

Town of Watertown, Connecticut

CITIZENS GUIDE TO THE TOWN BUDGET

Fiscal Year 2026–2027



Introduction

This Citizens Guide to the Town Budget is designed to help Watertown residents better understand how the Town prepares, adopts, and funds its annual budget. The guide explains key financial concepts, timelines, and opportunities for public participation so that every resident can be an informed and engaged participant in shaping our community’s priorities.

What Is the Town Budget?

The Town’s operating budget is its annual fiscal plan—our financial roadmap for the year ahead. It outlines expected revenues and expenditures for the fiscal year, which runs from July 1 to June 30. The budget covers essential services including salaries, benefits, utilities, maintenance, and debt payments.

A useful way to understand the Town budget is to compare it to your household budget:

Your Household	Town of Watertown
Income	Revenues (taxes, grants, fees)
Savings accounts	Fund balance / reserves
Home maintenance	Facilities and infrastructure maintenance
Utilities	Utilities (electricity, water, fuel)
Food, gas, home supplies	Supplies and equipment
Mortgage payments	Debt service and capital projects

What Is Not Included in the Operating Budget?

Major construction projects, land acquisitions, large equipment purchases, or significant infrastructure improvements are not typically funded through the annual operating budget. These items are instead addressed through capital budgets, bond authorizations, enterprise funds, grants, or special town meeting approvals.

Understanding Capital Budgeting in Watertown

How Operating, Capital, and Enterprise Funds Differ

The Town’s finances are organized into a few main categories to make it easier to plan, manage, and explain how public funds are used. You can think of these as **different buckets**, each with a specific purpose.

HOW THE TOWN ORGANIZES ITS BUDGET

OPERATING BUDGET

Covers everyday Town services:

- Staff and benefits
- Utilities and routine maintenance
- Supplies and annual expenses

Funded mainly by property taxes

CAPITAL BUDGETS

Supports long-term investments:

- Roads, buildings, infrastructure
- Fire and Highway vehicles
- Major equipment and technology

Projects often span multiple years

ENTERPRISE FUNDS

Self-supporting Town services:

- Water & Sewer Authority
- Crestbrook Golf Course

Funded by user fees, not taxes

Each of these budget areas serves a different role, but together they allow the Town to operate day-to-day services, plan for major improvements, and manage self-funded operations in a clear and transparent way.

What Is Capital Budgeting?

Capital budgeting refers to the planning, funding, and tracking of long-term investments in public infrastructure and major equipment. These investments typically have a useful life of many years and are distinct from the recurring, day-to-day costs included in the operating budget.

Examples of capital projects include: - Road and bridge improvements - Public building repairs or renovations - Water and sewer infrastructure upgrades - Fire apparatus and emergency vehicles - Highway Department trucks and heavy equipment - Technology and system upgrades - Grant-funded construction or improvement projects.

Capital budgeting allows residents and decision-makers to clearly see what projects have been approved, how they are funded, and how funds are tracked over time.

How Capital Funding Has Historically Worked in Watertown

Historically, Watertown did not maintain a consolidated, multi-year capital budget structure. Instead: - Capital needs were often addressed through Town Meeting approvals - Funds were appropriated directly from the General Fund - Projects were authorized and completed, but were not always tracked within a dedicated capital project framework.

While this approach met legal requirements, it made it more difficult to clearly track individual projects, understand the interaction between local funds and grants, or see long-term capital commitments across fiscal years.

Why the Town is moving towards using Capital Budgets Today

As Watertown has become more proactive in pursuing state and federal grants, the Town has adopted a more formal capital budgeting approach to improve transparency, accountability, and long-term planning.

Capital budgets: - Clearly identify approved projects - Allow funds to be tracked across multiple fiscal years - Distinguish operating costs from long-term investments - Provide a clear record of how grant funds and local funds are used - Improve oversight of complex, multi-year projects.

This approach does not change how projects are authorized. It enhances how approved projects are managed, reported, and communicated to the public.

Capital Budgets and Enterprise Funds

Some Town operations are structured as enterprise funds, meaning they are financially self-supporting and do not rely on property tax revenue for day-to-day operations.

