

TOWN OF WATERTOWN
CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

TOWN OF WATERTOWN
CONNECTICUT

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2025

Prepared By
Watertown Finance Department
Maria Guerrero, Finance Director

TOWN OF WATERTOWN, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2025

INTRODUCTORY SECTION

List of Elected and Appointed Officials	1
Organizational Chart of the Town Government	2
Letter of Transmittal.....	3
Certificate of Achievement for Excellence in Financial Reporting	7

FINANCIAL SECTION

Independent Auditors' Report	8
Management's Discussion and Analysis	11

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

Statement of Net Position.....	21
Statement of Activities	22

Governmental Fund Financial Statements

Balance Sheet - Governmental Funds	23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	26

Propriety Fund Financial Statements

Statement of Net Position – Proprietary Funds	27
Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	29

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position.....	31

Notes to the Financial Statements	32
--	-----------

REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budgetary Basis	90
Schedule of Revenues and Other Financing Sources Budget and Actual - Budgetary Basis	91
Schedule of Expenditures and Other Financing Uses Budget and Actual - Budgetary Basis	93

Pension Plans

Schedule of Changes of Net Pension Liability and Related Ratios – Town Pension Plan.....	95
Schedule of Contributions – Town Pension Plan.....	96
Schedule of Investment Returns – Town Pension Plan.....	97
Schedule of Changes of Net Pension Liability and Related Ratios – Police Pension Plan.....	98
Schedule of Contributions – Police Pension Plan	99
Schedule of Investment Returns – Police Pension Plan	100
Schedule of Changes in Net OPEB Liability and Related Ratios - Town.....	101
Connecticut Municipal Employees Retirement System Schedule of The Town's Proportionate Share of the Net Pension Liability and Schedule of Contributions.....	102
Connecticut State Teachers Retirement System Schedule of the Town's Proportionate Share of the Net Pension Liability.....	103
Connecticut State Teachers Retirement System Schedule of the Town's Proportionate Share of the Net OPEB Liability	104

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Non-Major Governmental Funds

Combining Balance Sheet – Non-Major Governmental Funds.....	105
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-Major Governmental Funds	111

Internal Service Funds

Combining Statement of Net Position..... 117
Combining Statement of Revenues, Expenditures, and Changes in Net Position..... 118
Combining Statement of Cash Flows 119

Pension Trust Funds

Combining Statement of Fiduciary Net Position..... 120
Combining Statement of Changes in Fiduciary Net Position..... 121

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Property Taxes Levied, Collected and Outstanding 122
Schedule of Changes in Fund Balance – Capital Improvement Fund..... 123

STATISTICAL SECTION

Financial Trends

Net Position by Component 124
Changes in Net Position 125
Fund Balances of Governmental Funds 127
Revenues, Expenditures and Changes in Fund Balances Governmental Funds..... 128

Revenue Capacity

Assessed and Estimated Actual Value of Taxable Property 129
Principal Property Taxpayers 130
Property Tax Levies and Collections 131

Debt Capacity

Ratios of Outstanding Debt by Type..... 132
Schedule of Debt Limitation 133
Computation of Direct and Overlapping Debt 134
Legal Debt Margin Information 135

Demographic and Economic Statistics

Demographic and Economic Statistics..... 136
Principal Employers 137

Operating Information

Full-Time Equivalent Town Government Employees by Function/Program 138
Operating Indicators by Function/Program 139
Capital Asset Statistics by Function/Program 140

INTRODUCTORY SECTION

TOWN OF WATERTOWN, CONNECTICUT

Principal Officials

As of June 30, 2025

Watertown Town Council

Mary Ann Rosa, Chair

Ken Demirs, Vice Chair

Anthony J. DiBona

Gary Lafferty

Carina Noyd

Jonathan Ramsay

Robert Retallick

Rachael Ryan

Board of Education

Krista Palomba, Chairman

Karen Hosking, Vice Chairman

Christine Faressa, Secretary

Cindy Phelan

John Gavallas

Karim Belica

Jason Malagutti

Elizabeth Lawton

John Gavallas

Appointed Officials

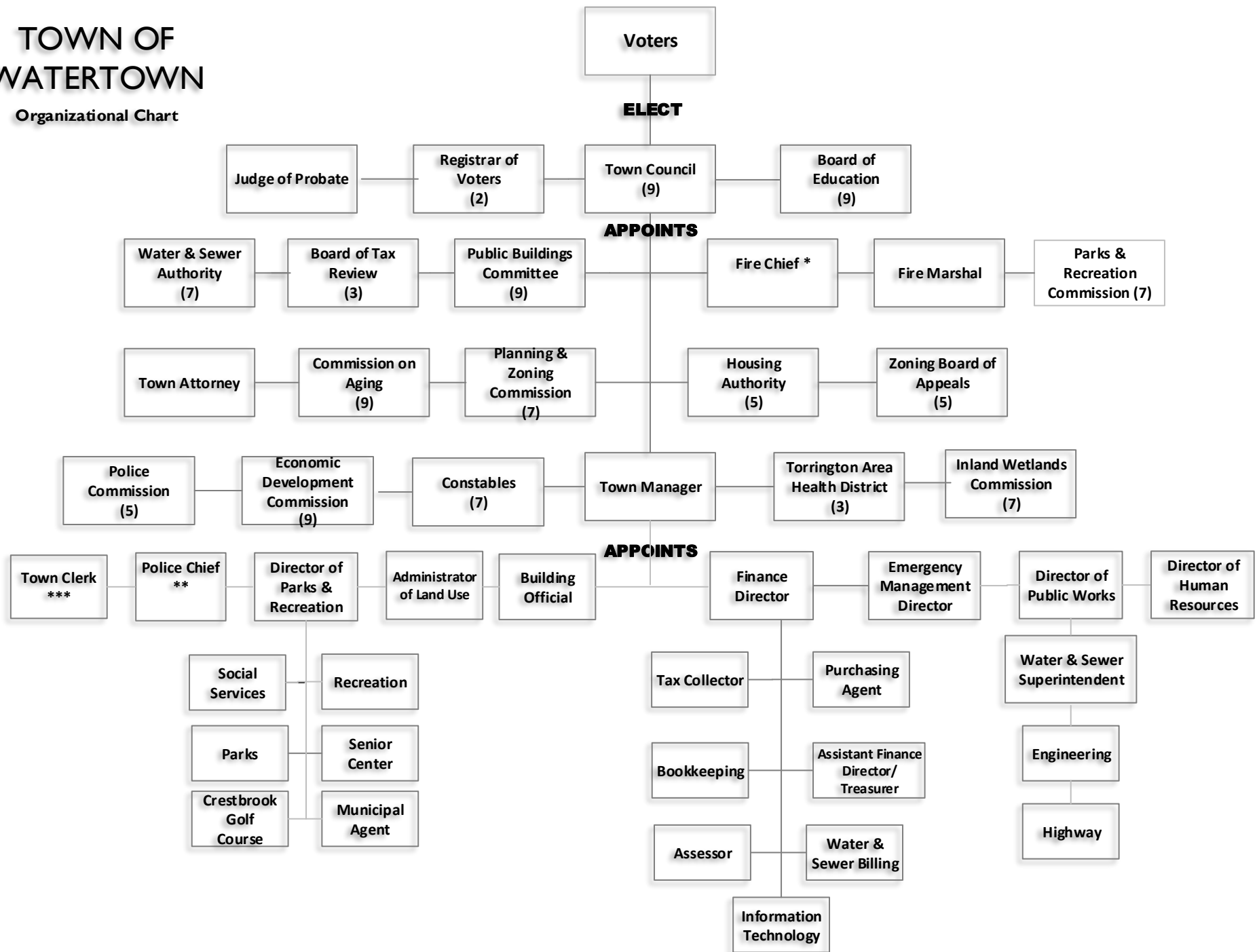
Mark Raimo, Town Manager

Dr. Alison Villanueva, Superintendent of Schools

Maria Guerrero, Finance Director

TOWN OF WATERTOWN

Organizational Chart



* Fire Department Volunteers elect their own Chief

** Police Chief Appointment made with concurrence of Town Council

*** The Town Manager with the concurrence of the Town Council shall have the power to appoint a Town Clerk



WATERTOWN, CONNECTICUT
FINANCE DEPARTMENT

61 Echo Lake Road
Watertown, Connecticut 06795

March 30, 2026

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

We are pleased to present the Annual Comprehensive Financial Report of the Town of Watertown, Connecticut, for the fiscal year ended June 30, 2025. This report is the responsibility of Town management, which ensures the accuracy, completeness, and fairness of all data and disclosures contained herein. Recognizing that the cost of internal controls should not exceed their anticipated benefits, the Town maintains controls designed to provide reasonable—not absolute—assurance that financial statements are free from material misstatements. To the best of our knowledge and belief, this report presents the Town’s financial position and activities fairly and accurately in all material respects.

The Town undergoes an annual single audit in accordance with the provisions of the Federal Single Audit Act and Uniform Guidance. A separate report is issued covering the results of that audit. Similarly, the Town complies with the Connecticut State Single Audit Act, which also requires a separate report. This report encompasses all funds and activities of the Town. Watertown provides a broad array of services, including K-12 education, police and fire protection, zoning, building inspection, solid waste disposal, highway and infrastructure maintenance, and parks and recreational programming. The Town also operates public water and sewer utilities for a portion of the community and manages Crestbrook Park, an 18-hole municipal golf course.

Management’s Discussion and Analysis (MD&A), which follows the independent auditor’s report, offers additional insight into the Town’s financial position and operating results. It is intended to complement this letter and should be read in conjunction with it.

Profile of the Town

Watertown is located in the west-central part of Connecticut and is bordered by Plymouth and Thomaston to the north, Bethlehem and Woodbury to the west, and Middlebury and Waterbury to the south and southeast. While primarily a residential community, the Town benefits from a diversified economic base that includes metal fabrication, plastics, textiles, instrumentation, warehousing, and electronic manufacturing.

The Town operates under a Council-Manager form of government established by a Town Charter first adopted in 1961 and most recently revised in 2020. Nine Town Council members are elected to staggered four-year terms in biennial elections, with no political party permitted to nominate more than three members. The Council serves as the Town’s legislative body and appoints a Town Manager, who acts as the Chief Executive Officer and is responsible for implementing policy and managing day-to-day operations.

Factors Affecting Financial Condition

Budget

The Town Council serves as the fiscal authority, working in conjunction with the Director of Finance and Town Treasurer. Budgets are adopted via public referendum, and the Council sets the mill rate. The Town's adopted financial policies emphasize long-term planning and fiscal sustainability.

Public Buildings and Infrastructure

During FY2025, the Town of Watertown continued work on a series of capital improvement projects funded through bonding approved in July 2022. In accordance with the approved plan, athletic turf fields at both Watertown Middle School and Watertown High School were replaced. The roof replacement at Watertown High School has been completed, and work at John Trumbull Primary School is nearing completion. Utilizing available reimbursements associated with the roof projects, the Town also advanced additional HVAC improvements at John Trumbull Primary School, which remain in progress.

The Town completed multiple roadway and infrastructure projects during the fiscal year, including the replacement of the Woolson Street Bridge and the realignment of Guernseytown Road. A municipal parking lot was constructed and opened on Main Street, improving public access and supporting downtown revitalization efforts. Additional roadway and drainage improvements were completed throughout the Town to address localized infrastructure needs and enhance overall system reliability.

The Town also advanced several long-term planning and design initiatives. The comprehensive design phase for the full redevelopment of Main Street in Watertown is nearing completion, along with a 10 percent design plan for Main Street in Oakville. These initiatives are intended to improve safety, accessibility, and aesthetics while supporting economic activity in key commercial areas.

During FY2025, the Town completed the design of the Steele Brook Greenway, a linear park project extending from the Route 73 pedestrian bridge area through to French Street. The project has been released for bidding, with construction anticipated to begin in March 2026.

The Town is preparing to initiate a comprehensive ADA sidewalk improvement project involving the renovation of 184 ADA-compliant sidewalk ramps. This project is funded through the Local Transportation Capital Improvement Program (LOTICIP), has completed the design phase, and is currently awaiting State approval prior to bid advertisement.

Additionally, the Town was awarded a State Connectivity Grant to enhance pedestrian safety along Route 63 (Main Street) in the vicinity of Holy Disciples (St. John's) School. The project includes realignment of an existing retaining wall to facilitate the construction of new sidewalks, improving pedestrian connectivity and safety.

The Town also completed a comprehensive renovation of the Highway Garage facility, including replacement of the roof, fencing, gates, and windows; installation of smoke, fire, and carbon monoxide detection systems; and the addition of office space to support operational needs and safety standards.

Economic Activity

The Town of Watertown continues to advance economic development initiatives through the recruitment of qualified developers and the marketing of development-ready properties. During the reporting period, two prominent parcels were identified for strategic development. One site is located adjacent to Route 8, providing strong regional access and visibility. The second property is located in the Bunker Hill Road area, west of Commercial Street.

The Town remains committed to promoting appropriate development opportunities and continues to seek proposals that support long-term economic growth while remaining consistent with community priorities and adopted planning objectives.

Long-Term Financial Planning

The Town is currently evaluating a potential future capital investment involving the construction of a combined Senior/Community Center and Police Department headquarters. This project is being considered within the framework of the Town's capital improvement planning and long-term financial capacity.

The Town maintains a strong AA bond rating, a fund balance consistent with adopted financial policies, and a demonstrated record of stable budgetary performance and liquidity management. Debt service obligations are actively monitored, and the Town plans to strategically utilize debt financing as existing obligations mature. This approach is intended to maintain a relatively level debt service profile while supporting ongoing investment in essential infrastructure and public facilities.

Significant Financial Policies

The Town of Watertown's debt management policy establishes a formal framework for the issuance, monitoring, and reporting of all municipal debt obligations. This policy guides the Town's approach to maintaining responsible borrowing practices and long-term financial stability. In alignment with this commitment, the Town is actively reviewing and updating its financial policies and procedures to ensure continued transparency, fiscal sustainability, and compliance with recognized best practices in public finance.

The Town of Watertown's debt management policy establishes a formal framework for the issuance, monitoring, and reporting of all municipal debt obligations. This policy guides the Town's approach to maintaining responsible borrowing practices and long-term financial stability. In alignment with this commitment, the Town is actively reviewing and updating its financial policies and procedures to ensure continued transparency, fiscal sustainability, and compliance with recognized best practices in public finance.

Financial Information

Budgetary Controls

Budgetary controls are maintained to ensure expenditures do not exceed appropriations approved by voters. Additional appropriations under \$50,000 may be authorized by the Town Council; those exceeding \$50,000 require Town Meeting approval.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The audit also satisfies federal and state single audit requirements, and related reports are issued separately.

Single Audit

As a recipient of federal and state aid, the Town is responsible for maintaining internal controls that ensure compliance with applicable laws and regulations. These controls are regularly reviewed by management.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Watertown for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, the Town published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Town submitted its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, and due to delays at the GFOA this report is currently in review status as of the date of this report.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe that our current ACFR 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.

Acknowledgements

This report could not have been prepared without the dedication of Town and School District staff. Special thanks are extended to the Town Council, Board of Education, Town Manager, and Superintendent of Schools for their support and leadership on financial matters.

Respectfully submitted,



Maria Guerrero
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, 2023

Christopher P. Morrill

Executive Director/CEO

**FINANCIAL
SECTION**



Independent Auditors' 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, 2025, 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, 2025, 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 March 30, 2026, 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.



Sinnamon & Associates, LLC
Certified Public Accountants

Litchfield, Connecticut
March 30, 2026

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025. 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 increased by \$10,725,088 as a result of this year's operations. Net position of the governmental activities increased by \$20,988,006 and net position of the business-type activities decreased by \$10,262,918.
- As described in Note 15, the business-type activities have accrued a liability of \$35,326,647 as of June 30, 2025. This is in relation to an unexpected judgment resulting from a trial during fiscal year 2023 and 2024 with regards to the dispute with the Town of Waterbury and the usage rates being charged to the Town of Watertown. Subsequent to the fiscal year end the Town has paid this liability in full.
- In the Town's business-type activities, total net position decreased by \$10,262,918 which includes recording current rate charges and interest due on the judgement through June 30, 2025.
- Total cost of all the Town's programs was \$117,666,700 on a government-wide basis.
- The General Fund reported an unassigned fund balance as of June 30, 2025, of \$8,963,625 which represents 9.3% of the subsequent years budgeted general fund expenditures.

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. 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, 2025

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 21-22 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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, that is the Town's most basic services. Unlike the government-wide financial statements, however, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvement fund and the ARPA Grant Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary Funds

The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water funds as well as the Crestbrook Golf operations. Internal service funds are used for the financing of goods and services provided by one department or agency to other departments or agencies of the Town, or to other governments, on a cost reimbursement basis. The Town uses internal service funds to report activities that provide supplies and services for the Town's Health and Dental Benefits and Workers Compensation Internal Service Funds.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements.

The notes to the financial statements can be found on pages 32 - 89 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 and an important determinant of its ability to finance services in the future. In the case of the Town of Watertown, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49,908,174 at the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment). It is presented in the statement of net position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position increased by \$10,725,088 during the current fiscal year.

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

NET POSITION - June 30, 2025 and June 30, 2024

	6/30/2025 Net Position			6/30/2024 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
<u>Assets</u>						
Current and Other Assets	\$ 42,524,962	\$ 12,276,174	\$ 54,801,136	\$ 47,687,981	\$ 10,814,796	\$ 58,502,777
Capital Assets	194,633,242	16,936,698	211,569,940	183,406,945	17,314,226	200,721,171
Total Assets	237,158,204	29,212,872	266,371,076	231,094,926	28,129,022	259,223,948
Deferred Outflows of Resources	16,572,349	79,580	16,651,929	17,858,851	161,416	18,020,267
<u>Liabilities</u>						
Current Liabilities	18,795,079	35,873,607	54,668,686	28,841,959	24,543,909	53,385,868
Non Current Liabilities	146,018,428	385,566	146,403,994	152,895,526	400,012	153,295,538
Total Liabilities	164,813,507	36,259,173	201,072,680	181,737,485	24,943,921	206,681,406
Deferred Inflows Of Resources	21,020,866	303,837	21,324,703	20,308,118	354,157	20,662,275
<u>Net Position</u>						
Net Investment in Capital Assets	147,766,883	16,910,322	164,677,205	136,540,586	17,283,239	153,823,825
Restricted	2,328,259	-	2,328,259	2,003,202	-	2,003,202
Unrestricted	(82,198,962)	(24,180,880)	(106,379,842)	(91,635,614)	(14,290,879)	(105,926,493)
Total Net Position	\$ 67,896,180	\$ (7,270,558)	\$ 60,625,622	\$ 46,908,174	\$ 2,992,360	\$ 49,900,534

The Town's negative unrestricted net position of \$(106,379,842) is primarily attributed to; 1) the recording of pension and Other Post Employment Benefits (OPEB) debt as a liability on the government-wide statements totaling \$92,445,356 in governmental activities, and 2) accrued liabilities related to the water and sewer fund of \$35,326,647 in the business-type activities.

The comparative analysis below separately considers the operations of the governmental and business-type activities for the last two fiscal years.

Approximately 58% of the governmental activities' revenue was derived from property taxes, followed by 29% from operating and capital grants, 9% from service charges, and 4% from other sources. On a government-wide basis the fiscal year 2025 revenue includes estimated capital grants for school construction reimbursements due in the amount of \$4,341,768.

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 57% of the Town's governmental activities expenses relate to education, 6% relate to public works, 12% for general government, 7% for public safety, 13% for water and sewer and 5% for all other activities. Water and sewer expenses for the fiscal year include the interest due on the Waterbury judgement and will be decreased in future years as this liability has been paid in full.

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

CHANGES IN NET POSITION - June 30, 2025 and June 30, 2024

	June 30, 2025			June 30, 2024		
	Changes in Net Position			Changes in Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
Revenues						
General Revenues						
Property Taxes	\$ 74,562,894	\$ -	\$ 74,562,894	\$ 72,658,651	\$ -	\$ 72,658,651
Grants and contributions, unrestricted	2,537,860	-	2,537,860	1,916,711	-	1,916,711
Unrestricted investment earnings	1,274,150	122,113	1,396,263	999,185	110,011	1,109,196
Other general revenue	245,000	-	245,000	205,000	-	205,000
Program Revenues						
Charges for services	5,842,825	6,089,044	11,931,869	5,721,009	5,741,723	11,462,732
Operating grants and contributions	26,449,211	-	26,449,211	24,610,209	-	24,610,209
Capital grants and contributions	11,268,691	-	11,268,691	5,233,497	-	5,233,497
Total Revenues	<u>122,180,631</u>	<u>6,211,157</u>	<u>128,391,788</u>	<u>111,344,262</u>	<u>5,851,734</u>	<u>117,195,996</u>
Expenses						
Governmental Activities						
General government	14,611,768	-	14,611,768	16,039,183	-	16,039,183
Public safety	8,492,973	-	8,492,973	7,984,294	-	7,984,294
Public works	6,765,598	-	6,765,598	8,008,302	-	8,008,302
Parks and recreation	1,848,502	-	1,848,502	1,858,229	-	1,858,229
Health and welfare	407,560	-	407,560	393,743	-	393,743
Education	66,972,674	-	66,972,674	67,701,207	-	67,701,207
Interest on Long Term Debt	1,975,446	-	1,975,446	1,327,215	-	1,327,215
Business-Type Activities						
Sewer	-	10,216,182	10,216,182	-	5,301,726	5,301,726
Water	-	5,380,341	5,380,341	-	2,868,532	2,868,532
Golf	-	995,656	995,656	-	954,485	954,485
Total Expenses	<u>101,074,521</u>	<u>16,592,179</u>	<u>117,666,700</u>	<u>103,312,173</u>	<u>9,124,743</u>	<u>112,436,916</u>
Change in Net Position Before Transfers	21,106,110	(10,381,022)	10,725,088	8,032,089	(3,273,009)	4,759,080
Transfers	(118,104)	118,104	-	(115,907)	115,907	-
Change in Net Position	20,988,006	(10,262,918)	10,725,088	7,916,182	(3,157,102)	4,759,080
Net Position, beginning	<u>46,908,174</u>	<u>2,992,360</u>	<u>49,900,534</u>	<u>38,991,992</u>	<u>6,149,462</u>	<u>45,141,454</u>
Net Position, ending	<u>\$ 67,896,180</u>	<u>\$ (7,270,558)</u>	<u>\$ 60,625,622</u>	<u>\$ 46,908,174</u>	<u>\$ 2,992,360</u>	<u>\$ 49,900,534</u>

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Governmental Activities

The Town's governmental activities reported an increase of \$20,988,066 in net position in fiscal year 2025. The Town's total governmental revenue for the year was \$122,180,631, and total program expenses were \$103,102,154.

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.

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024
General government	\$ 14,611,768	\$ 16,039,183	\$ 5,441,400	\$ 9,790,713
Public safety	8,492,973	7,984,294	6,868,826	6,266,356
Public works	6,765,598	8,008,302	6,305,433	6,091,061
Parks and recreation	1,848,502	1,858,229	1,047,895	1,194,903
Health and welfare	407,560	393,743	203,023	315,121
Education	66,972,674	67,701,207	35,671,771	42,762,089
Interest on Long Term Debt	1,975,446	1,327,215	1,975,446	1,327,215
	<u>\$ 101,074,521</u>	<u>\$ 103,312,173</u>	<u>\$ 57,513,794</u>	<u>\$ 67,747,458</u>

Business-Type Activities

The Town's business-type activities reported a decrease \$10,262,918 in net position in fiscal year 2025. 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 15, 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, plus interest through June 30, 2025, at the rates stated by the court.

	Business-Type Activities			
	Total Cost of Services		Net Cost of Services	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024
Sewer	\$ 10,216,182	\$ 5,301,726	\$ 7,159,474	\$ 2,396,011
Water	5,380,341	2,868,532	3,310,156	917,117
Golf	995,656	954,485	33,505	69,892
	<u>\$ 16,592,179</u>	<u>\$ 9,124,743</u>	<u>\$ 10,503,135</u>	<u>\$ 3,383,020</u>

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Financial Analysis of the Town's Government Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,450,540, a decrease of \$7,186,586 in comparison with the prior year. A large contributing factor to this was capital expenses incurred in fiscal year 2025 that were funded through the issuance of general obligation bonds and bond anticipation notes in the prior fiscal year 2024.

