

TOWN OF WATERTOWN CONNECTICUT



**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**TOWN OF WATERTOWN
CONNECTICUT**

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2023

Prepared By:
Watertown Finance Department
Susan Zappone, Finance Director

TOWN OF WATERTOWN, CONNECTICUT

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Introductory Section

TOWN OF WATERTOWN, CONNECTICUT

Principal Officials
As of June 30, 2023

Town Council

Jonathan Ramsay, Chair
Mary Ann Rosa, Vice Chair
Kenneth Demirs
Rachael A. Ryan
Robert Desena
Anthony DiBona
Denise Russ
Robert Retallick
Gary Lafferty

Board of Education

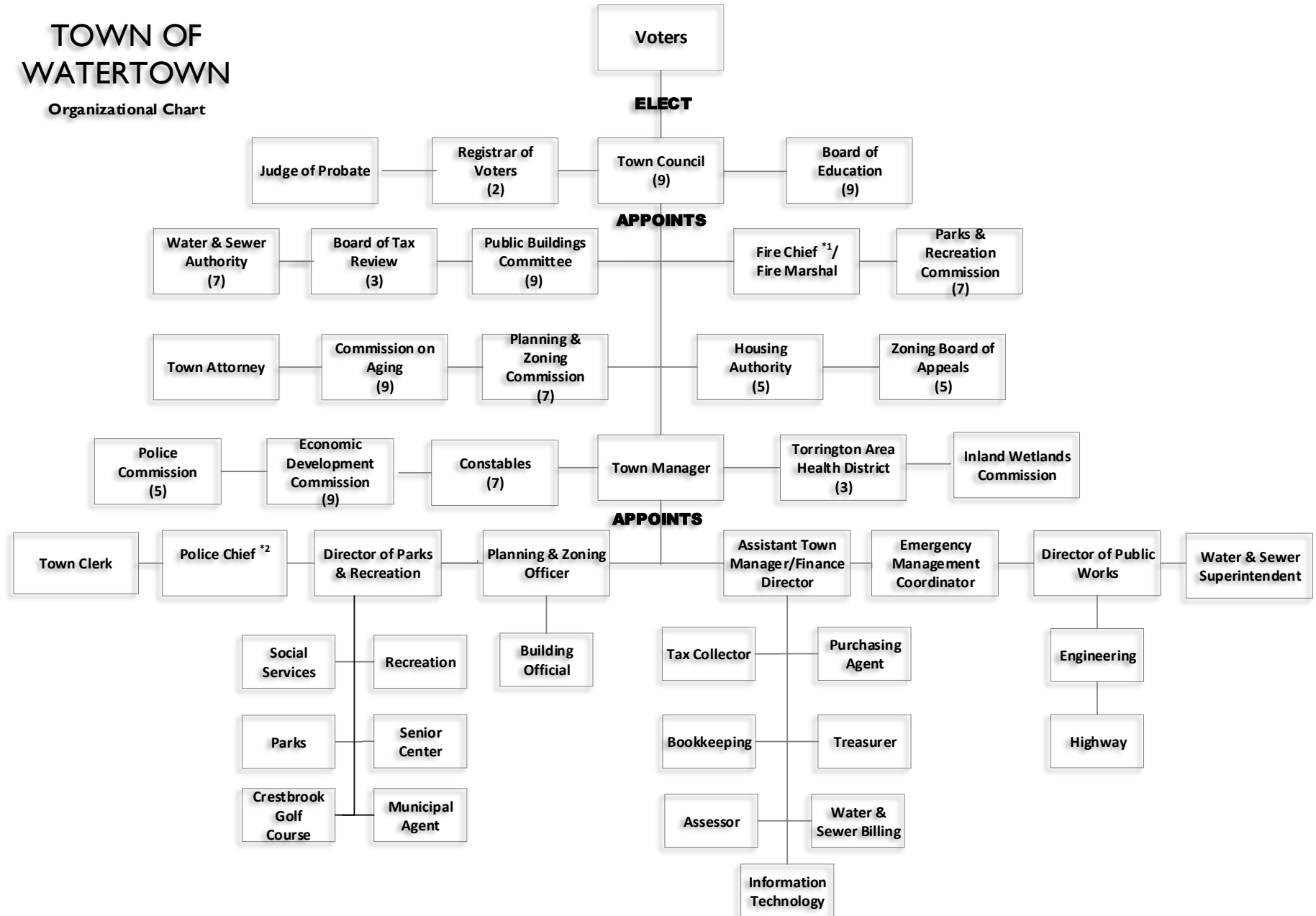
Krista Palomba, Chair
Karen Hosking, Vice Chair
Christine Faressa, Secretary
Cindy Phelan
David Martin
Cathie Hillian
Jason Douglas Malagutti
John Gavallas
Elizabeth Lawton

Appointed Officials

Mark Raimo, Town Manager
Dr. Alison Villanueva, Superintendent of Schools
Susan Zappone, Assistant Town Manager/Finance Director

TOWN OF WATERTOWN, CONNECTICUT
Organizational Chart of the Town Government

TOWN OF WATERTOWN
Organizational Chart



*1 Fire Department Volunteers elect their own Chief
*2 Police Chief Appointment made with concurrence of Town Council



WATERTOWN, CONNECTICUT
FINANCE DEPARTMENT
61 Echo Lake Road
Watertown, Connecticut 06795

May 24, 2024

To Members of the Town Council, Town Manager, Board of Education, Superintendent of Schools, and Citizens of the Town of Watertown:

The annual comprehensive financial report of the Town of Watertown, Connecticut, for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the Uniform Guidance. Information related to this single audit is issued as a separate report.

The State of Connecticut has enacted legislation referred to as the State Single Audit Act. The Act requires financial and compliance audits of State assistance received by municipalities. Information related to this single audit is issued as a separate report.

This report includes all funds of the Town. The Town provides a full range of services. These services include education, encompassing grades K-12; police and fire protection; zoning; building inspection; Watertown landfill closure and contractual sanitation landfill disposal; construction and maintenance of highways, streets and infrastructure; and parks and recreational activities. In addition to general government services, the Town provides water and sewer utilities to a portion of Watertown and provides an eighteen-hole community golf course at Crestbrook Park.

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

Profile of the Town

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

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

Watertown utilizes the Council/Manager form of government under a Town Charter first adopted in 1961 and last revised in December 2020. The nine (9) members of the Town Council shall be elected for the term of four (4) years in alternate biennial elections in the following manner: four (4) members shall be elected in the first and succeeding alternate biennial elections and five (5) members in the second and succeeding biennial elections. No political party shall nominate and no elector shall vote for more than three (3) members of the Town Council and acts as the legislative body, enacting and amending ordinances and determining Town policies, programs and legislation. The Town Manager, appointed by the Council, serves as the Chief Executive Officer of the Town and administers Council policy.

Factors Affecting Financial Condition

Budget

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

Public Buildings and Infrastructure

During Fiscal year 2023, the Town of Watertown started projects that were bonded in July 2022. Two of our schools had turf replaced, one at the Middle School and one at the High School. Roof projects are just starting at two of our schools. Various Road projects have been completed as part of the bonding package. The Woolson Street Bridge is being replaced for safety and to improve traffic conditions. This project is set to be completed in Spring of 2024. Guernseytown Road Reconstruction has begun. This project is to realign an intersection and is due to be completed in the Fall of 2024.

Economic Activity

Construction has begun on an urgent care center with Doctors' offices and a testing site. The Town is acquiring property on Main Street to develop 52 new parking spaces in the downtown area. This will benefit local businesses and the community greatly.

Long-Term Financial Planning

The Town of Watertown is discussing the future plans of building a new Senior Center/Community Center with a Police Department Headquarters on Town owned property.

The Town's bond rating is at a "AA". The Town does continue to have an acceptable fund balance within the guidelines of the Towns policy. A strong budgetary performance and strong cash levels to cover both debt service and expenditures.

Significant Financial Policies

The Town also has a debt management policy to establish parameters and provide guidance governing the issuance, management, continuing evaluation of the reporting on all debt obligations issued by the Town of Watertown.

Financial Information

Budgetary Controls

The Town of Watertown maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Watertown voters at the Budget Town Meeting. The Town Council is authorized to make additional appropriations of less than \$50,000 during the year. Town Meeting approval is required for additional appropriations over \$50,000. Activities of the General Fund are included in the annual appropriated budget.

Independent Audit

State statutes require an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Uniform Guidance and State of Connecticut Single Audit Act. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audits are issued separately.

Single Audit

As a recipient of federal and state financial assistance, the Town of Watertown also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Watertown for its annual comprehensive financial report for fiscal year ended June 30, 2022.

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

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

Acknowledgments

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Susan Zappone". The signature is written in a cursive style with a large initial 'S'.

Susan Zappone
Finance Director



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**Town of Watertown,
Connecticut**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Watertown, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Watertown, CT, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Watertown's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Watertown, CT, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Watertown and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Watertown's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Watertown's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Watertown's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Watertown's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information such as the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

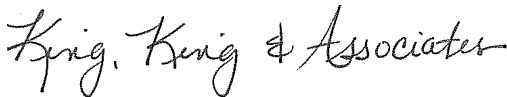
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of the Town of Watertown's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Watertown's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Watertown's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, CT
May 24, 2024

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2023

This discussion and analysis of the Town of Watertown, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2023. Please read this management discussion and analysis in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

- The Town's total net position decreased by \$23.2 million as a result of this year's operations. Net position of our governmental activities decreased by \$3.3 million.
- As described in Note 11, the business-type activities have accrued a liability of \$20.3 million in relation to an unexpected judgment resulting from a trial during fiscal year 2023 with regards to the dispute with the Town of Waterbury and the usage rates being charged to the Town of Watertown. The Town has filed an appeal and intends to vigorously contest the ruling.
- In the Town's business-type activities, total net position decreased by \$19.9 million.
- Total cost of all the Town's programs was \$133 million.
- The General Fund reported an unassigned fund balance this year of \$9.6 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented on pages 20 to 28. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Watertown's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Watertown's assets and deferred outflows, and liabilities and deferred inflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of Watertown is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in future cash inflows (revenues) and outflows (expenditures).

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2023

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

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

The government-wide financial statements can be found on pages 18-19 of this report.

Fund Financial Statements

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

- *Governmental Funds* – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary Funds* – When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the Town's other programs and activities – such as the Town's Health and Dental Benefits and Workers' Compensation Internal Service Funds.

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2023

- *Fiduciary Funds* – The Town is the trustee, or fiduciary, for its employees' pension plans. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic governmental fund financial statements can be found on pages 20-23 of this report. The basic proprietary fund financial statements can be found on pages 24-26 of this report. The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-73 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Watertown, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.1 million at the close of the most recent fiscal year.

<i>In Thousands</i>	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 41,167	\$ 31,991	\$ 10,078	\$ 9,184	\$ 51,245	\$ 41,175
Capital Assets	178,452	181,440	17,630	18,125	196,082	199,565
Total Assets	<u>219,619</u>	<u>213,431</u>	<u>27,708</u>	<u>27,309</u>	<u>247,327</u>	<u>240,740</u>
Deferred Outflows of Resources	27,748	22,584	91	125	27,839	22,709
Long-term Liabilities	162,400	149,802	509	535	162,909	150,337
Other Liabilities	19,024	11,918	20,859	390	39,883	12,308
Total Liabilities	<u>181,424</u>	<u>161,720</u>	<u>21,368</u>	<u>925</u>	<u>202,792</u>	<u>162,645</u>
Deferred Inflows of Resources	26,951	32,018	282	411	27,233	32,429
Net Position:						
Net Investment						
in Capital Assets	131,585	130,011	17,566	18,017	149,151	148,028
Restricted	1,758	1,688	-	-	1,758	1,688
Unrestricted	(94,351)	(89,422)	(11,417)	8,081	(105,768)	(81,341)
Total Net Position	<u>\$ 38,992</u>	<u>\$ 42,277</u>	<u>\$ 6,149</u>	<u>\$ 26,098</u>	<u>\$ 45,141</u>	<u>\$ 68,375</u>

Net position of the Town's governmental activities decreased by \$3.3 million (\$42.3 million in 2022 compared to \$39 million in 2023). The Town's unrestricted net position of \$(94.3) million decreased by \$4.9 million compared with last year's unrestricted net position of \$(89.4) million. The decrease is primarily attributable to the post-retirement benefit obligations and pension liabilities along with their related deferred outflows and inflows of resources. Net investment in capital assets increased \$1.6 million primarily due to current year capital asset additions and the paydown of related debt being greater than the current year's depreciation expense and addition of new debt.

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2023

During 2023, the net position of the Town's business-type activities decreased by \$19.9 million. Unrestricted net position decreased by \$19.5 million [\$8.1 million in 2022 compared to \$(11.4) million in 2023]. Contributing factors to the change in total net position and unrestricted net position follows in the next table. The Town generally can only use this net position to finance the continuing operations of the Sewer Authority, Water Authority and Crestbrook Golf Enterprise Funds. Also, as described in Note 11, the Town had an unexpected judgment issued against it for the Water and Sewer funds. In relation to this judgment, the Water and Sewer funds have accrued a liability of \$20.3 million. The Town has filed an appeal and intends to vigorously contest the ruling.

<i>In Thousands</i>	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 67,767	\$ 65,360	\$ -	\$ -	\$ 67,767	\$ 65,360
Unrestricted Grants & Contributions	2,111	1,274	-	-	2,111	1,274
Unrestricted Investment Income	650	84	76	14	726	98
Other General Revenues, Net	314	192	-	-	314	192
<i>Program Revenues:</i>						
Charges for Services	4,767	3,820	5,557	5,285	10,324	9,105
Operating Grants and Contributions	27,601	23,953	-	-	27,601	23,953
Capital Grants and Contributions	880	299	-	-	880	299
Total Revenues	104,090	94,982	5,633	5,299	109,723	100,281
EXPENSES						
<i>Governmental Activities:</i>						
General Government	16,760	23,734	-	-	16,760	23,734
Public Safety	10,389	9,345	-	-	10,389	9,345
Public Works	6,660	7,260	-	-	6,660	7,260
Parks and Recreation	1,577	1,298	-	-	1,577	1,298
Health and Welfare	232	198	-	-	232	198
Education	70,593	54,046	-	-	70,593	54,046
Interest on Long-Term Debt	1,589	1,627	-	-	1,589	1,627
<i>Business-Type Activities:</i>						
Sewer	-	-	16,756	1,760	16,756	1,760
Water	-	-	7,572	1,724	7,572	1,724
Golf	-	-	829	745	829	745
Total Expenses	107,800	97,508	25,157	4,229	132,957	101,737
Change in Net Position Before Transfers	(3,710)	(2,526)	(19,524)	1,070	(23,234)	(1,456)
Transfers	425	44	(425)	(44)	-	-
Change in Net Position	(3,285)	(2,482)	(19,949)	1,026	(23,234)	(1,456)
Beginning Net Position	42,277	44,759	26,098	25,072	68,375	69,831
Ending Net Position	\$ 38,992	\$ 42,277	\$ 6,149	\$ 26,098	\$ 45,141	\$ 68,375

The Town's total revenues were \$109.7 million. The total cost of all programs and services was \$133 million. Our analysis below separately considers the operations of the governmental and business-type activities.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2023

Governmental Activities

The Town's governmental activities reported a decrease of \$3.3 million in net position in 2023. The decrease was primarily driven by medical and post-employment benefit expenses. The Town's total governmental revenue for the year was \$104.1 million. Total program expenses were \$107.8 million.

The table below presents the costs of each of the Town's governmental programs, as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions. Note that historically the cost of the health insurance fund has been reported under general government for governmental activities. It is now allocated between general government and education.

<i>In Thousands</i>	Governmental Activities (in thousands)			
	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
<i>Governmental Activities:</i>				
General Government	\$ 16,760	\$ 23,734	\$ 15,276	\$ 22,066
Public Safety	10,389	9,345	8,387	7,901
Public Works	6,660	7,260	5,201	6,407
Parks and Recreation	1,577	1,298	943	833
Health and Welfare	232	198	9	74
Education	70,593	54,046	43,150	30,528
Interest on Long-Term Debt	1,589	1,627	1,589	1,627
	<u>\$ 107,800</u>	<u>\$ 97,508</u>	<u>\$ 74,555</u>	<u>\$ 69,436</u>

Business-Type Activities

The Town's business-type activities reported a decrease of \$19.9 million in net position in 2023. The business-type activities consist of the Water and Sewer Authority and the Crestbrook Golf Operations. The table below presents the cost of the Town's business-type programs as well as the business-type programs net cost (total cost less revenues generated by the activities). As discussed above and in Note 11, during FY2023 there was an unexpected unfavorable judgment against the Town for past Water and Sewer usage rates. As a result of that judgment, the Town has accrued a balance for water and sewer usage fees through June 30, 2023, at the rates stated by the court. The Town has filed an appeal and the impacts of future rulings are not known at this time.

<i>In Thousands</i>	Business-Type Activities (in thousands)			
	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
<i>Business-Type Activities:</i>				
Sewer	\$ 16,756	\$ 1,760	\$ (14,014)	\$ (916)
Water	7,572	1,724	(5,709)	(113)
Golf	829	745	123	(27)
	<u>\$ 25,157</u>	<u>\$ 4,229</u>	<u>\$ (19,600)</u>	<u>\$ (1,056)</u>

Financial Analysis of the Government's Funds

Governmental Funds

As the Town completed the year, its governmental funds reported combined ending fund balances of \$18.2 million, which is a decrease of \$565 thousand from the prior year's total. During 2023 the Town's general fund balance decreased by \$426 thousand primarily due to additional appropriations to the health insurance fund and for education during the year offset by greater than expected intergovernmental revenues and savings in other department lines. The capital improvement fund balance decreased by \$280 thousand due to debt service and capital outlay related to public works projects offset by grant revenue and investment income. The nonmajor governmental funds increased by \$99 thousand.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2023

Proprietary Funds

Net position of the Town's three self-insured internal service funds increased by \$524 thousand during the year. Net position of The Health and Dental Benefits Fund increased by \$86 thousand. Net position of the Town's Workers' Compensation Fund increased \$438 thousand. Net position of the Town's General Liabilities Deductibles Fund remained unchanged.

The Town operates three enterprise funds that comprise the Town's business-type activities. The enterprise funds account for the operations of providing sewer and water services to Town businesses and residents and to account for the Town's Crestbrook golf course. Analysis of the Town's enterprise funds is included in the above business-type activities section.

General Fund Budgetary Highlights

The original budget did not anticipate the use of fund balance to balance the budget. During the year, there were additional appropriations from fund balance of \$4.9 million. The actual revenues without the use of fund balance exceeded the budgetary revenues of \$83.4 million by \$3.1 million due to building permits, grants, investment income, and other local revenues being higher than anticipated. The Town expended \$1.4 million less than the amended appropriations budget amount of \$88.3 million, with a large part of that coming from savings in the general government, public safety, public works, and employee benefits lines.

Capital Asset and Debt Administration

Capital Assets

The Town of Watertown's reported value in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$196,082,052 (net of accumulated depreciation). The reported value in capital assets includes land and buildings, vehicles, machinery and equipment, infrastructure, right of use equipment, and right of use subscription-based IT arrangements. Major capital asset events during the current fiscal year included the following:

- Purchase of a new highway, parks, and public safety vehicles and equipment.
- Roadway, bridge, and drainage improvements.
- Sale of the old Town Hall building.

	2023	2022
<i>Governmental Activities:</i>		
Land	\$ 3,147,876	\$ 3,147,876
Construction in Progress	818,514	-
Buildings and Improvements	119,985,978	123,383,068
Vehicles	347,827	418,718
Machinery and Equipment	2,312,785	2,328,087
Infrastructure	50,944,744	52,162,289
Right of Use Equipment	450,551	-
Right of Use SBITAs	443,376	-
	<u>\$ 178,451,651</u>	<u>\$ 181,440,038</u>

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2023

	2023	2022
<i>Business-type Activities:</i>		
Land	\$ 1,019,600	\$ 1,019,600
Buildings and Improvements	626,246	684,708
Vehicles	2	2
Machinery and Equipment	61,950	38,922
Infrastructure	15,868,801	16,292,411
Right of Use Equipment	53,802	89,669
	<u>\$ 17,630,401</u>	<u>\$ 18,125,312</u>

Additional information on the Town of Watertown's capital assets can be found in Note 5 on pages 43-44 of this report.

Long-Term Debt

At year-end, the Town had \$46,005,000 in governmental activities bonds outstanding. This is a decrease of \$5,470,000 from the prior year. The Town's general obligation bond rating carries an AA rating. Additional information on the Town of Watertown's long-term debt can be found in Note 7 on pages 46-50 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The Town's unemployment still stands at 3.6%, the same as a year ago. This compares with the State's unemployment rate of 3.7% and the national rate of 3.6%.

Inflation in the Northeast area continues to be less than the national Consumer Price Index (CPI) increase. The Town required one budget referendums to pass its 2023-2024 budget. The mill rate for fiscal year 2023-2024 is 36.86 mills, which was a 1.92 mill increase from the prior year. The Board of Education budget increased 7.81% and the Town's portion increased 7.31%.

In the Town's 2023-2024 budget, the Town did not use any of the fund balance to balance the budget.

Future budgets will be impacted by health, insurance and debt service.

As for the Town's business-type activities, we expect that the 2023-2024 operating income will increase based on recent decisions. The Water and Sewer Department continues to expand its utilities, which increases users.

Request for Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Watertown, 61 Echo Lake Road, Watertown, Connecticut 06795.