In Watertown, enterprise funds include the Water and Sewer Authority and the Crestbrook Golf Course, which are the two largest enterprise-funded operations, along with several smaller enterprise funds.

For enterprise funds: - Operating costs are supported by user fees rather than property taxes - Capital improvements are planned and funded within the enterprise fund structure - Capital budgets provide transparency into infrastructure investment needs and long-term system sustainability

Using capital budgets within enterprise funds helps ratepayers understand how capital costs relate to long-term planning and service delivery.

Capital Budgets for Public Safety and Public Works Equipment

Capital budgeting is also used to plan for the replacement of large vehicles and equipment, including: - Fire Department apparatus and specialized emergency vehicles - Highway Department trucks and heavy equipment.

These assets have long service lives and represent significant one-time investments. Capital budgeting allows the Town to plan replacements over time, reduce sudden budget impacts, and ensure that essential equipment remains safe and reliable.

How Capital Budgeting Improves Transparency

Capital budgets help residents: - Identify approved capital projects - Understand funding sources, including grants and bonds - Track project expenditures and progress over time - See how long-term investments are managed separately from annual operations.

Capital budgeting does not increase spending by itself; it provides a clearer framework for managing projects that have already been authorized through the Town's established decision-making process.

What Is the Board of Education Budget?

The Board of Education budget funds all public school operations, including classroom instruction, transportation, and special education. The Superintendent and Board of Education develop this budget independently but in coordination with the Town to ensure a balanced overall budget for referendum. Historically, education expenditures represent approximately two-thirds of the combined Town and education budget.

The Budget Process and Calendar

The Town's budget process begins each December and continues through May or June, depending on voter approval. Departments submit proposed budgets to the Town Manager, who works with the Finance Department, Finance Sub-Committee, and Town Council to review and present a balanced plan.

Typical Timeline: - December–January: Departments and schools prepare budgets - February–March: Review by Town Manager and Board of Finance - March–April: Town Council hearings and public input sessions - May: Referendum vote - June: Mill rate set following voter approval.

Citizen Participation in the Budget Process

Residents are encouraged to participate by attending public meetings, reviewing posted materials, and providing input during hearings and workshops.

Opportunities for input include: - Town Council and Finance Subcommittee meetings - Board of Education budget workshops - April public hearing - May referendum vote.

Comments may also be submitted through the Town's website or by contacting elected officials.

How Does the Budget Impact Taxes?

The Town's budget must be balanced—expenditures cannot exceed revenues. If costs increase without offsetting revenue, the mill rate may increase to close the gap.

What Are the Town's Revenue Sources?

Town revenues include property taxes, state grants, licenses and fees, building permits, and program receipts. Property taxes account for the majority of the Town's revenue base.

Fiscal Year and Mill Rate

All Connecticut municipalities follow a uniform fiscal year from July 1 through June 30, as established by state law.

Mill Rate Formula:

Mill Rate = (Amount to be Raised by Taxes ÷ Grand List) × 1,000

Glossary of Budget Terms

Appropriation: Legal authorization to spend a specific amount for a stated purpose.

Bond: Long-term borrowing used to fund major capital projects.

Capital Budget: A plan for funding and tracking long-term infrastructure and equipment investments.

Enterprise Fund: A self-supporting fund financed by user fees rather than taxes.

Fund Balance: Accumulated surplus of revenues over expenditures from prior years.

Grand List: Total assessed value of all taxable property in the Town.

Mill Rate: Tax rate per \$1,000 of assessed property value.

Operating Budget: Annual plan for recurring Town services and operations.

Referendum: A public vote on the proposed Town and education budgets.

In Summary

Watertown's budget reflects the community's priorities—maintaining essential services, supporting education, and investing responsibly in long-term infrastructure. By using both operating and capital budgets, the Town is working to improve transparency, accountability, and long-term financial planning.

Residents are encouraged to stay informed and participate in the budget process to help ensure that public resources are managed wisely and in the best interest of the community.

For more information, visit watertownct.org or contact the Town Manager's Office.