Of the total governmental fund balances, \$8,963,625 constitutes unassigned fund balance, which is primarily derived from the General Fund. The remainder of the Town's fund balance has been classified as either nonspendable, restricted, committed or assigned, and is not available for other use without authorization from the governing bodies of the Town or external parties.

Proprietary Funds

Net position of the Town's three self-insured internal service funds increased by \$2,260,824 during the fiscal year. Net position of The Health and Dental Benefits Fund increased by \$2,310,168. Net position of the Town's Workers Compensation Fund decreased by \$49,345. Net position of the Town's General Liabilities Deductibles Fund increased by \$1.

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 \$5,513,776. The largest items making up this increase were related to the health funds which were discontinued during the fiscal year and replaced with a traditional health insurance plan.

The actual revenues without the use of fund balance exceeded the budgetary revenues of \$92,691,794 by \$2,111,535 due to property taxes, building permits, grants, investment income, and other local revenues being higher than anticipated. The Town expended \$1,232,209 less than the amended appropriations budget amount of \$96,673,361, with a large part of that coming from savings in the general government, public works, and miscellaneous lines. Accordingly, the actual fund balance utilized was \$1,870,032 which is significantly less than the approved amount.

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Capital Assets

The Town of Watertown’s reported value in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$211,569,939 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. The following is a comparison of capital assets over the last two fiscal years:

	June 30, 2025			June 30, 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 3,147,876	\$ 1,019,600	\$ 4,167,476	\$ 3,147,876	\$ 1,019,600	\$ 4,167,476
Construction in process	10,747,103	-	10,747,103	4,440,860	-	4,440,860
Building and improvements	116,746,223	520,222	117,266,445	118,480,453	573,234	119,053,687
Vehicles	1,775,988	74,380	1,850,368	703,059	55,820	758,879
Machinery and equipment	3,116,823	58,670	3,175,493	1,916,639	92,389	2,009,028
Infrastructure	58,843,142	15,263,825	74,106,967	54,143,051	15,555,220	69,698,271
Right of use equipment	(1)	-	(1)	225,275	17,934	243,209
Right of use SBITA	256,088	-	256,088	349,732	-	349,732
Total	\$ 194,633,242	\$ 16,936,697	\$ 211,569,939	\$ 183,406,945	\$ 17,314,197	\$ 200,721,142

Additional information on the Town of Watertown’s capital assets can be found in Note 9 of this report.

Long-Term Debt

At year-end, the Town had \$53,495,000 in governmental activities bonds outstanding. This is an increase of \$3,960,000 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 11 of this report. During the fiscal year the Town issued bonds in the amount of \$10,360,000 and repaid bond anticipation loans totaling \$6,000,000. In addition, the Town issued new refinancing bonds totaling \$11,350,000 which resulted in net present value savings estimated at \$885,826.

Economic Factors and Next Year’s Budgets and Rates

The Town’s elected and appointed officials considered many factors when setting the fiscal-year 2024/2025 budget tax rates, and fees that will be charged for the business-type activities.

Revenue & Expenditures

- The Town approved a balanced FY 2025–2026 budget with a mill rate of 30.04, up from 28.37 the prior year. The increase resulted from the required property revaluation and a state change that shifted motor vehicle assessments from NADA values to MSRP, which reduced the motor vehicle grand list. To maintain revenue based on the October 1, 2024 grand list, the Town raised the real estate mill rate. Additional contributors included budget increases, new state and federal mandates, uncertain or reduced revenue sources, and debt service for bonds, roads, and infrastructure.
- No undesignated fund balance was required to balance the budget.

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Long-Term Financial Strategy

- Provide clear, accessible financial reports and budget information.
- Communicate openly about financial challenges, long-term risks, and progress toward goals.
- Maintain updated, transparent financial policies that guide budgeting, purchasing, reserves, and capital planning.
- Standardize procedures across departments to reduce errors, improve accountability, and support consistent decision-making.
- Use multi-year financial forecasting to anticipate revenue trends, cost pressures, and long-term obligations.
- Align annual budgets with strategic priorities and realistic revenue projections.
- Streamline workflows, modernize technology, and improve cross-department coordination to reduce costs and improve service delivery.
- Evaluate programs regularly to ensure resources are used effectively.

Economic Environment

- Regional inflation elevated in Connecticut in 2024–2025 mainly because of lingering post-pandemic effects, high housing and energy costs, supply-chain normalization lag, and elevated interest rates.

Waterbury Judgement

On June 3, 2025, the appellate court upheld an \$18.8 million judgment against the Town for unpaid water and sewer charges owed to the City of Waterbury. As a result of the original and subsequent rulings, the Water and Sewer Funds have accrued a liability of \$35,326,647 as of June 30, 2025 representing the amounts billed by the City of Waterbury to the Town of Watertown at their stated rates through June 30, 2025, including interest charges.

The Town paid \$5 Million towards this liability in August 2025. To address the remaining balance and to fund capital needs, the Town proceeded with issuing \$40 million in short-term bond anticipation notes, consisting of \$34 million for the Waterbury judgment and \$6 million for road and infrastructure improvements. The note sale occurred on October 16, 2025. The notes were rated SP-1+ by S&P, and the Town's AA underlying rating was affirmed. The notes mature in October 2026, and the Town plans to issue long-term bonds in 2026, when interest rates may be more favorable. The remaining balance due to the Town of Waterbury was paid in full on October 29, 2025.

Enterprise Funds - Water/Sewer (WSA)

The WSA has been closely monitoring its revenues and expenses due to the ongoing litigation with Waterbury. For FY 2025–2026, the Town Manager froze the WSA budget, allowing only necessary spending to move forward. Any non-essential expenses require approval or will be deferred until a future fiscal year. The Town will evaluate and adjust water and sewer rates to ensure consistency with the actual rates.

TOWN OF WATERTOWN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Union Negotiations

The Town is currently engaged in four union negotiations covering White Collar, Highway, Police, and Communications employees. The White-Collar contract is fully negotiated and finalized, while the Highway contract is completed and awaiting signatures. Negotiations with the Police and Communications unions remain ongoing. These union agreements create binding, multi-year financial and operational obligations that the Town must honor regardless of economic conditions and therefore represent significant legal and budgetary liabilities that must be factored into current and long-term financial planning.

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, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 28,577,788	\$ 10,615,701	\$ 39,193,489
Restricted cash and cash equivalents	290,374	-	290,374
Investments	2,109	-	2,109
Receivables	13,567,963	1,660,473	15,228,436
Inventory and prepaid expenses	86,728	-	86,728
Due From Business-Type Activities	-	-	-
Capital Assets, not being depreciated	13,894,979	1,019,600	14,914,579
Capital Assets, net of accumulated depreciation	180,738,263	15,917,098	196,655,361
<u>Total Assets</u>	<u>237,158,204</u>	<u>29,212,872</u>	<u>266,371,076</u>
<u>Liabilities</u>			
<u>Deferred Outflows of Resources</u>			
Deferred outflows related to pension	4,748,453	79,580	4,828,033
Deferred outflows related to post-employment benefits	10,780,110	-	10,780,110
Deferred outflows on refunding bonds	1,043,786	-	1,043,786
<u>Total Deferred Outflows of Resources</u>	<u>16,572,349</u>	<u>79,580</u>	<u>16,651,929</u>
<u>Liabilities</u>			
Accounts payable and accrued items	5,412,198	35,744,630	41,156,828
Accrued interest payable	728,950	-	728,950
Long-Term claims payable	3,052,301	-	3,052,301
Unearned revenue	1,977,278	16,387	1,993,665
Performance bonds	290,374	-	290,374
Due to Governmental Funds	-	-	-
Noncurrent Liabilities:			
Due within one year	7,333,978	112,590	7,446,568
Due in more than one year	146,018,428	385,566	146,403,994
<u>Total Liabilities</u>	<u>164,813,507</u>	<u>36,259,173</u>	<u>201,072,680</u>
<u>Deferred Inflows Of Resources</u>			
Deferred inflows related to pensions	4,275,324	136,462	4,411,786
Deferred outflows related to post-employment benefits	13,876,548	-	13,876,548
Deferred inflows on leases	2,868,994	167,375	3,036,369
<u>Total Deferred Inflows Of Resources</u>	<u>21,020,866</u>	<u>303,837</u>	<u>21,324,703</u>
<u>Net Position</u>			
Net Investment in Capital Assets	147,766,883	16,910,322	164,677,205
Restricted for			
Restricted for community development	733,437	-	733,437
Restricted for other purposes	1,118,136	-	1,118,136
Restricted for other nonexpendable	290,732	-	290,732
Restricted for trust nonexpendable	97,143	-	97,143
Restricted for trust expendable	88,811	-	88,811
Unrestricted	(82,198,962)	(24,180,880)	(106,379,842)
<u>Total Net Position</u>	<u>\$ 67,896,180</u>	<u>\$ (7,270,558)</u>	<u>\$ 60,625,622</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Program Activities</u>							
<u>Governmental Activities</u>							
General government	\$ 14,611,768	\$ 1,868,303	\$ 375,542	\$ 6,926,523	\$ (5,441,400)	\$ -	\$ (5,441,400)
Public safety	8,492,973	1,565,168	58,979	-	(6,868,826)	-	(6,868,826)
Public works	6,765,598	84,110	375,655	400	(6,305,433)	-	(6,305,433)
Parks and recreation	1,848,502	691,064	109,543	-	(1,047,895)	-	(1,047,895)
Health and welfare	407,560	204,537	-	-	(203,023)	-	(203,023)
Education	66,972,674	1,429,643	25,529,492	4,341,768	(35,671,771)	-	(35,671,771)
Interest on Long Term Debt	1,975,446	-	-	-	(1,975,446)	-	(1,975,446)
<u>Total Governmental Activities</u>	<u>101,074,521</u>	<u>5,842,825</u>	<u>26,449,211</u>	<u>11,268,691</u>	<u>(57,513,794)</u>	<u>-</u>	<u>(57,513,794)</u>
<u>Business Type Activities</u>							
Sewer	10,216,182	3,056,708	-	-	-	(7,159,474)	(7,159,474)
Water	5,380,341	2,070,185	-	-	-	(3,310,156)	(3,310,156)
Golf	995,656	962,151	-	-	-	(33,505)	(33,505)
<u>Total Business Type Activities</u>	<u>16,592,179</u>	<u>6,089,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,503,135)</u>	<u>(10,503,135)</u>
<u>Total Primary Government</u>	<u>\$ 117,666,700</u>	<u>\$ 11,931,869</u>	<u>\$ 26,449,211</u>	<u>\$ 11,268,691</u>	<u>\$ (57,513,794)</u>	<u>\$ (10,503,135)</u>	<u>\$ (68,016,929)</u>
<u>General Revenues:</u>							
Property taxes					74,562,894	-	74,562,894
Grants and contributions not restricted to specific programs					2,537,860	-	2,537,860
Unrestricted investment earnings					1,274,150	122,113	1,396,263
Other general revenue					245,000	-	245,000
Transfers					(118,104)	118,104	-
<u>Total General Revenues</u>					<u>78,501,800</u>	<u>240,217</u>	<u>78,742,017</u>
<u>Change in Net Position</u>					20,988,006	(10,262,918)	10,725,088
<u>Net Position Beginning of Year</u>					46,908,174	2,992,360	49,900,534
<u>Net Position End of Year</u>					<u>\$ 67,896,180</u>	<u>\$ (7,270,558)</u>	<u>\$ 60,625,622</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 13,868,634	\$ 9,265,952	\$ 1,287,161	\$ 3,587,879	\$ 28,009,626
Restricted cash and cash equivalents	290,374	-	-	-	290,374
Investments	-	-	-	2,109	2,109
Receivables, net of allowance	5,738,662	6,738,259	-	1,061,527	13,538,448
Inventory and prepaid expenses	-	56,400	-	30,328	86,728
Due from other funds	808,076	179,230	-	864,106	1,851,412
<u>Total Assets</u>	<u>20,705,746</u>	<u>16,239,841</u>	<u>1,287,161</u>	<u>5,545,949</u>	<u>43,778,697</u>
<u>Liabilities</u>					
Accounts payable and accrued items	4,864,249	101,466	52,878	371,603	5,390,196
Unearned revenue	30,667	360,593	1,141,683	444,335	1,977,278
Performance bonds	290,374	-	-	-	290,374
Due to other Funds	1,338,822	458,076	-	350,000	2,146,898
<u>Total Liabilities</u>	<u>6,524,112</u>	<u>920,135</u>	<u>1,194,561</u>	<u>1,165,938</u>	<u>9,804,746</u>
<u>Deferred Inflows Of Resources</u>					
Unavailable Revenues					
Property taxes and interest	1,290,566	-	-	-	1,290,566
Special assessments	685,095	-	-	-	685,095
School building grants	-	6,678,756	-	-	6,678,756
Lease related	2,868,994	-	-	-	2,868,994
<u>Total Deferred Inflows Of Resources</u>	<u>4,844,655</u>	<u>6,678,756</u>	<u>-</u>	<u>-</u>	<u>11,523,411</u>
<u>Fund Balances</u>					
Nonspendable	260,404	-	-	127,471	387,875
Restricted	-	7,740,704	92,600	1,847,784	9,681,088
Committed	-	900,246	-	1,849,036	2,749,282
Assigned	112,950	-	-	-	112,950
Unassigned	8,963,625	-	-	555,720	9,519,345
<u>Total Fund Balances</u>	<u>9,336,979</u>	<u>8,640,950</u>	<u>92,600</u>	<u>4,380,011</u>	<u>22,450,540</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 20,705,746</u>	<u>\$ 16,239,841</u>	<u>\$ 1,287,161</u>	<u>\$ 5,545,949</u>	<u>\$ 43,778,697</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

<u>Total fund balances for governmental funds</u>		\$ 22,450,540
Total net position reported for governmental activities in the statement of net assets is different because of the following:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Capital assets	324,996,430	
Less accumulated depreciation	(130,363,188)	
Net capital assets	194,633,242	194,633,242
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
Property taxes receivable greater than 60 days		876,458
Interest receivable on property taxes		416,499
Receivable From State for School construction projects		6,678,756
Assessment receivables		685,095
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		
		(2,183,531)
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		
		(4,123,517)
Certain changes related to pensions are deferred and amortized over time		
Deferred Outflows - Pension		4,748,453
Deferred Inflows - Pension		(4,275,324)
Deferred Outflows - OPEB		10,780,110
Deferred Inflows - OPEB		(13,876,548)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements		
Accrued interest payable		(728,950)
Bonds payable		(53,495,000)
Equipment Financing Notes		(1,139,995)
Subscription Liability		(254,206)
Compensated Absences		(3,192,357)
Special Termination Benefits		(6,087)
Pension Buy-In		(332,293)
Net Pension Liability		(14,018,983)
OPEB Liability		(75,746,182)
<u>Net position of governmental activities</u>		\$ 67,896,180

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property taxes, interest and lien fees	\$ 74,972,386	\$ -	\$ -	\$ -	\$ 74,972,386
Intergovernmental revenues	23,913,226	1,709,131	2,666,768	3,539,405	31,828,530
Licenses, permits and charges for services	3,378,247	-	-	2,037,236	5,415,483
Investment income	949,739	239,878	29,239	55,276	1,274,132
Other revenue	437,210	25	-	700,077	1,137,312
<u>Total Revenues</u>	<u>103,650,808</u>	<u>1,949,034</u>	<u>2,696,007</u>	<u>6,331,994</u>	<u>114,627,843</u>
<u>Expenditures:</u>					
<u>Current:</u>					
General government	3,985,830	-	-	160,227	4,146,057
Public safety	8,072,496	-	1,000	341,196	8,414,692
Public works	5,110,032	-	400	-	5,110,432
Parks and recreation	1,251,443	-	5,254	493,269	1,749,966
Health and welfare	176,270	-	-	224,290	400,560
Education	66,292,713	-	-	4,604,861	70,897,574
Other	14,111,784	-	-	-	14,111,784
Debt service	6,016,613	418,030	-	-	6,434,643
Capital outlay	-	12,832,062	2,639,455	560,215	16,031,732
<u>Total Expenditures</u>	<u>105,017,181</u>	<u>13,250,092</u>	<u>2,646,109</u>	<u>6,384,058</u>	<u>127,297,440</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,366,373)</u>	<u>(11,301,058)</u>	<u>49,898</u>	<u>(52,064)</u>	<u>(12,669,597)</u>
<u>Other Financing Sources (Uses):</u>					
Transfers In	-	310,415	-	852,606	1,163,021
Transfers Out	(1,281,125)	-	-	-	(1,281,125)
Issuance of equipment financing notes	553,680	-	-	-	553,680
Bond and bond anticipation notes proceeds	-	4,360,000	-	-	4,360,000
Premium on financing	-	687,435	-	-	687,435
<u>Total Other Financing sources (Uses):</u>	<u>(727,445)</u>	<u>5,357,850</u>	<u>-</u>	<u>852,606</u>	<u>5,483,011</u>
Net Change in Fund Balances	(2,093,818)	(5,943,208)	49,898	800,542	(7,186,586)
<u>Fund Balances Beginning of Year</u>	<u>11,430,797</u>	<u>14,584,158</u>	<u>42,702</u>	<u>3,579,469</u>	<u>29,637,126</u>
<u>Fund Balances End of Year</u>	<u>\$ 9,336,979</u>	<u>\$ 8,640,950</u>	<u>\$ 92,600</u>	<u>\$ 4,380,011</u>	<u>\$ 22,450,540</u>

The accompanying notes are an integral part of these financial statements

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, 2025

Net change in fund balances for governmental funds \$ (7,186,586)

Total change in net position reported for governmental activities in the statement of activities is different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:

Capital expenditures	18,343,333	
Depreciation expense	(7,117,036)	
Net adjustment	11,226,297	11,226,297

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.

Proceeds from long-term debt - equipment financing notes	(553,680)	
Principal payments on long-term debt - equipment financing notes	495,475	
Proceeds from long-term debt - general obligation bonds	(21,710,000)	
Principal payments on general obligation bond anticipation notes	6,000,000	
Principal payments on long-term debt - general obligation bonds	11,750,000	
Amortization of deferred charge on refunding	(120,926)	
Premium additions	(1,902,500)	
Amortization of premiums	327,718	
Payments on leases	229,790	
Payments on subscription based IT arrangements	92,992	
Net adjustment	(5,391,131)	(5,391,131)

Some revenues reported in the Statement of Activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds:

Property taxes collected accrual basis change		(384,705)
Interest income on property taxes accrual basis change		(24,787)
Assessment revenue accrual basis change		(56,346)
Receivable From State for School construction projects		4,341,768
Other revenues accrual basis change		(16,614)

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:

Accrued interest		(276,720)
Compensated Absences		(276,720)
Post-closure landfill costs		33,805
Special termination benefits		14,522
Pension buy-in payable		33,665
Pension obligations and related outflows/inflows		238,880
OPEB obligations and related outflows/inflows		16,451,854

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.

2,260,824

Change in net position of governmental activities \$ 20,988,006

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business Type Activities - Enterprise Funds				Governmental Activities
	Sewer Authority	Water Authority	Non-Major	Total	Internal Service Funds
			Crestbrook Golf Operations		
<u>Assets</u>					
Current assets					
Cash and cash equivalents	\$ 7,769,788	\$ 2,845,913	\$ -	\$ 10,615,701	\$ 568,162
Due from other funds	-	-	-	-	295,486
Receivables, net					
Usage charges	890,500	583,445	-	1,473,945	-
Leases	-	-	41,951	41,951	-
Other receivables	-	-	16,202	16,202	29,515
Total current assets	<u>8,660,288</u>	<u>3,429,358</u>	<u>58,153</u>	<u>12,147,799</u>	<u>893,163</u>
Noncurrent assets					
Leases receivable	-	-	128,375	128,375	-
Capital Assets, not being depreciated	-	84,600	935,000	1,019,600	-
Capital assets, net of accumulated depreciation	7,893,486	7,835,605	188,007	15,917,098	-
Total Noncurrent assets	<u>7,893,486</u>	<u>7,920,205</u>	<u>1,251,382</u>	<u>17,065,073</u>	<u>-</u>
Total Assets	<u>16,553,774</u>	<u>11,349,563</u>	<u>1,309,535</u>	<u>29,212,872</u>	<u>893,163</u>
<u>Deferred Outflows of Resources</u>					
Deferred outflows related to pension	<u>29,731</u>	<u>29,731</u>	<u>20,118</u>	<u>79,580</u>	<u>-</u>
<u>Liabilities</u>					
Current Liabilities					
Accounts payable and accrued items	25,863,073	9,717,673	163,884	35,744,630	2,391
Unearned revenue	-	-	16,387	16,387	-
Equipment financing notes payable	-	-	26,376	26,376	-
Compensated absences	28,203	28,203	29,808	86,214	-
Risk management claims	-	-	-	-	22,002
Total Current Liabilities	<u>25,891,276</u>	<u>9,745,876</u>	<u>236,455</u>	<u>35,873,607</u>	<u>24,393</u>
Noncurrent Liabilities					
Net pension liability	81,461	81,461	65,916	228,838	-
Equipment financing notes payable	-	-	43,075	43,075	-
Compensated absences	34,471	34,471	44,711	113,653	-
Risk management claims	-	-	-	-	3,052,301
Total Noncurrent Liabilities	<u>115,932</u>	<u>115,932</u>	<u>153,702</u>	<u>385,566</u>	<u>3,052,301</u>
Total Liabilities	<u>26,007,208</u>	<u>9,861,808</u>	<u>390,157</u>	<u>36,259,173</u>	<u>3,076,694</u>
<u>Deferred Outflows of Resources</u>					
Deferred inflows related to pension	51,570	51,570	33,322	136,462	-
Deferred inflows on leases	-	-	167,375	167,375	-
Total Deferred Outflows of Resources	<u>51,570</u>	<u>51,570</u>	<u>200,697</u>	<u>303,837</u>	<u>-</u>
<u>Net Position</u>					
Net Investment in Capital Assets	7,893,486	7,920,205	1,096,631	16,910,322	-
Unrestricted	(17,368,759)	(6,454,289)	(357,832)	(24,180,880)	(2,183,531)
Total Net Position	<u>\$ (9,475,273)</u>	<u>\$ 1,465,916</u>	<u>\$ 738,799</u>	<u>\$ (7,270,558)</u>	<u>\$ (2,183,531)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business Type Activities - Enterprise Funds				Governmental Activities
	Sewer Authority	Water Authority	Non-Major Crestbrook Golf Operations	Total	Internal Service Funds
<u>Operating Revenue</u>					
Charges for services	\$ 3,053,953	\$ 2,060,126	\$ 962,151	\$ 6,076,230	\$ 19,186,866
Permits and fees	2,755	10,059	-	12,814	-
<u>Total Operating Revenues</u>	<u>3,056,708</u>	<u>2,070,185</u>	<u>962,151</u>	<u>6,089,044</u>	<u>19,186,866</u>
<u>Operating Expenses</u>					
Salaries	327,899	327,731	430,206	1,085,836	-
Benefits	50,631	50,648	51,898	153,177	-
Purchased services	2,026,544	1,971,584	428,254	4,426,382	-
Depreciation and amortization	307,608	297,973	81,484	687,065	-
Claims	-	-	-	-	14,987,546
Premiums and administrative charges	-	-	-	-	1,938,514
<u>Total Operating Expenses</u>	<u>2,712,682</u>	<u>2,647,936</u>	<u>991,842</u>	<u>6,352,460</u>	<u>16,926,060</u>
<u>Operating Income (Loss)</u>	<u>344,026</u>	<u>(577,751)</u>	<u>(29,691)</u>	<u>(263,416)</u>	<u>2,260,806</u>
<u>Non-Operating Revenues (Expenses)</u>					
Investment income	65,767	56,346	-	122,113	18
Interest expense	(7,503,500)	(2,732,405)	(3,814)	(10,239,719)	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(7,437,733)</u>	<u>(2,676,059)</u>	<u>(3,814)</u>	<u>(10,117,606)</u>	<u>18</u>
<u>Income (Loss) Before Transfers</u>	<u>(7,093,707)</u>	<u>(3,253,810)</u>	<u>(33,505)</u>	<u>(10,381,022)</u>	<u>2,260,824</u>
<u>Transfers</u>					
Transfers in	-	118,104	-	118,104	-
<u>Total Transfers</u>	<u>-</u>	<u>118,104</u>	<u>-</u>	<u>118,104</u>	<u>-</u>
<u>Change In Net Position</u>	<u>(7,093,707)</u>	<u>(3,135,706)</u>	<u>(33,505)</u>	<u>(10,262,918)</u>	<u>2,260,824</u>
<u>Net Position Beginning of Year</u>	<u>(2,381,566)</u>	<u>4,601,622</u>	<u>772,304</u>	<u>2,992,360</u>	<u>(4,444,355)</u>
<u>Net Position End of Year</u>	<u>\$ (9,475,273)</u>	<u>\$ 1,465,916</u>	<u>\$ 738,799</u>	<u>\$ (7,270,558)</u>	<u>\$ (2,183,531)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Business Type Activities - Enterprise Funds				Governmental Activities
	Sewer Authority	Water Authority	Non-Major Crestbrook Golf Operations	Total	Internal Service Funds
<u>Cash Flows from Operating Activities</u>					
Cash received from customers and users	\$ 3,018,264	\$ 2,072,070	\$ 960,508	\$ 6,050,842	\$ 18,893,457
Payments to employees	(327,899)	(327,731)	(430,206)	(1,085,836)	-
Payments to suppliers	(1,257,792)	(1,185,069)	(487,286)	(2,930,147)	-
Payments for benefits and claims	(50,631)	(50,648)	(51,898)	(153,177)	(16,971,406)
Premiums and administrative charges	-	-	-	-	(1,938,514)
<u>Net Cash Provided by Operating Activities</u>	<u>1,381,942</u>	<u>508,622</u>	<u>(8,882)</u>	<u>1,881,682</u>	<u>(16,463)</u>
<u>Cash Flows from Noncapital Financing Activities</u>					
Cash received from general fund	-	118,104	-	118,104	-
<u>Net Cash Used by Noncapital Financing Activities</u>	<u>-</u>	<u>118,104</u>	<u>-</u>	<u>118,104</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Principal payments on equipment financing notes	-	-	(12,083)	(12,083)	-
Principal payments on leases payable	-	-	(18,904)	(18,904)	-
Lease receivable adjustments	-	-	43,683	43,683	-
Proceeds from new borrowing	-	-	27,807	27,807	-
Purchases of capital assets	(173,494)	(108,264)	(27,807)	(309,565)	-
Interest paid on debt	-	(400,098)	(3,814)	(403,912)	-
<u>Net Cash Used by Capital and Related Financing Activities</u>	<u>(173,494)</u>	<u>(508,362)</u>	<u>8,882</u>	<u>(672,974)</u>	<u>-</u>
<u>Cash Flows From Investing Activities</u>					
Investment income	65,767	56,346	-	122,113	18
<u>Net Cash Provided by Investing Activities</u>	<u>65,767</u>	<u>56,346</u>	<u>-</u>	<u>122,113</u>	<u>18</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>1,274,215</u>	<u>174,710</u>	<u>-</u>	<u>1,448,925</u>	<u>(16,445)</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>6,495,573</u>	<u>2,671,203</u>	<u>-</u>	<u>9,166,776</u>	<u>584,607</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>7,769,788</u>	<u>2,845,913</u>	<u>-</u>	<u>10,615,701</u>	<u>568,162</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>					
Operating Income (Loss)	344,026	(577,751)	(29,691)	(263,416)	2,260,806
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation and amortization	307,608	297,973	81,484	687,065	-
Changes in assets and liabilities					
(Increase) decrease in due from other funds	-	-	-	-	(295,486)
(Increase) decrease in accounts receivable	(38,444)	1,885	(1,643)	(38,202)	2,077
(Increase) decrease in deferred outflows pension	30,574	30,574	20,688	81,836	-
Increase (decrease) in deferred inflows pension	(2,515)	(2,515)	(1,626)	(6,656)	-
Increase (decrease) in deferred inflows leases	-	-	(43,664)	(43,664)	-
Increase (decrease) in net pension liability	(14,916)	(14,916)	(12,070)	(41,902)	-
Increase (decrease) in accounts payable	8,250,826	3,097,396	(43,945)	11,304,277	2,391
Increase (decrease) in unearned revenue	-	-	11,526	11,526	-
Increase (decrease) in claims payable	-	-	-	-	(1,986,251)
Increase (decrease) in compensated absences	8,283	8,283	10,059	26,625	-
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 8,885,442</u>	<u>\$ 2,840,929</u>	<u>\$ (8,882)</u>	<u>\$ 11,717,489</u>	<u>\$ (16,463)</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2025