Basic Financial Statements

TOWN OF WATERTOWN, CONNECTICUT

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 30,827,416	\$ 8,545,184	\$ 39,372,600
Restricted Cash and Cash Equivalents	286,246	-	286,246
Investments	1,922	-	1,922
Receivables, Net	10,015,016	1,533,014	11,548,030
Inventories	36,528	-	36,528
Capital Assets:			
Assets Not Being Depreciated	3,966,390	1,019,600	4,985,990
Assets Being Depreciated, Net	<u>174,485,261</u>	<u>16,610,801</u>	<u>191,096,062</u>
Total Assets	<u>219,618,779</u>	<u>27,708,599</u>	<u>247,327,378</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	4,587,271	91,336	4,678,607
Deferred Outflows - OPEB	21,875,050	-	21,875,050
Deferred Charge on Refunding	<u>1,285,638</u>	<u>-</u>	<u>1,285,638</u>
Total Deferred Outflows of Resources	<u>27,747,959</u>	<u>91,336</u>	<u>27,839,295</u>
Liabilities			
Accounts Payable and Accrued Items	4,521,396	20,857,867	25,379,263
Accrued Interest Payable	393,701	-	393,701
Long-Term Claims Payable	2,976,333	-	2,976,333
Unearned Revenue	10,846,626	1,726	10,848,352
Performance Bonds	286,246	-	286,246
Noncurrent Liabilities:			
Due Within One Year	7,741,221	107,296	7,848,517
Due In More Than One Year	<u>154,658,493</u>	<u>401,562</u>	<u>155,060,055</u>
Total Liabilities	<u>181,424,016</u>	<u>21,368,451</u>	<u>202,792,467</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	1,203,824	27,319	1,231,143
Deferred Inflows - OPEB	22,629,020	-	22,629,020
Lease Related	<u>3,117,886</u>	<u>254,703</u>	<u>3,372,589</u>
Total Deferred Inflows of Resources	<u>26,950,730</u>	<u>282,022</u>	<u>27,232,752</u>
Net Position			
Net Investment in Capital Assets	131,585,292	17,565,976	149,151,268
Restricted for Community Development	895,234	-	895,234
Restricted for Other Purposes	688,787	-	688,787
Restricted for Purposes of Trust:			
Nonexpendable	97,143	-	97,143
Expendable	76,801	-	76,801
Unrestricted	<u>(94,351,265)</u>	<u>(11,416,514)</u>	<u>(105,767,779)</u>
Total Net Position	<u>\$ 38,991,992</u>	<u>\$ 6,149,462</u>	<u>\$ 45,141,454</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Statement of Activities

For the Year Ended June 30, 2023

	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
Functions/Program Activities							
Governmental Activities:							
General Government	\$ 16,759,909	\$ 1,412,457	\$ 72,367	\$ -	\$ (15,275,085)	\$ -	\$ (15,275,085)
Public Safety	10,388,843	1,612,906	239,369	150,000	(8,386,568)	-	(8,386,568)
Public Works	6,660,561	167,748	568,465	723,056	(5,201,292)	-	(5,201,292)
Parks and Recreation	1,577,256	539,302	88,058	7,000	(942,896)	-	(942,896)
Health and Welfare	232,592	2,990	221,070	-	(8,532)	-	(8,532)
Education	70,593,082	1,031,413	26,411,445	-	(43,150,224)	-	(43,150,224)
Interest on Long-Term Debt	1,588,682	-	-	-	(1,588,682)	-	(1,588,682)
Total Governmental Activities	<u>107,800,925</u>	<u>4,766,816</u>	<u>27,600,774</u>	<u>880,056</u>	<u>(74,553,279)</u>	<u>-</u>	<u>(74,553,279)</u>
Business-Type Activities:							
Sewer	16,756,086	2,742,585	-	-	-	(14,013,501)	(14,013,501)
Water	7,571,815	1,862,802	-	-	-	(5,709,013)	(5,709,013)
Golf	829,073	951,708	-	-	-	122,635	122,635
Total Business-Type Activities	<u>25,156,974</u>	<u>5,557,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,599,879)</u>	<u>(19,599,879)</u>
Total Primary Government	<u>\$ 132,957,899</u>	<u>\$ 10,323,911</u>	<u>\$ 27,600,774</u>	<u>\$ 880,056</u>	<u>(74,553,279)</u>	<u>(19,599,879)</u>	<u>(94,153,158)</u>
General Revenues:							
Property Taxes					67,767,491	-	67,767,491
Grants not Restricted to Specific Programs					2,111,325	-	2,111,325
Unrestricted Investment Earnings					649,881	77,061	726,942
Other General Revenues					313,750	-	313,750
Transfers					425,414	(425,414)	-
Total General Revenues and Transfers					<u>71,267,861</u>	<u>(348,353)</u>	<u>70,919,508</u>
Change in Net Position					(3,285,418)	(19,948,232)	(23,233,650)
Net Position - Beginning of Year					<u>42,277,410</u>	<u>26,097,694</u>	<u>68,375,104</u>
Net Position - End of Year					<u>\$ 38,991,992</u>	<u>\$ 6,149,462</u>	<u>\$ 45,141,454</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 11,809,931	\$ 9,535,212	\$ 5,308,551	\$ 3,712,601	\$ 30,366,295
Restricted Cash	286,246	-	-	-	286,246
Investments	-	-	-	1,922	1,922
Receivables, Net of Allowance	6,177,694	2,336,988	-	1,478,049	9,992,731
Inventories	-	-	-	36,528	36,528
Due from Other Funds	865,156	-	-	20,312	885,468
Total Assets	<u>\$ 19,139,027</u>	<u>\$ 11,872,200</u>	<u>\$ 5,308,551</u>	<u>\$ 5,249,412</u>	<u>\$ 41,569,190</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 3,074,641	\$ 11,099	\$ 23,314	\$ 274,965	\$ 3,384,019
Unearned Revenue	-	5,316,199	5,242,535	287,892	10,846,626
Performance Bonds	286,246	-	-	-	286,246
Due to Other Funds	5,000	-	-	815,468	820,468
Total Liabilities	<u>3,365,887</u>	<u>5,327,298</u>	<u>5,265,849</u>	<u>1,378,325</u>	<u>15,337,359</u>
Deferred Inflows of Resources					
Unavailable Revenues:					
Property Taxes and Interest	1,192,269	-	-	-	1,192,269
Special Assessments	1,076,292	-	-	-	1,076,292
School Building Grants	-	2,336,988	-	-	2,336,988
Other	262,965	-	-	-	262,965
Lease Related	3,117,886	-	-	-	3,117,886
Total Deferred Inflows of Resources	<u>5,649,412</u>	<u>2,336,988</u>	<u>-</u>	<u>-</u>	<u>7,986,400</u>
Fund Balances					
Nonspendable	83,626	-	-	97,143	180,769
Restricted	-	3,293,675	42,702	1,618,120	4,954,497
Committed	-	914,239	-	2,228,964	3,143,203
Assigned	407,967	-	-	-	407,967
Unassigned	9,632,135	-	-	(73,140)	9,558,995
Total Fund Balances	<u>10,123,728</u>	<u>4,207,914</u>	<u>42,702</u>	<u>3,871,087</u>	<u>18,245,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 19,139,027</u>	<u>\$ 11,872,200</u>	<u>\$ 5,308,551</u>	<u>\$ 5,249,412</u>	<u>\$ 41,569,190</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

Fund balances reported in governmental funds Balance Sheet	\$ 18,245,431
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
<i>Capital Assets</i>	296,061,427
<i>Depreciation</i>	(117,609,776)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
<i>Property taxes receivable greater than 60 days</i>	863,006
<i>Interest receivable on property taxes</i>	329,263
<i>Receivable from the State for school construction projects</i>	2,336,988
<i>Assessment receivables</i>	1,076,292
<i>Other accounts receivable</i>	262,965
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.	
	(3,695,304)
Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.	
	(1,979,924)
Certain changes related to pensions are deferred and amortized over time.	
<i>Deferred Outflows - Pension</i>	4,587,271
<i>Deferred Inflows - Pension</i>	(1,203,824)
<i>Deferred Outflows - OPEB</i>	21,875,050
<i>Deferred Inflows - OPEB</i>	(22,629,020)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.	
<i>Accrued interest payable</i>	(393,701)
<i>Bonds payable</i>	(46,005,000)
<i>Equipment Financing Notes</i>	(1,290,970)
<i>Leases Payable</i>	(454,621)
<i>Subscription Based IT Arrangements Payable</i>	(429,519)
<i>Compensated absences</i>	(2,865,785)
<i>Post-closure landfill costs</i>	(80,776)
<i>Special termination benefits</i>	(37,392)
<i>Pension buy-in payable</i>	(397,043)
<i>Net pension liability</i>	(16,647,093)
<i>OPEB liability</i>	<u>(90,925,953)</u>
Net position of governmental activities	<u>\$ 38,991,992</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes, Interest and Lien Fees	\$ 67,501,870	\$ -	\$ -	\$ -	\$ 67,501,870
Intergovernmental Revenues	23,494,674	418,514	498,501	3,899,934	28,311,623
Licenses, Permits, and Charges for Services	3,068,782	-	-	1,647,449	4,716,231
Investment Income	524,164	75,322	41,978	8,359	649,823
Other Revenue	441,529	3,548	-	315,598	760,675
Total Revenues	<u>95,031,019</u>	<u>497,384</u>	<u>540,479</u>	<u>5,871,340</u>	<u>101,940,222</u>
Expenditures					
Current:					
General Government	3,445,769	-	7,500	190,161	3,643,430
Public Safety	6,739,238	-	64,465	1,333	6,805,036
Public Works	3,761,363	-	269,536	466,138	4,497,037
Parks and Recreation	1,109,140	-	7,000	468,480	1,584,620
Health and Welfare	166,137	-	-	114,372	280,509
Education	61,361,203	-	-	4,026,115	65,387,318
Other	11,577,390	-	-	-	11,577,390
Debt Service	7,722,638	292,586	-	-	8,015,224
Capital Outlay	1,539,374	484,303	-	656,042	2,679,719
Total Expenditures	<u>97,422,252</u>	<u>776,889</u>	<u>348,501</u>	<u>5,922,641</u>	<u>104,470,283</u>
Excess/(Deficiency) of Revenues over Expenditures	(2,391,233)	(279,505)	191,978	(51,301)	(2,530,061)
Other Financing Sources/(Uses)					
Transfers In	561,980	-	-	150,000	711,980
Transfers Out	(136,566)	-	(150,000)	-	(286,566)
Issuance of Equipment Financing Notes	367,139	-	-	-	367,139
Leases Issued	675,827	-	-	-	675,827
Subscription Based IT Arrangements Issued	496,408	-	-	-	496,408
Total Other Financing Sources/(Uses)	<u>1,964,788</u>	<u>-</u>	<u>(150,000)</u>	<u>150,000</u>	<u>1,964,788</u>
Net Change in Fund Balances	(426,445)	(279,505)	41,978	98,699	(565,273)
Fund Balances at Beginning of Year	<u>10,550,173</u>	<u>4,487,419</u>	<u>724</u>	<u>3,772,388</u>	<u>18,810,704</u>
Fund Balances at End of Year	<u>\$ 10,123,728</u>	<u>\$ 4,207,914</u>	<u>\$ 42,702</u>	<u>\$ 3,871,087</u>	<u>\$ 18,245,431</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (565,273)
Amounts reported for governmental activities in the Statement of Activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>	
<i>Capital expenditures</i>	3,394,236
<i>Depreciation/amortization expense</i>	(6,344,591)
<i>Loss on disposal</i>	(38,032)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.</p>	
<i>Property taxes collected accrual basis change</i>	228,126
<i>Interest income on property taxes accrual basis change</i>	37,495
<i>Assessment revenue accrual basis change</i>	(162,827)
<i>Other revenues accrual basis change</i>	124,631
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
<i>Proceeds from long-term debt - equipment financing notes</i>	(367,139)
<i>Principal payments on long-term debt - general obligation bonds</i>	5,470,000
<i>Principal payments on long-term debt - equipment financing notes</i>	441,772
<i>Leases issued</i>	(675,827)
<i>Payments on leases</i>	221,206
<i>Subscription Based IT Arrangements issued</i>	(496,408)
<i>Payments on Subscription Based IT Arrangements</i>	66,889
<i>Amortization of deferred charge on refunding</i>	(120,926)
<i>Amortization of premiums</i>	315,208
<p>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.</p>	
<i>Accrued interest</i>	65,415
<i>Compensated Absences</i>	46,721
<i>Post-closure landfill costs</i>	24,122
<i>Special termination benefits</i>	61,112
<i>Pension buy-in payable</i>	28,703
<i>Pension obligations and related outflows/inflows</i>	(1,383,764)
<i>OPEB liability and related outflows/inflows</i>	(4,180,094)
<p>Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	523,827
Change in net position of governmental activities	\$ (3,285,418)

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operations	Total	Activities Internal Service
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 6,021,889	\$ 2,523,295	\$ -	\$ 8,545,184	\$ 461,121
Receivables, Net					
Usage	781,747	500,906	-	1,282,653	-
Other	-	-	-	-	22,285
Leases	-	-	39,727	39,727	-
Total Current Assets	6,803,636	3,024,201	39,727	9,867,564	483,406
Noncurrent Assets:					
Leases Receivable	-	-	210,634	210,634	-
Nondepreciable Capital Assets	-	84,600	935,000	1,019,600	-
Capital Assets, Net of Accum. Deprecation	8,247,512	8,073,449	289,840	16,610,801	-
Total Noncurrent Assets	8,247,512	8,158,049	1,435,474	17,841,035	-
Total Assets	15,051,148	11,182,250	1,475,201	27,708,599	483,406
Deferred Outflows of Resources					
Deferred Outflows - Pension	34,123	34,123	23,090	91,336	-
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Items	14,982,742	5,677,853	197,272	20,857,867	-
Unearned Revenues	-	-	1,726	1,726	-
Equipment Financing Notes Payable	-	-	8,961	8,961	-
Leases Payable	-	-	36,560	36,560	-
Compensated Absences	21,280	21,280	19,215	61,775	-
Risk Management Claims	-	-	-	-	1,137,377
Due to Other Funds	-	-	-	-	65,000
Total Current Liabilities	15,004,022	5,699,133	263,734	20,966,889	1,202,377
Noncurrent Liabilities:					
Net Pension Liability	109,914	109,914	88,940	308,768	-
Equipment Financing Notes Payable	-	-	-	-	-
Leases Payable	-	-	18,904	18,904	-
Compensated Absences	23,405	23,405	27,080	73,890	-
Risk Management Claims	-	-	-	-	2,976,333
Total Noncurrent Liabilities	133,319	133,319	134,924	401,562	2,976,333
Total Liabilities	15,137,341	5,832,452	398,658	21,368,451	4,178,710
Deferred Inflows of Resources					
Deferred Inflows - Pension	10,324	10,324	6,671	27,319	-
Lease Related	-	-	254,703	254,703	-
Total Deferred Inflows of Resources	10,324	10,324	261,374	282,022	-
Net Position					
Net Investment in Capital Assets	8,247,512	8,158,049	1,160,415	17,565,976	-
Unrestricted	(8,309,906)	(2,784,452)	(322,156)	(11,416,514)	(3,695,304)
Total Net Position	\$ (62,394)	\$ 5,373,597	\$ 838,259	\$ 6,149,462	\$ (3,695,304)

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operations	Total	Activities Internal Service
OPERATING REVENUES					
Charges for Services	\$ 2,738,841	\$ 1,851,233	\$ 951,708	\$ 5,541,782	\$ 16,772,492
Permits and Fees	3,744	11,569	-	15,313	-
Total Operating Revenues	<u>2,742,585</u>	<u>1,862,802</u>	<u>951,708</u>	<u>5,557,095</u>	<u>16,772,492</u>
OPERATING EXPENSES					
Salaries	295,765	288,402	346,784	930,951	-
Benefits	180,025	179,138	63,344	422,507	-
Purchased Services	15,984,277	6,832,748	348,430	23,165,455	-
Depreciation/Amortization	296,019	271,527	65,841	633,387	-
Claims	-	-	-	-	13,223,025
Premiums and Administrative Charges	-	-	-	-	3,025,698
Total Operating Expenses	<u>16,756,086</u>	<u>7,571,815</u>	<u>824,399</u>	<u>25,152,300</u>	<u>16,248,723</u>
Operating Income/(Loss)	(14,013,501)	(5,709,013)	127,309	(19,595,205)	523,769
NON-OPERATING REVENUE (EXPENSE)					
Interest Income	47,601	19,940	9,520	77,061	58
Interest Expense	-	-	(4,674)	(4,674)	-
Total Non-Operating Revenues (Expenses)	<u>47,601</u>	<u>19,940</u>	<u>4,846</u>	<u>72,387</u>	<u>58</u>
Income/(Loss) before Transfers and Capital Contributions	<u>(13,965,900)</u>	<u>(5,689,073)</u>	<u>132,155</u>	<u>(19,522,818)</u>	<u>523,827</u>
Transfers:					
Transfers In	-	136,566	-	136,566	-
Transfers Out	(47,395)	(514,585)	-	(561,980)	-
Total Transfers	<u>(47,395)</u>	<u>(378,019)</u>	<u>-</u>	<u>(425,414)</u>	<u>-</u>
Capital Contributions	-	-	-	-	-
Change in Net Position	(14,013,295)	(6,067,092)	132,155	(19,948,232)	523,827
Net Position - Beginning of Year	<u>13,950,901</u>	<u>11,440,689</u>	<u>706,104</u>	<u>26,097,694</u>	<u>(4,219,131)</u>
Net Position - End of Year	<u>\$ (62,394)</u>	<u>\$ 5,373,597</u>	<u>\$ 838,259</u>	<u>\$ 6,149,462</u>	<u>\$ (3,695,304)</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds				Governmental
	Sewer Authority	Water Authority	Nonmajor Crestbrook Golf Operations	Total	Activities Internal Service
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 2,845,388	\$ 1,760,434	\$ 956,964	\$ 5,562,786	\$ 16,767,104
Receipts from Interfund Services	1,427	171,263	-	172,690	-
Payments to Employees	(295,765)	(288,402)	(346,784)	(930,951)	-
Payments to Suppliers	(1,001,535)	(1,154,895)	(539,491)	(2,695,921)	-
Payments for Benefits and Claims	(213,131)	(212,244)	(31,644)	(457,019)	(13,654,433)
Premiums and Administrative Charges	-	-	-	-	(3,025,698)
Net Cash Provided by Operating Activities	<u>1,336,384</u>	<u>276,156</u>	<u>39,045</u>	<u>1,651,585</u>	<u>86,973</u>
Cash Flows from Noncapital Financing Activities:					
Repayment to General Fund	(47,395)	(514,585)	-	(561,980)	-
Cash Received from General Fund	-	136,566	-	136,566	10,000
Principal Received on Reimbursement Obligation	-	-	-	-	-
Net Cash Used by Noncapital Financing Activities	<u>(47,395)</u>	<u>(378,019)</u>	<u>-</u>	<u>(425,414)</u>	<u>10,000</u>
Cash Flows from Capital and Related Financing Activities:					
Principal Payments on Equipment Financing Notes	-	-	(8,362)	(8,362)	-
Principal Payments on Leases Payable	-	-	(35,529)	(35,529)	-
Purchases of Capital Assets	(120,736)	(17,740)	-	(138,476)	-
Interest Paid on Debt	-	-	(4,674)	(4,674)	-
Net Cash Used by Capital and Related Financing Activities	<u>(120,736)</u>	<u>(17,740)</u>	<u>(48,565)</u>	<u>(187,041)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest Income	47,601	19,940	9,520	77,061	58
Net Cash Provided by Investing Activities	<u>47,601</u>	<u>19,940</u>	<u>9,520</u>	<u>77,061</u>	<u>58</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,215,854	(99,663)	-	1,116,191	97,031
Cash and Cash Equivalents at Beginning of Year	<u>4,806,035</u>	<u>2,622,958</u>	<u>-</u>	<u>7,428,993</u>	<u>364,090</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,021,889</u>	<u>\$ 2,523,295</u>	<u>\$ -</u>	<u>\$ 8,545,184</u>	<u>\$ 461,121</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ (14,013,501)	\$ (5,709,013)	\$ 127,309	\$ (19,595,205)	\$ 523,769
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:					
Depreciation/Amortization	296,019	271,527	65,841	633,387	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	104,230	68,895	48,919	222,044	(5,388)
(Increase) Decrease in Deferred Outflows	11,813	11,813	9,523	33,149	-
Increase (Decrease) in Deferred Inflows Pension	(39,562)	(39,562)	(6,314)	(85,438)	-
Increase (Decrease) in Deferred Inflows Leases	-	-	(43,663)	(43,663)	-
Increase (Decrease) in Net Pension Liability	(4,869)	(4,869)	14,743	5,005	-
Increase (Decrease) in Accounts Payable	14,982,742	5,677,853	(191,061)	20,469,534	-
Increase (Decrease) in Claims Payable	-	-	-	-	(431,408)
Increase (Decrease) in Compensated Absences	(488)	(488)	13,748	12,772	-
Total Adjustments	<u>15,349,885</u>	<u>5,985,169</u>	<u>(88,264)</u>	<u>21,246,790</u>	<u>(436,796)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,336,384</u>	<u>\$ 276,156</u>	<u>\$ 39,045</u>	<u>\$ 1,651,585</u>	<u>\$ 86,973</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Pension and OPEB Trust Funds
Assets	
Cash and Cash Equivalents	\$ 1,443
Investments, at Fair Value	
Guaranteed Deposit Accounts	8,342,315
Mutual Funds	<u>44,769,636</u>
Total Assets	<u>53,113,394</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Payables	<u>-</u>
Total Liabilities	<u>-</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Restricted for Pension Benefits	53,111,951
Restricted for OPEB Benefits	<u>1,443</u>
Total Net Position	<u>\$ 53,113,394</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Pension and OPEB Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 1,664,835
Plan Members	<u>444,999</u>
Total Contributions	<u>2,109,834</u>
Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	3,189,373
Interest and Dividends	<u>1,341,172</u>
Total Investment Income	4,530,545
Less: Investment Management Fees	<u>(244,730)</u>
Net Investment Income	<u>4,285,815</u>
Total Additions	<u>6,395,649</u>
Deductions	
Pension Benefits	3,748,152
Administrative Expenses	<u>137,792</u>
Total Deductions	<u>3,885,944</u>
Change in Net Position	2,509,705
Net Position at Beginning of Year	<u>50,603,689</u>
Net Position at End of Year	<u>\$ 53,113,394</u>

The notes to the financial statements are an integral part of this statement

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Watertown, Connecticut (the Town) was settled in 1780 and adopted its current Charter in 1961. The Town operates under a Town Council/Town Manager form of government as prescribed by the Connecticut General Statutes and its Charter. The Town Manager is responsible for presenting fiscal operating budgets to the Town Council for referendum. The Town provides the following services as authorized by its Charter: public safety (police and fire), public works (streets and highway), public health and social services, sewers and water, a free public library and education encompassing grades K-12. The financial statements include all of the funds of the Town that meet the criteria for inclusion as set forth in Statement of Governmental Accounting Standards No. 14 issued by the Governmental Accounting Standards Board (GASB).

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government and its component units, entities for which the government is considered to be financially accountable, all organizations for which the primary government is financially accountable, and other organizations which by the nature and significance of their relationship with the primary government would cause the financial statements to be incomplete or misleading if excluded. Blended component units, although legally separate entities, are, in substance, part of the government's operations; therefore, data from these units are combined with data of the primary government. Based on these criteria, there are no component units requiring inclusion in these financial statements.

Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, equipment financing, post-closure landfill costs, pollution remediation obligations, other post-employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under equipment financing are reported as other financing sources.

The Town reports the following major governmental funds:

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

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

The *ARPA Grant Fund* is used to account for and report financial resources related to the Federal American Rescue Plan Act grant.

The Town reports the following major proprietary funds:

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Additionally, the Town reports the following fund types:

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

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

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

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 the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows and outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

Fair Value of Financial Instruments - In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments are carried at fair value based on Level 1 observable inputs and are presented in Note 3.

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Inventories and Prepaid Items - Inventories are reported at the lower of cost or net realizable value using the first-in/first-out (FIFO) method, except for USDA donated commodities, which are recorded at market value. Inventories 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 the government-wide and the fund financial statements. Prepaid items are recorded as expenditures when consumed rather than when purchased.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Leases (as Lessor) – The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Town uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the non-cancellable period of the lease. The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Vehicles	3
Building Improvements	20
Infrastructure	20-100
Machinery and Equipment	5

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports the deferred charge on refunding in this category. 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. The Town also reports Deferred Pension and OPEB Expense in this category. Deferred pension and OPEB expense 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 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 and inactive employees).

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

In addition to liabilities, the statement of financial 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections and deferred leases in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. Also, within the government-wide statement of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension and OPEB plans. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, school building grants, and other receivables. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

Unearned Revenue – This liability represents resources that have been received but not yet earned.

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 the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the year they are incurred.

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

Compensated Absences – Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. All vacation and sick pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Net OPEB Liability – The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Leases and Subscription-Based Information Technology Arrangements (as Lessee) – The Town recognizes a lease/subscription liability and an intangible right-of-use asset (lease/subscription asset) for a noncancellable lease/subscription in the government-wide and proprietary fund financial statements. The Town recognizes lease/subscription liabilities with an initial, individual value of \$20,000 or more. At the commencement of a lease/subscription, the Town initially measures the lease/subscription liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/subscription liability is reduced by the principal portion of lease/subscription payments made. The lease/subscription asset is initially measured as the initial amount of the lease/subscription liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases/subscriptions include how the Town determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments. The Town uses the interest rate charged by the lessor/subscription vendor as the discount rate. When the interest rate charged by the lessor/subscription vendor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases/subscriptions. The lease/subscription term includes the non-cancellable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/subscription liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise. The Town monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/subscription liability. Lease/subscription assets are reported with other capital assets and lease/subscription liabilities are reported with long-term debt and other long-term obligations in the statement of net position.

Fund Balance and Net Position – Equity in the government-wide and proprietary fund financial statements is defined as "net position" and 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 presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the preceding two categories.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's practice to consider restricted net position to have been depleted before unrestricted net position is applied.

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

Nonspendable Fund Balance - Indicates amounts that cannot be spent because they are either not in spendable form (inventories) or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal. Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

Restricted Fund Balance - Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Assigned Fund Balance – In the General Fund, represents amounts constrained either by policies of the Town Council for amounts assigned for balancing the subsequent year's budget or management for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balances in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - Represents the remaining fund balance after amounts are set aside for all other classifications. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

The Town has established a policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance. The Town generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has adopted a fund balance policy to maintain a minimum General Fund unassigned fund balance of 7% of the ensuing fiscal year operating revenue with a target maximum of 12%.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Property Taxes - The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property, motor vehicles and commercial personal property located in the Town. Assessed values are established by the Town Assessment Board at 70% of estimated market value. A physical revaluation of all real property is required to be completed every ten years, and a statistical revaluation is required to be completed every five years. The Town had a revaluation of its property as of October 1, 2018. The Town's property tax is levied each June on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. A mill rate was applied to the Grand List. Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. Liens are placed on delinquent accounts in June following the levy date. Taxes are due in two equal installments on the July 1 and January 1 following the levy date, although a 30-day grace period is provided. Uncollected property taxes are recorded as receivables, net of an allowance for estimated uncollectible accounts.

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

Encumbrances - In the governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

In January, department heads, offices, or agencies of the Town, including the Board of Education, must file estimates of expenditures for the ensuing fiscal year to the Town Manager. In April, the Town Manager submits a proposed budget for the General Fund to the Town Council. After various public hearings, the Town Council recommends these budgets, as revised, for adoption at the referendum in May.

Budget control is established at the department level. Under the Town Charter, no officer of the Town may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated for the department until such matter has been approved and voted by the Council. Management may make changes to line items within a department without the approval of the Town Council. Town Meeting approval is required for additional appropriations over \$50,000. Additional appropriations of \$4,870,830 from fund balance were approved during the fiscal year for the General Fund in accordance with Charter requirements.

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

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

The budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** – The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut under a special funding situation in its budget. US GAAP requires that the employer municipality recognize payments for salaries and fringe benefits paid under a special funding situation for its employees.
- **Encumbrances** – Unless committed through a formal encumbrance (e.g. purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year-end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** – The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.
- **Long-Term Debt and Lease Financing** – Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

- **Cash Basis Payroll** – Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

Deficit Fund Equity

The following funds had deficit fund balances as of June 30, 2023:

Internal Service Funds	\$ (3,695,304)
Preservation of Historical Documents	(63,471)
Sewer Authority	(62,394)
STEAP Grant Fund	(6,677)
Police Asset Forfeiture	(2,992)

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.” The following is a summary of cash and cash equivalents at June 30, 2023.

Detailed Cash Notes on all Funds

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 26,856,514	\$ 9,006,305	\$ 1,443	\$ 35,864,262
Cash Equivalents	3,509,781	-	-	3,509,781
Restricted Cash	286,246	-	-	286,246
Total Cash and Cash Equivalents	<u>\$ 30,652,541</u>	<u>\$ 9,006,305</u>	<u>\$ 1,443</u>	<u>\$ 39,660,289</u>

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town's custodial credit risk policy is to only allow the Town to use banks in the State. 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. The following is a reconciliation of the Town's deposits subject to custodial credit risk:

Cash, Cash Equivalents, and Restricted Cash	\$ 39,660,289
Less: Cash Equivalents (STIF)	(3,509,781)
	<u>\$ 36,150,508</u>

At year-end, the Town's carrying amount of deposits was \$36,150,508 and the bank balance was \$36,386,008. Of the bank balance, the Federal Depository Insurance Corporation insured \$17,906,748.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

As of June 30, 2023, \$18,479,260 of the Town's bank balance of \$36,386,008 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 16,481,334
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	1,997,926
Total	\$ 18,479,260

Cash Equivalents

At June 30, 2023, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$3,719,887. STIF is rated AAAM by Standard & Poor's and has an average maturity of under 60 days.

Investments

Below is a summary of the interest rate risk and credit risk of investments:

Investment Type	Average Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Guaranteed Deposit Accounts	AA-	\$ 8,342,315	N/A	\$ 8,342,315	N/A
Mutual Funds	N/A	44,769,636	N/A	N/A	N/A
Common Stock	N/A	1,922	N/A	N/A	N/A
Total Investments		\$ 53,113,873	\$ -	\$ 8,342,315	\$ -

N/A - Not Applicable

The guaranteed deposit accounts and the mutual funds can be found in the Pension Trust Funds. The common stock can be found in the Governmental Funds.

The following is a summary of assets measured at fair value:

Description	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed Deposit Accounts	\$ 8,342,315	\$ 8,342,315	\$ -	\$ -
Mutual Funds	44,769,636	44,769,636	-	-
Common Stock	1,922	1,922	-	-
Total	\$ 53,113,873	\$ 53,113,873	\$ -	\$ -

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Credit Risk-Investments - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk - The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk.

NOTE 4 – RECEIVABLES

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

	General Fund	Sewer	Water	Capital Improvement Fund	Nonmajor and Other Funds	Total
Receivables:						
Property taxes	\$ 1,269,059	\$ -	\$ -	\$ -	\$ -	\$ 1,269,059
Interest, Liens, and Fees	414,226	-	-	-	-	414,226
Assessments	1,076,292	-	-	-	-	1,076,292
Usage Charges	-	800,767	512,724	-	-	1,313,491
Loans	-	-	-	-	752,055	752,055
Leases	3,201,512	-	-	-	250,361	3,451,873
Intergovernmental	-	-	-	2,336,988	725,994	3,062,982
Accounts	542,605	-	-	-	22,285	564,890
Gross Receivables	<u>6,503,694</u>	<u>800,767</u>	<u>512,724</u>	<u>2,336,988</u>	<u>1,750,695</u>	<u>11,904,868</u>
Less allowance for uncollectibles:						
Property taxes	(207,000)	-	-	-	-	(207,000)
Interest, Liens, and Fees	(39,000)	-	-	-	-	(39,000)
Usage Charges	-	(19,020)	(11,818)	-	-	(30,838)
Accounts	(80,000)	-	-	-	-	(80,000)
Total allowance	<u>(326,000)</u>	<u>(19,020)</u>	<u>(11,818)</u>	<u>-</u>	<u>-</u>	<u>(356,838)</u>
Net Total Receivables	<u>\$ 6,177,694</u>	<u>\$ 781,747</u>	<u>\$ 500,906</u>	<u>\$ 2,336,988</u>	<u>\$ 1,750,695</u>	<u>\$ 11,548,030</u>

The assessments receivable of \$1,076,292, the loans receivable of \$752,055, and the leases receivable of \$3,451,873 are long-term receivables and not expected to be collected within one year.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

	Governmental Funds
Capital Improvement Fund:	
Advances on Grants	\$ 5,316,199
ARPA Grant Fund:	
Advances on Grants	5,242,535
Nonmajor Funds:	
Rehab Loans	1,166
Advances on Grants	261,211
Fees Collected in Advance	25,515
 Total Unearned Revenue for Governmental Funds	 \$ 10,846,626

Leases Receivable

The Town, acting as lessor, has noncancelable lease agreements for cell tower space on Town property. The cell tower leases expire at various dates through 2028 and include automatic renewal terms. Additionally, the Crestbook Golf Course leases a space in a building to a restaurant which will expire in April of 2029.

	Leases Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Governmental Activities				
Cell Towers	\$ 3,201,512	\$ 3,117,886	\$ 55,523	\$ 106,076
Business-Type Activities				
Restaurant	\$ 250,361	\$ 254,703	\$ 48,919	\$ 11,081

The future minimum lease payments to be received under lease agreements are as follows:

<u>Year(s)</u>	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 33,685	\$ 120,712	\$ 39,727	\$ 9,273	\$ 73,412	\$ 129,985
2025	38,427	119,351	40,308	7,692	78,735	127,043
2026	43,444	117,803	41,951	6,049	85,395	123,852
2027	48,755	116,056	43,660	4,340	92,415	120,396
2028	56,561	114,065	45,439	2,562	102,000	116,627
2029-2033	382,344	531,495	39,276	723	421,620	532,218
2034-2038	593,501	439,585	-	-	593,501	439,585
2039-2043	854,493	301,563	-	-	854,493	301,563
2044-2048	704,642	148,725	-	-	704,642	148,725
2049-2053	445,660	41,997	-	-	445,660	41,997
	\$ 3,201,512	\$ 2,051,352	\$ 250,361	\$ 30,639	\$ 3,451,873	\$ 2,081,991

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2023, consisted of:

<i>Governmental Activities</i>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets, not being depreciated:				
Land	\$ 3,147,876	\$ -	\$ -	\$ 3,147,876
Construction in Progress	-	818,514	-	818,514
Total capital assets, not being depreciated	<u>3,147,876</u>	<u>818,514</u>	<u>-</u>	<u>3,966,390</u>
Capital assets, being depreciated:				
Buildings and Improvements	178,486,635	167,912	(228,662)	178,425,885
Vehicles	10,187,131	175,753	-	10,362,884
Machinery and Equipment	9,834,850	474,596	(97,594)	10,211,852
Infrastructure	91,336,955	585,226	-	91,922,181
Right of Use Equipment	-	675,827	-	675,827
Right of Use SBITAs	-	496,408	-	496,408
Total capital assets, being depreciated	<u>289,845,571</u>	<u>2,575,722</u>	<u>(326,256)</u>	<u>292,095,037</u>
Less accumulated depreciation for:				
Buildings and Improvements	55,103,567	3,526,970	(190,630)	58,439,907
Vehicles	9,768,413	246,644	-	10,015,057
Machinery and Equipment	7,506,763	489,898	(97,594)	7,899,067
Infrastructure	39,174,666	1,802,771	-	40,977,437
Right of Use Equipment	-	225,276	-	225,276
Right of Use SBITAs	-	53,032	-	53,032
Total accumulated depreciation	<u>111,553,409</u>	<u>6,344,591</u>	<u>(288,224)</u>	<u>117,609,776</u>
Total capital assets, being depreciated	<u>178,292,162</u>	<u>(3,768,869)</u>	<u>(38,032)</u>	<u>174,485,261</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 181,440,038</u>	<u>\$ (2,950,355)</u>	<u>\$ (38,032)</u>	<u>\$ 178,451,651</u>

Depreciation and amortization expense were charged to functions/programs of the Town as follows:

Governmental Activities:	
General Government	\$ 248,975
Public Safety	562,903
Public Works	2,319,947
Parks and Recreation	68,068
Education	<u>3,144,698</u>
Total Depreciation and Amortization Expense	
Governmental Activities	<u>\$ 6,344,591</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Capital asset activity for the business-type activities for the year ended June 30, 2023, consisted of:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 1,019,600	\$ -	\$ -	\$ 1,019,600
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,019,600</u>	<u>-</u>	<u>-</u>	<u>1,019,600</u>
Capital assets, being depreciated				
Buildings and Improvements	2,892,500	-	-	2,892,500
Vehicles	284,522	-	-	284,522
Machinery & Equipment	1,033,435	45,080	-	1,078,515
Infrastructure	30,121,347	93,396	-	30,214,743
Right of Use Equipment	125,536	-	-	125,536
Total capital assets, being depreciated	<u>34,457,340</u>	<u>138,476</u>	<u>-</u>	<u>34,595,816</u>
Less accumulated depreciation for:				
Buildings and Improvements	2,207,792	58,462	-	2,266,254
Vehicles	284,520	-	-	284,520
Machinery & Equipment	994,513	22,052	-	1,016,565
Infrastructure	13,828,936	517,006	-	14,345,942
Right of Use Equipment	35,867	35,867	-	71,734
Total accumulated depreciation	<u>17,351,628</u>	<u>633,387</u>	<u>-</u>	<u>17,985,015</u>
Total capital assets, being depreciated, net	<u>17,105,712</u>	<u>(494,911)</u>	<u>-</u>	<u>16,610,801</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 18,125,312</u>	<u>\$ (494,911)</u>	<u>\$ -</u>	<u>\$ 17,630,401</u>

Depreciation and amortization expense were charged to functions/programs as follows:

Business-Type Activities:	
Sewer	\$ 296,019
Water	271,527
Golf	<u>65,841</u>
Total Depreciation and Amortization Expense	
Business-Type Activities	<u>\$ 633,387</u>

Construction Commitments

The Town has several active construction/renovation projects as of June 30, 2023. At year-end, the Town's commitments are as follows:

	Project Authorization	Current Expenditures	Cumulative Expenditures	Encumbered	Project Balance
Road, Bridge and Drainage	\$ 4,000,000	\$ 31,734	\$ 3,661,992	\$ 9,294	\$ 328,714
2019 PW Projects	6,000,000	446,569	3,802,403	1,873,327	324,270
2020 Steap Grant	256,410	1,210	13,450	-	242,960
Reconst. Guernseystown Rd.	4,276,305	6,000	6,000	19,500	4,250,805
	<u>\$ 14,532,715</u>	<u>\$ 485,513</u>	<u>\$ 7,483,845</u>	<u>\$ 1,902,121</u>	<u>\$ 5,146,749</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. The Town pays the debt service of the Water and Sewer Funds. The Town's cost is partially offset by transfer of the homeowner assessment payments collected by the Water and Sewer Authority to the Town General Fund. A summary of interfund transfers is presented below:

Transfers In:	Transfers Out:	Amount
Governmental Funds:		
Nonmajor Governmental Funds	ARPA Grant Fund	\$ 150,000
General Fund	Proprietary Fund - Water Fund	514,585
	Proprietary Fund - Sewer Fund	47,395
		<u>561,980</u>
	Total Governmental Funds	<u>711,980</u>
Proprietary Funds:		
Water Fund	General Fund	136,566
	Total Transfers	<u>\$ 848,546</u>

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. The outstanding balances owed between funds as of June 30, 2023, were:

Payable Fund	Receivable Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	General Fund	\$ 800,156
Nonmajor Governmental Funds	Nonmajor Governmental Funds	15,312
General Fund	Nonmajor Governmental Funds	5,000
	Total Governmental Funds	<u>\$ 820,468</u>
Proprietary Funds:		
Internal Service Funds	General Fund	<u>\$ 65,000</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 7 – LONG-TERM LIABILITIES

Governmental Activities

Changes in Long-Term Liabilities

Governmental Activities long-term liabilities for the year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 51,475,000	\$ -	\$ 5,470,000	\$ 46,005,000	\$ 5,470,000
Unamortized Premiums	3,580,770	-	315,208	3,265,562	315,208
Total Bonds Payable	<u>55,055,770</u>	<u>-</u>	<u>5,785,208</u>	<u>49,270,562</u>	<u>5,785,208</u>
Equipment Financing Notes	1,365,603	367,139	441,772	1,290,970	508,112
Lease Liability	-	675,827	221,206	454,621	224,831
Subscription Liability	-	496,408	66,889	429,519	82,321
Compensated Absences	2,912,506	1,037,263	1,083,984	2,865,785	1,052,493
Post-Closure Landfill Costs	104,898	-	24,122	80,776	40,388
Special Termination Benefits	98,504	18,263	79,375	37,392	16,783
Pension Buy-In	425,746	-	28,703	397,043	31,085
Net Pension Liability	16,629,221	775,740	757,868	16,647,093	-
OPEB Liability	<u>73,209,291</u>	<u>17,716,662</u>	<u>-</u>	<u>90,925,953</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 149,801,539</u>	<u>\$ 21,087,302</u>	<u>\$ 8,489,127</u>	<u>\$ 162,399,714</u>	<u>\$ 7,741,221</u>

Each governmental funds liability is liquidated by the respective fund to which it relates, primarily the General Fund and the Capital Improvement Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2023, consisted of the following:

Purpose	Year of Issue	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2023
Education, Sewer*	2013	1/15/2033	2.5-4.5%	\$ 8,600,000	\$ 4,120,000
Education*	2015	9/15/2029	2-4%	5,550,000	2,580,000
Sewer*	2015	9/15/2027	1.5-3.0%	715,000	245,000
General, Education	2017	4/15/2029	2.0-2.75%	1,075,000	600,000
General, Sewer	2018	10/15/2038	4-5%	11,000,000	9,260,000
Education	2018	10/15/2038	4-5%	5,810,000	290,000
General, Sewer	2019	10/15/2040	2.5-5%	7,200,000	6,480,000
General	2020	10/15/2041	1-4%	6,000,000	5,700,000
General, Education and Sewer*	2021	10/15/2027	4%	5,450,000	3,270,000
Education*	2021	10/15/2038	.25-2.65%	4,840,000	4,750,000
General, Education and Sewer*	2022	3/15/2035	2-4%	9,430,000	8,710,000
Total General Obligation Bonds				<u>\$ 65,670,000</u>	<u>\$ 46,005,000</u>

*Refunding Bonds

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Payments to maturity on general obligation bonds are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,470,000	\$ 1,667,450	\$ 7,137,450
2025	4,920,000	1,278,486	6,198,486
2026	4,575,000	1,109,921	5,684,921
2027	4,040,000	950,371	4,990,371
2028	3,805,000	800,393	4,605,393
2029-2033	12,190,000	2,448,802	14,638,802
2034-2038	7,885,000	993,099	8,878,099
2039-2043	3,120,000	105,312	3,225,312
	<u>\$ 46,005,000</u>	<u>\$ 9,353,834</u>	<u>\$ 55,358,834</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2023, totaled \$1,718,264.

General Obligation Bonds - Advance Refunding

In a prior year, the Town refunded debt by issuing bonds whose proceeds were used to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the portion of the refunded bonds is considered defeased and the Town has removed the liability from its financial statements. At June 30, 2023, the balance in escrow was \$4,440,263, and the amount of defeased debt outstanding from the refunding was \$4,350,000.

Pension Buy-In

The Town has a note outstanding totaling \$397,043 on the buy-in to the State pension plan with an interest rate of 8.0%. Annual debt service requirements to maturity for this payable are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 31,085	\$ 30,640	\$ 61,725
2025	33,665	28,060	61,725
2026	36,459	25,266	61,725
2027	39,485	22,240	61,725
2028	42,763	18,963	61,726
2029-2033	139,980	59,760	199,740
2034-2035	73,606	6,290	79,896
	<u>\$ 397,043</u>	<u>\$ 191,219</u>	<u>\$ 588,262</u>

Interest incurred and expensed on the buy-in for the year ended June 30, 2023, totaled \$33,022.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Equipment Financing Notes – Direct Borrowings

The Town has entered into equipment financing notes for the purchase of various vehicles and equipment with interest rates ranging from 3.3% to 6.5%. The notes are due at various dates through 2028. The annual debt service requirements of the Town's equipment financing notes are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 508,112	\$ 54,397	\$ 562,509
2025	390,817	31,344	422,161
2026	225,560	14,090	239,650
2027	135,809	5,902	141,711
2028	30,672	977	31,649
	<u>\$ 1,290,970</u>	<u>\$ 106,710</u>	<u>\$ 1,397,680</u>

Interest paid and expensed on the notes for the year ended June 30, 2023, totaled \$56,066.

Bonds Authorized/Unissued

The amount of authorized, unissued bonds are as follows:

<u>Category</u>	<u>Authorized Unissued</u>
General Purpose	\$ 8,677,672
Schools	15,310,254
Sewers	36,980
Water	220
	<u>\$ 24,025,126</u>

Statutory Debt Limitation

The Town's indebtedness does not exceed the legal debt limitation 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	\$ 146,506,840	\$ 28,141,259	\$ 118,365,581
Schools	293,013,680	32,694,311	260,319,369
Sewers	244,178,066	9,194,336	234,983,730
Urban Renewal	211,620,991	-	211,620,991
Pension Deficit	195,342,453	-	195,342,453

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$455,799,057.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Lease Liability

The Town leases equipment under long-term, noncancelable lease agreements. The leases expire at various dates through June 2025. As a result of the leases, the Town has recorded right of use equipment with a net book value of \$450,551 as of June 30, 2023. The future principal and interest lease payments as of June 30, 2023, are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 224,831	\$ 6,634	\$ 231,465
2025	229,790	1,674	231,464
	<u>\$ 454,621</u>	<u>\$ 8,308</u>	<u>\$ 462,929</u>

Subscription-Based Information Technology Arrangements

The Town has entered into subscription-based information technology arrangements (“SBITAs”). The SBITA arrangements expire at various dates through June 2028. As of June 30, 2023, SBITA assets and related accumulated amortization totaled \$496,408 and \$53,032, respectively. The future subscription payments under SBITA agreements as of June 30, 2023, are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 82,321	\$ 10,232	\$ 92,553
2025	92,992	7,742	100,734
2026	95,570	5,164	100,734
2027	98,222	2,512	100,734
2028	60,414	119	60,533
	<u>\$ 429,519</u>	<u>\$ 25,769</u>	<u>\$ 455,288</u>

Compensated Absences

Under the terms of various Town Employee Union contracts, the following reflects the compensated absences for each contract group:

- Non-Organized – accumulate up to 200 days, pay out of ½ up to 100 days
- Police – accumulate up to 150 days, pay out of the full 150 days
- White Collar – accumulate up to 175 days, pay out of ½ up to 87.5 days
- Supervisors – accumulate up to 200 days, pay out of ½ up to 100 days
- Communications – accumulate up to 150 days, pay out of ½ up to 87.5 days
- Highway – accumulate up to 200 days, pay out of ½ up to 100 days

The Board of Education’s policy states that after twenty (20) years of teaching service in the Town of Watertown and upon death or retirement of a member of the professional staff, the payment shall be one half of accumulated sick leave up to one hundred fifty days based on the teacher’s existing per diem rate, and ten (10%) percent of the days in excess of one hundred fifty days at that teacher’s existing per diem rate, over and above their regular compensation. No teacher hired after May 1, 1997, will be entitled to such pay. The total of such pay, per diem rate and accumulated days is capped on the amount of each teacher hired prior to May 1, 1997, as of July 2000.

Post-Closure Landfill Costs

Solid waste landfill closure and post-closure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the post closure period are the responsibility of the Town. The landfill was closed in 1996. The estimated project costs of this post-closure period are \$80,776. The cost estimate is subject to change due to inflation, technology, or changes in cost estimate components. Current year costs amounted to \$45,187.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Special Termination Benefits

The liability for special termination benefits for Board of Education employees as of June 30, 2023, is \$37,392. This amount consists of payments due to retired individuals for retirement incentives that have been amortized over the following years:

	Amount
Year ending June 30:	
2024	\$ 16,783
2025	14,522
2026	6,087
	\$ 37,392

Business-Type Activities

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Net Pension Liability	\$ 303,763	\$ 14,743	\$ 9,738	\$ 308,768	\$ -
Equipment Financing Notes	17,323	-	8,362	8,961	8,961
Lease Liability	90,993	-	35,529	55,464	36,560
Compensated Absences	122,893	58,060	45,288	135,665	61,775
Business-Type Activities					
Long-Term Liabilities	\$ 534,972	\$ 72,803	\$ 98,917	\$ 508,858	\$ 107,296

Equipment Financing Notes – Direct Borrowings

The Town has an equipment financing note for the acquisition of a Toro 3150 lawnmower to be used by the Crestbrook Golf Course. The final payment will be in October of 2023. The original amount of the mower was \$41,770 and has an interest rate of 6.94%. The principal outstanding amount at June 30, 2023 is \$8,961.

Annual Debt Service Requirements on equipment financing notes as of June 30, 2023, are as follows:

Year(s)	Principal	Interest	Total
2024	\$ 8,961	\$ 642	\$ 9,603

Interest paid and expensed on the notes for the year ended June 30, 2023, totaled \$1,241.

Lease Liability

The Town leases Golf Carts for the Crestbrook Golf Course under a long-term, noncancelable lease agreement. The agreement requires monthly payments, varying in amounts, through August 2024. The lease liability has a stated interest rate of 4.60%. As a result of the lease, the Town has recorded right of use equipment with a net book value of \$53,802.

The annual debt service requirements of the Town's leases payable are as follows:

Year(s)	Principal	Interest	Total
2024	\$ 36,560	\$ 1,777	\$ 38,337
2025	18,904	109	19,013
	\$ 55,464	\$ 1,886	\$ 57,350

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 8 – NET POSITION AND FUND BALANCE COMPONENTS

Restricted Net Position

Restrictions on net position at year-end are summarized as follows:

	Expendable	Nonexpendable
Purposes of Trust	\$ 76,801	\$ 97,143
Small Cities Loans	895,234	-
General Government	42,702	-
Public Safety	32,379	-
Public Works	194,042	-
Parks and Recreation	123,710	-
Health and Welfare	5,872	-
Education	289,639	-
Capital	443	-
Total	\$ 1,660,822	\$ 97,143

The components of fund balance for the governmental funds at June 30, 2023, are as follows:

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Trust Principal	\$ -	\$ -	\$ -	\$ 97,143	\$ 97,143
Leases	83,626	-	-	-	83,626
Total Nonspendable	\$ 83,626	\$ -	\$ -	\$ 97,143	\$ 180,769
Restricted for:					
General Government	\$ -	\$ -	\$ 42,702	\$ 35,336	\$ 78,038
Public Safety	-	-	-	33,469	33,469
Public Works	-	-	-	194,042	194,042
Parks and Recreation	-	-	-	123,710	123,710
Health and Welfare	-	-	-	931,318	931,318
Education	-	-	-	299,802	299,802
Capital	-	3,293,675	-	443	3,294,118
Total Restricted	\$ -	\$ 3,293,675	\$ 42,702	\$ 1,618,120	\$ 4,954,497
Committed to:					
General Government	\$ -	\$ -	\$ -	\$ 76,405	\$ 76,405
Public Safety	-	-	-	25,025	25,025
Public Works	-	-	-	816	816
Parks and Recreation	-	-	-	495,894	495,894
Health and Welfare	-	-	-	177,258	177,258
Education	-	-	-	838,430	838,430
Capital	-	914,239	-	615,136	1,529,375
Total Committed	\$ -	\$ 914,239	\$ -	\$ 2,228,964	\$ 3,143,203
Assigned-Encumbrances:					
General Government	\$ 30,387	\$ -	\$ -	\$ -	\$ 30,387
Public Safety	112,778	-	-	-	112,778
Public Works	35,080	-	-	-	35,080
Parks and Recreation	595	-	-	-	595
Education	193,662	-	-	-	193,662
Miscellaneous	35,465	-	-	-	35,465
Total Assigned	\$ 407,967	\$ -	\$ -	\$ -	\$ 407,967
Unassigned:	\$ 9,632,135	\$ -	\$ -	\$ (73,140)	\$ 9,558,995

Significant encumbrances of \$1,873,327 are contained in the above table in the restricted and committed categories of the Capital Improvement Fund.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 9 - EMPLOYEE RETIREMENT PLANS

The Town accounts for activity relating to four defined benefit pension plans, (1) the Town Employees Retirement Income Plan, 2) the Police Department Pension Plan, 3) the Municipal Employees Retirement System, and 4) the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the plans had the following balances reported in the Town's government-wide financial statements:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>On Behalf Revenues</u>	<u>Pension Expense</u>
Town Employees Retirement Income Plan	\$ 5,141,055	\$ 1,334,751	\$ 385,584	\$ -	\$ 849,855
Police Department Pension Plan	10,523,782	2,713,135	693,327		1,973,100
Municipal Employees' Retirement System	1,291,024	630,721	152,232	-	244,895
Connecticut Teachers' Retirement System	-	-	-	8,456,206	8,456,206
	<u>\$ 16,955,861</u>	<u>\$ 4,678,607</u>	<u>\$ 1,231,143</u>	<u>\$ 8,456,206</u>	<u>\$ 11,524,056</u>

Detailed disclosures of each plan follow.

Defined Benefit Pension Plans

The Town is the administrator of two single employer public employee retirement systems ("PERS") established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers' Retirement System ("TRS")). These are considered to be part of the Town of Watertown's financial reporting entity and are included in the Town's financial statement as a pension trust fund. Separate stand-alone financial reports are not issued. Benefits may be changed by the Town Council through union agreements. These plans cover:

- Town of Watertown Retirement Income Plan – General Town Employees
- Police Department Pension Plan – Police Employees

General Town Employees

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Police Employees

Plan Description - The Police Department Pension Plan is open to all police employees represented by the union for collective bargaining purposes.

Benefits Provided - All policemen who work more than 20 hours per week and 5 months per calendar year are eligible to participate in the plan. All employees are 100% vested after 10 years of continuous service. The retirement benefit is 2.5% (2.0% if hired after April 15, 2014) of final earnings per year of credited service, less 17.5% of social security. Final earnings are defined as the average earnings received in the last three full calendar years before retirement date. A temporary retirement annuity equal to 17.5% of the social security benefit shall be paid from normal retirement date at age 65. The normal retirement age is 55 or 25 years of service. An employee may accumulate up to 30 years of service. For early retirement, age 50 with 10 years of service, the normal benefit accrued is actuarially reduced for the number of months the annuity commencement date precedes the normal retirement date.

Pension provisions include disability and death benefits to all eligible employees. Disabled employees are entitled to 75% of their salary at disability, less workman's compensation and long-term disability payments.

Pre-retirement death benefits include: 1) non-service connected death benefits which include a lump-sum payment based on employee contributions with interest. Spouse's benefits include the greater of \$120 or 35% of the ultimate yearly amount of retirement income that the participant would have received had his date of death been his normal retirement date assuming his earnings remain the same, 2) service connected benefits which include 50% of the annual basic rate of pay at death to spouse or dependent children, and 3) postretirement death benefits that include a refund of employee contributions with interest less benefits paid.

Plan Membership

As of the date of the latest actuarial valuation (January 1, 2022), membership consisted of the following:

	Town	Police
Inactive plan members or beneficiaries receiving payments	117	34
Inactive plan members entitled but not yet receiving payments	23	1
Active Members	81	34
	221	69

Contribution Policy

The contribution requirements of plan members are established and may be amended by the Town Council, subject to union contract negotiation. Plan members of the Town of Watertown Retirement Income Plan are required to contribute 3% of their salary up to \$7,800 plus 4.5% of their salary in excess of \$7,800, except for Highway Division employees who are required to contribute 7.1% of their salary up to \$7,800 plus 7.6% of their salary in excess of \$7,800.

Plan members of the Police Benefit fund are required to contribute 6.25% of their earnings. The Town is required to contribute the remaining amounts necessary to finance administrative costs and benefits for its employees.

Funding Policy

The Town's contributions are actuarially determined by Prudential Retirement on an annual basis. The current rate for the Town's contribution is 10.4% for the Town Retirement System and 34.3% for the Police Benefit Fund.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Summary of Significant Accounting Policies

Basis of Accounting - The Town of Watertown Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The value of the Guaranteed Deposit account for the calculation of plan net position and the net pension liability is as of the valuation date (January 1, 2022). In the fiduciary fund financial statements, the Guaranteed Deposit account is recorded at fair value as of June 30, 2023, which is the reason for the difference in value reported in the Pension Trust Funds versus the notes to the financial statements.

Investment Policy – The Town's pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Town Manager at any time. It is the policy of the Town Manager to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the asset allocation policies of the pension plans as of June 30, 2023:

Target Allocation and Expected Rate of Return June 30, 2023

Town	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
		Rate of Return	
Large Cap Equity	31.00%	7.75%	2.40%
Small Cap Equity	8.00%	8.75%	0.70%
Mid Cap Equity	4.00%	8.50%	0.34%
International Equity	12.00%	7.25%	0.87%
Fixed Income	24.00%	5.75%	1.38%
Real Estate	5.00%	6.75%	0.34%
Stable Value	16.00%	4.60%	0.74%
	<u>100.00%</u>		<u>6.77%</u>
Long-Term Inflation Expectation			<u>2.75%</u>
Long-Term Expected Nominal Return			<u><u>9.52%</u></u>
Police	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
		Rate of Return	
Large Cap Equity	26.00%	7.75%	2.02%
Small Cap Equity	7.00%	8.75%	0.61%
Mid Cap Equity	7.00%	8.50%	0.60%
International Equity	10.00%	7.25%	0.73%
Fixed Income	27.00%	6.00%	1.62%
Real Estate	5.00%	6.75%	0.34%
Stable Value	18.00%	4.60%	0.83%
	<u>100.00%</u>		<u>6.73%</u>
Long-Term Inflation Expectation			<u>2.75%</u>
Long-Term Expected Nominal Return			<u><u>9.48%</u></u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Long-Term Expected Rate of Return – The long term expected rate of return on the Pension plans assets have been determined by applying the most recent capital market assumptions, as developed by Empower Retirement, to the asset allocation strategy of the Plan using a building block approach. Best estimates of the real rates of return for each major asset class are included in the pension plan’s target asset allocation.

Calculation of Money-Weighted Rate of Return – The money-weighted rate of return considers the cash flow of the changing amounts actually invested during the period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the end of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expense as:

Town - Net money-weighted rate of return for the year ended June 30, 2023 8.70%
Police - Net money-weighted rate of return for the year ended June 30, 2023 7.80%

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2023, were as follows:

	Town	Police
Total pension liability	\$ 30,426,134	\$ 37,409,128
Plan fiduciary net position	25,285,079	26,885,346
Net pension liability (asset)	5,141,055	10,523,782
Plan fiduciary net position as a percentage of total pension liability	83.10%	71.87%
Covered payroll	4,842,259	3,342,383
Net pension liability as a % of covered payroll	106.17%	314.86%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2022, valuation and projected forward to a measurement date of June 30, 2023:

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 2022, six months prior to the beginning of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level Cost
Inflation	2.75%
Payroll growth	Town - 3.5% Police - 4.0%
Investment rate of return	Town - 7.00% net of investment and contract fees Police - 7.00% net of investment and contract fees
Retirement age	Town - The earlier of age 55 with 25 years of service or age 65 Police - Age 55 or the completion of 25 years, if later
Post-retirement mortality	Town - RP-2014 Blue Collar Mortality Table with no projection scale Police - RP-2014 Blue Collar Mortality Table with Scale MP-2014

There were no changes in assumptions or benefits that affected the measurement of the total pension liability since the prior measurement date.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Discount Rate – A single rate of return has been determined and applied to all projected benefit payments to arrive at an actuarial present value. This single rate of return has been determined by projecting all future benefit payments of the covered group on a closed group basis and discounting them at the long-term expected rate of return on plan assets if the pension plan’s fiduciary net position is projected to be greater than or equal to the benefit payments that are projected to be less than the benefit payments that are projected to be made in that period, those future benefit payments are discounted at an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher. In projecting whether the future benefit payments of this pension plan will be covered by plan assets, we have assumed that 100% of the actuarially determined contribution will be contributed by the sponsor based on the most recent 5-year history of actual contributions.

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

		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town	Net Pension Liability	\$ 8,229,139	\$ 5,141,055	\$ 2,489,118
Police	Net Pension Liability	\$ 14,788,665	\$ 10,523,782	\$ 6,954,116

	Increase (Decrease)		
Town	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 29,689,334	\$ 24,500,726	\$ 5,188,608
Changes for the year:			
Service Cost	384,032	-	384,032
Interest	2,014,843	-	2,014,843
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience including Changes in Assumptions	180,805	-	180,805
Employer Contributions	-	473,913	(473,913)
Member Contributions	-	172,045	(172,045)
Net Investment Income	-	2,070,984	(2,070,984)
Benefit Payments	(1,842,880)	(1,842,880)	-
Administrative Expenses	-	(89,709)	89,709
Net Changes	736,800	784,353	(47,553)
Balance at June 30, 2023	\$ 30,426,134	\$ 25,285,079	\$ 5,141,055
Plan fiduciary net position as a percentage of the total pension liability			83.10%
Covered Payroll			\$ 4,842,259
Net pension liability as a percentage of covered payroll			106.17%

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Police	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
	\$	\$	\$
Balance at June 30, 2022	36,733,512	25,483,965	11,249,547
Changes for the year:			
Service Cost	665,179	-	665,179
Interest	2,505,789	-	2,505,789
Differences Between Expected and Actual Experience including Changes in Assumptions	(590,080)	-	(590,080)
Employer Contributions	-	1,131,906	(1,131,906)
Member Contributions	-	264,191	(264,191)
Net Investment Income	-	1,958,634	(1,958,634)
Benefit Payments	(1,905,272)	(1,905,272)	-
Administrative Expenses	-	(48,078)	48,078
Net Changes	675,616	1,401,381	(725,765)
Balance at June 30, 2023	\$ 37,409,128	\$ 26,885,346	\$ 10,523,782
Plan fiduciary net position as a percentage of the total pension liability			71.87%
Covered Payroll			\$ 3,342,383
Net pension liability as a percentage of covered payroll			314.86%

For the year ended June 30, 2023, the total pension expense recognized was \$849,855 for the Town plan and \$1,973,100 for the Police plan. As of June 30, 2023, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Plan		
Net differences between projected and actual earnings	\$ 1,214,674	\$ -
Differences between expected and actual experience	120,077	385,584
Total Town Plan	\$ 1,334,751	\$ 385,584
Police Plan		
Net differences between projected and actual earnings	\$ 1,655,095	\$ -
Differences between expected and actual experience	974,733	693,327
Changes in assumptions	83,307	-
Total Police Plan	\$ 2,713,135	\$ 693,327

Amounts reported as deferred outflows and inflows of resources will be recognized as a component of pension expense in future years as follows:

<u>Year ended June 30,</u>	Town Plan	Police Plan	Total
2024	\$ (40,272)	\$ 691,346	\$ 651,074
2025	122,317	308,630	430,947
2026	948,767	1,146,017	2,094,784
2027	(81,645)	(126,185)	(207,830)
Total	\$ 949,167	\$ 2,019,808	\$ 2,968,975

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Connecticut Teachers' Retirement System

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

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

Normal Retirement: Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989, and voluntary contributions are payable.

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.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions: Per Connecticut General Studies 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.

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.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2023, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$1,548,378. Covered payroll for the Town for the year ended June 30, 2023, was approximately \$22,119,686.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2023, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>87,492,062</u>
Total	\$	<u>87,492,062</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2023, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2023, the Town recognized benefits expense and contribution revenue of \$6,898,115 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$8,456,206 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 Percent
Salary increases, including inflation	3.00-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	6.90 Percent

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

Future Cost-of-Living increases for members who retired prior to September 1, 1992, 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%. 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%.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

The long-term expected rate of return on pension investments was determined using a log-normal distributions 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity Fund	20.00%	5.40%
Developed Market Intl. Stock Fund	11.00%	6.40%
Emerging Market Intl. Stock Fund	9.00%	8.60%
Core Fixed Income Fund	13.00%	0.80%
Emerging Market Debt Fund	5.00%	3.80%
High Yield Bond Fund	3.00%	3.40%
Real Estate Fund	19.00%	5.20%
Private Equity	10.00%	9.40%
Private Credit	5.00%	6.50%
Alternative Investments	3.00%	3.10%
Liquidity Fund	2.00%	-0.40%

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

Municipal Employees' Retirement System

Plan Description: All Town employees not covered by the Town pension plan or the teacher retirement system participate in the Municipal Employees' Retirement System (MERS). This is a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating local government authorities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Normal Retirement: For members not covered by social security, retirement benefits are calculated as 2% of average final compensation times the years of service. For members covered by social security, retirement benefits are calculated as 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.

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

Early Retirement: Employees are eligible for early retirement after 5 years of active continuous or 15 years of active noncontinuous service. The benefit is calculated on the basis of the average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

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

Disability Retirement – Non-Service Connected: Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

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

Contributions - Member: Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2023, the Town reports a total liability of \$1,291,024 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2023, the Town's proportion was 0.287%. The increase in proportion from the prior year is 0.078%.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2023, the Town recognized pension expense of \$244,895. As of June 30, 2023, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 146,797	\$ -
Net difference between projected and actual earnings	190,022	-
Difference between expected and actual experience	97,010	54,495
Change in assumptions	-	-
Change in proportional share	196,892	97,737
Total	\$ 630,721	\$ 152,232

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

Year ended June 30:

2024	\$ 45,142
2025	72,521
2026	55,759
2027	158,270
	\$ 331,692

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases, including inflation	3.50-10.00 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	7.00 Percent

Mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees for the period after retirement and for dependent beneficiaries. The RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB is used by Police and Fire for the period after retirement and for dependent beneficiaries. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table projected to 2020 by Scale BB is used.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

The long-term expected rate of return on pension investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00%	6.90%
Public Credit	2.00%	2.90%
Core Fixed Income	13.00%	0.40%
Liquidity Fund	1.00%	-0.40%
Risk Mitigation	5.00%	0.10%
Private Equity	15.00%	11.20%
Private Credit	10.00%	6.20%
Real Estate	10.00%	6.30%
Infra. & Natural Resources	<u>7.00%</u>	7.70%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension'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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the Town's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.0%	7.0%	8.0%
Town's Proportionate Share of the Net Pension Liability as of June 30, 2023	\$ 1,767,877	\$ 1,291,024	\$ 887,365

Defined Contribution Plan

As of July 1, 2015, eligible on-call firefighters are eligible to participate in a Defined Contribution retirement plan (Town of Watertown FF 401a) administered by the Town. The Town contributed \$59,016 to this plan during the year ended June 30, 2023. Participants are 100% vested, and are not required to contribute.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

The Town accounts for activity relating to two other post-employment benefit plans, The Retiree Welfare Plan and the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2023, the plans had the following balances reported in the Town's government-wide financial statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense
Retiree Welfare Plan	\$ 90,925,953	\$ 21,875,050	\$ 22,629,020	\$ -	\$ 4,180,094
Connecticut Teachers' Retirement System	-	-	-	461,864	461,864
	<u>\$ 90,925,953</u>	<u>\$ 21,875,050</u>	<u>\$ 22,629,020</u>	<u>\$ 461,864</u>	<u>\$ 4,641,958</u>

Detailed disclosures for each plan follow.

Retiree Welfare Plan

Plan Description: The Town, in accordance with collective bargaining agreements, is committed to providing medical benefits to eligible retirees and their spouses. The retiree welfare plan ("RWP") covers Town and Board of Education retired employees. Employees become eligible to retire under the plan upon attainment of age 55 as an active member and completion of 10 years of service. Police may retire with the completion of 25 years of service regardless of age. The plan provides for a self-insured plan administered by the Blue Cross including options such as BC65 High Option, BlueScript, and more. Also, the Town offers Group Term Life Insurance in varying amounts based on contract and retirement date.

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

Funding Policy: All retired program members receiving benefits are required to contribute up to 12% of premiums for medical (teachers & BOE administrators pay 100% of premiums). Life insurance is 100% employer paid. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town does not expect to contribute beyond the pay-as-you-go payments in the future. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. For the 2023 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$2,217,450.

Employees Covered by Benefit Terms: At June 30, 2023, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	285
Active plan members	556
	<u>841</u>

Total OPEB Liability: The Town's total OPEB liability of \$90,927,396 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2022, valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Value of Assets	Fair Value
Discount Rate	4.13% (previously 4.09%)
Salary Increases	3.00%
Inflation	2.50%
Municipal Bond Rate	4.13% (previously 4.09%)
Mortality Rates	PubG-2010 Mortality Table for Employees projected generationally with Scale MP-2020 for males and females (Previously: RP-2014 mortality table projected generationally with scale MP-2016 for males and females.)
Healthcare Cost Trend Rates	5.00% in 2024, decreasing to an ultimate rate of 3.63% in 2060 and beyond

Changes of assumptions included a change in the discount rate and mortality tables as noted above.

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2022	\$ 73,210,738	\$ 1,447	\$ 73,209,291
Changes for the year:			
Service Cost	2,420,604	-	2,420,604
Interest	3,048,429	-	3,048,429
Changes in Assumptions	2,711,014	-	2,711,014
Differences Between Expected and Actual Experience	11,754,061	-	11,754,061
Net Investment Income	-	1	(1)
Employer Contributions	-	2,217,450	(2,217,450)
Benefit Payments including Implicit Costs	(2,217,450)	(2,217,450)	-
Administrative Expense	-	(5)	5
Net Changes	17,716,658	(4)	17,716,662
Balance at June 30, 2023	\$ 90,927,396	\$ 1,443	\$ 90,925,953

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Net OPEB Liability	\$ 106,630,425	\$ 90,925,953	\$ 78,460,852

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 77,582,433	\$ 90,925,953	\$ 107,918,254

OPEB Expense: For the year ended June 30, 2023, the Town recognized OPEB expense of \$4,180,094. As of June 30, 2023, deferred outflows and inflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ 71	\$ -
Difference between expected and actual experience	10,070,099	5,783,253
Changes in assumptions	11,804,880	16,845,767
Total	\$ 21,875,050	\$ 22,629,020

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

Year ended June 30:	
2024	\$ (71,775)
2025	(767,082)
2026	(1,106,720)
2027	(1,520,738)
2028	681,424
Thereafter	2,030,921
	\$ (753,970)

Connecticut Teachers' Retirement System - OPEB

Plan Description - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 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, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug 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.

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 amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$97,567.

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.

Administrative Expenses – Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	3.54%
Prior Measurement Date	2.16%

The projected fiduciary net position is projected to be depleted in 2027.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Single equivalent interest rate:

Measurement Date	3.53%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.17%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031.
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Mortality rates were based on the PubT-2010 Health Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

Long-Term Rate of Return - 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 evaluation 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 of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing 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 target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.98%	1.12%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		1.50%	

Discount Rate - The discount rate used to measure the total OPEB liability was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- 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 were assumed to be made at the current member contribution rate. Employee 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 toward the fund.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 6,585,083	\$ 7,662,298	\$ 9,120,418

Sensitivity of the Net OPEB Liability to Changes in Discount Rates - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
Net OPEB liability	\$ 9,251,899	\$ 7,662,298	\$ 6,407,948

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2023 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>7,662,298</u>
Total	<u>\$ 7,662,298</u>

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2023, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2023, the Town recognized OPEB expense and revenue of \$97,567 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$461,864 for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Combining Schedule of Pension and Other Employee Benefit Trust Funds

Combining Statement of Net Position:

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,443	\$ -	\$ 1,443
Investments, at Fair Value					
Guaranteed Deposit Accounts	3,323,326	5,018,989	-	-	8,342,315
Mutual Funds	22,196,706	22,120,552	-	452,378	44,769,636
Total Assets	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>
Net Position					
Restricted for Pension Benefits	\$ 25,520,032	\$ 27,139,541	\$ -	\$ 452,378	\$ 53,111,951
Restricted for OPEB Benefits	-	-	1,443	-	1,443
Total Net Position	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>

Combining Statement of Revenues, Expenses and Changes in Net Position:

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Additions					
Contributions:					
Employer	\$ 473,913	\$ 1,131,906	\$ -	\$ 59,016	\$ 1,664,835
Plan Members	180,808	264,191	-	-	444,999
Total Contributions	<u>654,721</u>	<u>1,396,097</u>	<u>-</u>	<u>59,016</u>	<u>2,109,834</u>
Investment Income					
Net Appreciation/(Depreciation)					
in Fair Value of Investments	1,632,602	1,509,649	-	47,122	3,189,373
Interest and Dividends	670,759	670,412	1	-	1,341,172
Total Investment Income	2,303,361	2,180,061	1	47,122	4,530,545
Less: Investment Management Fees	(122,501)	(122,229)	-	-	(244,730)
Net Investment Income	<u>2,180,860</u>	<u>2,057,832</u>	<u>1</u>	<u>47,122</u>	<u>4,285,815</u>
Total Additions	<u>2,835,581</u>	<u>3,453,929</u>	<u>1</u>	<u>106,138</u>	<u>6,395,649</u>
Deductions					
Pension Benefits	1,842,880	1,905,272	-	-	3,748,152
Administrative Expenses	89,709	48,078	5	-	137,792
Total Deductions	<u>1,932,589</u>	<u>1,953,350</u>	<u>5</u>	<u>-</u>	<u>3,885,944</u>
Change in Net Position	902,992	1,500,579	(4)	106,138	2,509,705
Net Position at Beginning of Year	24,617,040	25,638,962	1,447	346,240	50,603,689
Net Position at End of Year	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except as noted below. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town self-insures for employee medical, dental and workers compensation claims through the use of internal service funds. Maximum liability to the Town per covered participant is \$150,000. The Town retains insurance policies for employee claims in excess of the maximum liability amounts. A third party administers the plans in exchange for an administrative fee. The plans are funded monthly by the budget appropriations and employee contributions, as required.

The following is a summary of changes in claims liability for the Workers' Compensation Fund:

Year Ended	Beginning Claims Payable	Current Year Claim and Changes in Estimates	Claim Payments	Ending Claims Payable
2023	\$ 3,340,578	\$ 544,677	\$ (908,922)	\$ 2,976,333
2022	2,755,165	1,351,856	(766,443)	3,340,578
2021	2,436,191	1,049,782	(730,808)	2,755,165

The following is a summary of changes in claims liability for the Health and Dental Benefits Fund:

Year Ended	Beginning Claims Payable	Current Year Claim and Changes in Estimates	Claim Payments	Ending Claims Payable
2023	\$ 1,204,540	\$ 12,678,348	\$ (12,745,511)	\$ 1,137,377
2022	719,202	12,489,827	(12,004,489)	1,204,540
2021	1,066,187	11,841,193	(12,188,178)	719,202

The internal service funds are substantially funded by the General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liabilities, reported in the internal service funds at June 30, 2023, are based on the requirements of U.S. GAAP, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

Contingent Liabilities

Litigation - There are various suits and claims pending against the Town, except as described below for the Town of Watertown versus the City of Waterbury, none of which, individually or in the aggregate, is believed by counsel to be likely to result in judgment or judgments that could materially affect the Town's financial position.

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

School Building Grants – Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes, or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, the Town will owe a portion of the State funding back to the State. For projects with a cost of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

Water and Sewer Usage Agreement with the City of Waterbury – The Town had an agreement regarding water and sewer usage rates with the City of Waterbury which expired June 30, 2018.

In connection with the above agreement, there is an ongoing dispute regarding water and sewer rates being charged by the City of Waterbury to the Town of Watertown. The dispute went to a trial and resulted in an unexpected judgment against the Town of Watertown by the Superior Court on July 28, 2023, in the amount of \$18.8 million. The Town has filed an appeal based on claims that the rates for water and sewer service the City of Waterbury is seeking to apply to the Town of Watertown violate state statutes and municipal charter provisions. Motion has been made to have the Supreme Court of Connecticut take the case directly. As a result of this ruling against the Town of Watertown, the Water and Sewer Funds have accrued a liability of approximately \$20.3 million representing the amounts billed by the City of Waterbury to the Town of Watertown at their stated rates through June 30, 2023. Future rulings in court may impact the amounts charged to the Town of Watertown by the City of Waterbury and cannot be estimated at this time. Should the appeal result in an unfavorable ruling against the Town of Watertown, the Water and Sewer Funds may recover a portion of the judgment through billing the Watertown Fire District for their share of the increased usage rates.

Other Information

Minimum Budget Requirement – The State of Connecticut has established a Minimum Budget Requirement (“MBR”) for education expenditures. The MBR prohibits a town from budgeting less for education than it did in the previous year unless, and with limits, the town can demonstrate (1) a decrease in school enrollment or (2) savings through increased efficiencies. If the Town receives an increase or decrease in their Education Cost Sharing grant, the MBR will increase or decrease by the same amount.

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 99 – Omnibus 2022 - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town’s reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Town’s reporting period beginning July 1, 2023.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Town's reporting period beginning July 1, 2024.

Subsequent Events

In July 2023, the Town issued \$9,000,000 of general obligation bonds. The bonds bear annual interest from 4% to 5% with the first interest payment due in February 2024 and principal and interest due semiannually thereafter from August 2024 through August 2043. The Town also issued \$6,000,000 of general obligation bond anticipation notes ("BAN"). The BAN bears interest at 4.5% and is due in July 2024.

**Required
Supplementary
Information**

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Property Taxes				
Current Year	\$ 66,776,664	\$ 66,776,664	\$ 66,515,763	\$ (260,901)
Prior Year	575,000	575,000	585,613	10,613
Interest and Lien Fees	325,000	325,000	400,116	75,116
Scholarship Fund	1,400	1,400	378	(1,022)
Total Property Taxes	<u>67,678,064</u>	<u>67,678,064</u>	<u>67,501,870</u>	<u>(176,194)</u>
Intergovernmental				
State of Connecticut - Education				
Nonpublic Health and Social Services	43,674	43,674	40,241	(3,433)
Equalization (ECS)	11,978,375	11,978,375	11,704,228	(274,147)
Total State of Connecticut - Education	<u>12,022,049</u>	<u>12,022,049</u>	<u>11,744,469</u>	<u>(277,580)</u>
Federal and State of Connecticut - Other				
PILOT State Property	409,206	409,206	426,166	16,960
Mashantucket Pequot	11,631	11,631	11,631	-
Elderly Tax Relief	2,200	2,200	2,055	(145)
Tax Relief for Veterans	25,800	25,800	27,173	1,373
FEMA Reimbursement	-	-	1,124,569	1,124,569
Motor Vehicle Cap Reimbursement	-	-	475,107	475,107
Unclaimed Property	-	-	24,726	24,726
Other State	-	-	5,162	5,162
Telephone Access	37,500	37,500	39,956	2,456
Municipal Aid Adjustment	642,281	642,281	1,070,110	427,829
Total Federal and State of Connecticut - Other	<u>1,128,618</u>	<u>1,128,618</u>	<u>3,206,655</u>	<u>2,078,037</u>
Total Intergovernmental	<u>13,150,667</u>	<u>13,150,667</u>	<u>14,951,124</u>	<u>1,800,457</u>
Departmental				
Local Revenues				
Communication Tower Rental	180,028	180,028	158,862	(21,166)
Municipalities Nips Fees	-	-	31,205	31,205
Equipment and Scrap Sales	2,000	2,000	946	(1,054)
Scrap Iron, Oil, Glass	15,000	15,000	13,382	(1,618)
Water and Sewer Authority	1,000	1,000	-	(1,000)
Miscellaneous Town Clerk Fees	50,000	50,000	51,542	1,542
Miscellaneous Fishing and Hunting	10,000	10,000	6,032	(3,968)
Town Clerk Dog Licenses	8,000	8,000	9,780	1,780
Conveyance Tax	270,000	270,000	380,271	110,271
Town Clerk Recording	200,000	200,000	94,706	(105,294)
Assessor Photocopies	650	650	248	(402)

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Local Revenues (Continued)				
Supplemental Dog Licenses	\$ 700	\$ 700	\$ 612	\$ (88)
Supplemental Marriage Licenses	2,000	2,000	2,990	990
Animal Population Control	2,000	2,000	2,973	973
3-LOCIP Preservation	7,500	7,500	8,031	531
Pool Fees	7,500	7,500	8,845	1,345
Damage Claims and Settlements	5,000	5,000	12,274	7,274
Miscellaneous Local Revenue	35,000	35,000	47,945	12,945
Recreation Mini-Bus	-	-	5	5
Town Vehicle Use	700	700	873	173
Transfer Station Fees	30,000	30,000	26,440	(3,560)
Landfill Fees	95,000	95,000	125,161	30,161
Total Local Revenues	<u>922,078</u>	<u>922,078</u>	<u>983,123</u>	<u>61,045</u>
Permits and Fees				
Zoning Board of Appeals	3,000	3,000	1,740	(1,260)
Planning and Zoning	10,000	10,000	13,612	3,612
Zoning Compliance Fees	38,000	38,000	43,758	5,758
Soil/Water State Fee	22,000	22,000	27,972	5,972
Inland - Wetlands	3,500	3,500	3,322	(178)
Building Permits	320,000	320,000	413,692	93,692
Building Inspection Education Fee	3,800	3,800	7,251	3,451
Blasting Permits	400	400	120	(280)
Street Opening Permits	4,300	4,300	2,765	(1,535)
Miscellaneous Permits and Fees	500	500	168	(332)
Total Permits and Fees	<u>405,500</u>	<u>405,500</u>	<u>514,400</u>	<u>108,900</u>
Police				
Parking Tickets	2,000	2,000	8,980	6,980
Pistol Permits	25,000	25,000	9,450	(15,550)
Police Reports	4,000	4,000	3,658	(342)
Solicitor Permits	1,500	1,500	1,896	396
Bingo and Raffle	500	500	716	216
Alarm Charges	20,000	20,000	16,900	(3,100)
Police Service	690,700	690,700	1,412,616	721,916
Miscellaneous Police Service	55,500	55,500	83,198	27,698
DEA Reimbursement	15,000	15,000	7,508	(7,492)
FBI Reimbursement	15,000	15,000	7,508	(7,492)
Reimbursement - CT VCTF	-	-	29,379	29,379
ARPA - Auto Theft and Violence	-	-	35,000	35,000
Animal Control Fees	1,000	1,000	60	(940)
Total Police	<u>830,200</u>	<u>830,200</u>	<u>1,616,869</u>	<u>786,669</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Board of Education				
Latchkey Program	\$ 5,000	\$ 5,000	\$ 10,515	\$ 5,515
Miscellaneous School	8,000	8,000	14,013	6,013
Community Service Reimbursement	4,000	4,000	-	(4,000)
Total Board of Education	<u>17,000</u>	<u>17,000</u>	<u>24,528</u>	<u>7,528</u>
Total Departmental	<u>2,174,778</u>	<u>2,174,778</u>	<u>3,138,920</u>	<u>964,142</u>
Investment Income	<u>150,000</u>	<u>150,000</u>	<u>418,088</u>	<u>268,088</u>
Other				
Taft Contributions	185,000	185,000	195,000	10,000
Other Miscellaneous Revenue	94,790	94,790	99,350	4,560
National Opioid Settlement	-	-	66,152	66,152
Heritage Bond Reimbursement	-	-	57,067	57,067
Sale of Town Property	-	-	118,750	118,750
Total Other	<u>279,790</u>	<u>279,790</u>	<u>536,319</u>	<u>256,529</u>
Other Financing Sources				
Use of Fund Balance	-	4,870,830	-	(4,870,830)
Total Revenues	<u>83,433,299</u>	<u>88,304,129</u>	<u>86,546,321</u>	<u>(1,757,808)</u>
EXPENDITURES				
General Government				
Town Council	7,200	9,700	5,789	3,911
Town Manager	326,413	330,927	314,438	16,489
Economic Development	40,887	41,407	39,696	1,711
Finance Department:				
Administration	514,958	550,491	528,190	22,301
Treasurer	71,692	54,634	38,917	15,717
Tax Collector	235,304	237,743	226,687	11,056
Assessor	335,031	346,128	329,984	16,144
Town Clerk	229,764	236,525	237,848	(1,323)
Elections	103,736	103,736	82,804	20,932
Planning and Zoning	316,333	321,057	305,025	16,032
Board of Appeals	5,680	5,877	3,886	1,991
Historic Districts	1,075	1,075	-	1,075
Public Building	821,662	854,205	711,746	142,459
Building Inspections	196,739	286,313	201,183	85,130
Conservation Commission	4,950	6,917	5,645	1,272
Information Technology	336,228	423,798	396,543	27,255
Total General Government	<u>3,547,652</u>	<u>3,810,533</u>	<u>3,428,381</u>	<u>382,152</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Public Safety				
Fire Department:				
Administration	\$ 246,614	\$ 249,770	\$ 241,775	\$ 7,995
Suppression and Rescue	471,615	471,272	394,108	77,164
Maintenance and Support	335,664	373,664	360,201	13,463
Police Department:				
Administration	600,302	590,884	550,612	40,272
Patrol and Detectives	4,266,223	4,429,154	4,440,892	(11,738)
Maintenance and Support	188,004	183,694	157,608	26,086
Traffic	6,980	8,700	7,907	793
Animal Control	97,357	99,630	85,364	14,266
Communications	683,356	690,138	685,226	4,912
Total Public Safety	<u>6,896,115</u>	<u>7,096,906</u>	<u>6,923,693</u>	<u>173,213</u>
Public Works				
Engineering and Administration	652,397	667,935	611,056	56,879
Highway	2,286,512	2,448,369	2,429,084	19,285
Snow Removal	514,199	476,218	413,433	62,785
Solid Waste Disposal	315,969	318,793	295,633	23,160
Street Lighting	178,625	178,625	159,036	19,589
Tree Removal	57,000	57,000	50,936	6,064
Total Public Works	<u>4,004,702</u>	<u>4,146,940</u>	<u>3,959,178</u>	<u>187,762</u>
Parks and Recreation				
Parks Administration	493,621	488,514	458,052	30,462
Recreation Administration	457,702	459,274	433,300	25,974
Senior Center	198,774	200,719	193,808	6,911
Total Parks and Recreation	<u>1,150,097</u>	<u>1,148,507</u>	<u>1,085,160</u>	<u>63,347</u>
Health and Welfare				
Social Services	47,000	33,623	33,513	110
Health Services	132,624	132,624	132,624	-
Total Health and Welfare	<u>179,624</u>	<u>166,247</u>	<u>166,137</u>	<u>110</u>
Education				
Board of Education	50,049,438	52,756,504	52,754,185	2,319
Employee Benefits	-	665,000	665,000	-
Total Education	<u>50,049,438</u>	<u>53,421,504</u>	<u>53,419,185</u>	<u>2,319</u>
Miscellaneous				
Legal	174,600	187,685	202,831	(15,146)
Employee Benefits	7,786,468	7,844,885	7,462,171	382,714
Centralized Services	1,049,040	977,506	908,379	69,127

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
Miscellaneous (Continued)				
Non-Town Agencies	\$ 1,839,407	\$ 2,629,898	\$ 2,571,793	\$ 58,105
Reserve for Wages and Benefits	212,667	337,534	337,499	35
Reserve for Contingency	35,000	27,495	27,410	85
Total Miscellaneous	<u>11,097,182</u>	<u>12,005,003</u>	<u>11,510,083</u>	<u>494,920</u>
Debt Service	<u>6,508,489</u>	<u>6,508,489</u>	<u>6,453,224</u>	<u>55,265</u>
Total Expenditures	<u>83,433,299</u>	<u>88,304,129</u>	<u>86,945,041</u>	<u>1,359,088</u>
Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>(398,720)</u>	<u>\$ (398,720)</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			6,995,682	
Expenditures from Teachers' Retirement and OPEB			(6,995,682)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			1,404,854	
Expenditures from Excess Cost Grant			(1,404,854)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(529,627)	
Current Year Encumbrances			407,967	
Town Budgets for Payroll on a Cash Basis:				
Prior Year Accrued Payroll			159,904	
Current Year Accrued Payroll			(108,355)	
Other Financing Sources - Difference in Treatment of Leases/SBITAs:				
Proceeds from Leases Issued			675,827	
Purchase of Equipment with Leases Issued			(675,827)	
Proceeds from SBITAs Issued			496,408	
Purchase of Software with SBITAs Issued			(496,408)	
Other Financing Sources - Difference in Treatment of Equipment Financing:				
Proceeds from Equipment Financing			367,139	
Purchase of Equipment with Equipment Financing			(367,139)	
Adjustment for Leases Receivable			42,386	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis			<u>\$ (426,445)</u>	

Notes to Required Supplementary Information: This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf; 2. The excess cost grant for special education costs is net with expenditures; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Town payroll is budgeted on a cash basis; 5. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected.

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
 Town of Watertown Retirement Income Plan
 Schedule of Changes in Net Pension Liability and Related Ratios
 Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 384,032	\$ 449,303	\$ 489,791	\$ 489,375	\$ 505,750	\$ 512,203	\$ 534,404	\$ 488,264	\$ 505,034	\$ 493,898
Interest	2,014,843	2,054,893	1,962,282	1,925,606	1,839,139	1,717,052	1,620,129	1,540,877	1,489,691	1,421,610
Changes in Benefit Terms	-	41,531	-	-	-	382,996	-	19,822	-	-
Differences Between Expected and Actual Experience Including Assumption Changes	180,805	(1,400,277)	435,826	552,039	302,557	486,806	486,567	107,640	531,097	(225,659)
Benefit Payments, Including Refunds of Member Contributions	<u>(1,842,880)</u>	<u>(1,596,461)</u>	<u>(1,534,351)</u>	<u>(1,455,161)</u>	<u>(1,454,437)</u>	<u>(1,377,117)</u>	<u>(1,201,225)</u>	<u>(1,074,321)</u>	<u>(1,070,456)</u>	<u>(958,346)</u>
Net Change in Total Pension Liability	736,800	(451,011)	1,353,548	1,511,859	1,193,009	1,721,940	1,439,875	1,082,282	1,455,366	731,503
Total Pension Liability - Beginning	<u>29,689,334</u>	<u>30,140,345</u>	<u>28,786,797</u>	<u>27,274,938</u>	<u>26,081,929</u>	<u>24,359,989</u>	<u>22,920,114</u>	<u>21,837,832</u>	<u>20,382,466</u>	<u>19,650,963</u>
Total Pension Liability - Ending (a)	<u>\$ 30,426,134</u>	<u>\$ 29,689,334</u>	<u>\$ 30,140,345</u>	<u>\$ 28,786,797</u>	<u>\$ 27,274,938</u>	<u>\$ 26,081,929</u>	<u>\$ 24,359,989</u>	<u>\$ 22,920,114</u>	<u>\$ 21,837,832</u>	<u>\$ 20,382,466</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 473,913	\$ 546,415	\$ 721,026	\$ 702,930	\$ 606,363	\$ 538,056	\$ 446,566	\$ 411,648	\$ 372,789	\$ 364,691
Contributions - Member	172,045	207,516	236,705	254,416	269,484	276,657	300,260	286,125	301,598	319,890
Net Investment Income	2,070,984	(3,197,310)	5,935,655	707,707	1,373,185	1,466,341	2,201,418	162,277	866,764	2,802,274
Benefit Payments, Including Refunds of Member Contributions	(1,842,880)	(1,596,461)	(1,534,351)	(1,455,161)	(1,454,437)	(1,377,117)	(1,201,225)	(1,074,321)	(1,070,456)	(958,346)
Administrative Expenses	<u>(89,709)</u>	<u>(51,212)</u>	<u>(58,051)</u>	<u>(53,376)</u>	<u>(54,170)</u>	<u>(55,404)</u>	<u>(60,412)</u>	<u>(71,158)</u>	<u>(53,019)</u>	<u>(52,566)</u>
Net Change in Pension Fiduciary Net Position	784,353	(4,091,052)	5,300,984	156,516	740,425	848,533	1,686,607	(285,429)	417,676	2,475,943
Plan Fiduciary Net Position - Beginning	<u>24,500,726</u>	<u>28,591,778</u>	<u>23,290,794</u>	<u>23,134,278</u>	<u>22,393,853</u>	<u>21,545,320</u>	<u>19,858,713</u>	<u>20,144,142</u>	<u>19,726,466</u>	<u>17,250,523</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 25,285,079</u>	<u>\$ 24,500,726</u>	<u>\$ 28,591,778</u>	<u>\$ 23,290,794</u>	<u>\$ 23,134,278</u>	<u>\$ 22,393,853</u>	<u>\$ 21,545,320</u>	<u>\$ 19,858,713</u>	<u>\$ 20,144,142</u>	<u>\$ 19,726,466</u>
Net Pension Liability - Ending: (a) - (b)	<u>\$ 5,141,055</u>	<u>\$ 5,188,608</u>	<u>\$ 1,548,567</u>	<u>\$ 5,496,003</u>	<u>\$ 4,140,660</u>	<u>\$ 3,688,076</u>	<u>\$ 2,814,669</u>	<u>\$ 3,061,401</u>	<u>\$ 1,693,690</u>	<u>\$ 656,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.10%	82.52%	94.86%	80.91%	84.82%	85.86%	88.45%	86.64%	92.24%	96.78%
Covered Payroll	\$ 4,842,259	\$ 5,066,634	\$ 5,773,751	\$ 5,689,468	\$ 6,167,542	\$ 6,249,539	\$ 6,363,036	\$ 6,326,497	\$ 6,505,288	\$ 6,409,573
Net Pension Liability as a Percentage of Covered Payroll	106.17%	102.41%	26.82%	96.60%	67.14%	59.01%	44.23%	48.39%	26.04%	10.23%

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Town of Watertown Retirement Income Plan
Schedule of Contributions
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 473,913	\$ 546,415	\$ 721,026	\$ 702,930	\$ 606,363	\$ 538,056	\$ 446,566	\$ 411,648	\$ 372,789	\$ 364,691
Contributions in Relation to the ADEC	<u>473,913</u>	<u>546,415</u>	<u>721,026</u>	<u>702,930</u>	<u>606,363</u>	<u>538,056</u>	<u>446,566</u>	<u>411,648</u>	<u>372,789</u>	<u>364,691</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	4,842,259	5,066,634	5,773,751	5,689,468	6,167,542	6,249,539	6,363,036	6,326,497	6,505,288	6,409,573
Contributions as a Percentage of Covered Payroll	9.79%	10.78%	12.49%	12.35%	9.83%	8.61%	7.02%	6.51%	5.73%	5.69%

Notes to Schedule

Valuation Date: 1/1/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Cost
Remaining amortization period	20 yrs
Asset valuation method	5-year Smoothed Market
Salary increases	3.50%
Investment rate of return	7.00%
Normal Retirement	Highway division - Earlier of age 55 with 25 years of service or age 65 All other divisions - Age 65, participants at or beyond this age are assumed to retire immediately
Mortality	RP-2014 Blue Collar Mortality Table

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Town of Watertown Retirement Income Plan

Schedule of Investment Returns

Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<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	8.70%	-11.40%	25.80%	3.10%	6.20%	6.90%	11.20%	0.80%	4.40%	16.40%

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Town of Watertown Police Department Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 665,179	\$ 612,962	\$ 606,483	\$ 570,722	\$ 552,159	\$ 538,120	\$ 471,622	\$ 457,058	\$ 343,549	\$ 329,808
Interest	2,505,789	2,327,069	2,247,120	2,126,767	2,060,519	2,039,799	1,836,955	1,652,133	1,646,496	1,600,613
Differences Between Expected and Actual Experience										
Including Changes of Assumptions	(590,080)	1,414,471	(23,741)	1,288,416	(124,552)	(423,677)	1,705,330	1,606,784	7,870	317,189
Benefit Payments, Including Refunds of Member Contributions	(1,905,272)	(1,700,890)	(1,675,015)	(1,584,352)	(1,539,580)	(1,404,319)	(1,294,672)	(1,181,881)	(1,130,152)	(1,115,817)
Net Change in Total Pension Liability	675,616	2,653,612	1,154,847	2,401,553	948,546	749,923	2,719,235	2,534,094	867,763	1,131,793
Total Pension Liability - Beginning	<u>36,733,512</u>	<u>34,079,900</u>	<u>32,925,053</u>	<u>30,523,500</u>	<u>29,574,954</u>	<u>28,825,031</u>	<u>26,105,796</u>	<u>23,571,702</u>	<u>22,703,939</u>	<u>21,572,146</u>
Total Pension Liability - Ending (a)	<u>\$ 37,409,128</u>	<u>\$ 36,733,512</u>	<u>\$ 34,079,900</u>	<u>\$ 32,925,053</u>	<u>\$ 30,523,500</u>	<u>\$ 29,574,954</u>	<u>\$ 28,825,031</u>	<u>\$ 26,105,796</u>	<u>\$ 23,571,702</u>	<u>\$ 22,703,939</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,131,906	\$ 1,254,215	\$ 1,165,983	\$ 1,177,609	\$ 983,828	\$ 980,141	\$ 981,681	\$ 875,571	\$ 780,140	\$ 770,262
Contributions - Member	264,191	256,429	268,674	262,156	243,012	252,446	247,888	226,756	218,034	186,890
Net Investment Income	1,958,634	(3,218,935)	5,854,791	641,315	1,261,265	1,316,031	1,931,673	180,904	826,329	2,422,469
Benefit Payments, Including Refunds of Member Contributions	(1,905,272)	(1,700,890)	(1,675,015)	(1,584,352)	(1,539,580)	(1,404,319)	(1,294,672)	(1,181,881)	(1,130,152)	(1,115,817)
Administrative Expenses	(48,078)	(30,954)	(26,879)	(29,035)	(27,665)	(27,680)	(28,923)	(34,663)	(30,002)	(25,288)
Net Change in Pension Fiduciary Net Position	1,401,381	(3,440,135)	5,587,554	467,693	920,860	1,116,619	1,837,647	66,687	664,349	2,238,516
Plan Fiduciary Net Position - Beginning	<u>25,483,965</u>	<u>28,924,100</u>	<u>23,336,546</u>	<u>22,868,853</u>	<u>21,947,993</u>	<u>20,831,374</u>	<u>18,993,727</u>	<u>18,927,040</u>	<u>18,262,691</u>	<u>16,024,175</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 26,885,346</u>	<u>\$ 25,483,965</u>	<u>\$ 28,924,100</u>	<u>\$ 23,336,546</u>	<u>\$ 22,868,853</u>	<u>\$ 21,947,993</u>	<u>\$ 20,831,374</u>	<u>\$ 18,993,727</u>	<u>\$ 18,927,040</u>	<u>\$ 18,262,691</u>
Net Pension Liability - Ending: (a) - (b)	<u>\$ 10,523,782</u>	<u>\$ 11,249,547</u>	<u>\$ 5,155,800</u>	<u>\$ 9,588,507</u>	<u>\$ 7,654,647</u>	<u>\$ 7,626,961</u>	<u>\$ 7,993,657</u>	<u>\$ 7,112,069</u>	<u>\$ 4,644,662</u>	<u>\$ 4,441,248</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.87%	69.38%	84.87%	70.88%	74.92%	74.21%	72.27%	72.76%	80.30%	80.44%
Covered Payroll	\$ 3,342,383	\$ 3,511,018	\$ 3,308,561	\$ 3,299,771	\$ 3,387,490	\$ 3,368,353	\$ 3,460,441	\$ 3,220,197	\$ 2,909,407	\$ 3,059,132
Net Pension Liability as a Percentage of Covered Payroll	314.86%	320.41%	155.83%	290.58%	225.97%	226.43%	231.00%	220.86%	159.64%	145.18%

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Town of Watertown Police Department Pension Plan
Schedule of Contributions
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 1,131,906	\$ 1,254,215	\$ 1,165,983	\$ 1,177,609	\$ 983,828	\$ 980,141	\$ 981,681	\$ 875,571	\$ 780,140	\$ 770,262
Contributions in Relation to the ADEC	<u>1,131,906</u>	<u>1,254,215</u>	<u>1,165,983</u>	<u>1,177,609</u>	<u>983,828</u>	<u>980,141</u>	<u>981,681</u>	<u>875,571</u>	<u>780,140</u>	<u>770,262</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	3,342,383	3,511,018	3,308,561	3,299,771	3,387,490	3,368,353	3,460,441	3,220,197	2,909,407	3,059,132
Contributions as a Percentage of Covered Payroll	33.87%	35.72%	35.24%	35.69%	29.04%	29.10%	28.37%	27.19%	26.81%	25.18%

Notes to Schedule

Valuation Date: 1/1/2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Cost
Remaining amortization period	20 yrs, open
Asset valuation method	5-year smoothed market
Salary increases	4.00%
Investment rate of return	7.00%
Normal Retirement	Later of age 55 or 25 years of service.
Mortality	RP-2014 Blue Collar Mortality Table with Scale MP-2014

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Town of Watertown Police Department Pension Plan
Schedule of Investment Returns
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	7.80%	-11.20%	23.00%	2.90%	5.80%	6.40%	10.20%	1.00%	4.50%	15.20%

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Six Fiscal Years**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 2,420,604	\$ 3,644,061	\$ 3,389,770	\$ 2,831,861	\$ 2,155,078	\$ 1,841,510
Interest	3,048,429	2,175,208	2,428,290	2,375,885	2,483,561	2,080,341
Differences Between Expected and Actual Experience	11,754,061	-	(7,060,630)	(1,098,876)	(7,548,927)	7,851,771
Changes of Assumptions	2,711,014	(24,573,183)	11,841,332	-	14,832,443	-
Benefit Payments, Including Implicit Cost	<u>(2,217,450)</u>	<u>(2,122,597)</u>	<u>(2,827,249)</u>	<u>(2,695,875)</u>	<u>(2,542,856)</u>	<u>(1,906,242)</u>
Net Change in Total OPEB Liability	17,716,658	(20,876,511)	7,771,513	1,412,995	9,379,299	9,867,380
Total OPEB Liability - Beginning	<u>73,210,738</u>	<u>94,087,249</u>	<u>86,315,736</u>	<u>84,902,741</u>	<u>75,523,442</u> *	<u>63,114,489</u>
Total OPEB Liability - Ending (a)	<u>\$ 90,927,396</u>	<u>\$ 73,210,738</u>	<u>\$ 94,087,249</u>	<u>\$ 86,315,736</u>	<u>\$ 84,902,741</u>	<u>\$ 72,981,869</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,217,450	\$ 2,122,597	\$ 2,827,249	\$ 2,695,875	\$ 2,542,856	\$ 1,906,242
Net Investment Income	1	1	-	1	14	7
Benefit Payments, Including Implicit Cost	(2,217,450)	(2,122,597)	(2,827,249)	(2,695,875)	(2,542,856)	(1,906,242)
Administrative Expense	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(4)	1	-	1	14	7
Plan Fiduciary Net Position - Beginning**	<u>1,447</u>	<u>1,446</u>	<u>1,446</u>	<u>1,445</u>	<u>1,431</u>	<u>1,409</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,443</u>	<u>\$ 1,447</u>	<u>\$ 1,446</u>	<u>\$ 1,446</u>	<u>\$ 1,445</u>	<u>\$ 1,416</u>
Net OPEB Liability - Ending: (a) - (b)	<u>\$ 90,925,953</u>	<u>\$ 73,209,291</u>	<u>\$ 94,085,803</u>	<u>\$ 86,314,290</u>	<u>\$ 84,901,296</u>	<u>\$ 72,980,453</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	\$ 37,729,502	\$ 29,925,404	\$ 29,053,790	\$ 26,454,361	\$ 25,683,844	\$ 28,286,748
Net OPEB Liability as a Percentage of Covered-Employee Payroll	240.99%	244.64%	323.83%	326.28%	330.56%	258.00%

*Restated for change in the measurement date.

Notes to Schedule

Measurement Date	June 30, 2023	
Valuation Date	July 1, 2022	
Inflation Rate	2.50%	
Actuarial Cost Method	Individual Entry Age Normal	
Salary Increases	3.00%	
Healthcare Cost Trend Rates	FYE	Medical
	2024	5.00%
	2025	4.96%
	2026	4.92%
	2027	4.88%
	2028	4.84%
	2029	4.81%
	2030-2037	4.77%
	2050	4.38%
	2060+	3.63%

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

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Connecticut Municipal Employees' Retirement System
Proportionate Share of the Net Pension Liability and Schedule of Contributions
Last Nine Fiscal Years*

**Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years or Since Inception of GASB 68**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.287%	0.209%	0.263%	0.236%	0.268%	0.439%	0.439%	0.573%	0.611%
Town's Portion of Net Pension Liability	<u>\$ 1,291,024</u>	<u>\$ 494,829</u>	<u>\$ 1,033,183</u>	<u>\$ 872,062</u>	<u>\$ 1,024,852</u>	<u>\$ 725,068</u>	<u>\$ 860,942</u>	<u>\$ 836,477</u>	<u>\$ 628,487</u>
Town's Covered Payroll	<u>\$ 808,870</u>	<u>\$ 566,137</u>	<u>\$ 673,792</u>	<u>\$ 607,507</u>	<u>\$ 754,267</u>	<u>\$ 812,706</u>	<u>\$ 1,044,159</u>	<u>\$ 1,355,765</u>	<u>\$ 1,283,958</u>
Town's Portion of Net Pension Liability as a % of Covered Payroll	159.61%	87.40%	153.34%	143.55%	135.87%	89.22%	82.45%	61.70%	48.95%
Plan Fiduciary Net Position as a % of Total Pension Liability	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

**Schedule of Employer Contributions
Since Inception of GASB 68**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 146,797	\$ 93,404	\$ 114,641	\$ 93,265	\$ 73,939	\$ 85,164	\$ 95,411	\$ 118,825	\$ 154,637
Town's Contributions in Relation to the Contractually Required Contribution	<u>146,797</u>	<u>93,404</u>	<u>114,641</u>	<u>93,265</u>	<u>73,939</u>	<u>85,164</u>	<u>95,411</u>	<u>118,825</u>	<u>154,637</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	<u>\$ 765,530</u>	<u>\$ 808,870</u>	<u>\$ 566,137</u>	<u>\$ 673,792</u>	<u>\$ 607,507</u>	<u>\$ 754,267</u>	<u>\$ 812,706</u>	<u>\$ 1,044,159</u>	<u>\$ 1,355,765</u>
Town's Contributions as a Percentage of Covered Payroll	19.18%	11.55%	20.25%	13.84%	12.17%	11.29%	11.74%	11.38%	11.41%

Notes to Schedule

Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset Valuation Method	5-year smoothed market
Single equivalent amortization period	20 years
Inflation	2.50%
Salary Increases	3.50% - 10.00%
Investment Rate of Return	7.00%, net of investment related expense

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

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
 State Teacher's Retirement System
 Proportionate Share of Net Pension Liability
 Last Nine Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>87,492,062</u>	<u>68,263,025</u>	<u>86,189,766</u>	<u>73,943,493</u>	<u>57,014,729</u>	<u>59,204,351</u>	<u>62,461,044</u>	<u>48,464,850</u>	<u>44,796,041</u>
Total	<u>\$ 87,492,062</u>	<u>\$ 68,263,025</u>	<u>\$ 86,189,766</u>	<u>\$ 73,943,493</u>	<u>\$ 57,014,729</u>	<u>\$ 59,204,351</u>	<u>\$ 62,461,044</u>	<u>\$ 48,464,850</u>	<u>\$ 44,796,041</u>
Town's covered payroll	<u>\$ 22,119,686</u>	<u>\$ 21,550,829</u>	<u>\$ 20,565,971</u>	<u>\$ 18,954,157</u>	<u>\$ 18,781,605</u>	<u>\$ 18,559,222</u>	<u>\$ 17,963,928</u>	<u>\$ 17,085,880</u>	<u>\$ 16,464,299</u>
Town'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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	<u>54.06%</u>	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Remaining amortization period	27.8 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.00% - 6.50% average, including inflation
Investment rate of return	6.90% net of investment related expense

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

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
 State Teacher's Retirement System
 Proportionate Share of Net OPEB Liability
 Last Six Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	2023	2022	2021	2020	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	7,662,298	7,437,131	12,855,207	11,531,904	11,397,595	15,238,515
Total	\$ 7,662,298	\$ 7,437,131	\$ 12,855,207	\$ 11,531,904	\$ 11,397,595	\$ 15,238,515
Town's covered payroll	\$ 22,119,686	\$ 21,550,829	\$ 20,565,971	\$ 18,954,157	\$ 18,781,605	\$ 18,559,222
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in Benefit Terms	There was a change in the maximum monthly subsidy amounts offered to retirees and their dependents from \$110/\$220 to \$220/\$440.
Changes of Assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2022 was updated to equal the SEIR of 3.53% as of June 30, 2022;
	Expected annual per capital claims costs were updated to better reflect anticipated medical and perscription drug claim experience;
	The assumed age related annual percentage increases in expected annual per capital health care claim costs were updated;
	Long-term health care cost trend rates were updated; and
	The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated to better reflect anticipated plan experience.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over an open period
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	2.50%

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

See accountant's report.

Supplemental, Combining Individual Nonmajor Fund Statements, and Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The nature and purpose of each fund is as follows:

Fund	Funding Source	Function
Special Welfare	Contributions	General public assistance
Housing Rehabilitation Loan	Intergovernmental grants	Housing assistance
Field Surcharge	Charges for services	Recreation programs
The Staver Fund	Contributions	Parks and Recreation
Dog	Licenses and fees	Animal control program
Town Aid Road	Intergovernmental grants	Road Maintenance
Local Capital Improvement	Intergovernmental grants	Capital improvements
Crestbrook Improvement	Transfer appropriation	Improvements to Town golf course
Sidewalk Replacement	Program income	Replace and improve Town sidewalks
WASA Grants	Intergovernmental grants	Prevention and Treatment of substance abuse
Advertising	Advertising fees	Education
Town Hall Preservation	Contributions	General Improvements
Town Hall Beautification	Contributions	General Improvements
Board of Education Community Service	Program income	Community use of facilities and day care program
Drug Enforcement	Intergovernmental grants	Drug enforcement activities
Public Investment Community Grant	Intergovernmental grants	Economic development
Professional Development	Program income	Development of Board of Education personnel
Summer Studies	Participation Fees	Parking privileges
Cafeteria	State and Federal grants, program income	School lunch and breakfast programs
Education Grants	State and federal grants	Specific education programs
Parks and Recreation	Program income	Recreation programs
Police Grants	State and Federal grants	Police equipment and enforcement
Open Space	Fees	Provide for open space acquisition
Preservation of Historical Documents	Intergovernmental grants and fees	Preserve historical documents
Small Cities	Intergovernmental grants	Housing assistance
Oakville Green Development Trust	Contributions and investment income	Parks development
Marion A. Munson Memorial Park Fund	Contributions and investment income	Activities associated with bequests made by former resident of Watertown
Mutual Police Trust	Contributions and investment income	Relief of sick, injured or disabled police officers
Town Improvement Trust	Contributions and investment income	General Improvements
Liability Trust	Contributions and investment income	Public risk prevention
Park Development Trust	Contributions and investment income	Public parks improvements
Police Asset Forfeitures	Other income	Police seizure activity
Town Clerk	Charges for services	General governmental activities
Transition Academy	Tuition Fees	Education
Student Activities	Other income	Student programs
Youth Service Bureau	Other income	Youth activities
STEAP Grant Fund	Intergovernmental grants	various improvements
Asset Forfeiture DOJ	Other income	Police seizure activity

Capital Projects Funds

Fund	Funding Source	Function
Capital Nonrecurring	Town appropriation	Capital purchases
Public Works Equipment Replacement	Town appropriation	Replace public works equipment
Vehicle Replacement	Town appropriation	Replace and upgrade vehicle fleet

Permanent Funds

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

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	SPECIAL REVENUE FUNDS								
	Professional Development	Transition Academy	Special Welfare	Mutual Police Trust	Marion A. Munson Memorial Park Fund	Cafeteria Fund	Student Activity Funds	Educational Grants	Field Surcharge
Assets									
Cash and Cash Equivalents	\$ 313	\$ 2,072	\$ 184,476	\$ 8,023	\$ 1,170	\$ 638,236	\$ 291,839	\$ 490,745	\$ 19,847
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	268,414	-	409	-
Inventory	-	-	-	-	-	36,528	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	5,000	-
Total Assets	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 184,476</u>	<u>\$ 8,023</u>	<u>\$ 1,170</u>	<u>\$ 943,178</u>	<u>\$ 291,839</u>	<u>\$ 496,154</u>	<u>\$ 19,847</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ 7,218	\$ -	\$ -	\$ 8,654	\$ -	\$ 173,457	\$ -
Unearned Revenue	-	-	-	-	-	-	-	191,211	-
Due to Other Funds	-	-	-	-	-	350,000	4,272	11,040	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,218</u>	<u>-</u>	<u>-</u>	<u>358,654</u>	<u>4,272</u>	<u>375,708</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	2,072	-	-	-	-	287,567	-	-
Committed	313	-	177,258	8,023	1,170	584,524	-	120,446	19,847
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>313</u>	<u>2,072</u>	<u>177,258</u>	<u>8,023</u>	<u>1,170</u>	<u>584,524</u>	<u>287,567</u>	<u>120,446</u>	<u>19,847</u>
Total Liabilities and Fund Balances	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 184,476</u>	<u>\$ 8,023</u>	<u>\$ 1,170</u>	<u>\$ 943,178</u>	<u>\$ 291,839</u>	<u>\$ 496,154</u>	<u>\$ 19,847</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

SPECIAL REVENUE FUNDS

	The Staver Fund	Crestbrook Improvement	Town Improvement Trust	Dog Fund	Town Aid Road	Liability Trust	Park and Recreation Programs	Local Capital Improvement	W.A.S.A. Grants
Assets									
Cash and Cash Equivalents	\$ 123,710	\$ 636	\$ 22,397	\$ 17,002	\$ 194,042	\$ 12,824	\$ 232,972	\$ -	\$ 5,872
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	450,599	-
Inventory	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 123,710</u>	<u>\$ 636</u>	<u>\$ 22,397</u>	<u>\$ 17,002</u>	<u>\$ 194,042</u>	<u>\$ 12,824</u>	<u>\$ 232,972</u>	<u>\$ 450,599</u>	<u>\$ 5,872</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,516	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	25,515	-	-
Due to Other Funds	-	-	-	-	-	-	-	450,156	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,031</u>	<u>450,156</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	123,710	-	-	-	194,042	-	-	443	5,872
Committed	-	636	22,397	17,002	-	12,824	201,941	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>123,710</u>	<u>636</u>	<u>22,397</u>	<u>17,002</u>	<u>194,042</u>	<u>12,824</u>	<u>201,941</u>	<u>443</u>	<u>5,872</u>
Total Liabilities and Fund Balances	<u>\$ 123,710</u>	<u>\$ 636</u>	<u>\$ 22,397</u>	<u>\$ 17,002</u>	<u>\$ 194,042</u>	<u>\$ 12,824</u>	<u>\$ 232,972</u>	<u>\$ 450,599</u>	<u>\$ 5,872</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

SPECIAL REVENUE FUNDS

	Board of Education Community Service	Park Development Trust	Public Inv. Community Grant	Oakville Green Development Trust	Town Hall Beautification	Drug Enforcement	Police Grants	Open Space Fund	Preservation of Historical Documents
Assets									
Cash and Cash Equivalents	\$ 52,583	\$ 66,108	\$ 178	\$ 1,570	\$ 1,340	\$ 3,095	\$ 280	\$ 205,080	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Due from Other Funds	11,040	-	-	-	-	-	-	-	-
Total Assets	\$ 63,623	\$ 66,108	\$ 178	\$ 1,570	\$ 1,340	\$ 3,095	\$ 280	\$ 205,080	\$ -
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,471
Unearned Revenue	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-	63,471
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	3,095	280	-	-
Committed	63,623	66,108	178	1,570	1,340	-	-	205,080	-
Unassigned	-	-	-	-	-	-	-	-	(63,471)
Total Fund Balances	63,623	66,108	178	1,570	1,340	3,095	280	205,080	(63,471)
Total Liabilities and Fund Balances	\$ 63,623	\$ 66,108	\$ 178	\$ 1,570	\$ 1,340	\$ 3,095	\$ 280	\$ 205,080	\$ -

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

SPECIAL REVENUE FUNDS

	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	STEAP Grant Fund	Asset Forfeiture DOJ	Police Asset Forfeiture	Housing Rehabilitation Loan
Assets									
Cash and Cash Equivalents	\$ 180	\$ 5,593	\$ 11,902	\$ 24,720	\$ 143,587	\$ -	\$ 29,004	\$ -	\$ 1,166
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	752,055	6,572	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 180</u>	<u>\$ 5,593</u>	<u>\$ 11,902</u>	<u>\$ 24,720</u>	<u>\$ 895,642</u>	<u>\$ 6,572</u>	<u>\$ 29,004</u>	<u>\$ -</u>	<u>\$ 1,166</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ 408	\$ 13,249	\$ -	\$ 2,992	\$ -
Unearned Revenue	-	-	-	-	-	-	-	-	1,166
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408</u>	<u>13,249</u>	<u>-</u>	<u>2,992</u>	<u>1,166</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	895,234	-	29,004	-	-
Committed	180	5,593	11,902	24,720	-	-	-	-	-
Unassigned	-	-	-	-	-	(6,677)	-	(2,992)	-
Total Fund Balances	<u>180</u>	<u>5,593</u>	<u>11,902</u>	<u>24,720</u>	<u>895,234</u>	<u>(6,677)</u>	<u>29,004</u>	<u>(2,992)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 180</u>	<u>\$ 5,593</u>	<u>\$ 11,902</u>	<u>\$ 24,720</u>	<u>\$ 895,642</u>	<u>\$ 6,572</u>	<u>\$ 29,004</u>	<u>\$ -</u>	<u>\$ 1,166</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	<u>SPECIAL REVENUE FUNDS</u>			<u>CAPITAL PROJECTS FUNDS</u>			<u>PERMANENT FUNDS</u>	
	Town Clerk Fund	Student Activities	Youth Services Bureau Donations	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery
Assets								
Cash and Cash Equivalents	\$ 22,036	\$ 26,036	\$ 14,809	\$ 98	\$ 313,726	\$ 371,312	\$ 77,163	\$ 3,715
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	4,272	-	-	-	-	-	-
Total Assets	<u>\$ 22,036</u>	<u>\$ 30,308</u>	<u>\$ 14,809</u>	<u>\$ 98</u>	<u>\$ 313,726</u>	<u>\$ 371,312</u>	<u>\$ 77,163</u>	<u>\$ 3,715</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	70,000	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	67,000	2,654
Restricted	-	-	-	-	-	-	10,163	1,061
Committed	22,036	30,308	14,809	98	243,726	371,312	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>22,036</u>	<u>30,308</u>	<u>14,809</u>	<u>98</u>	<u>243,726</u>	<u>371,312</u>	<u>77,163</u>	<u>3,715</u>
Total Liabilities and Fund Balances	<u>\$ 22,036</u>	<u>\$ 30,308</u>	<u>\$ 14,809</u>	<u>\$ 98</u>	<u>\$ 313,726</u>	<u>\$ 371,312</u>	<u>\$ 77,163</u>	<u>\$ 3,715</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

PERMANENT FUNDS

	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	Total
Assets									
Cash and Cash Equivalents	\$ 33,402	\$ 662	\$ 3,354	\$ 6,261	\$ 18,617	\$ 1,740	\$ 1,596	\$ 25,512	\$ 3,712,601
Investments	-	-	-	-	-	1,922	-	-	1,922
Receivables, Net	-	-	-	-	-	-	-	-	1,478,049
Inventory	-	-	-	-	-	-	-	-	36,528
Due from Other Funds	-	-	-	-	-	-	-	-	20,312
Total Assets	\$ 33,402	\$ 662	\$ 3,354	\$ 6,261	\$ 18,617	\$ 3,662	\$ 1,596	\$ 25,512	\$ 5,249,412
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,965
Unearned Revenue	-	-	-	-	-	-	-	-	287,892
Due to Other Funds	-	-	-	-	-	-	-	-	815,468
Total Liabilities	-	-	-	-	-	-	-	-	1,378,325
Fund Balances:									
Nonspendable	10,817	458	993	4,478	6,000	383	506	3,854	97,143
Restricted	22,585	204	2,361	1,783	12,617	3,279	1,090	21,658	1,618,120
Committed	-	-	-	-	-	-	-	-	2,228,964
Unassigned	-	-	-	-	-	-	-	-	(73,140)
Total Fund Balances	33,402	662	3,354	6,261	18,617	3,662	1,596	25,512	3,871,087
Total Liabilities and Fund Balances	\$ 33,402	\$ 662	\$ 3,354	\$ 6,261	\$ 18,617	\$ 3,662	\$ 1,596	\$ 25,512	\$ 5,249,412

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS								
	Professional Development	Transition Academy	Special Welfare	Mutual Police Trust	Marion A. Munson Memorial Park Fund	Cafeteria Fund	Student Activity Funds	Educational Grants	Field Surcharge
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,572,126	\$ -	\$ 1,716,837	\$ -
Licenses, Permits and Charges for Services	-	-	-	-	-	361,072	377,280	-	6,885
Investment Income	-	-	1,461	64	9	-	-	-	157
Other Revenue	-	-	86,266	-	-	-	-	-	-
Total Revenues	-	-	87,727	64	9	1,933,198	377,280	1,716,837	7,042
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	200
Health and Welfare	-	-	96,165	-	-	-	-	-	-
Education	-	-	-	-	-	1,804,247	352,916	1,669,842	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	96,165	-	-	1,804,247	352,916	1,669,842	200
Excess/(Deficiency) of Revenues Over Expenditures	-	-	(8,438)	64	9	128,951	24,364	46,995	6,842
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	(8,438)	64	9	128,951	24,364	46,995	6,842
Fund Balances at Beginning of Year	313	2,072	185,696	7,959	1,161	455,573	263,203	73,451	13,005
Fund Balances at End of Year	\$ 313	\$ 2,072	\$ 177,258	\$ 8,023	\$ 1,170	\$ 584,524	\$ 287,567	\$ 120,446	\$ 19,847

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

SPECIAL REVENUE FUNDS									
	The Staver Fund	Crestbrook Improvement	Town Improvement Trust	Dog Fund	Town Aid Road	Liability Trust	Park and Recreation Programs	Local Capital Improvement	W.A.S.A. Grants
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 352,824	\$ -	\$ -	\$ 250,042	\$ -
Licenses, Permits and Charges for Services	-	-	-	1,055	-	-	523,567	-	-
Investment Income	32	5	177	135	1,534	101	1,840	(3,559)	46
Other Revenue	<u>77,085</u>	<u>-</u>	<u>300</u>	<u>3,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>77,117</u>	<u>5</u>	<u>477</u>	<u>4,306</u>	<u>354,358</u>	<u>101</u>	<u>525,407</u>	<u>246,483</u>	<u>46</u>
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	1,265	-	-	-	-	-
Public Works	-	-	-	-	464,928	-	-	-	-
Parks and Recreation	8	-	-	-	-	-	459,880	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	250,042	-
Total Expenditures	<u>8</u>	<u>-</u>	<u>-</u>	<u>1,265</u>	<u>464,928</u>	<u>-</u>	<u>459,880</u>	<u>250,042</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	77,109	5	477	3,041	(110,570)	101	65,527	(3,559)	46
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	77,109	5	477	3,041	(110,570)	101	65,527	(3,559)	46
Fund Balances at Beginning of Year	<u>46,601</u>	<u>631</u>	<u>21,920</u>	<u>13,961</u>	<u>304,612</u>	<u>12,723</u>	<u>136,414</u>	<u>4,002</u>	<u>5,826</u>
Fund Balances at End of Year	<u>\$ 123,710</u>	<u>\$ 636</u>	<u>\$ 22,397</u>	<u>\$ 17,002</u>	<u>\$ 194,042</u>	<u>\$ 12,824</u>	<u>\$ 201,941</u>	<u>\$ 443</u>	<u>\$ 5,872</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

SPECIAL REVENUE FUNDS

	Board of Education Community Service	Park Development Trust	Public Inv. Community Grant	Oakville Green Development Trust	Town Hall Beautification	Drug Enforcement	Police Grants	Open Space Fund
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	166,497	-	-	-	-	-	-	-
Investment Income	-	523	2	1	10	24	3	1,622
Other Revenue	-	7,425	-	-	-	-	-	-
Total Revenues	<u>166,497</u>	<u>7,948</u>	<u>2</u>	<u>1</u>	<u>10</u>	<u>24</u>	<u>3</u>	<u>1,622</u>
Expenditures								
Current:								
General Government	-	-	-	5	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	8,392	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	104,782	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>104,782</u>	<u>8,392</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	61,715	(444)	2	(4)	10	24	3	1,622
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	61,715	(444)	2	(4)	10	24	3	1,622
Fund Balances at Beginning of Year	1,908	66,552	176	1,574	1,330	3,071	277	203,458
Fund Balances at End of Year	<u>\$ 63,623</u>	<u>\$ 66,108</u>	<u>\$ 178</u>	<u>\$ 1,570</u>	<u>\$ 1,340</u>	<u>\$ 3,095</u>	<u>\$ 280</u>	<u>\$ 205,080</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

SPECIAL REVENUE FUNDS									
	Preservation of Historical Documents	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	STEAP Grant Fund	Asset Forfeiture DOJ	Police Asset Forfeiture
Revenues									
Intergovernmental Revenues	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 605	\$ -	\$ -
Licenses, Permits and Charges for Services	190,658	-	-	-	17,815	-	-	-	-
Investment Income	(502)	1	-	94	-	92	(105)	230	-
Other Revenue	-	-	-	-	-	28,411	-	28,774	-
Total Revenues	<u>197,656</u>	<u>1</u>	<u>-</u>	<u>94</u>	<u>17,815</u>	<u>28,503</u>	<u>500</u>	<u>29,004</u>	<u>-</u>
Expenditures									
Current:									
General Government	190,156	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	68
Public Works	-	-	-	-	-	-	1,210	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	18,207	-	-	-
Education	-	-	-	-	15,406	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>190,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,406</u>	<u>18,207</u>	<u>1,210</u>	<u>-</u>	<u>68</u>
Excess/(Deficiency) of Revenues Over Expenditures	7,500	1	-	94	2,409	10,296	(710)	29,004	(68)
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,500	1	-	94	2,409	10,296	(710)	29,004	(68)
Fund Balances at Beginning of Year	(70,971)	179	5,593	11,808	22,311	884,938	(5,967)	-	(2,924)
Fund Balances at End of Year	<u>\$ (63,471)</u>	<u>\$ 180</u>	<u>\$ 5,593</u>	<u>\$ 11,902</u>	<u>\$ 24,720</u>	<u>\$ 895,234</u>	<u>\$ (6,677)</u>	<u>\$ 29,004</u>	<u>\$ (2,992)</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			PERMANENT FUNDS	
	Town Clerk Fund	Student Activities	Youth Services Bureau Donations	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	2,620	-	-	-	-	-	-	-
Investment Income	174	-	-	-	2,481	435	610	29
Other Revenue	-	81,946	2,275	-	-	-	-	-
Total Revenues	<u>2,794</u>	<u>81,946</u>	<u>2,275</u>	<u>-</u>	<u>2,481</u>	<u>435</u>	<u>610</u>	<u>29</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	78,107	815	-	-	-	-	-
Capital Outlay	-	-	-	-	-	406,000	-	-
Total Expenditures	<u>-</u>	<u>78,107</u>	<u>815</u>	<u>-</u>	<u>-</u>	<u>406,000</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	2,794	3,839	1,460	-	2,481	(405,565)	610	29
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	150,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	2,794	3,839	1,460	-	2,481	(255,565)	610	29
Fund Balances at Beginning of Year	<u>19,242</u>	<u>26,469</u>	<u>13,349</u>	<u>98</u>	<u>241,245</u>	<u>626,877</u>	<u>76,553</u>	<u>3,686</u>
Fund Balances at End of Year	<u>\$ 22,036</u>	<u>\$ 30,308</u>	<u>\$ 14,809</u>	<u>\$ 98</u>	<u>\$ 243,726</u>	<u>\$ 371,312</u>	<u>\$ 77,163</u>	<u>\$ 3,715</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

PERMANENT FUNDS									
	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	Total
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,899,934
Licenses, Permits and Charges for Services	-	-	-	-	-	-	-	-	1,647,449
Investment Income	264	5	27	50	147	(75)	13	202	8,359
Other Revenue	-	-	-	-	-	-	-	-	315,598
Total Revenues	264	5	27	50	147	(75)	13	202	5,871,340
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	190,161
Public Safety	-	-	-	-	-	-	-	-	1,333
Public Works	-	-	-	-	-	-	-	-	466,138
Parks and Recreation	-	-	-	-	-	-	-	-	468,480
Health and Welfare	-	-	-	-	-	-	-	-	114,372
Education	-	-	-	-	-	-	-	-	4,026,115
Capital Outlay	-	-	-	-	-	-	-	-	656,042
Total Expenditures	-	-	-	-	-	-	-	-	5,922,641
Excess/(Deficiency) of Revenues Over Expenditures	264	5	27	50	147	(75)	13	202	(51,301)
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	150,000
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-	150,000
Net Change in Fund Balances	264	5	27	50	147	(75)	13	202	98,699
Fund Balances at Beginning of Year	33,138	657	3,327	6,211	18,470	3,737	1,583	25,310	3,772,388
Fund Balances at End of Year	\$ 33,402	\$ 662	\$ 3,354	\$ 6,261	\$ 18,617	\$ 3,662	\$ 1,596	\$ 25,512	\$ 3,871,087

See accountant's report.

Internal Service Funds

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

Health and Dental Benefits Fund

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

Workers' Compensation Fund

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

General Liability Deductibles

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

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Net Position

Internal Service Funds

June 30, 2023

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 32,002	\$ 429,089	\$ 30	\$ 461,121
Accounts Receivable	22,285	-	-	22,285
Total Assets	<u>\$ 54,287</u>	<u>\$ 429,089</u>	<u>\$ 30</u>	<u>\$ 483,406</u>
Liabilities				
Current Liabilities:				
Risk Management Claims	\$ 1,137,377	\$ -	\$ -	\$ 1,137,377
Due To Other Funds	35,000	30,000	-	65,000
Total Current Liabilities	<u>1,172,377</u>	<u>30,000</u>	<u>-</u>	<u>1,202,377</u>
Noncurrent Liabilities:				
Risk Management Claims	-	2,976,333	-	2,976,333
Total Liabilities	<u>1,172,377</u>	<u>3,006,333</u>	<u>-</u>	<u>4,178,710</u>
Net Position				
Unrestricted	<u>\$ (1,118,090)</u>	<u>\$ (2,577,244)</u>	<u>\$ 30</u>	<u>\$ (3,695,304)</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds			Total
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	
Operating Revenues				
Charges for Services	<u>\$ 15,789,863</u>	<u>\$ 982,629</u>	<u>\$ -</u>	<u>\$ 16,772,492</u>
Operating Expenses				
Claims	12,678,348	544,677	-	13,223,025
Premiums and Administrative Charges	<u>3,025,698</u>	<u>-</u>	<u>-</u>	<u>3,025,698</u>
Total Operating Expenses	<u>15,704,046</u>	<u>544,677</u>	<u>-</u>	<u>16,248,723</u>
Income (Loss) from Operations	<u>85,817</u>	<u>437,952</u>	<u>-</u>	<u>523,769</u>
Non-Operating Revenues				
Interest Income	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
Change in Net Position	<u>85,875</u>	<u>437,952</u>	<u>-</u>	<u>523,827</u>
Net Position - Beginning of Year	<u>(1,203,965)</u>	<u>(3,015,196)</u>	<u>30</u>	<u>(4,219,131)</u>
Net Position - End of Year	<u>\$ (1,118,090)</u>	<u>\$ (2,577,244)</u>	<u>\$ 30</u>	<u>\$ (3,695,304)</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Cash Flows from Operating Activities				
Cash Received from Customers and Users	\$ 15,784,475	\$ 982,629	\$ -	\$ 16,767,104
Cash Payments for Benefits and Claims	(12,745,511)	(908,922)	-	(13,654,433)
Premiums and Administrative Charges	(3,025,698)	-	-	(3,025,698)
Net Cash from Operating Activities	<u>13,266</u>	<u>73,707</u>	<u>-</u>	<u>86,973</u>
Cash Flows from Noncapital Financing Activities				
Cash Received from General Fund	<u>10,000</u>	-	-	<u>10,000</u>
Net Cash from Noncapital Financing Activities	<u>10,000</u>	-	-	<u>10,000</u>
Cash Flows from Investing Activities				
Interest Income	<u>58</u>	-	-	<u>58</u>
Net Cash from Investing Activities	<u>58</u>	-	-	<u>58</u>
Net Increase (Decrease) in Cash and Equivalents	<u>23,324</u>	<u>73,707</u>	<u>-</u>	<u>97,031</u>
Cash and Equivalents - Beginning of Year	<u>8,678</u>	<u>355,382</u>	<u>30</u>	<u>364,090</u>
Cash and Equivalents - End of Year	<u>\$ 32,002</u>	<u>\$ 429,089</u>	<u>\$ 30</u>	<u>\$ 461,121</u>
Reconciliation of Income from Operations to Net Cash from Operating Activities				
Income (Loss) from Operations	\$ 85,817	\$ 437,952	\$ -	\$ 523,769
Changes in Operating Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(5,388)	-	-	(5,388)
Increase (Decrease) in Claims Payable	<u>(67,163)</u>	<u>(364,245)</u>	<u>-</u>	<u>(431,408)</u>
Net Cash from Operating Activities	<u>\$ 13,266</u>	<u>\$ 73,707</u>	<u>\$ -</u>	<u>\$ 86,973</u>

See accountant's report.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments.

Pension Trust Funds

These funds, which are administered by the Town as Trust Funds, are used to accumulate resources to provide for and pay out retirement benefits for all Town Employees participating in them.

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Fiduciary Net Position

Pension Trust Funds

June 30, 2023

	<u>Town Retirement System</u>	<u>Police Pension Fund</u>	<u>OPEB Trust Fund</u>	<u>Deferred Compensation Fund</u>	<u>Total</u>
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,443	\$ -	\$ 1,443
Investments, at Fair Value					
Guaranteed Deposit Accounts	3,323,326	5,018,989	-	-	8,342,315
Mutual Funds	<u>22,196,706</u>	<u>22,120,552</u>	<u>-</u>	<u>452,378</u>	<u>44,769,636</u>
Total Assets	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>
Net Position					
Restricted for Pension Benefits	\$ 25,520,032	\$ 27,139,541	\$ -	\$ 452,378	\$ 53,111,951
Restricted for OPEB Benefits	<u>-</u>	<u>-</u>	<u>1,443</u>	<u>-</u>	<u>1,443</u>
Total Net Position	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Year Ended June 30, 2023

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Additions					
Contributions:					
Employer	\$ 473,913	\$ 1,131,906	\$ -	\$ 59,016	\$ 1,664,835
Plan Members	180,808	264,191	-	-	444,999
Total Contributions	<u>654,721</u>	<u>1,396,097</u>	<u>-</u>	<u>59,016</u>	<u>2,109,834</u>
Investment Income:					
Net Appreciation/(Depreciation) in Fair Value of Investments	1,632,602	1,509,649	-	47,122	3,189,373
Interest and Dividends	670,759	670,412	1	-	1,341,172
Total Investment Income	2,303,361	2,180,061	1	47,122	4,530,545
Less: Investment Management Fees	(122,501)	(122,229)	-	-	(244,730)
Net Investment Income	<u>2,180,860</u>	<u>2,057,832</u>	<u>1</u>	<u>47,122</u>	<u>4,285,815</u>
Total Additions	<u>2,835,581</u>	<u>3,453,929</u>	<u>1</u>	<u>106,138</u>	<u>6,395,649</u>
Deductions					
Pension Benefits	1,842,880	1,905,272	-	-	3,748,152
Administrative Expenses	89,709	48,078	5	-	137,792
Total Deductions	<u>1,932,589</u>	<u>1,953,350</u>	<u>5</u>	<u>-</u>	<u>3,885,944</u>
Change in Net Position	902,992	1,500,579	(4)	106,138	2,509,705
Net Position at Beginning of Year	<u>24,617,040</u>	<u>25,638,962</u>	<u>1,447</u>	<u>346,240</u>	<u>50,603,689</u>
Net Position at End of Year	<u>\$ 25,520,032</u>	<u>\$ 27,139,541</u>	<u>\$ 1,443</u>	<u>\$ 452,378</u>	<u>\$ 53,113,394</u>

See accountant's report.

Supplemental Schedules

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2023

List of 10/1:	Outstanding July 1, 2022	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year				Outstanding June 30, 2023
			Additions	Deductions			Taxes	Interest	Liens & Fees	Total	
2021		\$ 67,318,834	\$ 273,903	\$ 346,478	\$ 5,470	\$ 67,240,789	\$ 66,450,048	\$ 220,392	\$ 26,355	\$ 66,696,795	\$ 790,741
2020	\$ 601,392	-	26,999	37,834	4,883	585,674	362,152	89,438	5,493	457,083	223,522
2019	218,840	-	12,764	17,688	3,357	210,559	140,789	40,513	1,769	183,071	69,770
2018	83,647	-	317	3,446	2,885	77,633	29,913	19,002	378	49,293	47,720
2017	41,590	-	1,106	1,914	4,022	36,760	2,589	3,826	(1,771)	4,644	34,171
2016	30,503	-	-	742	2,632	27,129	1,062	1,508	60	2,630	26,067
2015	31,397	-	139	475	1,241	29,820	348	815	15	1,178	29,472
2014	24,570	-	135	232	11,262	13,211	515	432	15	962	12,696
2013	17,096	-	5	395	6,669	10,037	(24)	320	10	306	10,061
2012	14,031	-	5	265	3,843	9,928	390	574	20	984	9,538
2011	12,236	-	-	301	1,448	10,487	648	1,200	20	1,868	9,839
2010	5,999	-	5	-	279	5,725	263	523	20	806	5,462
	\$ 1,081,301	\$ 67,318,834	\$ 315,378	\$ 409,770	\$ 47,991	\$ 68,257,752	66,988,693	378,543	32,384	67,399,620	\$ 1,269,059
Net Grand List - October 1, 2021					Total Suspense Collections	3,780	1,609	60	5,449		
Tax Rate: 34.94 mills					Total Collections	\$ 66,992,473	\$ 380,152	\$ 32,444	\$ 67,405,069		

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Schedule of Changes in Fund Balance

Capital Improvement Fund

For the Year Ended June 30, 2023

	<u>Beginning Fund Balance</u>	<u>Transfers In (Out)</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlay/Debt Service</u>	<u>Ending Fund Balance</u>
Current Projects:						
Watertown High School Renovation	\$ 599,453	\$ -	\$ 4,778	\$ -	\$ -	\$ 604,231
Judson School Renovation	2,957	-	23	-	-	2,980
Polk School Renovation	16,640	-	133	-	-	16,773
High School Track	14,126	-	113	-	-	14,239
Roadway and Drainage Improvements	27,616	-	220	-	-	27,836
Buckingham Street School	9,595	-	76	-	-	9,671
Debt Service	292,586	-	-	-	(292,586)	-
Public Works Projects	161,071	-	1,031	-	(31,734)	130,368
Oakville Green Bricks	508	-	4	-	-	512
Fire Truck	28,584	-	228	-	-	28,812
Town Hall Improvement	174,840	-	1,394	-	-	176,234
Concord/Lexington W&S	499,967	-	3,905	-	-	503,872
2019 Public Works Projects	2,618,623	-	29,001	412,514	(446,569)	2,613,569
Sylvan Lake Road Reconstruction	14,048	-	136	-	-	14,184
Guernsey Town Road Reconstruction	-	-	34,037	6,000	(6,000)	34,037
Other Projects:						
Veterans Memorial Park Improvements	(1,500)	-	(12)	-	-	(1,512)
Veterans Memorial Park	15,296	-	150	3,448	-	18,894
Echo Lake Park	1,712	-	13	-	-	1,725
French Street Reconstruction	2,379	-	20	-	-	2,399
Heminway Park	11,389	-	91	-	-	11,480
Sidewalk Upgrades	50	-	-	-	-	50
Oakville Green Transportation	5,142	-	41	-	-	5,183
Dog Park	(7,663)	-	(60)	100	-	(7,623)
Totals	<u>\$ 4,487,419</u>	<u>\$ -</u>	<u>\$ 75,322</u>	<u>\$ 422,062</u>	<u>\$ (776,889)</u>	<u>\$ 4,207,914</u>

See accountant's report.

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 conditions.

Statistical section information is presented in the following categories:

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
 Net Position By Component
 Last Ten Fiscal Years

Table 1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Net Investment in Capital Assets	\$ 131,585,292	\$ 130,011,245	\$ 131,085,354	\$ 129,300,586	\$ 130,694,302	\$ 131,776,291	\$ 130,504,297	\$ 130,139,277	\$ 138,857,588	\$ 132,293,489
Restricted	1,757,965	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469
Unrestricted	<u>(94,351,265)</u>	<u>(89,421,833)</u>	<u>(88,145,914)</u>	<u>(81,403,658)</u>	<u>(76,894,352)</u>	<u>(70,644,404)</u>	<u>(19,367,531)</u>	<u>(15,935,824)</u>	<u>(10,643,716)</u>	<u>4,947,433</u>
Total Governmental Activities Net Position	<u>\$ 38,991,992</u>	<u>\$ 42,277,410</u>	<u>\$ 44,512,545</u>	<u>\$ 49,267,657</u>	<u>\$ 55,290,057</u>	<u>\$ 62,742,644</u>	<u>\$ 112,398,573</u>	<u>\$ 116,083,175</u>	<u>\$ 128,498,965</u>	<u>\$ 137,529,391</u>
Business-type Activities:										
Net Investment in Capital Assets	\$ 17,565,976	\$ 18,016,996	\$ 18,551,005	\$ 18,449,849	\$ 17,175,946	\$ 13,949,677	\$ 14,113,111	\$ 14,523,582	\$ 14,809,512	\$ 12,408,263
Unrestricted	<u>(11,416,514)</u>	<u>8,080,698</u>	<u>6,520,730</u>	<u>4,594,677</u>	<u>3,868,277</u>	<u>4,133,573</u>	<u>3,948,533</u>	<u>3,626,024</u>	<u>2,838,278</u>	<u>6,474,939</u>
Total Business-type Activities Net Position	<u>\$ 6,149,462</u>	<u>\$ 26,097,694</u>	<u>\$ 25,071,735</u>	<u>\$ 23,044,526</u>	<u>\$ 21,044,223</u>	<u>\$ 18,083,250</u>	<u>\$ 18,061,644</u>	<u>\$ 18,149,606</u>	<u>\$ 17,647,790</u>	<u>\$ 18,883,202</u>
Primary Government:										
Net Investment in Capital Assets	\$ 149,151,268	\$ 148,028,241	\$ 149,636,359	\$ 147,750,435	\$ 147,870,248	\$ 145,725,968	\$ 144,617,408	\$ 144,662,859	\$ 153,667,100	\$ 144,701,752
Restricted	1,757,965	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469
Unrestricted	<u>(105,767,779)</u>	<u>(81,341,135)</u>	<u>(81,625,184)</u>	<u>(76,808,981)</u>	<u>(73,026,075)</u>	<u>(66,510,831)</u>	<u>(15,418,998)</u>	<u>(12,309,800)</u>	<u>(7,805,438)</u>	<u>11,422,372</u>
Total Primary Government Net Position	<u>\$ 45,141,454</u>	<u>\$ 68,375,104</u>	<u>\$ 69,584,280</u>	<u>\$ 72,312,183</u>	<u>\$ 76,334,280</u>	<u>\$ 80,825,894</u>	<u>\$ 130,460,217</u>	<u>\$ 134,232,781</u>	<u>\$ 146,146,755</u>	<u>\$ 156,412,593</u>

TOWN OF WATERTOWN, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years

Table 2
Page 1 of 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses										
Governmental Activities:										
General Government	\$ 16,759,909	\$ 23,734,034	\$ 23,067,455	\$ 24,038,696	\$ 22,175,951	\$ 23,145,212	\$ 20,951,979	\$ 18,632,488	\$ 14,642,335	\$ 9,636,520
Public Safety	10,388,843	9,344,765	9,513,588	9,268,805	9,476,642	9,031,748	7,655,963	7,056,599	6,771,122	6,180,199
Public Works	6,660,561	7,259,527	5,987,316	6,504,916	5,664,282	5,666,103	5,523,038	6,830,031	6,029,759	5,194,580
Parks and Recreation	1,577,256	1,298,283	1,156,601	1,333,539	1,371,136	1,457,524	1,488,398	1,386,354	989,044	1,362,980
Health and Welfare	232,592	198,293	154,872	158,371	143,779	148,686	147,889	279,305	281,496	528,987
Education	70,593,082	54,046,453	61,223,301	52,695,769	53,894,922	49,080,797	48,197,167	44,847,545	49,786,691	48,281,395
Interest on Long-Term Debt	<u>1,588,682</u>	<u>1,626,925</u>	<u>2,152,188</u>	<u>1,996,026</u>	<u>1,919,989</u>	<u>1,582,281</u>	<u>1,715,491</u>	<u>1,918,464</u>	<u>2,169,068</u>	<u>2,586,640</u>
Total Governmental Activities Expenses	<u>107,800,925</u>	<u>97,508,280</u>	<u>103,255,321</u>	<u>95,996,122</u>	<u>94,646,701</u>	<u>90,112,351</u>	<u>85,679,925</u>	<u>80,950,786</u>	<u>80,669,515</u>	<u>73,771,301</u>
Business-Type Activities:										
Sewer	16,756,086	1,760,495	1,880,336	1,759,931	2,734,459	2,314,494	2,114,459	2,087,500	2,229,460	2,098,201
Water	7,571,815	1,723,912	1,617,737	1,899,775	1,638,721	1,642,045	1,556,315	1,638,468	1,687,777	1,462,966
Golf	<u>829,073</u>	<u>745,290</u>	<u>748,593</u>	<u>673,329</u>	<u>700,326</u>	<u>621,752</u>	<u>540,530</u>	<u>602,299</u>	<u>812,641</u>	<u>642,255</u>
Total Business-Type Activities Expenses	<u>25,156,974</u>	<u>4,229,697</u>	<u>4,246,666</u>	<u>4,333,035</u>	<u>5,073,506</u>	<u>4,578,291</u>	<u>4,211,304</u>	<u>4,328,267</u>	<u>4,729,878</u>	<u>4,203,422</u>
Total Primary Government Expenses	<u>\$ 132,957,899</u>	<u>\$ 101,737,977</u>	<u>\$ 107,501,987</u>	<u>\$ 100,329,157</u>	<u>\$ 99,720,207</u>	<u>\$ 94,690,642</u>	<u>\$ 89,891,229</u>	<u>\$ 85,279,053</u>	<u>\$ 85,399,393</u>	<u>\$ 77,974,723</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,412,457	\$ 1,578,490	\$ 3,203,513	\$ 1,095,776	\$ 1,103,834	\$ 1,072,169	\$ 1,105,899	\$ 725,951	\$ 1,239,983	\$ 1,192,778
Public Safety	1,612,906	791,309	1,128,926	968,256	1,292,489	856,423	857,351	1,337,748	808,950	617,309
Public Works	167,748	193,735	189,900	209,004	205,701	220,035	125,165	152,303	134,453	153,864
Parks and Recreation	539,302	410,162	161,222	329,258	368,639	394,318	393,443	351,132	393,356	363,279
Health and Welfare	2,990	2,872	2,992	1,972	2,372	1,349	1,007	4,595	-	-
Education	1,031,413	843,108	371,882	785,484	1,204,445	1,138,200	1,047,725	1,224,394	1,228,975	1,133,310
Operating Grants and Contributions	27,600,774	23,952,832	29,385,464	23,406,386	25,644,240	20,935,745	21,747,858	19,419,205	18,447,887	19,479,640
Capital Grants and Contributions	<u>880,056</u>	<u>299,291</u>	<u>1,378,137</u>	<u>1,962,551</u>	<u>1,941,877</u>	<u>886,884</u>	<u>204,096</u>	<u>781,167</u>	<u>2,371,694</u>	<u>949,550</u>
Total Governmental Activities	<u>33,247,646</u>	<u>28,071,799</u>	<u>35,822,036</u>	<u>28,758,687</u>	<u>31,763,597</u>	<u>25,505,123</u>	<u>25,482,544</u>	<u>23,996,495</u>	<u>24,625,298</u>	<u>23,889,730</u>
Business-Type Activities:										
Charges for Services:										
Sewer	2,742,585	2,676,445	2,533,147	2,407,884	2,345,023	2,253,924	2,072,644	1,903,604	1,810,092	2,063,450
Water	1,862,802	1,836,539	1,795,085	1,703,877	1,619,029	1,533,123	1,495,921	1,372,273	1,365,078	1,254,222
Golf	951,708	772,488	896,884	613,436	493,411	543,831	554,433	582,372	512,715	519,223
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	252,031	-	-	-	92,558
Total Business-Type Activities	<u>5,557,095</u>	<u>5,285,472</u>	<u>5,225,116</u>	<u>4,725,197</u>	<u>4,457,463</u>	<u>4,582,909</u>	<u>4,122,998</u>	<u>3,858,249</u>	<u>3,687,885</u>	<u>3,929,453</u>
Total Primary Government Program Revenues	<u>\$ 38,804,741</u>	<u>\$ 33,357,271</u>	<u>\$ 41,047,152</u>	<u>\$ 33,483,884</u>	<u>\$ 36,221,060</u>	<u>\$ 30,088,032</u>	<u>\$ 29,605,542</u>	<u>\$ 27,854,744</u>	<u>\$ 28,313,183</u>	<u>\$ 27,819,183</u>
Net (Expense) Revenue:										
Governmental Activities	\$ (74,553,279)	\$ (69,436,481)	\$ (67,433,285)	\$ (67,237,435)	\$ (62,883,104)	\$ (64,607,228)	\$ (60,197,381)	\$ (56,954,291)	\$ (56,044,217)	\$ (49,881,571)
Business-Type Activities	(19,599,879)	1,055,775	978,450	392,162	(616,043)	4,618	(88,306)	(470,018)	(1,041,993)	(273,969)
Total Primary Government Net Expense	<u>\$ (94,153,158)</u>	<u>\$ (68,380,706)</u>	<u>\$ (66,454,835)</u>	<u>\$ (66,845,273)</u>	<u>\$ (63,499,147)</u>	<u>\$ (64,602,610)</u>	<u>\$ (60,285,687)</u>	<u>\$ (57,424,309)</u>	<u>\$ (57,086,210)</u>	<u>\$ (50,155,540)</u>
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF WATERTOWN, CONNECTICUT

Changes in Net Position
Last Ten Fiscal Years

Table 2
Page 2 of 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 67,767,491	\$ 65,359,579	\$ 62,150,176	\$ 61,615,389	\$ 60,229,036	\$ 57,079,893	\$ 54,796,869	\$ 53,218,375	\$ 50,738,912	\$ 49,498,071
Grants and Contributions Not Restricted to Specific Programs	2,111,325	1,274,264	954,415	729,823	737,426	891,894	1,454,222	342,601	1,165,543	1,150,077
Unrestricted Investment Earnings	649,881	84,355	42,737	273,260	373,798	232,774	74,563	50,392	32,070	29,017
Other General Revenues	313,750	192,448	576,432	187,200	180,000	180,025	175,000	927,921	1,905,304	443,722
Transfers	425,414	44,356	(1,045,587)	(1,590,637)	(3,548,185)	8,866	12,125	(83,475)	(66,828)	43,051
Total Governmental Activities	<u>71,267,861</u>	<u>66,955,002</u>	<u>62,678,173</u>	<u>61,215,035</u>	<u>57,972,075</u>	<u>58,393,452</u>	<u>56,512,779</u>	<u>54,455,814</u>	<u>53,775,001</u>	<u>51,163,938</u>
Business-Type Activities:										
Unrestricted Investment Earnings	77,061	14,540	3,172	17,504	28,831	25,854	12,469	-	6,130	6,011
Transfers	(425,414)	(44,356)	1,045,587	1,590,637	3,548,185	(8,866)	(12,125)	83,475	66,828	(43,051)
Total Business-Type Activities	<u>(348,353)</u>	<u>(29,816)</u>	<u>1,048,759</u>	<u>1,608,141</u>	<u>3,577,016</u>	<u>16,988</u>	<u>344</u>	<u>83,475</u>	<u>72,958</u>	<u>(37,040)</u>
Total Primary Government	<u>\$ 70,919,508</u>	<u>\$ 66,925,186</u>	<u>\$ 63,726,932</u>	<u>\$ 62,823,176</u>	<u>\$ 61,549,091</u>	<u>\$ 58,410,440</u>	<u>\$ 56,513,123</u>	<u>\$ 54,539,289</u>	<u>\$ 53,847,959</u>	<u>\$ 51,126,898</u>
Loss on Assets:										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,595	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,595</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ (3,285,418)	\$ (2,481,479)	\$ (4,755,112)	\$ (6,022,400)	\$ (4,911,029)	\$ (6,213,776)	\$ (3,684,602)	\$ (2,498,477)	\$ (2,297,811)	\$ 1,282,367
Business-type Activities	<u>(19,948,232)</u>	<u>1,025,959</u>	<u>2,027,209</u>	<u>2,000,303</u>	<u>2,960,973</u>	<u>21,606</u>	<u>(87,962)</u>	<u>(386,543)</u>	<u>(969,035)</u>	<u>(311,009)</u>
Total Primary Government	<u>\$ (23,233,650)</u>	<u>\$ (1,455,520)</u>	<u>\$ (2,727,903)</u>	<u>\$ (4,022,097)</u>	<u>\$ (1,950,056)</u>	<u>\$ (6,192,170)</u>	<u>\$ (3,772,564)</u>	<u>\$ (2,885,020)</u>	<u>\$ (3,266,846)</u>	<u>\$ 971,358</u>

TOWN OF WATERTOWN, CONNECTICUT
Fund Balances of Governmental Funds
Last Ten Fiscal Years

Table 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund:										
Nonspendable	\$ 83,626	\$ 101,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	407,967	529,627	485,101	378,240	637,537	932,456	691,815	467,589	488,840	563,130
Unassigned	<u>9,632,135</u>	<u>9,919,389</u>	<u>6,857,463</u>	<u>8,778,391</u>	<u>6,798,056</u>	<u>4,084,363</u>	<u>5,302,434</u>	<u>8,016,125</u>	<u>7,370,555</u>	<u>6,953,281</u>
Total General Fund	<u>\$ 10,123,728</u>	<u>\$ 10,550,173</u>	<u>\$ 7,342,564</u>	<u>\$ 9,156,631</u>	<u>\$ 7,435,593</u>	<u>\$ 5,016,819</u>	<u>\$ 5,994,249</u>	<u>\$ 8,483,714</u>	<u>\$ 7,859,395</u>	<u>\$ 7,516,411</u>
All Other Governmental Funds:										
Nonspendable	\$ 97,143	\$ 97,143	\$ 97,143	\$ 97,143	\$ 97,143	\$ 924,384	\$ 924,951	\$ 120,282	\$ 182,318	\$ 184,438
Restricted	4,954,497	5,176,871	6,559,357	8,705,038	9,714,033	11,680,914	359,995	1,759,761	5,106,845	2,255,564
Committed	3,143,203	3,066,379	2,389,363	2,151,621	1,368,570	1,363,215	1,019,850	492,516	2,438,907	1,376,710
Assigned	-	-	-	-	-	-	-	112,454	-	-
Unassigned	<u>(73,140)</u>	<u>(79,862)</u>	<u>(176)</u>	<u>(53,580)</u>	<u>(90,365)</u>	<u>(73,370)</u>	<u>(4,541,883)</u>	<u>(4,885,259)</u>	<u>6,846</u>	<u>(15,910)</u>
Total All Other Governmental Funds	<u>\$ 8,121,703</u>	<u>\$ 8,260,531</u>	<u>\$ 9,045,687</u>	<u>\$ 10,900,222</u>	<u>\$ 11,089,381</u>	<u>\$ 13,895,143</u>	<u>\$ (2,237,087)</u>	<u>\$ (2,400,246)</u>	<u>\$ 7,734,916</u>	<u>\$ 3,800,802</u>

Note:

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

TOWN OF WATERTOWN, CONNECTICUT
 Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years

Table 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:										
Property Taxes, Interest and Lien Fees	\$ 67,501,870	\$ 65,471,466	\$ 62,249,852	\$ 61,859,812	\$ 60,394,025	\$ 57,033,466	\$ 54,558,200	\$ 52,586,977	\$ 50,856,154	\$ 49,654,477
Intergovernmental Revenues	28,311,623	27,047,326	24,163,524	23,312,710	23,421,375	20,151,894	21,622,135	21,576,365	22,315,011	21,542,941
Licenses, Permits, and Charges for Services	4,716,231	4,151,382	3,934,881	3,445,754	4,300,876	3,804,951	3,567,159	4,108,959	4,887,920	3,701,187
Investment Income	649,823	84,233	42,231	271,410	369,995	231,192	73,555	52,028	32,017	28,540
Other Revenues	760,675	440,880	874,457	449,931	399,275	425,877	420,239	504,041	649,730	696,492
Total Revenues	<u>101,940,222</u>	<u>97,195,287</u>	<u>91,264,945</u>	<u>89,339,617</u>	<u>88,885,546</u>	<u>81,647,380</u>	<u>80,241,288</u>	<u>78,828,370</u>	<u>78,740,832</u>	<u>75,623,637</u>
Expenditures:										
General Government	\$ 3,643,430	\$ 3,146,130	\$ 2,937,907	\$ 2,926,307	\$ 2,812,732	\$ 2,786,843	\$ 2,860,969	\$ 2,597,695	\$ 2,687,104	\$ 2,720,880
Public Safety	6,805,036	7,138,830	6,605,466	5,811,919	5,592,875	5,862,000	5,578,409	5,677,770	5,352,140	5,167,815
Public Works	4,497,037	3,900,183	3,620,305	3,959,303	5,431,727	3,573,794	3,665,418	4,754,988	4,229,085	4,162,342
Parks and Recreation	1,584,620	1,243,798	1,029,150	1,252,796	1,234,533	1,362,282	1,323,437	1,193,087	1,186,993	1,129,699
Health and Welfare	280,509	246,673	217,056	210,199	203,797	201,129	191,233	328,520	244,378	529,044
Education	65,387,318	60,901,444	59,076,297	54,401,033	53,740,343	51,979,391	51,543,076	48,132,605	47,559,776	46,040,759
Other	11,577,390	9,994,908	10,121,868	10,126,796	9,804,626	9,412,375	9,538,802	8,763,452	8,205,314	7,451,025
Capital Outlay	2,679,719	2,298,999	5,367,593	9,041,497	10,471,263	1,476,976	1,929,123	2,766,836	2,363,893	2,430,242
Debt Service:										
Principal	6,199,867	5,187,158	10,512,403	11,247,316	22,314,700	5,400,104	5,412,462	4,905,000	4,425,000	4,425,000
Interest	1,815,357	1,880,162	2,500,551	2,401,182	1,698,982	1,710,144	1,910,560	2,043,972	2,591,270	2,432,649
Total Expenditures	<u>104,470,283</u>	<u>95,938,285</u>	<u>101,988,596</u>	<u>101,378,348</u>	<u>113,305,578</u>	<u>83,765,038</u>	<u>83,953,489</u>	<u>81,163,925</u>	<u>78,844,953</u>	<u>76,489,455</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,530,061)	1,257,002	(10,723,651)	(12,038,731)	(24,420,032)	(2,117,658)	(3,712,201)	(2,335,555)	(104,121)	(865,818)
Other Financing Sources (Uses):										
Issuance of Bonds/BANs	-	-	6,000,000	12,200,000	22,910,000	16,900,000	1,075,000	-	3,000,000	-
Issuance of Equipment Financing Notes	367,139	744,865	1,009,037	462,260	407,108	243,602	202,762	483,634	418,681	592,437
Issuance of Refunding Bonds	-	9,430,000	10,290,000	-	-	-	-	-	6,265,000	-
Payment to Refunding Bond Escrow Agent	-	(10,534,474)	(10,633,950)	-	-	-	-	-	(6,607,647)	-
Bond/BAN Premiums	-	1,209,460	826,882	779,550	618,771	119,990	96,008	31,319	472,694	83,226
Leases Issued	675,827	-	-	-	-	-	-	-	-	-
Subscription Based IT Arrangements Issued	496,408	-	-	-	-	-	-	-	-	-
Transfers In	711,980	599,911	443,394	399,427	546,193	296,002	369,775	565,681	641,614	325,787
Transfers Out	(286,566)	(530,655)	(880,314)	(270,627)	(449,028)	(287,136)	(357,650)	(649,156)	(708,442)	(282,736)
Total Other Financing Sources (Uses)	<u>1,964,788</u>	<u>919,107</u>	<u>7,055,049</u>	<u>13,570,610</u>	<u>24,033,044</u>	<u>17,272,458</u>	<u>1,385,895</u>	<u>431,478</u>	<u>3,481,900</u>	<u>718,714</u>
Net Change in Fund Balances	(565,273)	2,176,109	(3,668,602)	1,531,879	(386,988)	15,154,800	(2,326,306)	(1,904,077)	3,377,779	(147,104)
Debt Service as a Percentage of Noncapital Expenditures	7.93%	7.53%	13.47%	14.78%	23.35%	8.64%	8.93%	8.86%	9.17%	9.26%

Note: Schedule prepared on the modified accrual basis of accounting.

TOWN OF WATERTOWN, CONNECTICUT
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (In Thousands)

Table 5

Fiscal Year	Grand List Year	Real Property		Personal Property		Vacant Land	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
		Residential Property	Commercial and Industrial Property	Motor Vehicles	Other							
2023	2021	\$ 1,283,347	\$ 250,335	\$ 262,116	\$ 192,268	\$ 22,286	\$ 2,010,352	\$ 82,095	\$ 1,928,257	34.94	\$ 2,754,653	70%
2022	2020	1,277,158	242,139	209,087	192,596	23,367	1,944,347	85,877	1,858,470	34.56	2,654,957	70%
2021	2019	1,281,347	252,254	194,500	192,447	4,183	1,924,731	69,640	1,855,091	33.19	2,650,130	70%
2020	2018	1,280,959	246,157	193,810	184,297	4,183	1,909,406	74,046	1,835,360	33.19	2,621,943	70%
2019	2017	1,245,429	228,990	189,340	172,523	3,216	1,839,498	67,502	1,771,996	33.59	2,531,423	70%
2018	2016	1,241,911	229,508	188,638	167,162	3,129	1,830,348	62,664	1,767,684	31.88	2,525,263	70%
2017	2015	1,238,970	229,298	184,139	150,741	2,376	1,805,524	60,249	1,745,275	30.89	2,493,250	70%
2016	2014	1,233,283	234,050	181,856	147,337	447	1,796,973	59,296	1,737,677	30.10	2,482,396	70%
2015	2013	1,228,803	233,237	177,678	133,695	517	1,773,930	55,272	1,718,658	29.12	2,455,226	70%
2014	2012	1,464,573	238,642	173,905	129,831	538	2,007,489	49,217	1,958,272	25.09	2,797,531	70%

Source: Town of Watertown, Connecticut - Office of Tax Assessor

Notes:

(1) Assessed value is 70% of Estimated Actual Value

TOWN OF WATERTOWN, CONNECTICUT
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

Table 6

Taxpayer	Nature of Business	2023			2014		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Light & Power	Utility	\$ 69,062	1	3.58%	\$ 26,797	1	1.37%
Yankee Gas	Utility	8,806	2	0.46%	5,177	10	0.26%
JSD Partners	Manufacturing	7,441	3	0.39%	7,884	4	0.40%
Greenbriar Associates, LLC	Real Estate	7,406	4	0.38%	7,222	6	0.37%
The Siemon Company	Manufacturing	6,663	5	0.35%	19,700	2	1.01%
Siemon Realty Company	Real Estate	6,582	6	0.34%	7,905	3	0.40%
Straits Commercial Assoc. LTD	Supermarket	6,082	7	0.32%	6,837	8	0.35%
Global Steering Company	Manufacturing	6,036	8	0.31%	7,444	5	0.38%
EAN Holdings LLC	Auto Dealership	5,952	9	0.31%			
United Parcel Services	Shipping	5,893	10	0.31%			
ANSTRO Manufacturing Co.	Manufacturing				6,989	7	0.36%
Truelove & MacLean, Inc.	Manufacturing				6,767	9	0.35%
Total		\$ 129,923		6.74%	\$ 102,722		5.25%

Source: Assessor's Office - Town of Watertown, Connecticut

TOWN OF WATERTOWN, CONNECTICUT
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 7

Fiscal Year	Grand List Year	Net Taxable Assessed Value (In Thousands)	Tax Rate In Mills	Tax Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2023	2021	\$ 1,928,257	34.94	\$ 67,318,834	\$ 67,240,789	99.88%	\$ -	\$ 67,240,789	99.88%
2022	2020	1,858,470	34.56	65,041,818	64,267,829	98.81%	362,152	64,629,981	99.37%
2021	2019	1,855,091	33.19	61,584,233	60,967,689	99.00%	512,400	61,480,089	99.83%
2020	2018	1,835,360	33.19	61,313,822	60,705,937	99.01%	445,993	61,151,930	99.74%
2019	2017	1,771,996	33.59	59,919,974	59,277,939	98.93%	506,244	59,784,183	99.77%
2018	2016	1,767,684	31.88	56,661,252	55,844,763	98.56%	641,742	56,486,505	99.69%
2017	2015	1,745,275	30.89	54,377,797	53,569,467	98.51%	677,406	54,246,873	99.76%
2016	2014	1,737,686	30.10	52,539,751	51,812,359	98.62%	594,464	52,406,823	99.75%
2015	2013	1,718,661	29.12	50,221,088	49,593,099	98.75%	625,454	50,218,553	99.99%
2014	2012	1,958,272	25.09	49,217,960	48,628,689	98.80%	593,788	49,222,477	100.01%

Source: Town of Watertown Tax Collector's Office

TOWN OF WATERTOWN, CONNECTICUT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 8

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (2)	Bonded Debt Percentage of Actual Taxable Value of Property (1)	Total Debt per Capita	Total Bonded Debt per Capita
	General Obligation Bonds	Equipment Financing Notes	Lease Liabilities	Subscription Liabilities	Clean Water Fund Notes	Equipment Financing Notes	Lease Liabilities					
2023	\$ 49,270,562	\$ 1,290,970	\$ 454,621	\$ 429,519	\$ -	\$ 8,961	\$ 55,464	\$ 51,510,097	5.56%	1.79%	\$ 2,330	\$ 2,228
2022	55,055,770	1,365,603	-	-	-	17,323	90,993	56,529,689	6.09%	2.07%	2,557	2,490
2021	59,989,020	1,172,896	-	-	-	25,126	-	61,187,042	6.85%	2.26%	2,836	2,780
2020	63,423,320	634,212	-	-	-	32,408	-	64,089,940	7.40%	2.42%	2,959	2,928
2019	61,560,915	499,305	-	-	414,632	-	-	62,474,852	7.21%	2.43%	2,874	2,832
2018	43,312,201	386,897	-	-	829,264	-	-	44,528,362	5.13%	1.72%	1,978	1,924
2017	48,474,068	513,399	-	-	1,243,896	-	-	50,231,363	6.53%	1.94%	2,231	2,153
2016	52,484,674	768,099	-	-	1,661,611	-	-	54,914,384	7.23%	2.11%	2,471	2,361
2015	57,487,323	829,469	-	-	2,112,839	-	-	60,429,631	7.96%	2.34%	2,719	2,586
2014	58,875,676	953,043	-	-	2,566,050	-	-	62,394,769	8.21%	2.10%	2,803	2,645

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

¹ See Table 5 for taxable property value data

² See Table 12 for personal income and population data.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Debt Limitation
June 30, 2023

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 65,114,151
Reimbursement for Revenue Loss on: Tax Relief for Elderly (Prior Year)	-
Base	<u>\$ 65,114,151</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 146,506,840	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	293,013,680	-	-	-
3-3/4 times base	-	-	244,178,066	-	-
3-1/4 times base	-	-	-	211,620,991	-
3 times base	-	-	-	-	195,342,453
Total Debt Limitation	<u>\$ 146,506,840</u>	<u>\$ 293,013,680</u>	<u>\$ 244,178,066</u>	<u>\$ 211,620,991</u>	<u>\$ 195,342,453</u>
Indebtedness:					
Bonds Payable	19,463,587	17,384,057	9,157,356	-	-
Debt Authorized but Unissued	8,677,672	15,310,254	36,980	-	-
Total Indebtedness	<u>28,141,259</u>	<u>32,694,311</u>	<u>9,194,336</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 118,365,581</u>	<u>\$ 260,319,369</u>	<u>\$ 234,983,730</u>	<u>\$ 211,620,991</u>	<u>\$ 195,342,453</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$455,799,057.

TOWN OF WATERTOWN, CONNECTICUT
 Computation of Direct and Overlapping Debt
 Last Ten Fiscal Years

Table 10

Fiscal Year	Primary Government					Overlapping Debt Watertown Fire District			Total Direct and Overlapping Debt
	Town General Obligation Bonds	Equipment Financing Notes	Lease Liabilities	Subscription Liabilities	Sub-Total	General Obligation Bonds	Amount Applicable To Town	(1) Percentage Applicable To Town	
2023	\$ 49,270,562	\$ 1,290,970	\$ 454,621	\$ 429,519	\$ 51,445,672	\$ -	N/A	N/A	\$ 51,445,672
2022	55,055,770	1,365,603	-	-	56,421,373	-	N/A	N/A	56,421,373
2021	59,989,020	1,172,896	-	-	61,161,916	-	N/A	N/A	61,161,916
2020	63,423,320	634,212	-	-	64,057,532	-	N/A	N/A	64,057,532
2019	61,560,915	499,305	-	-	62,060,220	-	N/A	N/A	62,060,220
2018	43,312,201	386,897	-	-	43,699,098	-	N/A	N/A	43,699,098
2017	48,474,068	513,399	-	-	48,987,467	-	N/A	N/A	48,987,467
2016	52,484,674	768,099	-	-	53,252,773	-	N/A	N/A	53,252,773
2015	57,487,323	829,469	-	-	58,316,792	274,382	274,382	100%	58,591,174
2014	58,875,676	953,043	-	-	59,828,719	602,272	602,272	100%	60,430,991

(1) 100% of the residents of the Fire District are also residents of the Town of Watertown; accordingly, 100% of the indebtedness of the Fire District is being included with the Town of Watertown as overlapping debt.

TOWN OF WATERTOWN, CONNECTICUT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in Thousands)

Table 11

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limitation	\$ 455,799	\$ 434,041	\$ 430,593	\$ 422,127	\$ 398,681	\$ 383,868	\$ 369,474	\$ 369,473	\$ 354,736	\$ 347,991
Total net debt applicable to limit	<u>70,030</u>	<u>51,475</u>	<u>57,065</u>	<u>60,890</u>	<u>59,970</u>	<u>59,494</u>	<u>53,782</u>	<u>57,448</u>	<u>64,379</u>	<u>68,485</u>
Legal debt margin	<u>\$ 385,769</u>	<u>\$ 382,566</u>	<u>\$ 373,528</u>	<u>\$ 361,237</u>	<u>\$ 338,711</u>	<u>\$ 324,374</u>	<u>\$ 315,692</u>	<u>\$ 312,025</u>	<u>\$ 290,357</u>	<u>\$ 279,506</u>
Total net debt applicable to the limit as a percentage of debt limit	15.36%	11.86%	13.25%	14.42%	15.04%	15.50%	14.56%	15.55%	18.15%	19.68%

Source: Town of Watertown Finance Department

TOWN OF WATERTOWN, CONNECTICUT
Demographic and Economic Statistics
Last Ten Calendar Years

Table 12

Calendar Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Income (3)	School Enrollment (2)	Labor Force		Percentage Unemployed (4)			
					Employed (4)	Unemployed (4)	Town of Watertown	Waterbury Labor Market	State of Connecticut	United States
2023	22,110	\$ 926,541	\$ 41,906	2,599	12,568	463	3.6%	6.1%	3.7%	3.6%
2022	22,110	928,465	41,993	2,582	12,579	472	3.6%	6.5%	4.1%	3.8%
2021	21,578	893,739	41,419	2,623	11,465	650	5.4%	12.0%	7.0%	5.9%
2020	21,661	866,634	40,009	2,706	11,502	1,101	8.7%	14.1%	10.0%	11.1%
2019	21,740	866,034	39,836	2,736	12,694	474	3.6%	5.9%	3.9%	3.9%
2018	22,514	867,464	38,530	2,799	12,449	502	3.9%	6.9%	4.3%	3.9%
2017	22,514	769,033	34,158	2,792	12,812	574	4.3%	7.9%	5.0%	4.4%
2016	22,228	759,264	34,158	2,824	12,447	606	4.6%	8.5%	5.4%	4.9%
2015	22,228	759,264	34,158	2,829	12,494	655	5.0%	9.5%	5.8%	5.1%
2014	22,261	760,391	34,158	2,915	10,995	939	7.9%	12.0%	7.4%	6.8%

Sources:

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

TOWN OF WATERTOWN, CONNECTICUT
Principal Employers
Current Year and Nine Years Ago

Table 13

Employer	Nature of Business	2023			2014		
		Employees	Rank	Percentage of Town Employment	Employees	Rank	Percentage of Town Employment
The Siemon Company	Manufacturer	335	1	2.66%	300	1	2.62%
Shelter Loic	Manufacturer	265	2	2.11%			
Super Stop and Shop	Supermarket	225	3	1.79%	180	5	1.57%
Emerson Automated Solutions	Manufacturer	210	4	1.67%			
Crystal Rock	Manufacturer - Bottled Water	200	5	1.59%	150	7	1.31%
LaBonnes Market	Supermarket	196	6	1.56%	106	10	0.93%
Global Steering Systems	Manufacturer	185	7	1.47%	207	3	1.81%
The Taft School	Private School	184	8	1.46%	245	2	2.14%
Braxton Manufacturing	Manufacturer	180	9	1.43%	165	6	1.44%
PM Engineered Solutions	Manufacturer	175	10	1.39%			
Apple Rehab	Health Care				147	8	1.29%
Albea	Manufacturer				200	4	1.75%
Truelove & Maclean	Manufacturer				121	9	1.06%
Total		2155		17.13%	1821		15.92%

Source: Assessor's Office - Town of Watertown, Connecticut

TOWN OF WATERTOWN, CONNECTICUT
 Full-Time Equivalent Government Employees By Function/Program
 Last Ten Fiscal Years

Table 14

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government	52	52	52	53	53	50	52	56	55	55
Police	40	39	37	37	35	35	37	38	38	38
Fire	1	1	1	1	1	2	2	2	2	2
Public Works	24	21	21	24	25	25	25	30	30	30
Park and Recreation	<u>6</u>	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>8</u>
	<u>123</u>	<u>119</u>	<u>116</u>	<u>120</u>	<u>119</u>	<u>118</u>	<u>122</u>	<u>133</u>	<u>133</u>	<u>133</u>
Board of Education:										
Administration and Principals	22	22	19	16	15	15	16	19	18	18
Teachers	249	244	244	238	234	233	242	239	222	226
Other	<u>245</u>	<u>201</u>	<u>240</u>	<u>208</u>	<u>196</u>	<u>192</u>	<u>206</u>	<u>209</u>	<u>202</u>	<u>210</u>
	<u>516</u>	<u>467</u>	<u>503</u>	<u>462</u>	<u>445</u>	<u>440</u>	<u>464</u>	<u>467</u>	<u>442</u>	<u>454</u>
Total	<u>639</u>	<u>586</u>	<u>619</u>	<u>582</u>	<u>564</u>	<u>558</u>	<u>586</u>	<u>600</u>	<u>575</u>	<u>587</u>

Source(s): Various Town Departments

TOWN OF WATERTOWN, CONNECTICUT
 Operating Indicators By Function/Program
 Last Ten Fiscal Years

Table 15

Function/Program	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Building Permits Issued	1,408	1,320	1,487	1,398	1,331	1,388	1,289	1,574	1,422	1,494
Police:										
Physical Arrests	279	241	234	389	502	536	536	524	446	526
Parking Violations	309	5	6	101	531	566	102	146	203	217
Traffic Violations	684	448	450	1,356	2,012	1,749	1,889	1,912	1,983	1,780
Fire:										
Emergency Responses	2,985	2,989	2,741	2,508	1,893	2,428	2,397	2,437	2,499	1,759
Fires Extinguished	50	46	49	40	71	67	69	47	41	137
Public Works:										
Street Resurfacing (Miles)	-	1.53	1.40	2.80	1.38	-	3.30	0.90	4.45	3.20
Potholes Repaired	121	1,825	1,750	640	300	459	430	433	222	468
Library:										
Volumes in Collection	70,700	82,585	78,685	82,806	80,063	84,051	79,376	78,194	78,194	76,650
Water:										
Water Main Breaks	5	3	4	10	10	11	5	7	5	3
Average Daily Consumption (thousands of gallons)	750	1,019	920	1,000	877	880	880	824	876	810

Source(s): Various Town Departments

TOWN OF WATERTOWN, CONNECTICUT
 Capital Asset Statistics By Function/Program
 Last Ten Fiscal Years

Table 16

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Administrative Buildings	1	1	1	3	3	3	3	3	3	3
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of Streets	145	138	138	136.29	136.29	136.29	136.29	136.29	136.29	136.16
Miles of Sidewalks	35.20	37.00	83.23	83.23	83.23	83.23	83.23	83.23	83.23	83.23
Catch Basins	4,082	4,503	4,124	3,460	3,460	3,454	3,440	3,438	3,438	3,434
Number of Dams	4	3	4	5	4	5	5	5	5	5
Parks and Recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Cemeteries	3	3	3	3	3	3	3	3	3	3
Golf Courses	1	1	1	1	1	1	1	1	1	1
Recreation Fields and Courts:										
Number of Basketball Courts	11	11	11	11	11	11	11	11	11	11
Number of Football Fields	1	1	1	1	1	1	1	1	1	1
Number of Playgrounds	8	8	8	8	8	8	8	8	8	8
Number of Soccer Fields	5	5	5	5	5	5	5	5	5	5
Number of Softball/Baseball Fields	12	12	12	12	12	12	14	14	14	14
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Education:										
School Buildings	5	5	5	5	5	5	4	5	5	5
Administrative Buildings	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments