons)	16.0	14.9	13.9	14.0	14.5	14.6	15.9	14.9	14.6	15.2
Peak Hour Demand (millions of gallons)	24	19.01	26.5	33.2	28.9	18.7	20.5	17.4	20.5	20.7
Water Pollution Control (5):										
Design Average Daily Flow (millions of gallons)	27.05	27.05	27.05	27.05	27.05	27.05	27.05	27.05	27.05	27.05
Average Daily Flow Treated (millions of gallons)	21.3	19.8	23.8	23.7	22.0	16.0	16.7	20.5	20.5	24.3
Maximum Daily Flow Treated (millions of gallons)	55.32	55	50.3	50.3	50.3	55	55	55	55	55

Sources:

- (1) City of Waterbury, Public Works Department
- (2) City of Waterbury, Police and Fire Departments
- (3) City of Waterbury, Library Director
- (4) City of Waterbury, Bureau of Water
- (5) City of Waterbury, Water Pollution Control Authority

Notes:

* Includes 911 first responder services provided by Fire Department.

**CITY OF WATERBURY, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government (1):										
Municipal buildings	4	4	4	3	3	3	3	3	2	2
Libraries	2	2	2	2	2	2	2	2	2	2
Public Works (1):										
Parking garages	2	2	2	2	2	2	2	2	2	2
Surface parking lots	10	10	10	10	10	10	10	10	10	10
Police (2):										
Stations	1	1	1	1	1	1	1	1	1	1
Training facility	1	1	1	1	1	1	1	1	1	1
Dog Pound	1	1	1	1	1	1	1	1	1	1
RX Facility	1	1	1	1	1					
Fire (2):										
Firefighting/rescue vehicles	19	19	18	18	18	19	22	25	21	23
Fire stations	9	9	9	9	9	9	9	9	9	9
Education (3):										
School buildings	31	30	30	30	30	28	28	28	28	28
Administrative buildings	2	2	2	2	2	2	1	1	1	1
Parks and Recreation (1):										
Number of recreation centers	4	4	4	4	4	4	4	4	6	6
Number of parks	31	31	31	31	31	31	31	30	30	30
Number of basketball courts	29	31	31	32	32	32	32	32	33	33
Number of golf courses	2	2	2	2	2	2	2	2	2	2
Number of playgrounds	23	22	22	22	22	22	22	22	22	22
Number of football/soccer fields	14	16	16	16	16	16	16	16	15	15
Number of baseball fields	35	42	42	43	43	43	43	43	42	42
Number of tennis courts	21	64	64	64	64	64	64	64	64	64
Number of swimming pools	3	3	3	3	3	3	3	3	3	3
Bureau of Water (4):										
Active Reservoirs	5	5	5	5	5	5	5	5	5	5
Inactive Reservoirs	2	2	2	2	2	2	2	2	2	2
Water Pollution Control (5):										
Miles of Sanitary sewers	320	320	320	320	320	320	320	320	320	320
Pump Stations	20	20	20	20	20	20	20	20	20	20

Sources:

- (1) City of Waterbury, Public Works Department
- (2) City of Waterbury, Police and Fire Departments
- (3) Waterbury Board of Education
- (4) City of Waterbury, Bureau of Water
- (5) City of Waterbury, Water Pollution Control Authority

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