<u>Assets</u>	<u>Pension and OPEB Trust Funds</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,576	\$ 1,576
Investments, at fair value		
Guaranteed deposit accounts	6,153,742	6,153,742
Mutual funds	50,471,090	50,471,090
Accounts receivable	2,027,633	2,027,633
<u>Total assets</u>	<u>58,654,041</u>	<u>58,654,041</u>
<u>Liabilities</u>		
Payables	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>
<u>Net position</u>		
Restricted for pension benefits	58,652,465	58,652,465
Restricted for OPEB Benefits	1,576	1,576
<u>Total net position</u>	<u>\$ 58,654,041</u>	<u>\$ 58,654,041</u>

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 JUNE 30, 2025

	Pension and OPEB Trust Funds	Total
<u>Additions</u>		
Contributions		
Employer	\$ 2,395,181	\$ 2,395,181
Plan members	248,290	248,290
Total contributions	2,643,471	2,643,471
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	5,656,391	5,656,391
Interest and dividends	279,478	279,478
Total Investment Income	5,935,869	5,935,869
<u>Total Additions</u>	8,579,340	8,579,340
<u>Deductions</u>		
Pension benefits	4,508,784	4,508,784
Administrative expenses	107,562	107,562
<u>Total Deductions</u>	4,616,346	4,616,346
<u>Change in net position</u>	3,962,994	3,962,994
<u>Net position beginning of year</u>	54,691,047	54,691,047
<u>Net position end of year</u>	\$ 58,654,041	\$ 58,654,041

The accompanying notes are an integral part of these financial statements

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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 so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. 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 or specifically identified.

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.

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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. 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 the funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the 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* was established to account for intergovernmental grants received and expended under the 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.

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.

Special Revenue Funds account for revenue derived from specific sources other than capital projects that are restricted or committed by legal and regulatory provisions to finance specific activities.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Funds account for and report resources that are legally restricted to the extent that only income, and not principal, may be used for purposes that support the Town's programs.

Fiduciary Funds account for, and report assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide statements.

Accounting Estimates

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

Cash Equivalents

The Town's cash and cash equivalents consist of cash on hand, checking, savings and money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. This definition also applies to the proprietary statement of cash flows. 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.

Investments

Investments for the Town are reported at fair value. 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.

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 "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-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.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

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

Long-Term Receivables

The Town administers a loan program for individuals and families in need. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's principal place of residence. The notes may be paid in full or in part by the borrower at any time without penalty. As of June 30, 2025, loans receivable totaled \$698,419 under this program.

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.

Leases (as Lessor)

The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. 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.

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Capital Assets

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

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

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

Assets	Years
Buildings	50
Vehicles	3 - 5
Building Improvements	20
Infrastructure	20 - 100
Machinery and Equipment	5 - 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports 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).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports 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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Both the Town and Board of Education employees accumulate compensated leave balances for subsequent use or for payment upon termination or retirement. Compensated absences are accrued when incurred in the government-wide, proprietary or 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 FINANCIAL STATEMENTS
JUNE 30, 2025

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 (as Lessee) and Subscription-Based Information Technology Arrangements

The Town determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. 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 Equity and Net Position

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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 reduce 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 consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources. 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 – includes amounts that are not in spendable form or amounts that must be maintained intact legally or contractually. The criteria include items that are not expected to be converted to cash such as inventories, prepaid amounts and long-term receivables. This includes leases receivable 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 – This balance represents 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 – This balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority, the Town Council. The Town Council is the highest level of decision-making authority for the government that can, by adoption of an Ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the Ordinance remains in place until a similar action is taken (the adoption of another Ordinance) to remove or reverse the limitation.

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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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%.

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.

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 statistical revaluation is required to be completed every five years. The Town had a revaluation of its property as of October 1, 2023. 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.

Sewer Use Charges and Assessments

User charges and assessments are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates. Upon completion of sewer projects, sewer assessments are levied and assessed to the users. The Town establishes an allowance for doubtful accounts based on historical collections, experience and other factors.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 \$1,224,653 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 teacher's 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 FINANCIAL STATEMENTS
JUNE 30, 2025

Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America. A reconciliation of general fund amounts presented on the budgetary basis to amounts presented in conformity with accounting principles generally accepted in the United States of America is as follows:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Net Change</u>
Total Budgetary Basis - Non GAAP	\$ 94,803,329	\$ 96,673,361	\$ -	\$ (1,870,032)
Teachers retirement System On Behalf Payments	7,616,491	7,616,491	-	-
Teachers retirement System OPEB	106,638	106,638	-	-
Revenues and expenditures from excess cost grant	1,124,350	1,124,350	-	-
Prior year encumbrances	-	336,736	-	(336,736)
Current year encumbrances	-	(112,950)	-	112,950
Other Financing Sources/uses Equipment Financing	-	553,680	553,680	-
Transfers Out	-	(1,281,125)	(1,281,125)	-
Net difference Budgetary vs GAAP Basis	<u>8,847,479</u>	<u>8,343,820</u>	<u>(727,445)</u>	<u>(223,786)</u>
Total GAAP Basis	<u>\$ 103,650,808</u>	<u>\$ 105,017,181</u>	<u>\$ (727,445)</u>	<u>\$ (2,093,818)</u>

NOTE 3 – CASH DEPOSITS

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

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

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 amount of public deposits is determined based on either the public

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

deposits reported on the most recent quarterly call reports, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. All of the Town's deposits were in qualified public institutions as defined by state statute.

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

As of June 30, 2025, the carrying amount of the Town's cash deposits was as follows:

	Carrying Amount	Bank Balance
<u>Cash and cash equivalents</u>		
Governmental Funds	\$ 28,009,626	\$ 31,249,359
Proprietary Funds	10,615,701	10,615,701
Internal Service Funds	568,162	572,918
Fiduciary Funds	1,576	1,576
	39,195,065	42,439,554
Short Term Investment Fund Cash Equivalent	(3,685,321)	(3,685,321)
Restricted cash	290,374	290,374
<u>Total Cash and Cash Equivalents</u>	\$ 35,800,118	\$ 39,044,607
 <u>Classified as follows:</u>		
Governmental Funds	\$ 24,614,679	
Proprietary Funds	10,615,701	
Internal Service Funds	568,162	
Fiduciary Funds	1,576	
	\$ 35,800,118	

Custodial Credit Risk

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.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

At year-end, the Town’s carrying amount of deposits was \$35,800,118 and the bank balance was \$39,044,607. Of the bank balance, the Federal Depository Insurance Corporation insured \$23,225,377. As of June 30, 2025, \$15,819,230 of the Town’s bank balance of \$39,044,607 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,152,676
Uninsured and collateralized with securities held by the pledging Bank’s trust department or agent but not in the Town's name	1,666,554
	\$ 15,819,230

The level of the Town’s deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were substantially higher than at year-end.

At June 30, 2025, the Town’s cash equivalents (Short-Term Investment Fund (STIF) amounted to \$3,685,321. 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.

Concentrations of Credit Risk

The Town does not have a policy that limits the amounts invested in any one issuer. At June 30, 2025, the Town had all of its cash deposits in financial institutions located in the State of Connecticut. The Town has not experienced any losses on such accounts.

NOTE 4 – INVESTMENTS

The Town has no formally adopted investment policy that would limit its investment choices due to credit risk other than the State of Connecticut General Statutes that limit investments to 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 (as defined), 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. Investments are stated at fair value using quoted market prices and consist of funds deposited in certificates of deposit, permanent funds and pension assets held by the pension administrator. As of June 30, 2025, the Town had the following investments:

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

	Average Credit Rating	Fair Market Value	Investment Maturities		
			Less than 1 Year	1-10 Years	Over 10 Years
Guaranteed deposit accounts	AA-	\$ 6,153,742	\$ -	\$ 6,153,742	\$ -
Mutual funds	N/A	50,471,090	N/A	N/A	N/A
Common Stock	N/A	2,109			
		<u>\$ 56,626,941</u>	<u>\$ -</u>	<u>\$ 6,153,742</u>	<u>\$ -</u>

These investments are reported in the following funds on the financial statements:

	Pension and OPEB Trust Funds	E.C. Margraff	Total
Guaranteed deposit accounts	\$ 6,153,742	\$ -	\$ 6,153,742
Mutual funds	50,471,090	-	50,471,090
Common Stock	-	2,109	2,109
	<u>\$ 56,624,832</u>	<u>\$ 2,109</u>	<u>\$ 56,626,941</u>

Interest Rate Risk

Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk-Investments

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.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, 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. To limit its exposure, the Town's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Town's agent separate from where the investment was purchased or by the trust department of the bank where purchased, in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Concentrations of Credit Risk

The Town does not have a policy that limits the amounts invested in any one issuer.

Fair Value Measurements

Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. Authoritative guidance establishes a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (also referred to as observable inputs).

The Town classifies its assets and liabilities measured at fair value into Level 1 (securities valued using quoted prices from active markets for identical assets), Level 2 (securities not traded on an active market for which inputs are observable, either directly or indirectly), and Level 3 (securities valued based on unobservable inputs). Investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The town’s investments are measured on a recurring basis using level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2025.

The Town has the following recurring fair value measurements as of June 30, 2025:

	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed deposit accounts	\$ 6,153,742	\$ 6,153,742	\$ -	\$ -
Mutual funds	50,471,090	50,471,090	-	-
Common Stock	2,109	2,109	-	-
	<u>\$ 56,626,941</u>	<u>\$ 56,626,941</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – 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:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non Major Governmental Funds</u>	<u>Proprietary & Internal Service Funds</u>	<u>Total</u>
Receivables					
Property taxes	\$ 1,355,529	\$ -	\$ -	\$ -	\$ 1,355,529
Interest, liens and fees due on taxes	462,499	-	-	-	462,499
Assessments	685,095	-	-	-	685,095
Usage charges	-	-	-	1,511,687	1,511,687
Loans	-	-	698,419	-	698,419
Leases	3,129,398	-	-	170,326	3,299,724
Intergovernmental	-	6,738,259	363,108	-	7,101,367
Other receivables	352,141	-	-	45,717	397,858
Total Gross Receivables	<u>5,984,662</u>	<u>6,738,259</u>	<u>1,061,527</u>	<u>1,727,730</u>	<u>15,512,178</u>
Less Allowances					
Property taxes	(200,000)	-	-	-	(200,000)
Interest, liens and fees due on taxes	(46,000)	-	-	-	(46,000)
Usage charges	-	-	-	(37,742)	(37,742)
Total Allowance	<u>(246,000)</u>	<u>-</u>	<u>-</u>	<u>(37,742)</u>	<u>(283,742)</u>
Total Net Receivables	<u>\$ 5,738,662</u>	<u>\$ 6,738,259</u>	<u>\$ 1,061,527</u>	<u>\$ 1,689,988</u>	<u>\$ 15,228,436</u>

The assessments receivable of \$685,095, the loans receivable of \$698,419, and the leases receivable of \$3,299,724 are long-term receivables and not expected to be fully collected within one year.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The outstanding balances between funds result mainly from the timing 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. As of June 30, 2025, interfund receivables and payables that resulted from various interfund transactions were as follows:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Due From	Due To
Governmental Funds		
General Fund	\$ 808,076	\$ 1,338,822
Capital Improvement Fund	179,230	458,076
Educational Grant fund	11,500	-
STEAP Grant Fund	602,606	
Public Works Equipment Replacement	100,000	
Vehicle Replacement	150,000	
Cafeteria Fund	-	350,000
Total Governmental Funds	1,851,412	2,146,898
Internal Service Funds		
Workers Compensation	295,486	-
Total All funds	\$ 2,146,898	\$ 2,146,898

Transfers are used to account for the financing by the General Fund of various programs and activities in other funds. A summary of interfund transfers is presented as follows:

	Transfers In	Transfers Out
<u>Governmental Funds</u>		
General Fund	\$ -	\$ 1,281,125
Capital Improvement Fund	310,415	
Public Works Equipment Replacement	100,000	-
STEAP Grant Fund	602,606	
Vehicle Replacement Fund	150,000	-
	1,163,021	1,281,125
<u>Proprietary Funds</u>		
Proprietary fund - sewer fund	118,104	-
	118,104	-
Total Transfers All Funds	\$ 1,281,125	\$ 1,281,125

NOTE 7 - 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 Crestbrook Golf Course leases a space in a building to a restaurant which will expire in April of 2029.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Leases Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
<u>Governmental Activities</u>				
Cell Towers	\$ 3,129,398	\$ 2,868,994	\$ 86,017	\$ 119,351
<u>Business Type Activities</u>				
Restaurant	\$ 170,326	\$ 167,375	\$ 40,308	\$ 7,692

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

Year	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	62,570	111,809	39,276	723	101,846	112,532
2030	68,917	109,316	-	-	68,917	109,316
2031-2035	460,238	499,525	-	-	460,238	499,525
2036-2040	694,681	390,588	-	-	694,681	390,588
2041-2045	823,670	237,555	-	-	823,670	237,555
2046-2050	597,532	99,784	-	-	597,532	99,784
2051-2053	273,030	14,792	-	-	273,030	14,792
	\$ 3,129,398	\$ 1,811,293	\$ 170,326	\$ 13,674	\$ 3,299,724	\$ 1,824,967

NOTE 8 -UNEARNED REVENUE

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:

General Fund	
Unearned revenue	\$ 30,667
Capital Improvement Fund	
Advances on grants	360,593
ARPA Grant Fund	
Advances on grants	1,141,683
Non Major Governmental Funds	
Rehabilitation Loans	1,206
Advances on grants	443,129
Total Unearned Revenue for Governmental Funds	\$ 1,977,278

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the governmental activities funds for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 3,147,876	\$ -	\$ -	\$ 3,147,876
Construction in process	4,440,860	10,747,103	4,440,860	10,747,103
Total Capital Assets, not being depreciated	<u>7,588,736</u>	<u>10,747,103</u>	<u>4,440,860</u>	<u>13,894,979</u>
Capital Assets, being depreciated				
Building and improvements	180,432,910	2,134,877	-	182,567,787
Vehicles	10,711,452	1,282,784	235,980	11,758,256
Machinery and equipment	10,458,521	1,908,251	421,021	11,945,751
Infrastructure	96,946,244	6,711,178	-	103,657,422
Right of use equipment	675,827	-	-	675,827
Right of use SBITAs	496,408	-	-	496,408
Total Capital Assets being depreciated	<u>299,721,362</u>	<u>12,037,090</u>	<u>657,001</u>	<u>311,101,451</u>
Less Accumulated Depreciation for:				
Building and improvements	61,952,457	3,869,107	-	65,821,564
Vehicles	10,008,393	209,855	235,980	9,982,268
Machinery and equipment	8,541,882	708,067	421,021	8,828,928
Infrastructure	42,803,193	2,011,087	-	44,814,280
Right of use equipment	450,552	225,276	-	675,828
Right of use SBITAs	146,676	93,644	-	240,320
Total Accumulated Depreciation	<u>123,903,153</u>	<u>7,117,036</u>	<u>657,001</u>	<u>130,363,188</u>
Total Capital Assets, being depreciated net	<u>175,818,209</u>	<u>4,920,054</u>	<u>-</u>	<u>180,738,263</u>
Governmental Activities Capital Assets, net	<u>\$ 183,406,945</u>	<u>\$ 15,667,157</u>	<u>\$ 4,440,860</u>	<u>\$ 194,633,242</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 284,786
Public safety	690,297
Public works	2,714,716
Parks and recreation	98,536
Education	3,328,701
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 7,117,036</u>

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Capital asset activity for the business-type activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business Type Activities</u>				
Capital Assets, not being depreciated				
Land	\$ 1,019,600	\$ -	\$ -	\$ 1,019,600
Construction in Process	-	-	-	-
Total Capital Assets, not being depreciated	<u>1,019,600</u>	<u>-</u>	<u>-</u>	<u>1,019,600</u>
Capital Assets, being depreciated				
Building and improvements	2,892,500	-	-	2,892,500
Vehicles	326,801	50,062	-	376,863
Machinery and equipment	1,136,105	33,073	-	1,169,178
Infrastructure	30,445,861	226,430	-	30,672,291
Right of use equipment	125,536	-	-	125,536
Total Capital Assets being depreciated	<u>34,926,803</u>	<u>309,565</u>	<u>-</u>	<u>35,236,368</u>
Less Accumulated Depreciation for:				
Building and improvements	2,319,266	53,012	-	2,372,278
Vehicles	270,981	31,502	-	302,483
Machinery and equipment	1,043,716	66,792	-	1,110,508
Infrastructure	14,890,641	517,825	-	15,408,466
Right of use equipment	107,602	17,934	-	125,536
Total Accumulated Depreciation	<u>18,632,206</u>	<u>687,065</u>	<u>-</u>	<u>19,319,271</u>
Total Capital Assets, being depreciated net	<u>16,294,597</u>	<u>(377,500)</u>	<u>-</u>	<u>15,917,097</u>
Business Type Activities Capital Assets, net	<u>\$ 17,314,197</u>	<u>\$ (377,500)</u>	<u>\$ -</u>	<u>\$ 16,936,697</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-Type Activities:	
Sewer authority	307,608
Water authority	280,038
Crestbrook golf operations	81,484
Total Depreciation and Amortization Expense - Business-Type Activities	<u>\$ 669,130</u>

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 10 - CONSTRUCTION COMMITMENTS

The Town has several active construction/renovation projects as of June 30, 2025. At year-end, the Town's commitments are as follows:

	Project Authorization	Current Expenditures	Cumulative Expenditures	Project Balance
Road Bridge and Drainage	\$ 4,000,000	\$ -	\$ 3,671,286	\$ 328,714
2019 PW Projects	6,000,000	123,278	5,755,702	244,298
2020 Steep Grant	256,410	-	13,450	242,960
Guernseytown Road	4,276,305	1,271,621	4,276,305	-
Steele Brook Greenway	498,900	276,689	456,666	42,234
2023 Various School Improvements	11,000,000	7,729,002	9,876,454	1,123,546
2023 Various Road Improvements	5,000,000	2,949,231	4,406,405	593,595
2023 Fire Truck Acquisition	1,500,000	-	652,644	847,356
Electric Vehicle Charging Stations	227,000	46,250	46,250	180,750
Highway Garage 2023 STEAP Grant	602,606	-	-	602,606
	<u>\$ 33,361,221</u>	<u>\$ 12,396,071</u>	<u>\$ 29,155,162</u>	<u>\$ 4,206,059</u>

NOTE 11 - GENERAL LONG-TERM DEBT

The following is a summary of changes in general obligation debt during the fiscal year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities					
General Obligation Bonds	\$ 49,535,000	\$ 21,710,000	\$ 17,750,000	\$ 53,495,000	\$ 4,985,000
Unamortized Premiums	3,592,521	1,902,500	327,718	5,167,303	448,874
Total Bonds Payable	<u>53,127,521</u>	<u>23,612,500</u>	<u>18,077,718</u>	<u>58,662,303</u>	<u>5,433,874</u>
Equipment Financing Notes	1,081,790	553,680	495,475	1,139,995	573,780
Lease Liability	229,790	-	229,790	-	-
Subscription Liability	347,198	-	92,992	254,206	95,570
Compensated Absences	2,899,023	1,564,435	1,271,101	3,192,357	1,188,208
Post-Closure Landfill Costs	33,805	-	33,805	-	-
Special Termination Benefits	20,609	-	14,522	6,087	6,087
Pension Buy-In	365,958	-	33,665	332,293	36,459
Net Pension Liability	14,632,336	(613,353)	-	14,018,983	-
OPEB Liability	93,826,333	-	18,080,151	75,746,182	-
Total Other Liabilities	<u>113,436,842</u>	<u>1,504,762</u>	<u>20,251,501</u>	<u>94,690,103</u>	<u>1,900,104</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 166,564,363</u>	<u>\$ 25,117,262</u>	<u>\$ 38,329,219</u>	<u>\$ 153,352,406</u>	<u>\$ 7,333,978</u>

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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, 2025, consisted of the following:

Description	Year of Issue	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2025	Due within One Year
2015 Series C Wattles Brook Sewer	2015	9/15/2027	1.5-3%	\$ 715,000	\$ 145,000	\$ 50,000
2019 Issue General Sewer	2019	10/15/2040	2.5-5%	7,200,000	5,760,000	360,000
2020 Issue General Obligation Bonds	2020	10/15/2041	1-4%	6,000,000	5,100,000	300,000
2021 Issue Refunding Series A General Obligation Bonds	2021	10/15/2027	4.00%	5,450,000	850,000	630,000
2021 Issue Refunding Series B General Obligation Bonds	2021	10/15/2038	2.5-2.65%	4,840,000	4,285,000	365,000
2022 Issue Refunding General Obligation Bonds	2022	3/15/2035	2-4%	9,430,000	7,095,000	1,815,000
2023 Issue Refunding General Obligation Bonds	2023	8/1/2044	4.50%	9,000,000	8,550,000	450,000
2024 Issue A General Obligation Bonds	2025	8/1/2044	4.0 - 5.0%	10,360,000	10,360,000	520,000
2024 Issue B Refunding General Obligation Bonds	2025	9/15/2038	4.0 - 5.0%	11,350,000	11,350,000	495,000
				<u>\$64,345,000</u>	<u>\$ 53,495,000</u>	<u>\$ 4,985,000</u>

See Note 16 Subsequent events for notes on Bonds refinanced subsequent to June 30, 2025.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

The following is a summary of debt service requirements to maturity by year as of June 30, 2025:

Year Ending June 30	Principal	Interest	Total
2026	\$ 4,985,000	\$ 2,010,471	\$ 6,995,471
2027	4,900,000	1,803,421	6,703,421
2028	4,675,000	1,594,793	6,269,793
2029	4,295,000	1,386,190	5,681,190
2030	3,390,000	1,203,036	4,593,036
2031	3,040,000	1,069,050	4,109,050
2032	3,045,000	948,376	3,993,376
2033	3,040,000	834,950	3,874,950
2034	2,635,000	733,538	3,368,538
2035	2,635,000	641,451	3,276,451
2036	2,480,000	548,848	3,028,848
2037	2,480,000	461,755	2,941,755
2038	2,470,000	376,833	2,846,833
2039	2,465,000	292,311	2,757,311
2040	1,625,000	223,475	1,848,475
2041	1,625,000	169,425	1,794,425
2042	1,265,000	120,100	1,385,100
2043	965,000	78,500	1,043,500
2044	965,000	39,900	1,004,900
2045	515,000	10,300	525,300
	<u>\$ 53,495,000</u>	<u>\$ 14,546,723</u>	<u>\$ 68,041,723</u>

Interest incurred, accrued and expensed on general obligation bonds for the year ended June 30, 2025, totaled \$1,975,446.

Pension Buy-In

The Town has a note outstanding totaling \$332,293 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:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Year	Principal	Interest	Total
2026	\$ 36,459	\$ 25,266	\$ 61,725
2027	39,485	22,240	61,725
2028	42,763	18,963	61,726
2029	23,718	16,230	39,948
2030	25,687	14,261	39,948
2031	27,819	12,129	39,948
2032	30,128	9,820	39,948
2033	32,628	7,320	39,948
2034	35,337	4,611	39,948
2035	38,269	1,679	39,948
	<u>\$ 332,293</u>	<u>\$ 132,519</u>	<u>\$ 464,812</u>

Interest incurred and expensed on the buy-in for the year ended June 30, 2025, totaled \$28,060.

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 2029. The annual debt service requirements of the Town's equipment financing notes are as follows:

Year	Principal	Interest	Total
2026	\$ 573,780	\$ 57,896	\$ 631,676
2027	435,749	32,071	467,820
2028	107,441	7,642	115,083
2029	23,025	1,600	24,625
	<u>\$ 1,139,995</u>	<u>\$ 99,209</u>	<u>\$ 1,239,204</u>

Interest paid and expensed on the notes for the year ended June 30, 2025, totaled \$53,439.

Bonds Authorized/Unissued

The amount of authorized, unissued bonds are as follows:

	Authorized and Unissued
General Purpose	\$ 2,177,672
Schools	2,450,254
Sewer and Water	<u>37,200</u>
Total bond authorizations, unissued	<u>\$ 4,665,126</u>

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2025.

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 162,828,961	\$ 24,021,672	\$ 138,807,289
Schools	325,657,922	29,142,254	296,515,668
Sewers	271,381,601	4,996,200	266,385,401
Urban Renewal	235,197,388	-	235,197,388
Pension Deficit	217,105,281	-	217,105,281
		<u>\$ 58,160,126</u>	<u>\$ 1,154,011,026</u>
Total bond authorizations, unissued		<u>\$ 58,160,126</u>	<u>\$ 1,154,011,026</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation or \$506,578,989.

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, 2025, SBITA assets and related accumulated amortization totaled \$496,408 and \$240,320, respectively. The future subscription payments under SBITA agreements as of June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 95,570	\$ 5,164	\$ 100,734
2027	98,222	2,512	100,734
2028	60,414	119	60,533
	<u>\$ 254,206</u>	<u>\$ 7,795</u>	<u>\$ 262,001</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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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 remaining project costs of this post-closure period are \$0. The cost estimate is subject to change due to inflation, technology, or changes in cost estimate components. Current year costs amounted to \$33,805.

Special Termination Benefits

The liability for special termination benefits for Board of Education employees as of June 30, 2025, is \$6,087. This amount consists of payments due to retired individuals for retirement incentives that have been amortized over the following years:

Year ending June 30	Principal
2026	\$ 6,087
	\$ 6,087

Business-Type Activities

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business-Type Activities					
Net Pension Liability	\$ 270,740	\$ -	\$ 41,903	\$ 228,837	\$ -
Equipment Financing Notes	53,727	27,807	12,083	69,451	26,376
Lease Liability	18,904	-	18,904	-	-
Compensated Absences	173,242	121,192	94,568	199,866	86,214
Total Business-Type Activities Long-Term Liabilities	\$ 516,613	\$ 148,999	\$ 167,458	\$ 498,154	\$ 112,590

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Equipment Financing Notes - Direct Borrowings

The Town has a financing note for a 2023 Ford F250 to be used by the Crestbrook Golf Course dated August 15, 2023, for \$53,727. This note is payable over 4 years with an interest rate of 7.1% and an annual payment of \$15,898 due each August 14 beginning in 2025. In addition, the Town has a financing note for a 2004 Ventrac Tractor and Mower used by the Crestbrook Golf Course dated July 24, 2024, for \$27,807. This note is payable over 2 years with an interest rate of 6.9% and an annual payment of \$15,375 due each July 24 beginning in 2025. The principal outstanding amount at June 30, 2025 of both notes is \$69,451. Annual Debt Service Requirements on equipment financing notes as of June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 26,376	\$ 4,898	\$ 31,274
2027	28,231	3,041	31,272
2028	14,844	1,054	15,898
	\$ 69,451	\$ 8,993	\$ 78,444

Interest paid and expensed on the notes for the year ended June 30, 2025, totaled \$3,814.

NOTE 12 – NET POSITION AND FUND BALANCES

Restricted Net Position

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

	Expendable	Nonspendable
Purposes of Trust	\$ 88,811	\$ 97,143
Small Cities Loans	733,437	-
General Government	92,600	260,404
Public Safety	54,662	-
Public Works	339,739	-
Parks and Recreation	309,798	-
Health and Welfare	336	-
Education	321,001	30,328
Total	\$ 1,940,384	\$ 387,875

As of June 30, 2025, governmental fund balances are composed of the following:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Trust principal	\$ -	\$ -	\$ -	\$ 97,143	\$ 97,143
Inventory and prepaid	-	-	-	30,328	30,328
Leases	260,404	-	-	-	260,404
<u>Total Nonspendable</u>	<u>260,404</u>	<u>-</u>	<u>-</u>	<u>127,471</u>	<u>387,875</u>
<u>Restricted</u>					
General government	-	-	92,600	39,988	132,588
Public safety	-	-	-	55,858	55,858
Public works	-	-	-	339,739	339,739
Parks and recreation	-	-	-	309,798	309,798
Health and welfare	-	-	-	766,079	766,079
Education	-	-	-	336,322	336,322
Capital	-	7,740,704	-	-	7,740,704
<u>Total Restricted</u>	<u>-</u>	<u>7,740,704</u>	<u>92,600</u>	<u>1,847,784</u>	<u>9,681,088</u>
<u>Committed</u>					
General government	-	-	-	73,093	73,093
Public safety	-	-	-	28,521	28,521
Public works	-	-	-	871	871
Parks and recreation	-	-	-	670,527	670,527
Health and welfare	-	-	-	182,729	182,729
Education	-	-	-	389,377	389,377
Capital	-	900,246	-	503,918	1,404,164
<u>Total Committed</u>	<u>-</u>	<u>900,246</u>	<u>-</u>	<u>1,849,036</u>	<u>2,749,282</u>
<u>Assigned Encumbrances</u>					
General government	3,056	-	-	-	3,056
Public safety	13,946	-	-	-	13,946
Public works	32,566	-	-	-	32,566
Parks and recreation	-	-	-	-	-
Health and welfare	-	-	-	-	-
Education	63,382	-	-	-	63,382
Miscellaneous	-	-	-	-	-
<u>Total Committed</u>	<u>112,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,950</u>
<u>Unassigned</u>	<u>8,963,625</u>	<u>-</u>	<u>-</u>	<u>555,720</u>	<u>9,519,345</u>
<u>Total governmental funds</u>	<u>\$ 9,336,979</u>	<u>\$ 8,640,950</u>	<u>\$ 92,600</u>	<u>\$ 4,380,011</u>	<u>\$ 22,450,540</u>

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 -DEFICIT FUND BALANCES

The following funds had deficit fund balances as of June 30, 2025:

<u>Internal Service Funds</u>	
Workers Compensation	\$ (2,420,472)
	(2,420,472)
 <u>Governmental Funds</u>	
Preservation of Historical Documents	(38,484)
Police Asset Forfeiture	(1,725)
	\$ (40,209)
 <u>Proprietary Funds</u>	
Proprietary fund - sewer fund	\$ (9,475,273)

These amounts will be funded through transfers from the general fund, bonds, grant reimbursements, contributions and future revenues. For the sewer fund this deficit fund balance was funded through debt issued in October 2025.

NOTE 14 - RISK MANAGEMENT AND UNCERTAINTIES

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town generally obtains commercial insurance for these risks and any claims have not exceeded commercial coverage.

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 Claims and Estimates	Claim Payments	Ending Claims Payable
2025	\$ 2,908,683	\$ 856,914	\$ 713,296	\$ 3,052,301
2024	2,976,333	684,017	751,667	2,908,683
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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

Year Ended	Beginning Claims Payable	Current Year Claims and Estimates	Claim Payments	Ending Claims Payable
2025	\$ 2,151,871	\$ 6,911,367	\$ 9,041,236	\$ 22,002
2024	1,137,377	13,999,896	12,985,402	2,151,871
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, 2025, 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.

The Health and Dental Benefits Fund was discontinued during the fiscal year ended June 30, 2025.

NOTE 15 – CONTINGENT LIABILITIES

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 has been 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 \$18,800,445. The Town 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.

On June 6, 2025, the appellate court upheld the original judgment against the Town for unpaid water and sewer charges owed to the City of Waterbury. As a result of the original and subsequent rulings, the Water and Sewer Funds have accrued a liability of \$35,326,647 representing the amounts billed by the City of Waterbury to the Town of Watertown at their stated rates through June 30, 2025, including interest charges. Subsequent to the fiscal year end the Town has issued general obligation bonds with \$34,000,000 of those proceeds utilized to pay this liability in full.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Other Contingencies

There are other legal actions pending in which the Town is involved. The Town Officials are of the opinion that the ultimate liabilities, if any, resulting from such lawsuits and claims will not materially affect the financial position of the Town.

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

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.

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.

NOTE 16 – SUBSEQUENT EVENTS

The Town issued \$40,000,000 of general obligation bond anticipation notes in October 2025. The notes have an interest rate of 3.5% and mature in October 2026. Proceeds of this issuance were utilized as follows: \$34,000,000 was used to pay the remaining balance of the water and sewer judgment due and \$6,000,000 was used for various road improvements.

NOTE 17 - PENSION PLANS

EMPLOYEE PENSION 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, 2025, the plans had the following balances reported in the Town's government-wide financial statements:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenue and Expense	Pension Expense
Town Employees Retirement Income Plan	\$ 3,266,680	\$ 1,162,956	\$ 1,926,040	\$ -	\$ 404,281
Police Department Pension Plan	9,868,439	3,379,219	2,175,130	-	1,279,276
Municipal Employees' Retirement System	1,112,702	285,858	310,616	-	64,585
Connecticut Teachers' Retirement System	-	-	-	7,616,491	7,616,491
Total	\$ 14,247,821	\$ 4,828,033	\$ 4,411,786	\$ 7,616,491	\$ 9,364,633
Reported in:					
Business-Type Activities	228,838	136,462	79,580	-	65,368
Governmental Activities	14,018,983	-	-	7,616,491	9,299,265
Total	\$ 14,247,821	\$ 136,462	\$ 79,580	\$ 7,616,491	\$ 9,364,633

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

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

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.

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 lumpsum 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, 2024), membership consisted of the following:

	Town Plan	Police Plan
Inactive plan members or beneficiaries receiving payments	132	38
Inactive plan members entitled but not yet receiving payments	23	1
Active Members	59	37
	214	76

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.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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.

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, 2024). In the fiduciary fund financial statements, the Guaranteed Deposit account is recorded at fair value as of June 30, 2025, 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, 2025:

Town Plan		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	31%	5.05%
Small cap equity	8%	6.05%
Mid cap equity	4%	5.80%
International equity	12%	5.10%
Fixed income	24%	3.35%
Real estate	5%	4.60%
Stable value	16%	1.85%
	100%	
Long-Term Inflation Expectation		2.65%
Long-Term Expected Investment Return		7.00%

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Police Plan

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	26%	5.05%
Small cap equity	7%	6.05%
Mid cap equity	7%	5.80%
International equity	10%	5.10%
Fixed income	27%	3.35%
Real estate	5%	4.60%
Stable value	18%	1.85%
	100%	
Long-Term Inflation Expectation		2.65%
Long-Term Expected Investment Return		7.00%

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, 2025 - 12.4%
- Police - Net money-weighted rate of return for the year ended June 30, 2025 - 11.4%

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2025, were as follows:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Town Plan	Police Plan
Total pension liability	\$ 31,342,886	\$ 41,651,986
Plan fiduciary net position	28,076,206	31,783,547
Net pension liability (asset)	3,266,680	9,868,439
Plan fiduciary net position as a percentage of total pension liability	89.58%	76.31%
Covered payroll	3,906,390	4,075,149
Net pension liability as a % of covered payroll	83.62%	242.16%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2024, valuation and projected forward to a measurement date of June 30, 2025:

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 2024, 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	2.65%
Payroll growth	Town - 2.5% Police – 2.75%
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 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.

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.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
Town Plan Net Pension Liability	\$ 6,737,084	\$ 3,266,680	\$ 1,281,832
Police Plan Net Pension Liability	\$ 15,938,536	\$ 9,868,439	\$ 7,746,069

Funded Status and Funding Progress

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The changes in the Net Pension Liability for the year ended June 30, 2025, were:

<u>Town Pension Plan</u>	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance beginning of year	<u>\$ 30,998,955</u>	<u>\$ 26,491,062</u>	<u>\$ 4,507,893</u>
Charges for the year			
Service cost	326,101	-	326,101
Interest	2,099,411	-	2,099,411
Differences between expected and actual experience	150,294	-	150,294
Employer contributions	-	543,513	(543,513)
Employee contributions	-	192,688	(192,688)
Net investment income	-	3,142,134	(3,142,134)
Benefit payments	(2,231,875)	(2,231,875)	-
Administrative expenses	<u>-</u>	<u>(61,316)</u>	<u>61,316</u>
Net changes	<u>343,931</u>	<u>1,585,144</u>	<u>(1,241,213)</u>
Balance end of year	<u>\$ 31,342,886</u>	<u>\$ 28,076,206</u>	<u>\$ 3,266,680</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>89.58%</u>
Covered-employee payroll			<u>\$ 3,906,390</u>
Net pension liability as a percentage of covered-employee payroll			<u>83.62%</u>

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<u>Police Pension Plan</u>			
Balance beginning of year	\$ 37,948,650	\$ 28,936,889	\$ 9,011,761
Charges for the year			
Service cost	654,535	-	654,535
Interest	2,590,487	-	2,590,487
Differences between expected and actual experience	2,553,791	-	2,553,791
Employer contributions	-	1,484,120	(1,484,120)
Employee contributions	-	302,651	(302,651)
Net investment income	-	3,201,607	(3,201,607)
Benefit payments	(2,095,477)	(2,095,477)	-
Administrative expenses	-	(46,243)	46,243
Net changes	<u>3,703,336</u>	<u>2,846,658</u>	<u>856,678</u>
Balance end of year	<u>\$ 41,651,986</u>	<u>\$ 31,783,547</u>	<u>\$ 9,868,439</u>
Plan fiduciary net position as a percentage of the total pension liability			<u>76.31%</u>
Covered-employee payroll			<u>\$ 4,075,149</u>
Net pension liability as a percentage of covered-employee payroll			<u>242.16%</u>

For the year ended June 30, 2025, the total pension expense recognized was \$404,281 for the Town plan and \$1,279,276 for the Police plan. As of June 30, 2025, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
<u>Town Plan</u>			
Net differences between projected and actual earnings	\$ 132,546	\$ -	\$ (132,546)
Differences between expected and actual experience	<u>1,030,410</u>	<u>1,926,040</u>	<u>895,630</u>
Total Town Plan	<u>\$ 1,162,956</u>	<u>\$ 1,926,040</u>	<u>\$ 763,084</u>
<u>Police Plan</u>			
Net differences between projected and actual earnings	\$ 2,336,258	\$ 454,326	\$ (1,881,932)
Differences between expected and actual experience	<u>1,042,961</u>	<u>1,720,804</u>	<u>677,843</u>
Total Police Plan	<u>\$ 3,379,219</u>	<u>\$ 2,175,130</u>	<u>\$ (1,204,089)</u>

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

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

Year ended June 30,	Town Plan	Police Plan	Total
2026	\$ (583,979)	\$ (1,096,536)	\$ (1,680,515)
2027	578,977	175,669	754,646
2028	497,334	40,417	
2029	270,751	(249,258)	21,493
2030	-	(74,381)	(74,381)
	<u>\$ 763,083</u>	<u>\$ (1,204,089)</u>	<u>\$ (978,757)</u>

MUNICIPAL EMPLOYEE’S RETIREMENT SYSTEM (MERS)

Plan Description

The Town is a member of the Connecticut Municipal Employees Retirement System (CMERS) which is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. The plan was established in 1947 and is governed by Connecticut Statute Title 7, Chapter 113. CMERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission. The Connecticut State Retirement Commission is responsible for the administration of CMERS. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees Retirement System (CMERS). This designation may be the result of collective bargaining. Only employees covered under the State Teachers’ Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full-time employees of participating departments except Police and Fire hired after age 60.

The plan has four sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Benefit Provisions

The plan provides retirement, disability, and death benefits as defined in the Statutes.

General Employees

Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active non-continuous service. Employees under the age of 55 are eligible to retire with 25 years of service.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Police Officers and Firefighters

Compulsory retirement age for police and fire members is age 65.

Normal Retirement- For members not covered by social security, the benefit is 2% of average final compensation time years of service.

For members covered by social security, the benefit is 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.

The maximum benefit is both 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 benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.

Early Retirement- Employees are eligible after 5 years of continuous service or 15 years of active aggregate service. The benefit is calculated on the basis of 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- Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability.

Employees are eligible for non-service related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

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

On June 7, 2023, House Bill 6930, an Act Concerning the Development of Best Practices for Governance Structures of Municipal Retirement Plans, was passed by the Connecticut Legislature on. The following is a summarization of future changes in benefit provisions.

- A five-year phase-out of the Cost-Of-Living-Adjustment (COLA) floor from the existing 2.5% to 0%, which reduces the floor by 0.5% each year for future retirees, beginning July 1, 2025, reducing to 0% on July 1, 2029. Subject to the COLA floors outlined above, for years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the inflation rate up to 6.0%, and 75% of the inflation rate in excess of 6.0% with a maximum COLA of 7.5%.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

- Beginning July 1, 2025, the benefit formula multiplier will increase to 2.2% (1.7% for Social Security covered eligible participants) based on the following eligibility:
 - General Employees: Beginning for service at age 60 with at least 30 years of service.
 - Police and Fire: Beginning for service at age 55 with at least 27 years of service.
 - Beginning July 1, 2025, a Deferred Retirement Option Plan (DROP), capped at five years of participation in the program, will be offered based on the following eligibility:
 - General Employees: at age 60 with 30 years of service OR at age 62 with 5 years of service.
 - Police and Fire: at age 55 with 25 years of service; at age 57 with 5 years of service; or at any age with 30 years of service.
 - Upon entering DROP, the member contribution rate is reduced to half. After 24 months of DROP participation, the member contribution rate is reduced to 0%.
 - Beginning annually at the 2nd anniversary of the member's DROP entry, the DROP account is credited with interest at a not to exceed 4%. Interest is also credited at the 3rd, 4th, and 5th anniversary date of DROP entry.
 - Pension amount will not increase with annual COLAs while participating in DROP. Once member exits DROP, future COLAs will be determined based on the provisions in effect at the time the member entered the DROP.

Contributions

Contributions are established by the Statutes as follows:

Employer: Participating municipalities 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 the system not met by member contributions. There is also an annual administrative fee per active & retired member.

Employees: Employees not covered by social security are required to contribute 6.0% of compensation. Employees covered by social security are required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.0% of compensation, if any, in excess of such base.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of CMERS and additions and deletions from CMERS' net position are prepared on the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Investment policy

The CMERS' policy in regard to the allocation of invested assets is established and may be amended by the State Retirement Commission. It is the policy of the State to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The State Treasurer is responsible for investing CMERS funds for the exclusive benefit of CMERS members.

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

The total estimated collective net pension liability of the CMERS as of June 30, 2024, was \$1,312,266,202, the most recent available reporting provided by the Board. The collective net pension liability of the CMERS sub plan for general employees with social security was \$419,281,212 as of June 30, 2024. The portion that was associated with the Town totaled \$713,923 or approximately .170% of the total estimated net pension liability vs. .244% in the prior year. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

For the Year ended June 30, 2025, the Town recognized its total proportional share of the collective pension expenses of approximately \$64,585. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 46,507	\$ 12,895
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,115	297,721
Change of Assumptions	81,205	-
Net differences between projected and actual earnings on plan investments	-	-
Town contributions subsequent to measurement date	<u>104,031</u>	<u>-</u>
Total	<u>\$ 285,858</u>	<u>\$ 310,616</u>
Net amount of deferred inflow and outflow excluding District contributions subsequent to measurement date	<u>\$ (128,789)</u>	

The \$104,031 amount reported as deferred inflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Fiscal Year Ending June 30		
2026	\$	(26,889)
2027		37,064
2028		(70,118)
2029		(59,910)
2030		(8,936)
Total	\$	(128,789)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement period:

- Inflation - 2.5%
- Long- Term Investment Rate of Return, net of investment expense, including inflation 7.00%
- Salary increase - 3.50 -9.50%, including inflation
- Mortality rates - The Pub-2010 Mortality Tables set-forward one year (except Active Employees) are projected generationally with scale MP-2021.
- Future Cost-of-Living Annually compounded increases are applied to disabled and nondisabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025, and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026, and June 30, 2027; 2.1% for members retiring between July 1, 2027, and June 30, 2028; and 2.0% for members retiring after July 1, 2028.

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of June 30, 2024, are summarized in the following table:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Asset Class	Allocation	Long-Term Target Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.3%
Infrastructure & Natural Resources	7.0%	7.7%
Total	<u>100%</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 rates equal to the actuarial determined rates in future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town’s proportional share of the net pension liability	\$ 1,024,085	\$ 713,923	\$ 452,586

Average Remaining Service Life

GASB 68 requires that changes arising from differences between expected and actual experience or from changes in actuarial assumptions be recognized in pension expense over the average remaining service life of all employees provided with benefits through the pension plan (active and inactive). This is to consider these differences on a pooled basis, rather than an individual basis, to reflect the expected remaining service life of the entire pool of employees with the understanding that inactive employees have no remaining service period. As of June 30, 2024, the average of the expected remaining service lives of all employees calculated by our external actuaries is 5.21 years.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Additional Financing and Actuarial Information

The net pension liability, pension expense and deferred outflows and inflows of resources presented in this report have been determined based on CMERS' fiduciary net position included in the State of Connecticut ACFR as of and for the year ended June 30, 2024, which was audited by the State of Connecticut Auditors of Public Accounts. CMERS is included in the State of Connecticut's ACFR as a pension trust fund.

Additional financial information supporting the preparation of the Schedules of Employer Allocations and the Schedules of Pension Amounts by Employer (including the disclosure of the net pension liability (asset) and the unmodified audit opinion on the State of Connecticut's financial statements) is located in the State of Connecticut's ACFR for the fiscal year ended June 30, 2024. The State of Connecticut ACFR is available at www.osc.ct.gov/reports. The supporting actuarial information is included in the June 30, 2024, GASB Statements No. 68 Report for the Connecticut Municipal Employees' Retirement System. The additional financial and actuarial information is available at www.osc.ct.gov/rbsd/cmers/plandoc or by contacting the Connecticut Municipal Employees Retirement System at: 55 Elm Street, Hartford, CT 06106, by e-mailing osc.generalinfocmers@ct.gov or by calling (860) 702-3480.

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 \$80,000 to this plan during the year ended June 30, 2025. Participants are 100% vested and are not required to contribute.

CONNECTICUT STATE 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, a cost-sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

Benefit Provisions

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

Normal Retirement

Retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). 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 with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

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 benefits regardless of length of service. Five years of credited service is required to be eligible 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.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60.

Pre-Retirement Death Benefit

The System also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

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

Employer (School Districts)

School district employers are not required to make contributions to the Plan, as contributions are required only from employees and the State. The statutes require the state of Connecticut to contribute 100% of each school district's required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2025, the Town recognized benefits expense and contribution revenue of \$7,616,491 in the governmental funds for on behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$8,863,174 for pension expense and revenue for on-behalf amounts for the benefits provided by the State.

Employees

Effective July 1, 1992, each teacher was required to contribute 6% of pensionable salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Pension Liabilities, Pension Expenses, and Deferred Inflows/Outflows of Resources

At June 30, 2024, 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 proportional share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		77,271,216
 Total	 \$	 <u>77,271,216</u>

The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. As of June 30, 2024, the Town has no proportionate share of the net pension liability.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2024, with a reporting date of June 30, 2024, using the following key actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 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.

Assumption changes since the prior year are as follows:

There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost of Living Allowance

Future cost-of-living increases for teachers 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

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

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

Long-Term Rate of Return

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity Fund	20.0%	5.4%
Developed Market International Stock Fund	11.0%	6.4%
Emerging Market International Stock Fund	9.0%	8.6%
Core Fixed Income Fund	13.0%	0.8%
Emerging Market Debt Fund	5.0%	3.8%
High Yield Bond Fund	3.0%	3.4%
Real Estate Fund	19.0%	5.2%
Private Equity	10.0%	9.4%
Private Credit	5.0%	6.5%
Alternative Investments	3.0%	3.1%
Liquidity Fund	2.0%	-0.4%
	<u>100.0%</u>	

Discount Rate

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

Other Information

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

NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

TOWN PLAN OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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, 2024, 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 Revenue	OPEB Expense
Retiree Welfare Plan	\$ 75,747,752	\$ 10,780,110	\$ 13,876,548	\$ -	\$ (16,451,854)
Connecticut Teachers' Retirement System	-	-	-	106,638	106,638
	<u>\$ 75,747,752</u>	<u>\$ 10,780,110</u>	<u>\$ 13,876,548</u>	<u>\$ 106,638</u>	<u>\$ (16,345,216)</u>

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.

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

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 insurance. The percentage contribution of the employees and retirees for these benefits varies 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 2025 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$2,925,051.

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	213
Active plan members	603
	816

Total OPEB Liability: The Town's total OPEB liability of \$75,747,752 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2024, 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, 2025
Actuarial Cost Method	Individual Entry Age Normal
Actuarial Value of Assets	Fair Value
Discount Rate	4.81% (previously 4.21%)
Salary Increases	3.00%
Inflation	2.50%
Municipal Bond Rate	4.81% (previously 4.21%)
Mortality Rates	PubG-2010 Mortality Table for Employees projected generationally with Scale MP-2020 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.

The changes in the Net OPEB Liability for the year ended June 30, 2025, were:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024	\$ 93,827,776	\$ 1,449	\$ 93,826,327
Charges for the year			
Service cost	3,292,060	-	3,292,060
Interest	4,027,808	-	4,027,808
Changes in Benefit Terms	(19,526,978)	-	(19,526,978)
Changes in assumptions or other inputs	(84,288)	-	(84,288)
Differences between expected and actual experience	(2,863,575)	-	(2,863,575)
Net investment income	-	127	(127)
Employer contributions	-	2,925,051	(2,925,051)
Benefit payments including implicit costs	(2,925,051)	(2,925,051)	-
Net changes	(18,080,024)	127	(18,080,151)
Balance at June 30, 2024	<u>\$ 75,747,752</u>	<u>\$ 1,576</u>	<u>\$ 75,746,176</u>

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 (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Current Discount (4.81%)	1% Increase (5.81%)
Total OPEB Liability	\$ 87,719,880	\$ 75,746,176	\$ 66,119,762

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
Total OPEB Liability	\$ 64,680,521	\$ 75,746,176	\$ 89,831,226

OPEB Expense: For the year ended June 30, 2025, the Town recognized an OPEB expense reduction of \$(16,451,854). As of June 30, 2025, deferred outflows and inflows of resources related to OPEB are reported as follows:

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Net difference between projected and actual earnings	\$ -	\$ 111	\$ (111)
Difference between expected and actual experience	6,702,175	4,031,386	2,670,789
Changes in assumptions	4,077,935	9,845,051	(5,767,116)
Total	\$ 10,780,110	\$ 13,876,548	\$ (3,096,438)

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,	
2026	\$ (1,659,295)
2027	(2,073,313)
2028	128,847
2029	1,478,364
2030	(549,916)
Thereafter	(421,125)
	\$ (3,096,438)

CONNECTICUT STATE TEACHERS’ OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Benefit Provisions

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

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$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, and any remaining portion is used to offset the district’s cost. The subsidy amount is set by statute.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

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

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$220 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Pro-ratable Retirement

Age 60 with 10 years of Credited Service.

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

For the year ended June 30, 2024, the amount of "on-behalf" contributions made by the state was \$106,638 and is recognized in the General Fund as intergovernmental revenues and education expenditures. In the government-wide financial statements, the Town recognized \$219,625 for OPEB expense and revenue for on-behalf amounts for the benefits provided by the State.

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

As of June 30, 2025, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportional share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		15,850,983
Total	\$	<u>15,850,983</u>

The net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2024. As of June 30, 2025, the Town has no proportionate share of the net OPEB liability.

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 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% to 6.50%
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:	
Measurement date	3.93%
Prior Measurement date	3.65%

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

Single equivalent interest rate	Single equivalent interest rate
Measurement date	3.64%, net of OPEB plan investment expense, including price inflation.
Prior Measurement date	3.93 %, net of OPEB plan investment expense, including price inflation.
Healthcare cost trends rates	
Medicare	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.5% by 2031.

Healthcare cost trends rates 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.

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 the evaluation of 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:

TOWN OF WATERTOWN, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.00%	1.26%	1.10%
Price Inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		3.75%	

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2024.

In addition to the actuarial methods and assumptions of the June 30, 2024 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 annual 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

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.

The changes in the assumptions since the prior year are as follows:

- Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan experience. Spouse coverage election assumptions were also updated with this change
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms since the prior Measurement Date.

TOWN OF WATERTOWN, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate
The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

OPEB Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

Other Information

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

NOTE 19 ACCOUNTING CHANGES

Change in Accounting Principle

Effective July 1, 2024, the Town implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, beginning net position was not affected.

NOTE 20 – PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

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

- **GASB Statement No. 103, *Financial Reporting Model Improvements*.** The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2025.
- **GASB Statement No. 104, *Disclosure of Certain Capital Assets*.** The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2026.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
GENERAL FUND BALANCE - BUDGET AND ACTUAL
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Revenues:</u>				
Property taxes	\$ 74,244,326	\$ 74,244,326	\$ 74,972,386	\$ 728,060
Intergovernmental	15,338,787	15,338,787	15,065,747	(273,040)
Departmental charges for services	2,346,349	2,346,349	3,378,247	1,031,898
Investment income	420,000	420,000	949,739	529,739
Other Revenues	342,332	342,332	437,210	94,878
Use of fund balance	-	5,213,776	-	(5,213,776)
<u>Total Revenues</u>	<u>92,691,794</u>	<u>97,905,570</u>	<u>94,803,329</u>	<u>(3,102,241)</u>
<u>Expenditures:</u>				
Current:				
General government	4,287,128	4,298,918	3,945,151	353,767
Public safety	7,889,528	8,084,683	7,962,245	122,438
Public works	5,143,023	6,007,560	5,911,125	96,435
Parks and recreation	1,316,906	1,382,462	1,220,777	161,685
Health and welfare	176,772	176,772	175,412	1,360
Education	55,305,902	57,476,216	57,475,616	600
Other	12,182,805	14,089,229	13,966,422	122,807
Debt service	6,389,730	6,389,730	6,016,613	373,117
<u>Total Expenditures</u>	<u>92,691,794</u>	<u>97,905,570</u>	<u>96,673,361</u>	<u>1,232,209</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	<u>\$ -</u>	<u>\$ -</u>	(1,870,032)	<u>\$ (1,870,032)</u>
<u>Net difference Budgetary vs GAAP Basis Change in Encumbrances</u>			(223,786)	
<u>Net Change In Fund Balance</u>			(2,093,818)	
<u>Fund Balances - Beginning of Year</u>			11,430,797	
<u>Fund Balances - End of Year</u>			<u>\$ 9,336,979</u>	

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Property Taxes</u>				
Current year	\$ 73,368,326	\$ 73,368,326	\$ 73,285,096	\$ (83,230)
Prior years	550,000	550,000	1,044,310	494,310
Interest and lien fees	325,000	325,000	642,595	317,595
Scholarship fund	1,000	1,000	385	(615)
<u>Total Property Taxes</u>	<u>74,244,326</u>	<u>74,244,326</u>	<u>74,972,386</u>	<u>728,060</u>
<u>Intergovernmental</u>				
State of Connecticut Education				
Nonpublic health and social services	43,674	43,674	42,031	(1,643)
Equalization (ECS)	12,747,426	12,747,426	12,323,183	(424,243)
<u>Total State of Connecticut Education</u>	<u>12,791,100</u>	<u>12,791,100</u>	<u>12,365,214</u>	<u>(425,886)</u>
Federal and State of Connecticut Other				
PILOT State property	488,617	488,617	488,617	-
Mashantucket Pequot	11,631	11,631	11,631	-
Elderly tax relief	2,700	2,700	2,437	(263)
Tax relief for veterans	22,411	22,411	20,030	(2,381)
Motor vehicle cap reimbursement	1,322,647	1,322,647	1,322,647	-
FEMA Reimbursement	-	-	155,640	155,640
Early Voting Grant	-	-	7,033	7,033
Telephone access	57,400	57,400	50,217	(7,183)
Municipal aid	642,281	642,281	642,281	-
<u>Total Federal and State of Connecticut Other</u>	<u>2,547,687</u>	<u>2,547,687</u>	<u>2,700,533</u>	<u>152,846</u>
<u>Total Intergovernmental</u>	<u>15,338,787</u>	<u>15,338,787</u>	<u>15,065,747</u>	<u>(273,040)</u>
<u>Departmental</u>				
Local Revenues				
Communication tower rental	180,028	180,028	205,368	25,340
Municipal Nips fees	15,371	15,371	-	(15,371)
Equipment and scrap sales	2,000	2,000	1,301	(699)
Scrap iron, oil, glass	18,000	18,000	18,085	85
Miscellaneous town clerk fees	50,000	50,000	48,880	(1,120)
Miscellaneous fishing and hunting	8,000	8,000	6,053	(1,947)
Town clerk dog licenses	5,000	5,000	9,165	4,165
Conveyance tax	280,000	280,000	349,032	69,032
Town clerk recording fees	180,000	180,000	88,153	(91,847)
Assessor photocopies	200	200	116	(84)
Supplemental dog licenses	600	600	750	150
Supplemental marriage licenses	2,200	2,200	2,448	248
Animal population control	1,500	1,500	2,946	1,446
3-LOCIP preservation	7,500	7,500	6,562	(938)
Pool fees	7,500	7,500	9,585	2,085
Damage claims and settlements	5,000	5,000	1,539	(3,461)
Miscellaneous local revenue	35,000	35,000	272,980	237,980
Town vehicle use	700	700	699	(1)
Transfer station fees	100,000	100,000	69,080	(30,920)
Landfill fees	14,000	14,000	15,030	1,030
<u>Total Local Revenues</u>	<u>912,599</u>	<u>912,599</u>	<u>1,107,772</u>	<u>195,173</u>

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Departmental</u>				
Permits and Fees				
Zoning board of appeals	3,000	3,000	900	(2,100)
Planning and zoning	11,000	11,000	26,956	15,956
Zoning compliance fees	36,000	36,000	33,890	(2,110)
Soil/Water state fees	22,000	22,000	21,510	(490)
Inland - Wetlands	8,500	8,500	2,860	(5,640)
Building permits	350,000	350,000	527,763	177,763
Building inspection education fee	5,000	5,000	10,585	5,585
Blasting permits	400	400	1,080	680
Street opening permits	5,000	5,000	4,950	(50)
Miscellaneous permits and fees	500	500	69,421	68,921
Total Permits and Fees	441,400	441,400	699,915	258,515
Police				
Parking tickets	2,000	2,000	4,785	2,785
Pistol permits	12,000	12,000	8,400	(3,600)
Police reports	5,500	5,500	3,271	(2,229)
Solicitor permits	2,200	2,200	3,604	1,404
Bingo and raffle	650	650	785	135
Alarm charges	15,500	15,500	22,100	6,600
Police services	847,000	847,000	1,292,187	445,187
Miscellaneous - police	80,500	80,500	210,019	129,519
Animal control fees	1,000	1,000	7,160	6,160
Total Police	966,350	966,350	1,552,311	585,961
Board of Education				
Latchkey program	7,000	7,000	-	(7,000)
Miscellaneous school	15,000	15,000	18,249	3,249
Community service reimbursement	4,000	4,000	-	(4,000)
Total Board of Education	26,000	26,000	18,249	(7,751)
Total Departmental	2,346,349	2,346,349	3,378,247	1,031,898
Investment Income	420,000	420,000	949,739	529,739
<u>Other Revenues</u>				
Taft contributions	195,000	195,000	240,000	45,000
Water and sewer administrative charge	97,396	97,396	96,380	(1,016)
Bond reimbursement heritage	49,936	49,936	49,936	-
National opioid settlement	-	-	45,894	45,894
Other miscellaneous revenue	-	-	5,000	5,000
Total Other Revenues	342,332	342,332	437,210	94,878
<u>Other Financing Sources</u>				
Use of fund balance	-	4,673,387	-	(4,673,387)
Total Other Financing Sources	-	4,673,387	-	(4,673,387)
Total Revenues and Other Financing Sources	\$ 92,691,794	\$ 97,365,181	\$ 94,803,329	\$ (2,561,852)

TOWN OF WATERTOWN, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>General Government</u>				
Town council	\$ 19,800	\$ 17,700	\$ 3,101	\$ 14,599
Town manager	327,115	328,675	338,665	(9,990)
Finance department	683,293	694,277	688,118	6,159
Tax collector	251,587	251,587	249,821	1,766
Assessor	238,759	244,226	250,185	(5,959)
Town clerk	239,815	236,320	230,487	5,833
Elections	137,315	152,344	117,148	35,196
Planning and zoning	350,787	359,008	320,088	38,920
Zoning board of appeals	3,980	2,495	3,546	(1,051)
Conservation commission	4,750	4,450	3,650	800
Public buildings	998,856	948,447	900,417	48,030
Building inspections	234,028	245,507	183,235	62,272
Information technology	608,120	621,131	471,245	149,886
Economic development	58,162	58,162	47,515	10,647
Human resources	129,786	133,614	137,930	(4,316)
Historic district	975	975	-	975
<u>Total General Government</u>	<u>4,287,128</u>	<u>4,298,918</u>	<u>3,945,151</u>	<u>353,767</u>
<u>Public Safety</u>				
Fire department administration	295,935	295,935	287,890	8,045
Fire department suppression and rescue	537,234	539,984	500,791	39,193
Fire department maintenance and support	311,664	361,514	320,701	40,813
Police department administration	670,442	674,808	652,084	22,724
Police department patrol and detectives	4,901,202	5,064,846	5,067,796	(2,950)
Police department maintenance and support	214,041	211,083	204,364	6,719
Police department traffic	8,440	9,356	7,855	1,501
Police department animal control	123,405	123,024	120,263	2,761
Police department communications	827,165	804,133	800,501	3,632
<u>Total Public Safety</u>	<u>7,889,528</u>	<u>8,084,683</u>	<u>7,962,245</u>	<u>122,438</u>
<u>Health and Welfare</u>				
Social services	44,000	44,000	46,044	(2,044)
Health services	132,772	132,772	129,368	3,404
<u>Total Health and Welfare</u>	<u>176,772</u>	<u>176,772</u>	<u>175,412</u>	<u>1,360</u>
<u>Miscellaneous</u>				
Centralized services	1,009,456	897,122	854,189	42,933
Legal	167,600	265,131	265,131	-
Employee benefits	8,512,245	9,770,091	9,440,522	329,569
Non-Town agencies	2,269,208	2,961,830	3,216,837	(255,007)
Reserve - wage and benefit	189,296	189,296	183,984	5,312
Reserve - contingency	35,000	5,759	5,759	-
<u>Total Miscellaneous</u>	<u>12,182,805</u>	<u>14,089,229</u>	<u>13,966,422</u>	<u>122,807</u>

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>Public Works</u>				
Engineering administration	738,453	731,489	715,142	16,347
Highway	3,215,905	4,087,204	4,129,586	(42,382)
Snow removal	522,000	522,000	492,563	29,437
Solid waste disposal	405,829	405,829	315,656	90,173
Street lighting	174,336	174,538	174,538	-
Tree removal	86,500	86,500	83,640	2,860
<u>Total Public Works</u>	<u>5,143,023</u>	<u>6,007,560</u>	<u>5,911,125</u>	<u>96,435</u>
<u>Parks and Recreation</u>				
Parks administration	605,075	640,664	508,279	132,385
Recreation administration	450,073	470,839	481,689	(10,850)
Senior center	261,758	270,959	230,809	40,150
<u>Total Parks and Recreation</u>	<u>1,316,906</u>	<u>1,382,462</u>	<u>1,220,777</u>	<u>161,685</u>
<u>General Fund Debt Service</u>	<u>6,389,730</u>	<u>6,389,730</u>	<u>6,016,613</u>	<u>373,117</u>
<u>Total Town General Fund</u>	<u>37,385,892</u>	<u>40,429,354</u>	<u>39,197,745</u>	<u>1,231,609</u>
<u>Education</u>				
Watertown School district	55,305,902	57,476,216	57,475,616	600
Employee benefits	-	-	-	-
<u>Total Education</u>	<u>55,305,902</u>	<u>57,476,216</u>	<u>57,475,616</u>	<u>600</u>
<u>Total Expenditures</u>	<u>\$ 92,691,794</u>	<u>\$ 97,905,570</u>	<u>\$ 96,673,361</u>	<u>\$ 1,232,209</u>

TOWN OF WATERTOWN, CONNECTICUT
TOWN OF WATERTOWN RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Total pension liability</u>										
Service cost	\$ 326,101	\$ 365,606	\$ 384,032	\$ 449,303	\$ 489,791	\$ 489,375	\$ 505,750	\$ 512,203	\$ 534,404	\$ 488,264
Interest	2,099,411	2,056,737	2,014,843	2,054,893	1,962,282	1,925,606	1,839,139	1,717,052	1,620,129	1,540,877
Changes in benefit terms	-	-	-	41,531	-	-	-	382,996	-	19,822
Differences between expected and actual experience including assumption charges	150,294	451,045	180,805	(1,400,277)	435,826	552,039	302,557	486,806	486,567	107,640
Benefit payments, including refunds	(2,231,875)	(2,300,567)	(1,842,880)	(1,596,461)	(1,534,351)	(1,455,161)	(1,454,437)	(1,377,117)	(1,201,225)	(1,074,321)
<u>Net change in total pension liability</u>	<u>343,931</u>	<u>572,821</u>	<u>736,800</u>	<u>(451,011)</u>	<u>1,353,548</u>	<u>1,511,859</u>	<u>1,193,009</u>	<u>1,721,940</u>	<u>1,439,875</u>	<u>1,082,282</u>
<u>Total pension liability - beginning</u>	<u>30,998,955</u>	<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>Total pension liability - ending</u>	<u>31,342,886</u>	<u>30,998,955</u>	<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>Plan fiduciary net position</u>										
Employer contributions	543,513	578,613	473,913	546,415	721,026	702,930	606,363	538,056	446,566	411,648
Employee contributions	192,688	155,573	172,045	207,516	236,705	254,416	269,484	276,657	300,260	286,125
Net investment income	3,142,134	2,842,832	2,070,984	(3,197,310)	5,935,655	707,707	1,373,185	1,466,341	2,201,418	162,277
Benefit payments	(2,231,875)	(2,300,567)	(1,842,880)	(1,596,461)	(1,534,351)	(1,455,161)	(1,454,437)	(1,377,117)	(1,201,225)	(1,074,321)
Administrative expenses	(61,316)	(70,468)	(89,709)	(51,212)	(58,051)	(53,376)	(54,170)	(55,404)	(60,412)	(71,158)
<u>Net Change in plan fiduciary net position</u>	<u>1,585,144</u>	<u>1,205,983</u>	<u>784,353</u>	<u>(4,091,052)</u>	<u>5,300,984</u>	<u>156,516</u>	<u>740,425</u>	<u>848,533</u>	<u>1,686,607</u>	<u>(285,429)</u>
<u>Plan fiduciary net position - beginning</u>	<u>26,491,062</u>	<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>Plan fiduciary net position - ending</u>	<u>28,076,206</u>	<u>26,491,062</u>	<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>Net pension liability - Ending</u>	<u>\$ 3,266,680</u>	<u>\$ 4,507,893</u>	<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>Plan fiduciary net position as a percentage of the total pension liability</u>	89.58%	85.46%	83.10%	82.52%	94.86%	80.91%	84.82%	85.86%	88.45%	86.64%
<u>Covered-employee payroll</u>	\$ 3,906,390	\$ 4,391,729	\$ 4,842,259	\$ 5,066,634	\$ 5,773,751	\$ 5,689,468	\$ 6,167,542	\$ 6,249,539	\$ 6,363,036	\$ 6,326,497
<u>Net pension liability as a percentage of covered employee payroll</u>	83.62%	102.65%	106.17%	102.41%	26.82%	96.60%	67.14%	59.01%	44.23%	48.39%

TOWN OF WATERTOWN, CONNECTICUT
TOWN OF WATERTOWN RETIREMENT PLAN
SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Actuarially determined employer contribution</u>	\$ 543,513	\$ 578,613	\$ 473,913	\$ 546,415	\$ 721,026	\$ 702,930	\$ 606,363	\$ 538,056	\$ 446,566	\$ 411,648
<u>Contributions in relation to the actuarially determined contribution</u>	543,513	578,613	473,913	546,415	721,026	702,930	606,363	538,056	446,566	411,648
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered-employee payroll</u>	\$3,906,390	\$4,391,729	\$4,842,259	\$5,066,634	\$5,773,751	\$5,689,468	\$6,167,542	\$6,249,539	\$6,363,036	\$6,326,497
<u>Contributions as a percentage of covered-employee payroll</u>	13.91%	13.18%	9.79%	10.78%	12.49%	12.35%	9.83%	8.61%	7.02%	6.51%

Notes to Schedule

Most recent valuation date	January 1 , 2024
Measurement date	June 30, 2025
Methods and assumptions used to determine the contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level Cost
Remaining amortization period	20 years
Asset valuation method	5-year Smoothed 80%/120% Corridor
Salary increases	3.50%
Investment rate of return	7.00%
Retirement age	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 eligible to retire immediately
Mortality rates	RP-2014 Blue Collar Mortality Table with no projection scale

TOWN OF WATERTOWN, CONNECTICUT
TOWN OF WATERTOWN RETIREMENT PLAN
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return net of investment expense	12.40%	11.60%	8.70%	11.40%	25.80%	3.10%	6.20%	6.90%	11.20%	80.00%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 654,535	\$ 643,340	\$ 665,179	\$ 612,962	\$ 606,483	\$ 570,722	\$ 552,159	\$ 538,120	\$ 471,622	\$ 457,058
Interest	2,590,487	2,547,242	2,505,789	2,327,069	2,247,120	2,126,767	2,060,519	2,039,799	1,836,955	1,652,133
Differences between expected and actual experience including assumption charges	2,553,791	(402,831)	(590,080)	1,414,471	(23,741)	1,288,416	(124,552)	(423,677)	1,705,330	1,606,784
Benefit payments, including refunds	(2,095,477)	(2,248,229)	(1,905,272)	(1,700,890)	(1,675,015)	(1,584,352)	(1,539,580)	(1,404,319)	(1,294,672)	(1,181,881)
Net change in total pension liability	3,703,336	539,522	675,616	2,653,612	1,154,847	2,401,553	948,546	749,923	2,719,235	2,534,094
Total pension liability - beginning	37,948,650	37,409,128	36,733,512	34,079,900	32,925,053	30,523,500	29,574,954	28,825,031	26,105,796	23,571,702
Total pension liability - ending	41,651,986	37,948,650	37,409,128	36,733,512	34,079,900	32,925,053	30,523,500	29,574,954	28,825,031	26,105,796
Plan fiduciary net position										
Employer contributions	1,484,120	1,154,193	1,131,906	1,254,215	1,165,983	1,177,609	983,828	980,141	981,681	875,571
Employee contributions	302,651	288,585	264,191	256,429	268,674	262,156	243,012	252,446	247,888	226,756
Net investment income	3,201,607	2,920,326	1,958,634	(3,218,935)	5,854,791	641,315	1,261,265	1,316,031	1,931,673	180,904
Benefit payments	(2,095,477)	(2,248,229)	(1,905,272)	(1,700,890)	(1,675,015)	(1,584,352)	(1,539,580)	(1,404,319)	(1,294,672)	(1,181,881)
Administrative expenses	(46,243)	(63,332)	(48,078)	(30,954)	(26,879)	(29,035)	(27,665)	(27,680)	(28,923)	(34,663)
Net Change in plan fiduciary net position	2,846,658	2,051,543	1,401,381	(3,440,135)	5,587,554	467,693	920,860	1,116,619	1,837,647	66,687
Plan fiduciary net position - beginning	28,936,889	26,885,346	25,483,965	28,924,100	23,336,546	22,868,853	21,947,993	20,831,374	18,993,727	18,927,040
Plan fiduciary net position - ending	31,783,547	28,936,889	26,885,346	25,483,965	28,924,100	23,336,546	22,868,853	21,947,993	20,831,374	18,993,727
Net pension liability - Ending	\$ 9,868,439	\$ 9,011,761	\$ 10,523,782	\$ 11,249,547	\$ 5,155,800	\$ 9,588,507	\$ 7,654,647	\$ 7,626,961	\$ 7,993,657	\$ 7,112,069
Plan fiduciary net position as a percentage of the total pension liability	76.31%	76.25%	71.87%	69.38%	84.87%	70.88%	74.92%	74.21%	72.27%	72.76%
Covered-employee payroll	\$ 4,075,149	\$ 3,264,060	\$ 3,342,383	\$ 3,511,018	\$ 3,308,561	\$ 3,299,771	\$ 3,387,490	\$ 3,368,353	\$ 3,460,441	\$ 3,220,197
Net pension liability as a percentage of covered employee payroll	242.16%	276.09%	314.86%	320.41%	155.83%	290.58%	225.97%	226.43%	231.00%	220.86%

TOWN OF WATERTOWN, CONNECTICUT
TOWN OF WATERTOWN POLICE DEPARTMENT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Actuarially determined employer contribution</u>	\$1,484,120	\$1,154,193	\$1,131,906	\$1,254,215	\$1,165,983	\$1,177,609	\$ 983,828	\$ 980,141	\$ 981,681	\$ 875,571
<u>Contributions in relation to the actuarially determined contribution</u>	1,484,120	1,154,193	1,131,906	1,254,215	1,165,983	1,177,609	983,828	980,141	981,681	875,571
<u>Contribution deficiency (excess)</u>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Covered-employee payroll</u>	\$4,075,149	\$3,264,060	\$3,342,383	\$3,511,018	\$3,308,561	\$3,299,771	\$3,387,490	\$3,368,353	\$3,460,441	\$3,220,197
<u>Contributions as a percentage of covered-employee payroll</u>	36.42%	35.36%	33.87%	35.72%	35.24%	35.69%	29.04%	29.10%	28.37%	27.19%

Notes to Schedule

Most recent valuation date	January 1 , 2024
Measurement date	June 30, 2025
Methods and assumptions used to determine the contribution rates:	
Actuarial cost method	Entry Age Normal Actuarial Cost Method
Amortization method	Level Cost
Remaining amortization period	20 years
Asset valuation method	5-year Smoothed 80%/120% Corridor
Salary increases	4.00%
Investment rate of return	7.00%
Retirement age	Age 55 or the completion of 25 years of Service, if later
Mortality rates	RP-2014 Blue Collar Mortality Table with Scale MP-2014

TOWN OF HARWINTON, CONNECTICUT
TOWN OF WATERTOWN POLICE DEPARTMENT PENSION PLAN
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return net of investment expense	11.40%	11.00%	7.80%	11.20%	23.00%	2.90%	5.80%	6.40%	10.20%	1.00%

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 3,292,060	\$ 2,800,818	\$ 2,420,604	\$ 3,644,061	\$ 3,389,770	\$ 2,831,861	\$ 2,155,078	\$ 1,841,510
Interest	4,027,808	3,813,802	3,048,429	2,175,208	2,428,290	2,375,885	2,483,561	2,080,341
Changes in Benefit Terms	(19,526,978)	-	-	-	-	-	-	-
Differences between expected and actual experience	(2,863,575)	-	11,754,061	-	(7,060,630)	(1,098,876)	(7,548,927)	7,851,771
Changes of assumptions	(84,288)	(917,283)	2,711,014	(24,573,183)	11,841,332	-	14,832,443	-
Benefit payments, including implicit cost	(2,925,051)	(2,796,957)	(2,217,450)	(2,122,597)	(2,827,249)	(2,695,875)	(2,542,856)	(1,906,242)
Net change in OPEB liability	(18,080,024)	2,900,380	17,716,658	(20,876,511)	7,771,513	1,412,995	9,379,299	9,867,380
Total OPEB liability - beginning	93,827,776	90,927,396	73,210,738	94,087,249	86,315,736	84,902,741	75,523,442 *	63,114,489
Total OPEB liability - ending	75,747,752	93,827,776	90,927,396	73,210,738	94,087,249	86,315,736	84,902,741	72,981,869
Plan fiduciary net position								
Employer contributions	2,925,051	2,796,957	2,217,450	2,122,597	2,287,249	2,695,875	2,542,856	1,906,242
Net investment income	127	6	1	1	1	1	14	7
Benefit payments, including implicit cost	(2,925,051)	(2,796,957)	(2,217,450)	(2,122,597)	(2,287,249)	(2,695,875)	(2,542,856)	(1,906,242)
Administrative expense and other	-	-	(5)	-	-	-	-	-
Net Change in plan fiduciary net position	127	6	(4)	1	-	1	14	7
Plan fiduciary net position - beginning	1,449	1,443	1,447	1,446	1,446	1,445	1,431 *	1,409
Plan fiduciary net position - ending	1,576	1,449	1,443	1,447	1,446	1,446	1,445	1,416
Net OPEB liability - ending	\$ 75,746,176	\$ 93,826,327	\$ 90,925,953	\$ 73,209,291	\$ 94,085,803	\$ 86,314,290	\$ 84,901,296	\$ 72,980,453
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 43,767,683	\$ 38,861,387	\$ 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	173.06%	241.44%	240.99%	244.64%	323.83%	326.28%	330.56%	258.00%
Contributions as a % of Covered Payroll	6.68%	7.20%	5.88%	7.09%	7.87%	10.19%	9.90%	6.74%

* Restated for change in the measurement date.

** This schedule is required to present information for ten years. Additional years information will be displayed as it becomes available

Notes to Schedule

Measurement Date	June 30, 2025
Actuarial cost method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Investment Rate of Return	2.50%
Municipal Bond rate	4.81%
Single Equivalent Discount Rate	4.81 net of OPEB plan expenses%
Inflation rate	2.50%
Salary increases	3.00%

TOWN OF WATERTOWN, CONNECTICUT
CONNECTICUT MUNICIPAL EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

Schedule Of The Town's Proportionate Share Of The Net Pension Liability and related Ratios Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportionate percentage of the collective net pension liability	0.170%	0.244%	0.287%	0.209%	0.263%	0.236%	0.268%	0.268%	0.439%	0.573%
Town's proportionate share of the net pension liability	\$ 713,923	\$ 1,112,702	\$ 1,291,024	\$ 494,829	\$ 1,033,183	\$ 872,062	\$ 1,024,852	\$ 725,068	\$ 860,942	\$ 836,477
Town's actuarial covered-employee payroll	\$ 736,067	\$ 765,530	\$ 808,870	\$ 566,137	\$ 673,792	\$ 607,507	\$ 754,267	\$ 812,706	\$ 1,044,159	\$ 1,355,765
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.99%	145.35%	159.61%	87.40%	153.34%	143.55%	135.87%	89.22%	82.45%	61.70%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	69.54%	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

Schedule Of Employer Contributions Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 104,031	\$ 153,891	\$ 146,797	\$ 93,404	\$ 114,641	\$ 93,265	\$ 73,939	\$ 85,164	\$ 95,411	\$ 118,825
Contributions in relation to the contractually required contribution	104,031	153,891	146,797	93,404	114,641	93,265	73,939	85,164	95,411	118,825
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 532,571	\$ 736,067	\$ 765,530	\$ 808,870	\$ 566,137	\$ 673,792	\$ 607,507	\$ 754,267	\$ 812,706	\$ 1,044,159
Contributions as a percentage of covered-employee payroll	19.53%	20.91%	19.18%	11.55%	20.25%	13.84%	12.17%	11.29%	11.74%	11.38%

Notes to the Schedule

The measurement date is one year earlier than the employer's reporting date.
The collective total pension liability as of June 30, 2025 is based upon the June 30, 2024 actuarial valuation.
The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Single Equivalent amortization period	Blended 24.3 to 24.4 years depending on Tier
Asset valuation method	Market Value on the measurement date. Plan's fiduciary net position also included the present value of receivable initial liability payments established by participating employers upon entry into MERS
Inflation	2.50%
Salary increases	3.0% - 9.5%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense

TOWN OF WATERTOWN, CONNECTICUT
CONNECTICUT STATE TEACHERS RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	0.00%	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's proportionate share of the net pension liability associated with the town	77,271,216	81,270,890	87,492,062	68,263,025	86,189,766	73,943,493	57,014,729	59,204,351	62,461,044	48,464,850
Total	\$ 77,271,216	\$ 81,270,890	\$ 87,492,062	\$ 68,263,025	\$ 86,189,766	\$ 73,943,493	\$ 57,014,729	\$ 59,204,351	\$ 62,461,044	\$ 48,464,850
Town's covered-employee payroll	\$ 24,765,487	\$ 22,440,894	\$ 22,119,686	\$ 21,550,829	\$ 20,565,971	\$ 18,954,157	\$ 18,781,605	\$ 18,559,222	\$ 17,963,928	\$ 17,085,880
Town's proportionate share of the net pension liability as a percentage of covered-employee payroll	0.00%	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	62.68%	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms	There were no changes to benefit terms since the prior Measurement Date.
Changes of assumptions	None
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
Single Equivalent amortization period	25.9 years
Asset valuation method	4-year smoothed fair value
Inflation	2.50%
Salary increases	3.00%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

Notes:

The measurement date is one year earlier than the employer's reporting date.

TOWN OF WATERTOWN, CONNECTICUT
CONNECTICUT STATE TEACHERS RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the town	15,850,983	7,613,966	7,662,298	7,437,131	12,855,207	11,531,904	11,397,594	1,523,815
Total	\$ 15,850,983	\$ 7,613,966	\$ 7,662,298	\$ 7,437,131	\$ 12,855,207	\$ 11,531,904	\$ 11,397,594	\$ 1,523,815
Town's covered-employee payroll	\$ 24,765,487	\$ 22,440,894	\$ 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 covered-employee payroll	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 OPEB liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	There were no changes to benefit terms since the prior Measurement Date.
Changes of assumptions	<ul style="list-style-type: none"> • Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2024 was updated to equal the SEIR of 3.93% as of June 30, 2024 • Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience • Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan experience. Spouse coverage election assumptions were also updated with this change • Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of OPEB plan investment related expense, including inflation
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00%-6.50%, including inflation
Health care cost trend rates	Known increases until calendar year 2024, then general trend decreasing to an ultimate rate of 4.50% by 2031
Basis for Postretirement Mortality Ra	PubT-2010, Amount Weighted
Basis for Postretirement Mortality Im	Scale MP-2019, Generational

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds								
	Special Welfare	Town Aid Road	Park and Recreation Programs	Marion A. Munson Memorial Park Fund	Park Development Trust	Oakville Green Development Trust	Field Surcharge	The Staver Fund	Dog Fund
<u>Assets</u>									
Cash and cash equivalents	\$ 184,119	\$ 340,622	\$ 366,266	\$ 1,249	\$ 64,232	\$ 1,577	\$ 31,922	\$ 309,798	\$ 20,277
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowance	-	-	-	-	-	-	-	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 184,119</u>	<u>\$ 340,622</u>	<u>\$ 366,266</u>	<u>\$ 1,249</u>	<u>\$ 64,232</u>	<u>\$ 1,577</u>	<u>\$ 31,922</u>	<u>\$ 309,798</u>	<u>\$ 20,277</u>
<u>Liabilities</u>									
Accounts payable and accrued items	\$ 1,390	\$ 883	\$ 8,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>1,390</u>	<u>883</u>	<u>8,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315</u>
<u>Fund Balances</u>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	339,739	-	-	-	-	-	309,798	-
Committed	182,729	-	357,550	1,249	64,232	1,577	31,922	-	19,962
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>182,729</u>	<u>339,739</u>	<u>357,550</u>	<u>1,249</u>	<u>64,232</u>	<u>1,577</u>	<u>31,922</u>	<u>309,798</u>	<u>19,962</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 184,119</u>	<u>\$ 340,622</u>	<u>\$ 366,266</u>	<u>\$ 1,249</u>	<u>\$ 64,232</u>	<u>\$ 1,577</u>	<u>\$ 31,922</u>	<u>\$ 309,798</u>	<u>\$ 20,277</u>

**COMBINING AND INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

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

TOWN OF WATERTOWN, CONNECTICUT
NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

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.

Fund	Funding Source	Function
Education Enrichment	Investment income	Restricted to fund purpose
Old Cemetery	Investment income	Restricted to fund purpose
Hinman Platt	Investment income	Restricted to fund purpose
Benjamin Curtis	Investment income	Restricted to fund purpose
Chester A. Hard	Investment income	Restricted to fund purpose
Charles Mattoon	Investment income	Restricted to fund purpose
Town Hall Grounds	Investment income	Restricted to fund purpose
E.C. Margraff	Investment income	Restricted to fund purpose
Special Police	Investment income	Restricted to fund purpose
Town Deposit	Investment income	Restricted to fund purpose

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds								
	Housing Rehabilitation Loan	Cafeteria Fund	Student Activity Funds	Educational Grants	Transition Academy	Advertising	Youth Service Bureau Donations	W.A.S.A. Grants	Board of Education Community Service
<u>Assets</u>									
Cash and cash equivalents	\$ 1,245	\$ 442,140	\$ 318,929	\$ 542,260	\$ 2,072	\$ 3,948	\$ 28,536	\$ 336	\$ 37,416
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowance	-	136,931	-	-	-	-	-	-	-
Inventory and prepaid expenses	-	30,328	-	-	-	-	-	-	-
Due from other funds	-	-	-	11,500	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 1,245</u>	<u>\$ 609,399</u>	<u>\$ 318,929</u>	<u>\$ 553,760</u>	<u>\$ 2,072</u>	<u>\$ 3,948</u>	<u>\$ 28,536</u>	<u>\$ 336</u>	<u>\$ 37,416</u>
<u>Liabilities</u>									
Accounts payable and accrued items	\$ -	\$ 51,102	\$ -	\$ 185,926	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	1,206	-	-	291,830	-	-	-	-	-
Due to other Funds	-	350,000	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>1,206</u>	<u>401,102</u>	<u>-</u>	<u>477,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>									
Nonspendable	-	30,328	-	-	-	-	-	-	-
Restricted	-	-	318,929	-	2,072	-	-	336	-
Committed	39	177,969	-	76,004	-	3,948	28,536	-	37,416
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
<u>Total Fund Balances</u>	<u>39</u>	<u>208,297</u>	<u>318,929</u>	<u>76,004</u>	<u>2,072</u>	<u>3,948</u>	<u>28,536</u>	<u>336</u>	<u>37,416</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 1,245</u>	<u>\$ 609,399</u>	<u>\$ 318,929</u>	<u>\$ 553,760</u>	<u>\$ 2,072</u>	<u>\$ 3,948</u>	<u>\$ 28,536</u>	<u>\$ 336</u>	<u>\$ 37,416</u>

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds								
	Student Athletic Fund	Town Improvement Trust	Crestbrook Improvement Fund	Town Hall Beautification	Town Hall Preservation	Small Cities	STEAP Grant Fund	Sidewalk Replacement Fund	Preservation of Historical Documents
<u>Assets</u>									
Cash and cash equivalents	\$ 49,411	\$ 23,894	\$ 679	\$ 1,430	\$ 12,698	\$ 35,018	\$ -	\$ 192	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowance	-	-	-	-	-	698,419	29,192	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	602,606	-	-
Total Assets	\$ 49,411	\$ 23,894	\$ 679	\$ 1,430	\$ 12,698	\$ 733,437	\$ 631,798	\$ 192	\$ -
<u>Liabilities</u>									
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,869	\$ -	\$ 38,484
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	35,869	-	38,484
<u>Fund Balances</u>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	733,437	-	-	-
Committed	49,411	23,894	679	1,430	12,698	-	-	192	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	595,929	-	(38,484)
Total Fund Balances	49,411	23,894	679	1,430	12,698	733,437	595,929	192	(38,484)
Total Liabilities and Fund Balances	\$ 49,411	\$ 23,894	\$ 679	\$ 1,430	\$ 12,698	\$ 733,437	\$ 631,798	\$ 192	\$ -

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds								
	Town Clerk Fund	Open Space Fund	Summer Studies	Police Grants	Drug Enforcement	Police Asset Forfeiture	Mutual Police Trust	Public Investment Community Grant	Liability Trust
<u>Assets</u>									
Cash and cash equivalents	\$ 17,402	\$ 213,807	\$ 20,041	\$ 299	\$ 3,301	\$ 1,267	\$ 8,559	\$ 190	\$ 13,682
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowance	-	-	-	-	-	-	-	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 17,402</u>	<u>\$ 213,807</u>	<u>\$ 20,041</u>	<u>\$ 299</u>	<u>\$ 3,301</u>	<u>\$ 1,267</u>	<u>\$ 8,559</u>	<u>\$ 190</u>	<u>\$ 13,682</u>
<u>Liabilities</u>									
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,992	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	299	3,301	-	-	-	-
Committed	17,402	213,807	20,041	-	-	-	8,559	190	13,682
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(1,725)	-	-	-
<u>Total Fund Balances</u>	<u>17,402</u>	<u>213,807</u>	<u>20,041</u>	<u>299</u>	<u>3,301</u>	<u>(1,725)</u>	<u>8,559</u>	<u>190</u>	<u>13,682</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 17,402</u>	<u>\$ 213,807</u>	<u>\$ 20,041</u>	<u>\$ 299</u>	<u>\$ 3,301</u>	<u>\$ 1,267</u>	<u>\$ 8,559</u>	<u>\$ 190</u>	<u>\$ 13,682</u>

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Special Revenue Funds			Capital Project Funds			Permanent Funds		
	Professional Development	Asset Forfeiture DOJ	Local Capital Improvement	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery	Hinman Platt
<u>Assets</u>									
Cash and cash equivalents	\$ -	\$ 51,302	\$ -	\$ 105	\$ 102,612	\$ 151,201	\$ 82,321	\$ 3,963	\$ 35,635
Investments	-	-	-	-	-	-	-	-	-
Receivables, net of allowance	-	-	196,985	-	-	-	-	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	100,000	150,000	-	-	-
Total Assets	\$ -	\$ 51,302	\$ 196,985	\$ 105	\$ 202,612	\$ 301,201	\$ 82,321	\$ 3,963	\$ 35,635
<u>Liabilities</u>									
Accounts payable and accrued items	\$ -	\$ 240	\$ 45,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	151,299	-	-	-	-	-	-
Due to other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	-	240	196,985	-	-	-	-	-	-
<u>Fund Balances</u>									
Nonspendable	-	-	-	-	-	-	67,000	2,654	10,817
Restricted	-	51,062	-	-	-	-	15,321	1,309	24,818
Committed	-	-	-	105	202,612	301,201	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	-	51,062	-	105	202,612	301,201	82,321	3,963	35,635
Total Liabilities and Fund Balances	\$ -	\$ 51,302	\$ 196,985	\$ 105	\$ 202,612	\$ 301,201	\$ 82,321	\$ 3,963	\$ 35,635

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2025

	Permanent Funds							Total
	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	
<u>Assets</u>								
Cash and cash equivalents	\$ 706	\$ 3,578	\$ 6,679	\$ 19,861	\$ 2,183	\$ 1,702	\$ 27,217	\$ 3,587,879
Investments	-	-	-	-	2,109	-	-	2,109
Receivables, net of allowance	-	-	-	-	-	-	-	1,061,527
Inventory and prepaid expenses	-	-	-	-	-	-	-	30,328
Due from other funds	-	-	-	-	-	-	-	864,106
<u>Total Assets</u>	<u>\$ 706</u>	<u>\$ 3,578</u>	<u>\$ 6,679</u>	<u>\$ 19,861</u>	<u>\$ 4,292</u>	<u>\$ 1,702</u>	<u>\$ 27,217</u>	<u>\$ 5,545,949</u>
<u>Liabilities</u>								
Accounts payable and accrued items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,603
Unearned revenue	-	-	-	-	-	-	-	444,335
Due to other Funds	-	-	-	-	-	-	-	350,000
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,165,938</u>
<u>Fund Balances</u>								
Nonspendable	458	993	4,478	6,000	383	506	3,854	127,471
Restricted	248	2,585	2,201	13,861	3,909	1,196	23,363	1,847,784
Committed	-	-	-	-	-	-	-	1,849,036
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	555,720
<u>Total Fund Balances</u>	<u>706</u>	<u>3,578</u>	<u>6,679</u>	<u>19,861</u>	<u>4,292</u>	<u>1,702</u>	<u>27,217</u>	<u>4,380,011</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 706</u>	<u>\$ 3,578</u>	<u>\$ 6,679</u>	<u>\$ 19,861</u>	<u>\$ 4,292</u>	<u>\$ 1,702</u>	<u>\$ 27,217</u>	<u>\$ 5,545,949</u>

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds								
	Special Welfare	Town Aid Road	Park and Recreation Programs	Marion A. Munson Memorial Park Fund	Park Development Trust	Oakville Green Development Trust	Field Surcharge	The Staver Fund	Dog Fund
Revenues:									
Intergovernmental revenues	\$ -	\$ 353,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and charges for services	-	-	676,239	-	-	-	5,240	-	746
Investment income	5,716	10,629	11,360	39	2,009	1	998	122	624
Other revenue	96,689	-	-	-	6,900	-	-	97,389	4,759
Total Revenues	102,405	363,664	687,599	39	8,909	1	6,238	97,511	6,129
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	271,406	-	-	-	-	-	-	4,560
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	490,039	-	3,230	-	-	-	-
Health and welfare	90,593	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	90,593	271,406	490,039	-	3,230	-	-	-	4,560
Excess (Deficiency) of Revenues Over Expenditures	11,812	92,258	197,560	39	5,679	1	6,238	97,511	1,569
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing sources (Uses):	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	11,812	92,258	197,560	39	5,679	1	6,238	97,511	1,569
Fund Balances Beginning of Year	170,917	247,481	159,990	1,210	58,553	1,576	25,684	212,287	18,393
Fund Balances End of Year	\$ 182,729	\$ 339,739	\$ 357,550	\$ 1,249	\$ 64,232	\$ 1,577	\$ 31,922	\$ 309,798	\$ 19,962

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds								
	Housing Rehabilitation Loan	Cafeteria Fund	Student Activity Funds	Educational Grants	Transition Academy	Advertising	Youth Service Bureau Donations	W.A.S.A. Grants	Board of Education Community Service
Revenues:									
Intergovernmental revenues	\$ -	\$ 908,120	\$ -	\$ 1,923,542	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and charges for services	-	668,943	410,588	-	-	-	-	-	106,118
Investment income	39	-	-	-	-	-	-	20	-
Other revenue	-	207,805	-	-	-	-	4,258	-	-
Total Revenues	39	1,784,868	410,588	1,923,542	-	-	4,258	20	106,118
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Education	-	2,015,455	361,705	1,945,149	-	431	-	-	156,504
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	-	2,015,455	361,705	1,945,149	-	431	-	-	156,504
Excess (Deficiency) of Revenues Over Expenditures	39	(230,587)	48,883	(21,607)	-	(431)	4,258	20	(50,386)
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing sources (Uses):	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	39	(230,587)	48,883	(21,607)	-	(431)	4,258	20	(50,386)
Fund Balances Beginning of Year	-	438,884	270,046	97,611	2,072	4,379	24,278	316	87,802
Fund Balances End of Year	\$ 39	\$ 208,297	\$ 318,929	\$ 76,004	\$ 2,072	\$ 3,948	\$ 28,536	\$ 336	\$ 37,416

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds								
	Student Athletic Fund	Town Improvement Trust	Crestbrook Improvement Fund	Town Hall Beautification	Town Hall Preservation	Small Cities	STEAP Grant Fund	Sidewalk Replacement Fund	Preservation of Historical Documents
<u>Revenues:</u>									
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,620	\$ -	\$ 7,500
Licenses, permits and charges for services	-	-	-	-	-	-	-	-	148,752
Investment income	-	747	21	45	398	-	-	6	-
Other revenue	121,209	-	-	-	-	107,848	-	-	-
<u>Total Revenues</u>	<u>121,209</u>	<u>747</u>	<u>21</u>	<u>45</u>	<u>398</u>	<u>107,848</u>	<u>22,620</u>	<u>6</u>	<u>156,252</u>
<u>Expenditures:</u>									
<u>Current:</u>									
General government	-	-	-	-	-	-	-	-	149,960
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	133,697	-	-	-
Education	102,106	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	22,620	-	-
<u>Total Expenditures</u>	<u>102,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,697</u>	<u>22,620</u>	<u>-</u>	<u>149,960</u>
Excess (Deficiency) of Revenues Over Expenditures	19,103	747	21	45	398	(25,849)	-	6	6,292
<u>Other Financing Sources (Uses):</u>									
Transfers In	-	-	-	-	-	-	602,606	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
<u>Total Other Financing sources (Uses):</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,606</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	19,103	747	21	45	398	(25,849)	602,606	6	6,292
<u>Fund Balances Beginning of Year</u>	<u>30,308</u>	<u>23,147</u>	<u>658</u>	<u>1,385</u>	<u>12,300</u>	<u>759,286</u>	<u>(6,677)</u>	<u>186</u>	<u>(44,776)</u>
<u>Fund Balances End of Year</u>	<u>\$ 49,411</u>	<u>\$ 23,894</u>	<u>\$ 679</u>	<u>\$ 1,430</u>	<u>\$ 12,698</u>	<u>\$ 733,437</u>	<u>\$ 595,929</u>	<u>\$ 192</u>	<u>\$ (38,484)</u>

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds								
	Town Clerk Fund	Open Space Fund	Summer Studies	Police Grants	Drug Enforcement	Police Asset Forfeiture	Mutual Police Trust	Public Investment Community Grant	Liability Trust
Revenues:									
Intergovernmental revenues	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and charges for services	2,670	-	17,940	-	-	-	-	-	-
Investment income	544	6,689	-	10	103	-	268	6	428
Other revenue	-	-	-	-	-	1,000	-	-	-
Total Revenues	10,714	6,689	17,940	10	103	1,000	268	6	428
Expenditures:									
Current:									
General government	10,267	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	720	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Education	-	-	23,218	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	10,267	-	23,218	-	-	720	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	447	6,689	(5,278)	10	103	280	268	6	428
Other Financing Sources (Uses):									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing sources (Uses):	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	447	6,689	(5,278)	10	103	280	268	6	428
Fund Balances Beginning of Year	16,955	207,118	25,319	289	3,198	(2,005)	8,291	184	13,254
Fund Balances End of Year	\$ 17,402	\$ 213,807	\$ 20,041	\$ 299	\$ 3,301	\$ (1,725)	\$ 8,559	\$ 190	\$ 13,682

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			Capital Project Funds			Permanent Funds		
	Professional Development	Asset Forfeiture DOJ	Local Capital Improvement	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery	Hinman Platt
<u>Revenues:</u>									
Intergovernmental revenues	\$ -	\$ -	\$ 317,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and charges for services	-	-	-	-	-	-	-	-	-
Investment income	-	1,598	-	3	6,338	93	2,576	124	1,115
Other revenue	-	52,220	-	-	-	-	-	-	-
Total Revenues	-	53,818	317,088	3	6,338	93	2,576	124	1,115
<u>Expenditures:</u>									
<u>Current:</u>									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	64,510	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Education	293	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	317,088	-	-	220,507	-	-	-
Total Expenditures	293	64,510	317,088	-	-	220,507	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	(293)	(10,692)	-	3	6,338	(220,414)	2,576	124	1,115
<u>Other Financing Sources (Uses):</u>									
Transfers In	-	-	-	-	100,000	150,000	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing sources (Uses):	-	-	-	-	100,000	150,000	-	-	-
Net Change in Fund Balances	(293)	(10,692)	-	3	106,338	(70,414)	2,576	124	1,115
<u>Fund Balances Beginning of Year</u>	<u>293</u>	<u>61,754</u>	<u>-</u>	<u>102</u>	<u>96,274</u>	<u>371,615</u>	<u>79,745</u>	<u>3,839</u>	<u>34,520</u>
Fund Balances End of Year	\$ -	\$ 51,062	\$ -	\$ 105	\$ 202,612	\$ 301,201	\$ 82,321	\$ 3,963	\$ 35,635

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Permanent Funds							Total
	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	
Revenues:								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,539,405
Licenses, permits and charges for services	-	-	-	-	-	-	-	2,037,236
Investment income	22	112	209	621	738	53	852	55,276
Other revenue	-	-	-	-	-	-	-	700,077
Total Revenues	22	112	209	621	738	53	852	6,331,994
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	160,227
Public safety	-	-	-	-	-	-	-	341,196
Public works	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	493,269
Health and welfare	-	-	-	-	-	-	-	224,290
Education	-	-	-	-	-	-	-	4,604,861
Other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	560,215
Total Expenditures	-	-	-	-	-	-	-	6,384,058
Excess (Deficiency) of Revenues Over Expenditures	22	112	209	621	738	53	852	(52,064)
Other Financing Sources (Uses):								
Transfers In	-	-	-	-	-	-	-	\$ 852,606
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing sources (Uses):	-	-	-	-	-	-	-	852,606
Net Change in Fund Balances	22	112	209	621	738	53	852	800,542
Fund Balances Beginning of Year	684	3,466	6,470	19,240	3,554	1,649	26,365	\$ 3,579,469
Fund Balances End of Year	\$ 706	\$ 3,578	\$ 6,679	\$ 19,861	\$ 4,292	\$ 1,702	\$ 27,217	\$ 4,380,011

TOWN OF WATERTOWN, CONNECTICUT
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, 2025

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers Compensation	General Liabilities Deductibles	Total
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 229,396	\$ 338,734	\$ 32	\$ 568,162
Due from other funds	-	295,486	-	295,486
Accounts Receivable	29,515	-	-	29,515
Total current assets	<u>258,911</u>	<u>634,220</u>	<u>32</u>	<u>893,163</u>
<u>Total Assets</u>	<u>258,911</u>	<u>634,220</u>	<u>32</u>	<u>893,163</u>
<u>Liabilities</u>				
Current Liabilities				
Accounts payable and accrued items	-	2,391	-	2,391
Risk management claims	22,002	-	-	22,002
Due to other funds	-	-	-	-
Total Current Liabilities	<u>22,002</u>	<u>2,391</u>	<u>-</u>	<u>24,393</u>
Noncurrent Liabilities				
Risk management claims	-	3,052,301	-	3,052,301
Total Noncurrent Liabilities	<u>-</u>	<u>3,052,301</u>	<u>-</u>	<u>3,052,301</u>
<u>Total Liabilities</u>	<u>22,002</u>	<u>3,054,692</u>	<u>-</u>	<u>3,076,694</u>
<u>Net Position</u>				
Unrestricted	236,909	(2,420,472)	32	(2,183,531)
<u>Total Net Position</u>	<u>\$ 236,909</u>	<u>\$ (2,420,472)</u>	<u>\$ 32</u>	<u>\$ (2,183,531)</u>

TOWN OF WATERTOWN, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds			Total
	Health and Dental Benefits	Workers Compensation	General Liabilities Deductibles	
<u>Operating Revenue</u>				
Charges for services	\$ 18,473,570	\$ 713,296	\$ -	\$ 19,186,866
<u>Total Operating Revenues</u>	<u>18,473,570</u>	<u>713,296</u>	<u>-</u>	<u>19,186,866</u>
<u>Operating Expenses</u>				
Claims	14,224,935	762,611	-	14,987,546
Premiums and administrative charges	1,938,484	30	-	1,938,514
<u>Total Operating Expenses</u>	<u>16,163,419</u>	<u>762,641</u>	<u>-</u>	<u>16,926,060</u>
<u>Operating Income (Loss)</u>	<u>2,310,151</u>	<u>(49,345)</u>	<u>-</u>	<u>2,260,806</u>
<u>Non-Operating Revenues (Expenses)</u>				
Investment income	17	-	1	18
<u>Total Non-Operating Revenues (Expenses)</u>	<u>17</u>	<u>-</u>	<u>1</u>	<u>18</u>
<u>Income (Loss) Before Transfers</u>	<u>2,310,168</u>	<u>(49,345)</u>	<u>1</u>	<u>2,260,824</u>
<u>Change In Net Position</u>	<u>2,310,168</u>	<u>(49,345)</u>	<u>1</u>	<u>2,260,824</u>
<u>Net Position Beginning of Year</u>	<u>(2,073,259)</u>	<u>(2,371,127)</u>	<u>31</u>	<u>(4,444,355)</u>
<u>Net Position End of Year</u>	<u>\$ 236,909</u>	<u>\$ (2,420,472)</u>	<u>\$ 32</u>	<u>\$ (2,183,531)</u>

TOWN OF WATERTOWN, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers Compensation	General Liabilities Deductibles	Total
<u>Cash Flows from Operating Activities</u>				
Cash received from customers and users	\$ 18,475,647	\$ 417,810	\$ -	\$ 18,893,457
Payments for benefits and claims	(16,354,804)	(616,602)	-	(16,971,406)
Premiums and administrative charges	(1,938,484)	(30)	-	(1,938,514)
<u>Net Cash Provided by Operating Activities</u>	<u>182,359</u>	<u>(198,822)</u>	<u>-</u>	<u>(16,463)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Cash reimbursed to general fund	-	-	-	-
<u>Net Cash Used by Noncapital Financing Activities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Cash Flows From Investing Activities</u>				
Investment income	17	-	1	18
<u>Net Cash Provided by Investing Activities</u>	<u>17</u>	<u>-</u>	<u>1</u>	<u>18</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	<u>182,376</u>	<u>(198,822)</u>	<u>1</u>	<u>(16,445)</u>
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>47,020</u>	<u>537,556</u>	<u>31</u>	<u>584,607</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 229,396</u>	<u>\$ 338,734</u>	<u>\$ 32</u>	<u>\$ 568,162</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>				
Operating Income (Loss)	\$ 2,310,151	\$ (49,345)	\$ -	\$ 2,260,806
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Changes in assets and liabilities				
(Increase) decrease in due from other funds	-	(295,486)	-	(295,486)
(Increase) decrease in accounts receivable	2,077	-	-	2,077
Increase (decrease) in accounts payable	-	2,391	-	2,391
Increase (decrease) in claims payable	(2,129,869)	143,618	-	(1,986,251)
	-	-	-	-
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 182,359</u>	<u>\$ (198,822)</u>	<u>\$ -</u>	<u>\$ (16,463)</u>

TOWN OF WATERTOWN, CONNECTICUT
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
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF NET FIDUCIARY POSITION
 JUNE 30, 2025

<u>Assets</u>	<u>Town Retirement System</u>	<u>Police Pension Fund</u>	<u>OPEB Trust Fund</u>	<u>Deferred Compensation Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ -	\$ -	\$ 1,576	\$ -	\$ 1,576
Investments, at fair value					
Guaranteed deposit accounts	2,714,338	3,439,404	-	-	6,153,742
Mutual funds	24,922,235	24,828,294	-	720,561	50,471,090
Accounts receivable	543,513	1,484,120	-	-	2,027,633
<u>Total assets</u>	<u>28,180,086</u>	<u>29,751,818</u>	<u>1,576</u>	<u>720,561</u>	<u>58,654,041</u>
<u>Liabilities</u>					
Payables	-	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net position</u>					
Restricted for pension benefits	28,180,086	29,751,818	-	720,561	58,652,465
Restricted for OPEB Benefits	-	-	1,576	-	1,576
<u>Total net position</u>	<u>\$ 28,180,086</u>	<u>\$ 29,751,818</u>	<u>\$ 1,576</u>	<u>\$ 720,561</u>	<u>\$ 58,654,041</u>

TOWN OF WATERTOWN, CONNECTICUT
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2025

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
<u>Additions</u>					
Contributions					
Employer	\$ 543,513	\$ 1,785,636	\$ -	\$ 66,032	\$ 2,395,181
Plan members	191,085	57,205	-	-	248,290
Total contributions	<u>734,598</u>	<u>1,842,841</u>	<u>-</u>	<u>66,032</u>	<u>2,643,471</u>
Investment Income					
Net Appreciation/(Depreciation) in Fair Value of Investments	2,881,340	2,696,424	-	78,627	5,656,391
Interest and dividends	115,620	163,731	127	-	279,478
Total Investment Income	<u>2,996,960</u>	<u>2,860,155</u>	<u>127</u>	<u>78,627</u>	<u>5,935,869</u>
<u>Total Additions</u>	<u>3,731,558</u>	<u>4,702,996</u>	<u>127</u>	<u>144,659</u>	<u>8,579,340</u>
<u>Deductions</u>					
Pension benefits	2,185,546	2,312,669	-	10,569	4,508,784
Administrative expenses	61,316	46,243	-	3	107,562
<u>Total Deductions</u>	<u>2,246,862</u>	<u>2,358,912</u>	<u>-</u>	<u>10,572</u>	<u>4,616,346</u>
<u>Change in net position</u>	1,484,696	2,344,084	127	134,087	3,962,994
<u>Net position beginning of year</u>	<u>26,695,390</u>	<u>27,407,734</u>	<u>1,449</u>	<u>586,474</u>	<u>54,691,047</u>
<u>Net position end of year</u>	<u>\$ 28,180,086</u>	<u>\$ 29,751,818</u>	<u>\$ 1,576</u>	<u>\$ 720,561</u>	<u>\$ 58,654,041</u>

**OTHER
SUPPLEMENTAL
SCHEDULES**

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Grand List Year	Balances 6/30/2024	Current Levy	Lawful Corrections		Transfers To Suspense	Collectable Taxes	Collections			Balances 6/30/2025	
			Additions	Deductions			Taxes	Interest	Liens & Fees		Total
2023	\$ -	\$ 74,274,991	\$ 150,730	\$ 519,833	\$ -	\$ 73,905,888	\$ 73,225,097	\$ 208,963	\$ 25,544	\$ 73,459,604	\$ 680,791
2022	1,077,298	-	30,453	57,765	-	1,049,986	739,933	155,910	5,910	901,753	310,053
2021	486,272	-	12,974	38,408	17,144	443,694	264,826	78,794	2,078	345,698	178,868
2020	186,599	-	19,968	32,742	7,559	166,266	129,350	27,046	637	157,033	36,916
2019	51,469	-	312	1,019	5,192	45,570	11,155	11,165	341	22,661	34,415
2018	33,178	-	-	278	3,097	29,803	4,971	2,320	203	7,494	24,832
2017	27,068	-	-	75	2,895	24,098	1,061	3,316	57	4,434	23,037
2016	19,004	-	-	67	3,138	15,799	1,203	1,467	25	2,695	14,596
2015	25,552	-	-	-	654	24,898	762	935	15	1,712	24,136
2014	10,456	-	-	-	305	10,151	64	114	2	180	10,087
2013	9,512	-	-	-	21	9,491	572	1,046	40	1,658	8,919
2012	9,125	-	-	-	508	8,617	411	827	15	1,253	8,206
2011	848	-	-	-	175	673	-	-	-	-	673
	<u>\$ 1,936,381</u>	<u>\$ 74,274,991</u>	<u>\$ 214,437</u>	<u>\$ 650,187</u>	<u>\$ 40,688</u>	<u>\$ 75,734,934</u>	<u>74,379,405</u>	<u>491,903</u>	<u>34,867</u>	<u>74,906,175</u>	<u>\$ 1,355,529</u>
Suspense Collections							<u>4,356</u>	<u>5,434</u>	<u>70</u>	<u>9,860</u>	
Total Collections							<u>\$ 74,383,761</u>	<u>\$ 497,337</u>	<u>\$ 34,937</u>	<u>\$ 74,916,035</u>	

Net Grand List - October 1, 2023
Tax Rate 28.37 Mills
Motor Vehicle Tax Rate 28.37 Mills

TOWN OF WATERTOWN, CONNECTICUT
SCHEDULE OF CHANGES IN FUND BALANCE
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Beginning Fund Balance	Proceeds from Debt	Investment Income	Other Income and Transfers	Capital Outlay/Debt Service	Ending Fund Balance
Current Projects						
Watertown High School Renovation	\$ 610,236	\$ -	\$ 14,805	\$ -	\$ -	\$ 625,041
Judson School Renovation	3,080	-	99	-	-	3,179
Polk School Renovation	17,334	-	560	-	-	17,894
High School Track	14,716	-	475	-	-	15,191
Roadway and Drainage Improvements	28,768	-	929	-	-	29,697
Buckingham Street School	9,995	-	323	-	-	10,318
Debt Service	461,357	-	23,599	687,435	(418,030)	754,361
Public Works Projects	131,664	-	4,252	-	-	135,916
Oakville Green Bricks	529	-	17	-	-	546
Fire Truck	29,776	-	962	-	-	30,738
Town Hall Improvement	177,986	-	56	131,185	(307,419)	1,808
Concord/Lexington W&S	508,880	-	16,434	-	-	525,314
2019 Public Works Projects	1,434,659	-	53,069	61,639	(123,278)	1,426,089
Sylvan Lake Road Reconstruction	14,762	-	576	-	-	15,338
Guernseytown Road Reconstruction	36,492	-	646	1,382,308	(1,400,193)	19,253
Steele Brook Greenway	(35,996)	-	-	321,131	(276,689)	8,446
JH Community Project	1,773	-	194	4,250	-	6,217
2023 Various School Improvements	9,148,809	1,860,000	79,580	-	(7,729,002)	3,359,387
2023 Various Road Improvements	1,079,694	2,500,000	20,361	-	(2,949,231)	650,824
2023 Fire Truck Acquisition	875,715	-	21,248	-	-	896,963
Electric Vehicle Charging Stations	-	-	-	109,513	(46,250)	63,263
Main Street Safety Improvements	-	-	307	9,520	-	9,827
Other Projects						
Veterans Memorial Park Improvements	(1,512)	-	-	-	-	(1,512)
Veterans Memorial Park	21,379	-	690	-	-	22,069
Echo Lake Park	1,783	-	58	-	-	1,841
French Street Reconstruction	2,479	-	80	-	-	2,559
Hemenway Park	11,864	-	383	-	-	12,247
Sidewalk Upgrades	52	-	2	-	-	54
Oakville Green Transportation	5,357	-	173	-	-	5,530
Dog Park	(7,473)	-	-	25	-	(7,448)
	<u>\$ 14,584,158</u>	<u>\$ 4,360,000</u>	<u>\$ 239,878</u>	<u>\$ 2,707,006</u>	<u>\$ (13,250,092)</u>	<u>\$ 8,640,950</u>

**STATISTICAL
SECTION**

TOWN OF WATERTOWN, CONNECTICUT
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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 147,766,883	\$ 136,540,586	\$ 131,585,292	\$ 130,011,245	\$ 131,085,354	\$ 129,300,586	\$ 130,694,302	\$ 131,776,291	\$ 130,504,297	\$ 130,139,277
Restricted	2,328,259	2,003,202	1,757,965	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722
Unrestricted	(82,198,962)	(91,635,614)	(94,351,265)	(89,421,833)	(88,145,914)	(81,403,658)	(76,894,352)	(70,644,404)	(19,367,531)	(15,935,824)
Total Governmental Activities Net Position	\$ 67,896,180	\$ 46,908,174	\$ 38,991,992	\$ 42,277,410	\$ 44,512,545	\$ 49,267,657	\$ 55,290,057	\$ 62,742,644	\$ 112,398,573	\$ 116,083,175
Business-type Activities:										
Net Investment in Capital Assets	\$ 16,910,322	\$ 17,283,239	\$ 17,565,976	\$ 18,016,996	\$ 18,551,005	\$ 18,449,849	\$ 17,175,946	\$ 13,949,677	\$ 14,113,111	\$ 14,523,582
Unrestricted	(24,180,880)	(14,290,879)	(11,416,514)	8,080,698	6,520,730	4,594,677	3,868,277	4,133,573	3,948,533	3,626,024
Total Business-type Activities Net Position	\$ (7,270,558)	\$ 2,992,360	\$ 6,149,462	\$ 26,097,694	\$ 25,071,735	\$ 23,044,526	\$ 21,044,223	\$ 18,083,250	\$ 18,061,644	\$ 18,149,606
Primary Government:										
Net Investment in Capital Assets	\$ 164,677,205	\$ 153,823,825	\$ 149,151,268	\$ 148,028,241	\$ 149,636,359	\$ 147,750,435	\$ 147,870,248	\$ 145,725,968	\$ 144,617,408	\$ 144,662,859
Restricted	2,328,259	2,003,202	1,757,965	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722
Unrestricted	(106,379,842)	(105,926,493)	(105,767,779)	(81,341,135)	(81,625,184)	(76,808,981)	(73,026,075)	(66,510,831)	(15,418,998)	(12,309,800)
Total Primary Government Net Position	\$ 60,625,622	\$ 49,900,534	\$ 45,141,454	\$ 68,375,104	\$ 69,584,280	\$ 72,312,183	\$ 76,334,280	\$ 80,825,894	\$ 130,460,217	\$ 134,232,781

TOWN OF WATERTOWN, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental Activities:										
General Government	\$ 14,611,768	\$ 16,039,183	\$ 16,759,909	\$ 23,734,034	\$ 23,067,455	\$ 24,038,696	\$ 22,175,951	\$ 23,145,212	\$ 20,951,979	\$ 18,632,488
Public Safety	8,492,973	7,984,294	10,388,843	9,344,765	9,513,588	9,268,805	9,476,642	9,031,748	7,655,963	7,056,599
Public Works	6,765,598	8,008,302	6,660,561	7,259,527	5,987,316	6,504,916	5,664,282	5,666,103	5,523,038	6,830,031
Parks and Recreation	1,848,502	1,858,229	1,577,256	1,298,283	1,156,601	1,333,539	1,371,136	1,457,524	1,488,398	1,386,354
Health and Welfare	407,560	393,743	232,592	198,293	154,872	158,371	143,779	148,686	147,889	279,305
Education	66,972,674	67,701,207	70,593,082	54,046,453	61,223,301	52,695,769	53,894,922	49,080,797	48,197,167	44,847,545
Interest on Long-Term Debt	1,975,446	1,327,215	1,588,682	1,626,925	2,152,188	1,996,026	1,919,989	1,582,281	1,715,491	1,918,464
Total Governmental Activities Expenses	<u>101,074,521</u>	<u>103,312,173</u>	<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>
Business-Type Activities:										
Sewer	10,216,182	5,301,726	16,756,086	1,760,495	1,880,336	1,759,931	2,734,459	2,314,494	2,114,459	2,087,500
Water	5,380,341	2,868,532	7,571,815	1,723,912	1,617,737	1,899,775	1,638,721	1,642,045	1,556,315	1,638,468
Golf	995,656	954,485	829,073	745,290	748,593	673,329	700,326	621,752	540,530	602,299
Total Business-Type Activities Expenses	<u>16,592,179</u>	<u>9,124,743</u>	<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>
Total Primary Government Expenses	<u>\$ 117,666,700</u>	<u>\$ 112,436,916</u>	<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>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,868,303	\$ 1,906,278	\$ 1,412,457	\$ 1,578,490	\$ 3,203,513	\$ 1,095,776	\$ 1,103,834	\$ 1,072,169	\$ 1,105,899	\$ 725,951
Public Safety	1,565,168	1,663,951	1,612,906	791,309	1,128,926	968,256	1,292,489	856,423	857,351	1,337,748
Public Works	84,110	137,603	167,748	193,735	189,900	209,004	205,701	220,035	125,165	152,303
Parks and Recreation	691,064	569,478	539,302	410,162	161,222	329,258	368,639	394,318	393,443	351,132
Health and Welfare	204,537	78,622	2,990	2,872	2,992	1,972	2,372	1,349	1,007	4,595
Education	1,429,643	1,365,077	1,031,413	843,108	371,882	785,484	1,204,445	1,138,200	1,047,725	1,224,394
Operating Grants and Contributions	26,449,211	24,610,209	27,600,774	23,952,832	29,385,464	23,406,386	25,644,240	20,935,745	21,747,858	19,419,205
Capital Grants and Contributions	11,268,691	5,233,497	880,056	299,291	1,378,137	1,962,551	1,941,877	886,884	204,096	781,167
Total Governmental Activities Program Revenues	<u>43,560,727</u>	<u>35,564,715</u>	<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>
Business-Type Activities:										
Charges for Services:										
Sewer	3,056,708	2,905,715	2,742,585	2,676,445	2,533,147	2,407,884	2,345,023	2,253,924	2,072,644	1,903,604
Water	2,070,185	1,951,415	1,862,802	1,836,539	1,795,085	1,703,877	1,619,029	1,533,123	1,495,921	1,372,273
Golf	962,151	884,593	951,708	772,488	896,884	613,436	493,411	543,831	554,433	582,372
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	252,031	-	-
Total Business-Type Activities Program Revenues	<u>6,089,044</u>	<u>5,741,723</u>	<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>
Total Primary Government Program Revenues	<u>\$ 49,649,771</u>	<u>\$ 41,306,438</u>	<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>
Net (Expense) Revenue:										
Governmental Activities	\$ (57,513,794)	\$ (67,747,458)	\$ (74,553,279)	\$ (69,436,481)	\$ (67,433,285)	\$ (67,237,435)	\$ (62,883,104)	\$ (64,607,228)	\$ (60,197,381)	\$ (56,954,291)
Business-Type Activities	(10,503,135)	(3,383,020)	(19,599,879)	1,055,775	978,450	392,162	(616,043)	4,618	(88,306)	(470,018)
Total Primary Government Net Expense	<u>\$ (68,016,929)</u>	<u>\$ (71,130,478)</u>	<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>
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF WATERTOWN, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 74,562,894	\$ 72,658,651	\$ 67,767,491	\$ 65,359,579	\$ 62,150,176	\$ 61,615,389	\$ 60,229,036	\$ 57,079,893	\$ 54,796,869	\$ 53,218,375
Grants and Contributions Not Restricted to Specific Programs	2,537,860	1,916,711	2,111,325	1,274,264	954,415	729,823	737,426	891,894	1,454,222	342,601
Unrestricted Investment Earnings	1,274,150	999,185	649,881	84,355	42,737	273,260	373,798	232,774	74,563	50,392
Other General Revenues	245,000	205,000	313,750	192,448	576,432	187,200	180,000	180,025	175,000	927,921
Transfers	(118,104)	(115,907)	425,414	44,356	(1,045,587)	(1,590,637)	(3,548,185)	8,866	12,125	(83,475)
Total Governmental Activities	<u>78,501,800</u>	<u>75,663,640</u>	<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>
Business-Type Activities:										
Unrestricted Investment Earnings	122,113	110,011	77,061	14,540	3,172	17,504	28,831	25,854	12,469	-
Transfers	118,104	115,907	(425,414)	(44,356)	1,045,587	1,590,637	3,548,185	(8,866)	(12,125)	83,475
Total Business-Type Activities	<u>240,217</u>	<u>225,918</u>	<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>
Total Primary Government	<u>\$ 78,742,017</u>	<u>\$ 75,889,558</u>	<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>
Loss on Assets:										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ 20,988,006	\$ 7,916,182	\$ (3,285,418)	\$ (2,481,479)	\$ (4,755,112)	\$ (6,022,400)	\$ (4,911,029)	\$ (6,213,776)	\$ (3,684,602)	\$ (2,498,477)
Business-type Activities	<u>(10,262,918)</u>	<u>(3,157,102)</u>	<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>
Total Primary Government	<u>\$ 10,725,088</u>	<u>\$ 4,759,080</u>	<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>

TOWN OF WATERTOWN, CONNECTICUT
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

Table 3

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable	\$ 260,404	\$ 193,978	\$ 83,626	\$ 101,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	112,950	336,736	407,967	529,627	485,101	378,240	637,537	932,456	691,815	467,589
Unassigned	8,963,625	10,900,083	9,632,135	9,919,389	6,857,463	8,778,391	6,798,056	4,084,363	5,302,434	8,016,125
Total General Fund	<u>\$ 9,336,979</u>	<u>\$ 11,430,797</u>	<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>
All Other Governmental Funds:										
Nonspendable	\$ 127,471	\$ 127,404	\$ 97,143	\$ 97,143	\$ 97,143	\$ 97,143	\$ 97,143	\$ 924,384	\$ 924,951	\$ 120,282
Restricted	9,681,088	15,365,732	4,954,497	5,176,871	6,559,357	8,705,038	9,714,033	11,680,914	359,995	1,759,761
Committed	2,749,282	2,766,651	3,143,203	3,066,379	2,389,363	2,151,621	1,368,570	1,363,215	1,019,850	492,516
Assigned	-	-	-	-	-	-	-	-	-	112,454
Unassigned	555,720	(53,458)	(73,140)	(79,862)	(176)	(53,580)	(90,365)	(73,370)	(4,541,883)	(4,885,259)
Total All Other Governmental Funds	<u>\$ 13,113,561</u>	<u>\$ 18,206,329</u>	<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>
Total Governmental Funds	<u>\$ 22,450,540</u>	<u>\$ 29,637,126</u>	<u>\$ 18,245,431</u>	<u>\$ 18,810,704</u>	<u>\$ 16,388,251</u>	<u>\$ 20,056,853</u>	<u>\$ 18,524,974</u>	<u>\$ 18,911,962</u>	<u>\$ 3,757,162</u>	<u>\$ 6,083,468</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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues:										
Property Taxes, Interest and Lien Fees	\$ 74,972,386	\$ 72,148,471	\$ 67,501,870	\$ 65,471,466	\$ 62,249,852	\$ 61,859,812	\$ 60,394,025	\$ 57,033,466	\$ 54,558,200	\$ 52,586,977
Intergovernmental Revenues	31,828,530	31,859,924	28,311,623	27,047,326	24,163,524	23,312,710	23,421,375	20,151,894	21,622,135	21,576,365
Licenses, Permits, and Charges for Services	5,415,483	5,247,321	4,716,231	4,151,382	3,934,881	3,445,754	4,300,876	3,804,951	3,567,159	4,108,959
Investment Income	1,274,132	999,184	649,823	84,233	42,231	271,410	369,995	231,192	73,555	52,028
Other Revenues	1,137,312	863,430	760,675	440,880	874,457	449,931	399,275	425,877	420,239	504,041
Total Revenues	114,627,843	111,118,330	101,940,222	97,195,287	91,264,945	89,339,617	88,885,546	81,647,380	80,241,288	78,828,370
Expenditures:										
General Government	\$ 4,146,057	\$ 4,090,959	\$ 3,643,430	\$ 3,146,130	\$ 2,937,907	\$ 2,926,307	\$ 2,812,732	\$ 2,786,843	\$ 2,860,969	\$ 2,597,695
Public Safety	8,414,692	7,296,238	6,805,036	7,138,830	6,605,466	5,811,919	5,592,875	5,862,000	5,578,409	5,677,770
Public Works	5,110,432	5,621,758	4,497,037	3,900,183	3,620,305	3,959,303	5,431,727	3,573,794	3,665,418	4,754,988
Parks and Recreation	1,749,966	1,801,915	1,584,620	1,243,798	1,029,150	1,252,796	1,234,533	1,362,282	1,323,437	1,193,087
Health and Welfare	400,560	393,743	280,509	246,673	217,056	210,199	203,797	201,129	191,233	328,520
Education	70,897,574	67,442,892	65,387,318	60,901,444	59,076,297	54,401,033	53,740,343	51,979,391	51,543,076	48,132,605
Other	14,111,784	10,661,256	11,577,390	9,994,908	10,121,868	10,126,796	9,804,626	9,412,375	9,538,802	8,763,452
Capital Outlay	16,031,732	11,445,851	2,679,719	2,298,999	5,367,593	9,041,497	10,471,263	1,476,976	1,929,123	2,766,836
Debt Service:										
Principal	4,735,917	5,470,000	6,199,867	5,187,158	10,512,403	11,247,316	22,314,700	5,400,104	5,412,462	4,905,000
Interest	1,698,726	1,327,215	1,815,357	1,880,162	2,500,551	2,401,182	1,698,982	1,710,144	1,910,560	2,043,972
Total Expenditures	127,297,440	115,551,827	104,470,283	95,938,285	101,988,596	101,378,348	113,305,578	83,765,038	83,953,489	81,163,925
Excess (Deficiency) of Revenues Over Expenditures	(12,669,597)	(4,433,497)	(2,530,061)	1,257,002	(10,723,651)	(12,038,731)	(24,420,032)	(2,117,658)	(3,712,201)	(2,335,555)
Other Financing Sources (Uses):										
Issuance of Bonds/BANs	10,360,000	15,000,000	-	-	6,000,000	12,200,000	22,910,000	16,900,000	1,075,000	-
Issuance of Equipment Financing Notes	553,680	298,932	367,139	744,865	1,009,037	462,260	407,108	243,602	202,762	483,634
Issuance of Refunding Bonds	11,350,000	-	-	9,430,000	10,290,000	-	-	-	-	-
Payment to Refunding Bond Escrow Agent	(17,350,000)	-	-	(10,534,474)	(10,633,950)	-	-	-	-	-
Bond/BAN Premiums	687,435	642,167	-	1,209,460	826,882	779,550	618,771	119,990	96,008	31,319
Leases issued	-	-	675,827	-	-	-	-	-	-	-
Subscription based IT arrangements issued	-	-	496,408	-	-	-	-	-	-	-
Transfers In	1,163,021	220,000	711,980	599,911	443,394	399,427	546,193	-	-	-
Transfers Out	(1,281,125)	(335,907)	(286,566)	(530,655)	(880,314)	(270,627)	(449,028)	(287,136)	(357,650)	(649,156)
Total Other Financing Sources (Uses)	5,483,011	15,825,192	1,964,788	919,107	7,055,049	13,570,610	24,033,044	16,976,456	1,016,120	(134,203)
Net Change in Fund Balances	(7,186,586)	11,391,695	(565,273)	2,176,109	(3,668,602)	1,531,879	(386,988)	14,858,798	(2,696,081)	(2,469,758)
Debt Service as a Percentage of Noncapital Expenditures										
	5.91%	6.53%	7.93%	7.53%	13.47%	14.78%	23.35%	8.64%	8.93%	8.86%

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							
2025	2023	\$ 1,852,473	\$ 328,625	\$ 267,950	\$ 212,300	\$ 19,218	\$ 2,680,566	\$ 82,805	\$ 2,597,761	28.37	\$ 3,711,087	70%
2024	2022	1,289,458	252,263	279,848	203,926	21,601	2,047,098	84,317	1,962,780	36.86	2,803,971	70%
2023	2021	1,283,347	250,335	262,116	192,268	22,286	2,010,355	82,095	1,928,259	34.94	2,754,656	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%

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	2025			2016		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Light & Power	Utility	\$ 74,863	1	2.88%	\$ 26,797	1	1.54%
The Siemon Company	Manufacturing	11,910	2	0.46%	19,700	2	1.13%
Yankee Gas	Utility	11,644	3	0.45%	5,177	10	0.30%
Greenbriar Associates, LLC	Real Estate	10,796	4	0.42%	7,222	6	0.42%
Click Bond Inc	Real Estate	8,091	5	0.31%			
DXR FINANCE 3 LLC	Real Estate	8,006	6	0.31%			
Truelove & Maclean Inc	Manufacturing	7,272	7		6,767	8	0.39%
Braxton Manufacturing Inc	Manufacturing	5,758	8				
Koster Keunen Manufacturing Inc	Manufacturing	5,330	9				
Amgraph Packaging Inc	Manufacturing	4,180	10				
Siemon Realty Company	Real Estate				7,905	3	0.45%
JSD Partners	Manufacturing				7,884	4	0.45%
Global Steering Company	Manufacturing				7,444	5	0.43%
Anstro Manufacturing Co	Manufacturing				6,989	7	0.40%
Straits LLC	Real Estate				5,950	9	0.34%
Straits Turnpike Limited Partnership	Real Estate						
Total		\$ 147,850		4.82%	\$ 88,896		5.11%

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
2025	2023	\$ 2,597,761	28.37	\$ 74,274,991	\$ 73,225,097	98.59%	\$ -	\$ 73,225,097	98.59%
2024	2022	1,962,780	36.86	71,833,982	70,837,403	98.61%	739,933	71,577,336	99.64%
2023	2021	1,928,257	34.94	67,318,834	67,240,789	99.88%	827,746	68,068,535	101.11%
2022	2020	1,858,470	34.56	65,041,818	64,267,829	98.81%	1,054,422	65,322,251	100.43%
2021	2019	1,855,091	33.19	61,584,233	60,967,689	99.00%	541,236	61,508,925	99.88%
2020	2018	1,835,360	33.19	61,313,822	60,705,937	99.01%	462,319	61,168,256	99.76%
2019	2017	1,771,996	33.59	59,919,974	59,277,939	98.93%	511,219	59,789,158	99.78%
2018	2016	1,767,684	31.88	56,661,252	55,844,763	98.56%	646,445	56,491,208	99.70%
2017	2015	1,745,275	30.89	54,377,797	53,569,467	98.51%	680,494	54,249,961	99.76%
2016	2014	1,737,686	30.10	52,539,751	51,812,359	98.62%	595,398	52,407,757	99.75%
2015	2013	1,718,661	29.12	50,221,088	49,593,099	98.75%	626,065	50,219,164	100.00%
2014	2012	1,958,272	25.09	49,217,960	48,628,689	98.80%	594,518	49,223,207	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 (3)	Equipment Financing Notes	Lease Liabilities	Subscription Liabilities	Clean Water Fund Notes	Equipment Financing Notes	Lease Liabilities					
2025	\$ 58,662,303	\$ 1,139,995	\$ -	\$ 254,206	\$ -	\$ 69,451	\$ -	\$ 60,125,955	5.37%	2.14%	\$ 2,673	\$ 2,608
2024	59,127,521	1,081,790	229,790	347,198	-	53,727	18,904	60,858,930	5.44%	2.17%	2,705	2,628
2023	49,270,562	1,290,970	454,621	429,519	-	8,961	55,464	51,510,097	5.56%	1.87%	2,330	2,228
2022	55,055,770	1,365,603	-	-	-	17,323	90,993	56,529,689	6.09%	2.13%	2,557	2,490
2021	59,989,020	1,172,896	-	-	-	25,126	-	61,187,042	6.85%	2.31%	2,836	2,780
2020	63,423,320	634,212	-	-	-	32,408	-	64,089,940	7.40%	2.44%	2,959	2,928
2019	61,560,915	499,305	-	-	414,632	-	-	62,474,852	7.21%	2.47%	2,874	2,832
2018	43,312,201	386,897	-	-	829,264	-	-	44,528,362	5.13%	1.76%	1,978	1,924
2017	48,474,068	513,399	-	-	1,243,896	-	-	50,231,363	6.53%	2.01%	2,231	2,153
2016	52,484,674	768,099	-	-	1,661,611	-	-	54,914,384	7.23%	2.21%	2,471	2,361

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.

³ Includes Bond Anticipation Notes Payable and Unamortized Premium.

TOWN OF WATERTOWN, CONNECTICUT
 SCHEDULE OF DEBT LIMITATION
 FOR THE YEAR ENDED JUNE 30, 2025

Total tax collection including interest and lien fees for prior fiscal year						\$ 72,368,427
Reimbursement for revenue loss on Tax relief for elderly for prior fiscal year						<u>-</u>
Base						<u>\$ 72,368,427</u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit	
Debt limitation:						
2-1/4 times base	\$ 162,828,961	\$ -	\$ -	\$ -	\$ -	
4-1/2 times base	-	325,657,922	-	-	-	
3-3/4 times base	-	-	271,381,601	-	-	
3-1/4 times base	-	-	-	235,197,388	-	
3 times base	-	-	-	-	217,105,281	
Total debt limitation	<u>162,828,961</u>	<u>325,657,922</u>	<u>271,381,601</u>	<u>235,197,388</u>	<u>217,105,281</u>	
Indebtedness:						
General Obligation Bonds Payable	21,844,000	26,692,000	4,959,000	-	-	
Bonds authorized but not issued	<u>2,177,672</u>	<u>2,450,254</u>	<u>37,200</u>	-	-	
Total indebtedness	<u>24,021,672</u>	<u>29,142,254</u>	<u>4,996,200</u>	<u>-</u>	<u>-</u>	
Debt limitation in excess of outstanding and authorized debt	<u>\$ 138,807,289</u>	<u>\$ 296,515,668</u>	<u>\$ 266,385,401</u>	<u>\$ 235,197,388</u>	<u>\$ 217,105,281</u>	
Total capacity of borrowing (7 times base)		\$ 506,578,989				
Total present indebtedness		<u>58,160,126</u>				
Margin for additional borrowing		<u>\$ 448,418,863</u>				

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	
2025	\$ 58,662,303	\$ 1,139,995	\$ -	\$ 254,206	\$ 60,056,504	\$ -	N/A	N/A	\$ 60,056,504
2024	59,127,521	1,081,790	229,790	347,198	60,786,299	-	N/A	N/A	60,786,299
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

(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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limitation	\$ 506,579	\$ 471,835	\$ 455,799	\$ 434,041	\$ 430,593	\$ 422,127	\$ 398,681	\$ 383,868	\$ 369,474	\$ 369,473
Total net debt applicable to limit	<u>58,160</u>	<u>64,560</u>	<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>
Legal debt margin	<u>\$ 448,419</u>	<u>\$ 407,275</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	11.48%	13.68%	15.36%	11.86%	13.25%	14.42%	15.04%	15.50%	14.56%	15.55%

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
2025	22,497	\$ 1,119,000	\$ 65,800	2,514	11,980	500	3.6%	4.5%	3.5%	4.1%
2024	22,274	1,053,364	47,642	2,554	12,559	291	2.3%	4.1%	2.5%	3.8%
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%

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	2025			2016		
		Employees	Rank	Percentage of Town Employment	Employees	Rank	Percentage of Town Employment
Global Steering Systems	Manufacturer	300	1	2.50%	338	1	2.96%
The Siemon Company	Manufacturer	280	2	2.34%	300	2	2.62%
The Taft School	Private School	235	3	1.96%	235	4	2.05%
Super Stop and Shop	Supermarket	210	4	1.75%	180	6	1.57%
Crystal Rock	Manufacturer - Bottled Water	200	5	1.67%	230	5	2.01%
Shelter Loic	Manufacturer	139	6	1.16%			
Apple Rehab	Health Care	138	7	1.15%	125	8	1.09%
LaBonnes Market	Supermarket	137	8	1.14%			
Braxton Manufacturing	Manufacturer	136	9	1.14%	165	8	1.44%
Albea	Manufacturer	118	10	0.98%	300	3	2.62%
Emerson Automated Solutions	Manufacturer						
Truelove & Maclean	Manufacturer				120	10	1.05%
PM Engineered Solutions	Manufacturer				175	7	1.53%
Total		1893		15.80%	2168		18.94%

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government	33	50	52	52	53	53	50	52	56	55
Police	54	43	39	37	37	35	35	37	38	38
Fire	2	1	1	1	1	1	2	2	2	2
Public Works	38	20	21	21	24	25	25	25	30	30
Park and Recreation	<u>7</u>	<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>134</u>	<u>120</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>
Board of Education:										
Administration and Principals	19	19	22	19	16	15	15	16	19	18
Teachers	256	243	244	244	238	234	233	242	239	222
Other	<u>227</u>	<u>233</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>502</u>	<u>495</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>
Total	<u><u>636</u></u>	<u><u>615</u></u>	<u><u>586</u></u>	<u><u>619</u></u>	<u><u>582</u></u>	<u><u>564</u></u>	<u><u>558</u></u>	<u><u>586</u></u>	<u><u>600</u></u>	<u><u>575</u></u>

Source(s): Various Town Departments

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

Table 15

<u>Function/Program</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Government:										
Building Permits Issued	1,352	1,410	1,408	1,320	1,487	1,398	1,331	1,388	1,289	1,574
Police:										
Physical Arrests	315	312	279	241	234	389	502	536	536	524
Parking Violations	247	94	309	5	6	101	531	566	102	146
Traffic Violations	1,112	1,749	684	448	450	1,356	2,012	1,749	1,889	1,912
Fire:										
Emergency Responses	3,083	2,462	2,985	2,989	2,741	2,508	1,893	2,428	2,397	2,437
Fires Extinguished	53	42	50	46	49	40	71	67	69	47
Public Works:										
Street Resurfacing (Miles)	18.60	44.00	-	1.53	1.40	2.80	1.38	-	3.30	0.90
Potholes Repaired	244	64	121	1,825	1,750	640	300	459	430	433
Library:										
Volumes in Collection	90,295	91,795	70,700	82,585	78,685	82,806	80,063	84,051	79,376	78,194
Water:										
Water Main Breaks	6	5	5	3	4	10	10	11	5	7
Average Daily Consumption (thousands of gallons)	827	815	750	1,019	920	1,000	877	880	880	824

Source(s): Various Town Departments

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

Table 16

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Administrative Buildings	1	1	1	1	1	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	138	138	138	138	138	136	136	136	136	136
Miles of Sidewalks	37	37	37	37	37	37	37	37	37	37
Catch Basins	4,082	4,082	4,082	3,460	3,460	3,460	3,460	3,454	3,440	3,438
Number of Dams	4	4	4	3	4	5	4	5	5	5
Parks and Recreation:										
Parks	9	4	4	4	4	4	4	4	4	4
Cemeteries	1	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	12	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	6	10	8	8	8	8	8	8	8	8
Number of Soccer Fields	2	5	5	5	5	5	5	5	5	5
Number of Softball/Baseball Fields	14	12	12	12	12	12	12	12	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	5	5	4	5
Administrative Buildings	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments