

TOWN OF WATERTOWN CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TOWN OF WATERTOWN CONNECTICUT

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2022

Prepared By:
Watertown Finance Department
Susan Zappone, Finance Director

TOWN OF WATERTOWN, CONNECTICUT

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Introductory Section

TOWN OF WATERTOWN, CONNECTICUT

Principal Officials

As of June 30, 2022

Town Council

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

Board of Education

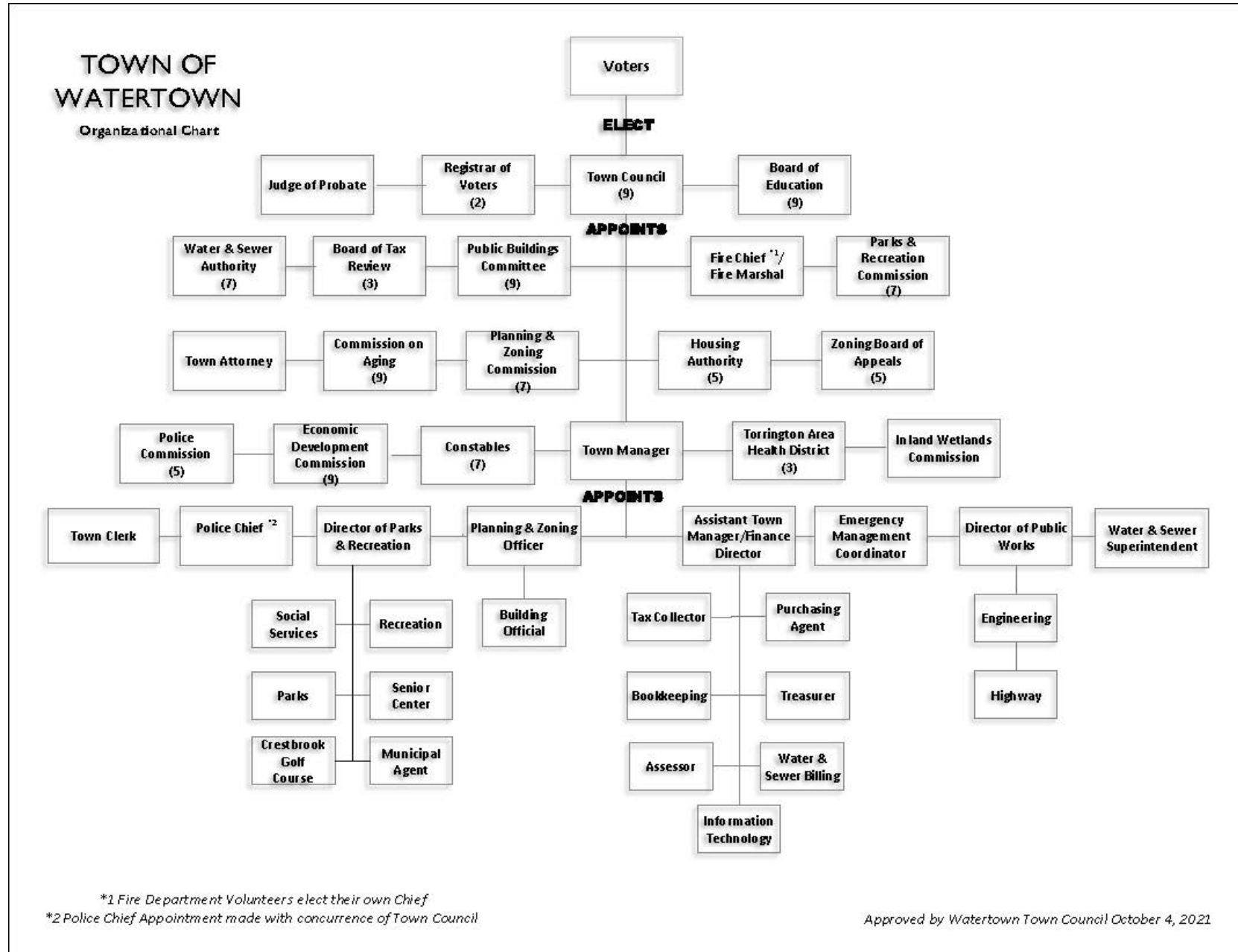
Cathie Rinaldi, Chair
Robert Makowski, Vice Chair
Karen Hosking, Secretary
Christine Faressa
Krista Palomba
Cathie Hillian
Jason Douglas Malagutti
John Gavallas
Elizabeth Lawton

Appointed Officials

Mark Raimo, Town Manager
Dr. Alison Villanueva, Superintendent of Schools
Susan Zappone, Assistant Town Manager/Finance Director
Joan Mondak, School and Town Treasurer

TOWN OF WATERTOWN, CONNECTICUT

Organizational Chart of the Town Government





WATERTOWN, CONNECTICUT
FINANCE DEPARTMENT
424 Main Street
Watertown, Connecticut 06795

March 28, 2023

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

The annual comprehensive financial report of the Town of Watertown, Connecticut, for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

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

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

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

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

Profile of the Town

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

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

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

Factors Affecting Financial Condition

Budget

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

Public Buildings and Infrastructure

During Fiscal year 2022, the Town of Watertown put together projects to go to referendum on November 8, 2022. A fire truck, various road projects and various school capital improvement projects were all placed on the ballot and passed. The Town is still in the planning stages of building a new Senior Center/Community Center with a Police Department Headquarters on Town owned property.

Economic Activity

Property once designated for a car dealership was sold to a developer with plans to build a medical building. This project will be an urgent care center with Doctors' offices. The Town has funding in place with the State of CT, Transportation Alternatives to complete a section of the Steele Brook Greenway, a walking path connecting multiple towns. Property once designed for over 55 style town houses is now being considered for housing and commercial buildings with two different entry ways.

Long-Term Financial Planning

The Town of Watertown is currently discussing the future plans of building a new Highway Garage. This would be built on land owned by the Town.

The Town's bond rating is at "AA+" with a negative outlook. The negative outlook is due to a decrease in the fund balance because of additional expenses for the Board of Education's Special Education costs. Although the Town does continue to have an acceptable fund balance within the guidelines of the Towns policy. A strong budgetary performance and strong cash levels to cover both debt service and expenditures.

Significant Financial Policies

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

Financial Information

Budgetary Controls

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

Independent Audit

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

Single Audit

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

Awards and Acknowledgements

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Watertown for its comprehensive annual financial report for fiscal year ended June 30, 2021.

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

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

Acknowledgments

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

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

Respectfully submitted,

A handwritten signature in blue ink, reading "Susan Zappone". The signature is written in a cursive style with a large initial "S" and a stylized "Z".

Susan Zappone
Finance Director



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial Reporting

Presented to

Town of Watertown, Connecticut

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Watertown, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Watertown, CT, as of and for the year ended June 30, 2022, 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, 2022, 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 judgement 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 judgement 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 judgement, 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.

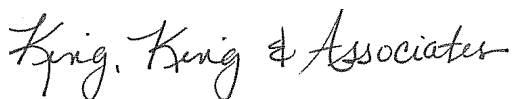
Other Information

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 28, 2023, on our consideration of the Town of Watertown's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Watertown's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Watertown's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, CT
March 28, 2023

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

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, 2022. Please read this management discussion and analysis in conjunction with the transmittal letter and the Town's financial statements.

Financial Highlights

- The Town's total net position decreased by \$1.5 million as a result of this year's operations. Net position of our governmental activities decreased by \$2.5 million.
- In the Town's business-type activities, total net position increased by \$1.0 million.
- Unrestricted net position of the Town's business-type activities increased by \$1.6 million (\$8.1 million in 2022 compared to \$6.5 million in 2021.)
- Total cost of all the Town's programs was \$101.7 million.
- The General Fund reported an unassigned fund balance this year of \$9.9 million.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

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

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

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

Fund Financial Statements

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

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

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2022

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

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

Notes to the Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Watertown, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68.4 million at the close of the most recent fiscal year.

In Thousands	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 31,991	\$ 30,288	\$ 9,184	\$ 7,880	\$ 41,175	\$ 38,168
Capital Assets	181,440	185,622	18,125	18,702	199,565	204,324
Total Assets	213,431	215,910	27,309	26,582	240,740	242,492
Deferred Outflows of Resources	22,584	24,425	125	105	22,709	24,530
Long-term Liabilities	149,802	166,572	535	547	150,337	167,119
Other Liabilities	11,918	10,622	390	546	12,308	11,168
Total Liabilities	161,720	177,194	925	1,093	162,645	178,287
Deferred Inflows of Resources	32,018	18,382	411	522	32,429	18,904
Net Position:						
Net Investment in Capital Assets	130,011	131,085	18,017	18,551	148,028	149,636
Restricted	1,688	1,820	-	-	1,688	1,820
Unrestricted	(89,422)	(88,146)	8,081	6,521	(81,341)	(81,625)
Total Net Position	\$ 42,277	\$ 44,759	\$ 26,098	\$ 25,072	\$ 68,375	\$ 69,831

Net position of the Town's governmental activities decreased by \$2.5 million (\$44.8 million in 2021 compared to \$42.3 million in 2022). The Town's unrestricted net position of \$(89.4) million decreased by \$1.3 million compared with last year's unrestricted net position of \$(88.1) million. The decrease is primarily attributable to the post-retirement benefit obligations and related deferred outflows and inflows of resources. Net investment in capital assets decreased \$1.1 million primarily due to current year fixed asset additions and the paydown of related debt being greater than the current years depreciation expense and addition of new debt.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

During 2022, the net position of the Town's business-type activities increased by \$1.0 million. Unrestricted net position increased by \$1.6 million (\$6.5 million in 2021 compared to \$8.1 million in 2022). Contributing factors to the change in total net position and unrestricted net position follows in the next table. The Town generally can only use this net position to finance the continuing operations of the Sewer Authority, Water Authority and Crestbrook Golf Enterprise Funds.

In Thousands

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 65,360	\$ 62,150	\$ -	\$ -	\$ 65,360	\$ 62,150
Unrestricted Grants & Contributions	1,274	954	-	-	1,274	954
Unrestricted Investment Income	84	43	14	3	98	46
Other General Revenues, Net	192	577	-	-	192	577
<i>Program Revenues:</i>						
Charges for Services	3,820	5,058	5,285	5,225	9,105	10,283
Operating Grants and Contributions	23,953	29,385	-	-	23,953	29,385
Capital Grants and Contributions	299	1,378	-	-	299	1,378
Total Revenues	<u>94,982</u>	<u>99,545</u>	<u>5,299</u>	<u>5,228</u>	<u>100,281</u>	<u>104,773</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	23,734	23,067	-	-	23,734	23,067
Public Safety	9,345	9,514	-	-	9,345	9,514
Public Works	7,260	5,987	-	-	7,260	5,987
Parks and Recreation	1,298	1,157	-	-	1,298	1,157
Health and Welfare	198	155	-	-	198	155
Education	54,046	61,223	-	-	54,046	61,223
Interest on Long-Term Debt	1,627	2,152	-	-	1,627	2,152
<i>Business-Type Activities:</i>						
Sewer	-	-	1,760	1,880	1,760	1,880
Water	-	-	1,724	1,618	1,724	1,618
Golf	-	-	745	748	745	748
Total Expenses	<u>97,508</u>	<u>103,255</u>	<u>4,229</u>	<u>4,246</u>	<u>101,737</u>	<u>107,501</u>
Change in Net Position Before Transfers	<u>(2,526)</u>	<u>(3,710)</u>	<u>1,070</u>	<u>982</u>	<u>(1,456)</u>	<u>(2,728)</u>
Transfers	<u>44</u>	<u>(1,046)</u>	<u>(44)</u>	<u>1,046</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(2,482)</u>	<u>(4,756)</u>	<u>1,026</u>	<u>2,028</u>	<u>(1,456)</u>	<u>(2,728)</u>
Beginning Net Position	44,759	49,268	25,072	23,044	69,831	72,312
Restatements (See Note 12)	-	247	-	-	-	247
Ending Net Position	<u>\$ 42,277</u>	<u>\$ 44,759</u>	<u>\$ 26,098</u>	<u>\$ 25,072</u>	<u>\$ 68,375</u>	<u>\$ 69,831</u>

The Town's total revenues were \$100.3 million. The total cost of all programs and services was \$101.7 million. Our analysis below separately considers the operations of the governmental and business-type activities.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

Governmental Activities

The Town's governmental activities reported a decrease of \$2.5 million in net position in 2022. The decrease was primarily driven by medical and post-employment benefit expenses. The Town's total governmental revenue for the year was \$95.0 million. Total program expenses were \$97.5 million.

The table below presents the costs of each of the Town's governmental programs, as well as each program's net cost (total cost less revenues generated by the activities). The Net Cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

<i>In Thousands</i>	Governmental Activities (in thousands)			
	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
<i>Governmental Activities:</i>				
General Government	\$ 23,734	\$ 23,067	\$ 22,066	\$ 19,756
Public Safety	9,345	9,514	7,901	8,346
Public Works	7,260	5,987	6,407	3,986
Parks and Recreation	1,298	1,157	833	951
Health and Welfare	198	155	74	22
Education	54,046	61,223	30,528	32,220
Interest on Long-Term Debt	1,627	2,152	1,627	2,152
	<u>\$ 97,508</u>	<u>\$ 103,255</u>	<u>\$ 69,436</u>	<u>\$ 67,433</u>

Business-Type Activities

The Town's business-type activities reported an increase of \$1.0 million in net position in 2022. 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).

<i>In Thousands</i>	Business-Type Activities (in thousands)			
	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
<i>Business-Type Activities:</i>				
Sewer	\$ 1,760	\$ 1,880	\$ (916)	\$ (653)
Water	1,724	1,618	(113)	(177)
Golf	745	748	(27)	(148)
	<u>\$ 4,229</u>	<u>\$ 4,246</u>	<u>\$ (1,056)</u>	<u>\$ (978)</u>

Financial Analysis of the Government's Funds**Governmental Funds**

As the Town completed the year, its governmental funds reported combined ending fund balances of \$18.8 million, which is an increase of \$2.2 million from the prior year's total. During 2022 the Town's general fund balance increased by \$3.2 million primarily due to revenues coming in greater than anticipated and a savings in the debt service line due to a bond refunding done in fiscal year 2022, the capital improvement fund balance decreased by \$1.6 million due to capital outlay and debt service related to public works projects, and the nonmajor governmental funds increased by \$519 thousand.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

Proprietary Funds

Net position of the Town's three self-insured internal service funds decreased by \$1.2 million during the year. Net position of The Health and Dental Benefits Fund decreased by \$525 thousand. Net position of the Town's Workers' Compensation Fund decreased \$652 thousand. Net position of the Town's General Liabilities Deductibles Fund remained unchanged.

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

General Fund Budgetary Highlights

The original budget did not anticipate the use of fund balance to balance the budget. During the year, there were additional appropriations from fund balance of \$705 thousand. The actual revenues without the use of fund balance exceeded the budgetary revenues of \$79.8 million by \$1.9 million due to tax collections, building permits, town clerk fees, grants, and other local revenues being higher than anticipated. The Town expended \$1.8 million less than the amended appropriations budget amount of \$80.5 million, with a large part of that coming from savings in the debt service category due to a bond refunding that was done during fiscal year 2022.

Capital Asset and Debt Administration

Capital Assets

The Town of Watertown's reported value in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$199,565,350 (net of accumulated depreciation). The reported value in capital assets includes land and buildings, vehicles, machinery and equipment, and infrastructure. Major capital asset events during the current fiscal year included the following:

- Purchase of a new highway and public safety vehicles and equipment.
- Roadway and drainage improvements.
- Disposals of various old public works and public safety vehicles and equipment.

	2022	2021
<i>Governmental Activities:</i>		
Land	\$ 3,147,876	\$ 3,147,876
Buildings and Improvements	123,383,068	127,068,695
Vehicles	418,718	592,380
Machinery and Equipment	2,328,087	1,534,496
Infrastructure	52,162,289	53,278,294
	<u>\$ 181,440,038</u>	<u>\$ 185,621,741</u>

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2022

	2022	Restated 2021
<i>Business-type Activities:</i>		
Land	\$ 1,019,600	\$ 1,019,600
Buildings and Improvements	684,708	717,025
Vehicles	2	2
Machinery and Equipment	38,922	56,686
Infrastructure	16,292,411	16,782,818
Right of Use Equipment	89,669	125,536
	<u>\$ 18,125,312</u>	<u>\$ 18,701,667</u>

Additional information on the Town of Watertown's capital assets can be found in Note 5 on pages 42-43 of this report.

Long-Term Debt

At year-end, the Town had \$51,475,000 in governmental activities bonds outstanding. This is a decrease of \$5,590,000 from the prior year. The Town's general obligation bond rating continues to carry an AA+ rating. Additional information on the Town of Watertown's long-term debt can be found in Note 7 on pages 44-49 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The Town's unemployment now stands at 3.6% versus 5.4% a year ago. This compares with the State's unemployment rate of 4.1% and the national rate of 3.8%.

Inflation in the Northeast area continues to be less than the national Consumer Price Index (CPI) increase. The Town required two budget referendums to pass its 2022-2023 budget. The mill rate for fiscal year 2022-2023 is 34.94 mills, which was a 0.38 mill increase from the prior year. The Board of Education budget increased 4.07% and the Town's portion increased 5.23%.

In the Town's 2022-2023 budget, the Town did not use any of the fund balance to balance the budget.

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

As for the Town's business-type activities, we expect that the 2022-2023 operating income will increase based on recent decisions. The Water and Sewer Department continues to expand its utilities, which increases users. This expansion program combined with maintaining stable rates and low operating costs should enable an increase in net position.

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, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 23,745,776	\$ 7,428,993	\$ 31,174,769
Restricted Cash and Cash Equivalents	285,986	-	285,986
Investments	2,122	-	2,122
Receivables, Net	7,933,587	1,755,058	9,688,645
Inventories	23,139	-	23,139
Capital Assets:			
Assets Not Being Depreciated	3,147,876	1,019,600	4,167,476
Assets Being Depreciated, Net	<u>178,292,162</u>	<u>17,105,712</u>	<u>195,397,874</u>
Total Assets	<u>213,430,648</u>	<u>27,309,363</u>	<u>240,740,011</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	6,511,859	124,485	6,636,344
Deferred Outflows - OPEB	14,665,684	-	14,665,684
Deferred Charge on Refunding	<u>1,406,564</u>	<u>-</u>	<u>1,406,564</u>
Total Deferred Outflows of Resources	<u>22,584,107</u>	<u>124,485</u>	<u>22,708,592</u>
Liabilities			
Accounts Payable and Accrued Items	5,036,249	388,333	5,424,582
Accrued Interest Payable	459,116	-	459,116
Long-Term Claims Payable	3,340,578	-	3,340,578
Unearned Revenue	2,796,099	1,726	2,797,825
Performance Bonds	285,986	-	285,986
Noncurrent Liabilities:			
Due Within One Year	7,463,743	72,757	7,536,500
Due In More Than One Year	<u>142,337,796</u>	<u>462,215</u>	<u>142,800,011</u>
Total Liabilities	<u>161,719,567</u>	<u>925,031</u>	<u>162,644,598</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	1,762,520	112,757	1,875,277
Deferred Inflows - OPEB	28,956,222	-	28,956,222
Lease Related	<u>1,299,036</u>	<u>298,366</u>	<u>1,597,402</u>
Total Deferred Inflows of Resources	<u>32,017,778</u>	<u>411,123</u>	<u>32,428,901</u>
Net Position			
Net Investment in Capital Assets	130,011,245	18,016,996	148,028,241
Restricted for Community Development	884,938	-	884,938
Restricted for Other Purposes	630,388	-	630,388
Restricted for Purposes of Trust:			
Nonexpendable	97,143	-	97,143
Expendable	75,529	-	75,529
Unrestricted	<u>(89,421,833)</u>	<u>8,080,698</u>	<u>(81,341,135)</u>
Total Net Position	<u>\$ 42,277,410</u>	<u>\$ 26,097,694</u>	<u>\$ 68,375,104</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Statement of Activities For the Year Ended June 30, 2022

Functions/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 23,734,034	\$ 1,578,490	\$ 89,677	\$ -	\$ (22,065,867)	\$ -	\$ (22,065,867)
Public Safety	9,344,765	791,309	652,539	-	(7,900,917)	-	(7,900,917)
Public Works	7,259,527	193,735	359,189	299,291	(6,407,312)	-	(6,407,312)
Parks and Recreation	1,298,283	410,162	55,412	-	(832,709)	-	(832,709)
Health and Welfare	198,293	2,872	121,212	-	(74,209)	-	(74,209)
Education	54,046,453	843,108	22,674,803	-	(30,528,542)	-	(30,528,542)
Interest on Long-Term Debt	1,626,925	-	-	-	(1,626,925)	-	(1,626,925)
Total Governmental Activities	97,508,280	3,819,676	23,952,832	299,291	(69,436,481)	-	(69,436,481)
Business-Type Activities:							
Sewer	1,760,495	2,676,445	-	-	-	915,950	915,950
Water	1,723,912	1,836,539	-	-	-	112,627	112,627
Golf	745,290	772,488	-	-	-	27,198	27,198
Total Business-Type Activities	4,229,697	5,285,472	-	-	-	1,055,775	1,055,775
Total Primary Government	\$ 101,737,977	\$ 9,105,148	\$ 23,952,832	\$ 299,291	(69,436,481)	1,055,775	(68,380,706)
		General Revenues:					
		Property Taxes			65,359,579	-	65,359,579
		Grants not Restricted to Specific Programs			1,274,264	-	1,274,264
		Unrestricted Investment Earnings			84,355	14,540	98,895
		Other General Revenues			192,448	-	192,448
		Transfers			44,356	(44,356)	-
		Total General Revenues and Transfers			66,955,002	(29,816)	66,925,186
		Change in Net Position			(2,481,479)	1,025,959	(1,455,520)
		Net Position - Beginning of Year, Restated			44,758,889	25,071,735	69,830,624
		Net Position - End of Year			\$ 42,277,410	\$ 26,097,694	\$ 68,375,104

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

TOWN OF WATERTOWN, CONNECTICUT

Balance Sheet Governmental Funds June 30, 2022

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 11,788,328	\$ 4,490,496	\$ 3,193,735	\$ 3,909,127	\$ 23,381,686
Restricted Cash	285,986	-	-	-	285,986
Investments	-	-	-	2,122	2,122
Receivables, Net of Allowance	4,315,707	2,336,988	-	1,263,995	7,916,690
Inventories	-	-	-	23,139	23,139
Due from Other Funds	847,967	-	-	-	847,967
Total Assets	<u>\$ 17,237,988</u>	<u>\$ 6,827,484</u>	<u>\$ 3,193,735</u>	<u>\$ 5,198,383</u>	<u>\$ 32,457,590</u>
Liabilities					
Accounts Payable and Accrued Items	\$ 2,798,692	\$ -	\$ 574,986	\$ 458,031	\$ 3,831,709
Unearned Revenue	-	3,077	2,618,025	174,997	2,796,099
Performance Bonds	285,986	-	-	-	285,986
Due to Other Funds	-	-	-	792,967	792,967
Total Liabilities	<u>3,084,678</u>	<u>3,077</u>	<u>3,193,011</u>	<u>1,425,995</u>	<u>7,706,761</u>
Deferred Inflows of Resources					
Unavailable Revenues:					
Property Taxes and Interest	926,648	-	-	-	926,648
Special Assessments	1,239,119	-	-	-	1,239,119
School Building Grants	-	2,336,988	-	-	2,336,988
Other	138,334	-	-	-	138,334
Lease Related	1,299,036	-	-	-	1,299,036
Total Deferred Inflows of Resources	<u>3,603,137</u>	<u>2,336,988</u>	<u>-</u>	<u>-</u>	<u>5,940,125</u>
Fund Balances					
Nonspendable	101,157	-	-	97,143	198,300
Restricted	-	3,586,016	724	1,590,131	5,176,871
Committed	-	901,403	-	2,164,976	3,066,379
Assigned	529,627	-	-	-	529,627
Unassigned	9,919,389	-	-	(79,862)	9,839,527
Total Fund Balances	<u>10,550,173</u>	<u>4,487,419</u>	<u>724</u>	<u>3,772,388</u>	<u>18,810,704</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 17,237,988</u>	<u>\$ 6,827,484</u>	<u>\$ 3,193,735</u>	<u>\$ 5,198,383</u>	<u>\$ 32,457,590</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2022

Fund balances reported in governmental funds Balance Sheet \$ 18,810,704

**Amounts reported for governmental activities in the Statement
of Net Position are different because:**

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

<i>Capital Assets</i>	292,993,447
<i>Depreciation</i>	(111,553,409)

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

<i>Property taxes receivable greater than 60 days</i>	634,880
<i>Interest receivable on property taxes</i>	291,768
<i>Receivable from the State for school construction projects</i>	2,336,988
<i>Assessment receivables</i>	1,239,119
<i>Other accounts receivable</i>	138,334

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.

(4,219,131)

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.

(2,174,206)

Certain changes related to pensions are deferred and amortized over time.

<i>Deferred Outflows - Pension</i>	6,511,859
<i>Deferred Inflows - Pension</i>	(1,762,520)
<i>Deferred Outflows - OPEB</i>	14,665,684
<i>Deferred Inflows - OPEB</i>	(28,956,222)

Long-term liabilities are not due and payable in the current period
and, therefore, are not reported in the fund statements.

<i>Accrued interest payable</i>	(459,116)
<i>Bonds payable</i>	(51,475,000)
<i>Equipment Financing Notes</i>	(1,365,603)
<i>Compensated absences</i>	(2,912,506)
<i>Post-closure landfill costs</i>	(104,898)
<i>Special termination benefits</i>	(98,504)
<i>Pension buy-in payable</i>	(425,746)
<i>Net pension liability</i>	(16,629,221)
<i>OPEB liability</i>	<u>(73,209,291)</u>

Net position of governmental activities \$ 42,277,410

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

TOWN OF WATERTOWN, CONNECTICUT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes, Interest and Lien Fees	\$ 65,471,466	\$ -	\$ -	\$ -	\$ 65,471,466
Intergovernmental Revenues	20,230,826	114,281	574,986	6,127,233	27,047,326
Licenses, Permits, and Charges for Services	2,974,639	-	-	1,176,743	4,151,382
Investment Income	79,561	2,927	724	1,021	84,233
Other Revenue	250,637	3,998	-	186,245	440,880
Total Revenues	<u>89,007,129</u>	<u>121,206</u>	<u>575,710</u>	<u>7,491,242</u>	<u>97,195,287</u>
Expenditures					
Current:					
General Government	2,892,757	-	-	253,373	3,146,130
Public Safety	6,549,136	-	574,986	14,708	7,138,830
Public Works	3,438,059	-	-	462,124	3,900,183
Parks and Recreation	968,766	-	-	275,032	1,243,798
Health and Welfare	150,651	-	-	96,022	246,673
Education	55,115,793	-	-	5,785,651	60,901,444
Other	9,994,908	-	-	-	9,994,908
Debt Service	6,707,692	359,628	-	-	7,067,320
Capital Outlay	744,865	1,369,124	-	185,010	2,298,999
Total Expenditures	<u>86,562,627</u>	<u>1,728,752</u>	<u>574,986</u>	<u>7,071,920</u>	<u>95,938,285</u>
Excess/(Deficiency) of Revenues over Expenditures	2,444,502	(1,607,546)	724	419,322	1,257,002
Other Financing Sources/(Uses)					
Transfers In	387,426	56,485	-	156,000	599,911
Transfers Out	(474,170)	-	-	(56,485)	(530,655)
Issuance of Equipment Financing Notes	744,865	-	-	-	744,865
Issuance of Refunding Bonds	9,430,000	-	-	-	9,430,000
Payment to Refunding Bond Escrow Agent	(10,534,474)	-	-	-	(10,534,474)
Premium on Financing	1,209,460	-	-	-	1,209,460
Total Other Financing Sources/(Uses)	<u>763,107</u>	<u>56,485</u>	<u>-</u>	<u>99,515</u>	<u>919,107</u>
Net Change in Fund Balances	3,207,609	(1,551,061)	724	518,837	2,176,109
Fund Balances at Beginning of Year, Restated	<u>7,342,564</u>	<u>6,038,480</u>	<u>-</u>	<u>3,253,551</u>	<u>16,634,595</u>
Fund Balances at End of Year	<u>\$ 10,550,173</u>	<u>\$ 4,487,419</u>	<u>\$ 724</u>	<u>\$ 3,772,388</u>	<u>\$ 18,810,704</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 2,176,109
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**Amounts reported for governmental activities in the Statement of Activities
are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

<i>Capital expenditures</i>	2,088,052
<i>Depreciation expense</i>	(6,269,755)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

<i>Property taxes collected accrual basis change</i>	(110,652)
<i>Interest income on property taxes accrual basis change</i>	(1,235)
<i>Assessment revenue accrual basis change</i>	(277,454)
<i>Other revenues accrual basis change</i>	(105,092)

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.

<i>Proceeds from long-term debt - general obligation refunding bonds</i>	(9,430,000)
<i>Proceeds from long-term debt - equipment financing notes</i>	(744,865)
<i>Principal payments on long-term debt - general obligation bonds</i>	4,635,000
<i>Principal payments on long-term debt - equipment financing notes</i>	552,158
<i>Bonds refunded</i>	10,385,000
<i>Premium on bonds issued</i>	(1,209,460)
<i>Deferred charge on refunding</i>	394,989
<i>Amortization of deferred charge on refunding</i>	(530,559)
<i>Amortization of premiums</i>	552,710

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.

<i>Accrued interest</i>	20,793
<i>Compensated Absences</i>	167,187
<i>Post-closure landfill costs</i>	46,054
<i>Special termination benefits</i>	31,030
<i>Pension buy-in payable</i>	26,503
<i>Pension obligations and related outflows/inflows</i>	(779,105)
<i>OPEB liability and related outflows/inflows</i>	(2,922,799)

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.

(1,176,088)

Change in net position of governmental activities	<u>\$ (2,481,479)</u>
----------------------------------------------------------	------------------------------

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

TOWN OF WATERTOWN, CONNECTICUT

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Sewer Authority	Water Authority	Crestbrook Golf Operations	Total	Internal Service
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 4,806,035	\$ 2,622,958	\$ -	\$ 7,428,993	\$ 364,090
Receivables, Net					
Usage	885,977	569,801	-	1,455,778	-
Other	-	-	-	-	16,897
Leases	-	-	48,919	48,919	-
Total Current Assets	5,692,012	3,192,759	48,919	8,933,690	380,987
Noncurrent Assets:					
Leases Receivable	-	-	250,361	250,361	-
Nondepreciable Capital Assets	-	84,600	935,000	1,019,600	-
Capital Assets, Net of Accum. Deprecation	8,422,795	8,327,236	355,681	17,105,712	-
Total Noncurrent Assets	8,422,795	8,411,836	1,541,042	18,375,673	-
Total Assets	14,114,807	11,604,595	1,589,961	27,309,363	380,987
Deferred Outflows of Resources					
Deferred Outflows - Pension	45,936	45,936	32,613	124,485	-
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Items	-	-	388,333	388,333	-
Unearned Revenues	-	-	1,726	1,726	-
Equipment Financing Notes Payable	-	-	8,362	8,362	-
Leases Payable	-	-	35,529	35,529	-
Compensated Absences	10,284	10,284	8,298	28,866	-
Risk Management Claims	-	-	-	-	1,204,540
Due to Other Funds	-	-	-	-	55,000
Total Current Liabilities	10,284	10,284	442,248	462,816	1,259,540
Noncurrent Liabilities:					
Net Pension Liability	114,783	114,783	74,197	303,763	-
Equipment Financing Notes Payable	-	-	8,961	8,961	-
Leases Payable	-	-	55,464	55,464	-
Compensated Absences	34,889	34,889	24,249	94,027	-
Risk Management Claims	-	-	-	-	3,340,578
Total Noncurrent Liabilities	149,672	149,672	162,871	462,215	3,340,578
Total Liabilities	159,956	159,956	605,119	925,031	4,600,118
Deferred Inflows of Resources					
Deferred Inflows - Pension	49,886	49,886	12,985	112,757	-
Lease Related	-	-	298,366	298,366	-
Total Deferred Inflows of Resources	49,886	49,886	311,351	411,123	-
Net Position					
Net Investment in Capital Assets	8,422,795	8,411,836	1,182,365	18,016,996	-
Unrestricted	5,528,106	3,028,853	(476,261)	8,080,698	(4,219,131)
Total Net Position	\$ 13,950,901	\$ 11,440,689	\$ 706,104	\$ 26,097,694	\$ (4,219,131)

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

TOWN OF WATERTOWN, CONNECTICUT
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Sewer Authority	Water Authority	Crestbrook Golf Operations	Total	
OPERATING REVENUES					
Charges for Services	\$ 2,674,382	\$ 1,826,454	\$ 772,488	\$ 5,273,324	\$ 14,857,126
Permits and Fees	2,063	10,085	-	12,148	-
Total Operating Revenues	<u>2,676,445</u>	<u>1,836,539</u>	<u>772,488</u>	<u>5,285,472</u>	<u>14,857,126</u>
OPERATING EXPENSES					
Salaries	260,673	259,670	307,707	828,050	-
Benefits	178,779	177,313	96,082	452,174	-
Purchased Services	1,025,441	1,018,507	268,582	2,312,530	-
Depreciation	295,602	268,422	66,076	630,100	-
Claims	-	-	-	-	13,841,683
Premiums and Administrative Charges	-	-	-	-	2,191,653
Total Operating Expenses	<u>1,760,495</u>	<u>1,723,912</u>	<u>738,447</u>	<u>4,222,854</u>	<u>16,033,336</u>
Operating Income/(Loss)	915,950	112,627	34,041	1,062,618	(1,176,210)
NON-OPERATING REVENUE (EXPENSE)					
Interest Income	1,917	872	11,751	14,540	122
Interest Expense	-	-	(6,843)	(6,843)	-
Total Non-Operating Revenues (Expenses)	<u>1,917</u>	<u>872</u>	<u>4,908</u>	<u>7,697</u>	<u>122</u>
Income/(Loss) before Transfers and Capital Contributions	<u>917,867</u>	<u>113,499</u>	<u>38,949</u>	<u>1,070,315</u>	<u>(1,176,088)</u>
Transfers:					
Transfers In	-	318,170	-	318,170	-
Transfers Out	(38,913)	(348,513)	-	(387,426)	-
Total Transfers	<u>(38,913)</u>	<u>(30,343)</u>	<u>-</u>	<u>(69,256)</u>	<u>-</u>
Capital Contributions	<u>-</u>	<u>-</u>	<u>24,900</u>	<u>24,900</u>	<u>-</u>
Change in Net Position	878,954	83,156	63,849	1,025,959	(1,176,088)
Net Position - Beginning of Year, Restated	<u>13,071,947</u>	<u>11,357,533</u>	<u>642,255</u>	<u>25,071,735</u>	<u>(3,043,043)</u>
Net Position - End of Year	<u>\$ 13,950,901</u>	<u>\$ 11,440,689</u>	<u>\$ 706,104</u>	<u>\$ 26,097,694</u>	<u>\$ (4,219,131)</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Sewer Authority	Water Authority	Crestbrook Golf Operations	Total	Internal Service
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 2,590,150	\$ 1,640,776	\$ 773,300	\$ 5,004,226	\$ 14,840,229
Receipts from Interfund Services	1,185	169,848	-	171,033	-
Payments to Employees	(260,673)	(259,670)	(307,707)	(828,050)	-
Payments to Suppliers	(1,055,842)	(1,035,196)	(327,308)	(2,418,346)	-
Payments for Benefits and Claims	(204,299)	(202,833)	(100,847)	(507,979)	(12,770,932)
Premiums and Administrative Charges	-	-	-	-	(2,191,653)
Net Cash Provided by Operating Activities	<u>1,070,521</u>	<u>312,925</u>	<u>37,438</u>	<u>1,420,884</u>	<u>(122,356)</u>
Cash Flows from Noncapital Financing Activities:					
Repayment to General Fund	(38,913)	(348,513)	-	(387,426)	-
Cash Received from General Fund	-	318,170	-	318,170	55,000
Principal Received on Reimbursement Obligation	-	-	-	-	-
Net Cash Used by Noncapital Financing Activities	<u>(38,913)</u>	<u>(30,343)</u>	<u>-</u>	<u>(69,256)</u>	<u>55,000</u>
Cash Flows from Capital and Related Financing Activities:					
Principal Payments on Equipment Financing Notes	-	-	(7,803)	(7,803)	-
Principal Payments on Leases Payable	-	-	(34,543)	(34,543)	-
Purchases of Capital Assets	(9,600)	(19,245)	-	(28,845)	-
Interest Paid on Debt	-	-	(6,843)	(6,843)	-
Net Cash Used by Capital and Related Financing Activities	<u>(9,600)</u>	<u>(19,245)</u>	<u>(49,189)</u>	<u>(78,034)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest Income	<u>1,917</u>	<u>872</u>	<u>11,751</u>	<u>14,540</u>	<u>122</u>
Net Cash Provided by Investing Activities	<u>1,917</u>	<u>872</u>	<u>11,751</u>	<u>14,540</u>	<u>122</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	1,023,925	264,209	-	1,288,134	(67,234)
Cash and Cash Equivalents at Beginning of Year	<u>3,782,110</u>	<u>2,358,749</u>	<u>-</u>	<u>6,140,859</u>	<u>431,324</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,806,035</u>	<u>\$ 2,622,958</u>	<u>\$ -</u>	<u>\$ 7,428,993</u>	<u>\$ 364,090</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 915,950	\$ 112,627	\$ 34,041	\$ 1,062,618	\$ (1,176,210)
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:					
Depreciation	295,602	268,422	66,076	630,100	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(33,241)	(25,915)	42,749	(16,407)	(16,897)
(Increase) Decrease in Deferred Outflows	(580)	(580)	(18,537)	(19,697)	-
Increase (Decrease) in Deferred Inflows Pension	(17,013)	(17,013)	(33,268)	(67,294)	-
Increase (Decrease) in Deferred Inflows Leases	-	-	(43,663)	(43,663)	-
Increase (Decrease) in Net Pension Liability	13,782	13,782	50,504	78,068	-
Increase (Decrease) in Accounts Payable	(30,401)	(16,689)	(58,726)	(105,816)	-
Increase (Decrease) in Unearned Revenue	(51,869)	-	1,726	(50,143)	-
Increase (Decrease) in Claims Payable	-	-	-	-	1,070,751
Increase (Decrease) in Compensated Absences	(21,709)	(21,709)	(3,464)	(46,882)	-
Total Adjustments	<u>154,571</u>	<u>200,298</u>	<u>3,397</u>	<u>358,266</u>	<u>1,053,854</u>
Net Cash Provided by Operating Activities	<u>\$ 1,070,521</u>	<u>\$ 312,925</u>	<u>\$ 37,438</u>	<u>\$ 1,420,884</u>	<u>\$ (122,356)</u>
Noncash Capital and Related Financing Activity:					
Capital Contributions from Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,900</u>	<u>\$ 24,900</u>	<u>\$ -</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Pension and OPEB Trust Funds
Assets	
Cash and Cash Equivalents	\$ 1,447
Investments, at Fair Value	
Guaranteed Deposit Accounts	10,034,202
Mutual Funds	<u>40,568,040</u>
Total Assets	<u>50,603,689</u>
 Deferred Outflows of Resources	 <u>-</u>
 Liabilities	
Payables	<u>-</u>
Total Liabilities	<u>-</u>
 Deferred Inflows of Resources	 <u>-</u>
 Net Position	
Restricted for Pension Benefits	50,602,242
Restricted for OPEB Benefits	<u>1,447</u>
Total Net Position	<u>\$ 50,603,689</u>

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

TOWN OF WATERTOWN, CONNECTICUT

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	<u>Pension and OPEB Trust Funds</u>
Additions	
Contributions:	
Employer	\$ 1,852,553
Plan Members	<u>499,125</u>
Total Contributions	<u>2,351,678</u>
 Investment Income:	
Net Appreciation/(Depreciation) in Fair Value of Investments	(6,390,420)
Interest and Dividends	<u>1,202,817</u>
Total Investment Income	(5,187,603)
Less: Investment Management Fees	<u>(256,112)</u>
Net Investment Income	<u>(5,443,715)</u>
 Total Additions	<u>(3,092,037)</u>
 Deductions	
Pension Benefits	3,305,296
Administrative Expenses	<u>82,166</u>
Total Deductions	<u>3,387,462</u>
 Change in Net Position	(6,479,499)
 Net Position at Beginning of Year, as Restated	<u>57,083,188</u>
Net Position at End of Year	<u>\$ 50,603,689</u>

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, with the exception of the agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, 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 capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

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

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

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

The Town reports the following major proprietary funds:

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

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

Crestbrook Golf Operations accounts for the operation and maintenance of the Crestbrook Golf Course, which is owned by the Town and is primarily supported through charges to customers.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Additionally, the Town reports the following fund types:

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

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

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

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

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

Accounting Estimates

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

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

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

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Fair Value of Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Right of Use Lease Asset – The Town has recorded right of use lease assets as a result of implementing GASB 87, *Leases*. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

Leases Receivable – The Town's leases receivable are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Long-Term Obligations - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the year they are incurred.

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

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

Fund Balance and Net Position – Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

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

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town, which is not restricted for any project or other purpose.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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.

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

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

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

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

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

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Property Taxes

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

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

Encumbrances

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

Budget control is established at the department level. Under the Town Charter, no officer of the Town may involve the Town in any obligation to spend money for any purpose in excess of the amount appropriated for the department until such matter has been approved and voted by the Council. Management may make changes to line items within a department without the approval of the Town Council. Town Meeting approval is required for additional appropriations over \$50,000. Additional appropriations of \$705,275 from fund balance were approved during the fiscal year for the General Fund in accordance with Charter requirements.

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

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

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

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

Deficit Fund Equity

The following funds had deficit fund balances as of June 30, 2022:

Internal Service Funds	\$ (4,219,131)
Preservation of Historical Documents	(70,971)
STEAP Grant Fund	(5,967)
Police Asset Forfeiture	(2,924)

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank,” as defined by the Statutes, which is not a “qualified public depository.” The following is a summary of cash and cash equivalents at June 30, 2022.

Detailed Cash Notes on all Funds

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 21,031,553	\$ 7,792,736	\$ 1,447	\$ 28,825,736
Cash Equivalents	2,350,133	347	-	2,350,480
Restricted Cash	285,986	-	-	285,986
Total Cash and Cash Equivalents	<u>\$ 23,667,672</u>	<u>\$ 7,793,083</u>	<u>\$ 1,447</u>	<u>\$ 31,462,202</u>

Deposits

Deposit Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town's custodial credit risk policy is to only allow the Town to use banks in the State. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. The following is a reconciliation of the Town's deposits subject to custodial credit risk:

Cash, Cash Equivalents, and Restricted Cash	\$ 31,462,202
Less: Cash Equivalents (STIF)	<u>(2,350,480)</u>
	<u>\$ 29,111,722</u>

At year-end, the Town's carrying amount of deposits was \$29,111,722 and the bank balance was \$29,532,753. Of the bank balance, the Federal Depository Insurance Corporation insured \$1,501,125.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

As of June 30, 2022, \$28,031,628 of the Town's bank balance of \$29,532,753 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 25,663,918
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>2,367,710</u>
Total	<u><u>\$ 28,031,628</u></u>

Cash Equivalents

At June 30, 2022, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$2,350,480. STIF is rated AAAM by Standard & Poor's and has an average maturity of under 60 days.

Investments

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

Investment Type	Average Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Guaranteed Deposit Accounts	AA-	\$ 10,034,202	N/A	\$ 10,034,202	N/A
Mutual Funds	N/A	40,568,040	N/A	N/A	N/A
Common Stock	N/A	<u>2,122</u>	N/A	N/A	N/A
Total Investments		<u><u>\$ 50,604,364</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,034,202</u></u>	<u><u>\$ -</u></u>
N/A - Not Applicable					

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

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

Description	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Guaranteed Deposit Accounts	\$ 10,034,202	\$ 10,034,202	\$ -	\$ -
Mutual Funds	40,568,040	40,568,040	-	-
Common Stock	<u>2,122</u>	<u>2,122</u>	-	-
Total	<u><u>\$ 50,604,364</u></u>	<u><u>\$ 50,604,364</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

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

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

NOTE 4 – RECEIVABLES

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

	General Fund	Sewer	Water	Crestbrook Golf Operations	Capital Improvement Fund	Nonmajor and Other Funds	Total
Receivables:							
Property taxes	\$ 1,081,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,081,301
Interest, Liens, and Fees	392,050	-	-	-	-	-	392,050
Assessments	1,239,119	-	-	-	-	-	1,239,119
Usage Charges	-	907,669	583,385	-	-	-	1,491,054
Loans	-	-	-	-	-	585,181	585,181
Leases	1,340,276	-	-	299,280	-	-	1,639,556
Intergovernmental	-	-	-	-	2,336,988	678,814	3,015,802
Accounts	542,961	-	-	-	-	-	542,961
Gross Receivables	<u>4,595,707</u>	<u>907,669</u>	<u>583,385</u>	<u>299,280</u>	<u>2,336,988</u>	<u>1,263,995</u>	<u>9,987,024</u>
Less allowance for uncollectibles:							
Property taxes	(187,000)	-	-	-	-	-	(187,000)
Interest, Liens, and Fees	(39,000)	-	-	-	-	-	(39,000)
Usage Charges	-	(21,692)	(13,584)	-	-	-	(35,276)
Accounts	(54,000)	-	-	-	-	-	(54,000)
Total allowance	<u>(280,000)</u>	<u>(21,692)</u>	<u>(13,584)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(315,276)</u>
Net Total Receivables	<u>\$ 4,315,707</u>	<u>\$ 885,977</u>	<u>\$ 569,801</u>	<u>\$ 299,280</u>	<u>\$ 2,336,988</u>	<u>\$ 1,263,995</u>	<u>\$ 9,671,748</u>

The assessments receivable of \$1,239,119, the loans receivable of \$585,181, and the leases receivable of \$1,340,276 are long-term receivables and not expected to be collected within one year.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

	Governmental Funds
Capital Improvement Fund:	
Advances on Grants	\$ 3,077
ARPA Grant Fund:	
Advances on Grants	2,618,025
Nonmajor Funds:	
Rehab Loans	1,157
Advances on Grants	136,628
Fees Collected in Advance	<u>37,212</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 2,796,099</u>

Leases Receivable

The Town, acting as lessor, has noncancelable lease agreements for cell tower space on Town property. The cell tower leases will expire in 2029 and 2043. Additionally, the Crestbook Golf Course leases a space in a building to a restaurant that will expire in April of 2029.

	Lease Receivable	Deferred inflows of Resources	Lease Revenue	Lease Interest Revenue
Governmental Activities				
Cell Towers	<u>\$ 1,340,276</u>	<u>\$ 1,299,036</u>	<u>\$ 79,243</u>	<u>\$ 50,536</u>
Business-Type Activities				
Restaurant	<u>\$ 299,280</u>	<u>\$ 298,366</u>	<u>\$ 42,749</u>	<u>\$ 11,751</u>

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

Year(s)	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 81,529	\$ 52,143	\$ 48,919	\$ 11,081	\$ 130,448	\$ 63,224
2024	88,934	48,749	39,727	9,273	128,661	58,022
2025	96,765	45,049	40,308	7,692	137,073	52,741
2026	105,039	41,028	41,951	6,049	146,990	47,077
2027	113,782	36,668	43,660	4,340	157,442	41,008
2028-2032	301,349	130,720	84,715	3,285	386,064	134,005
2033-2037	198,867	92,400	-	-	198,867	92,400
2038-2042	293,953	43,707	-	-	293,953	43,707
2043-2047	60,058	1,110	-	-	60,058	1,110
	<u>\$ 1,340,276</u>	<u>\$ 491,574</u>	<u>\$ 299,280</u>	<u>\$ 41,720</u>	<u>\$ 1,639,556</u>	<u>\$ 533,294</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 3,147,876	\$ -	\$ -	\$ 3,147,876
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>3,147,876</u>	<u>-</u>	<u>-</u>	<u>3,147,876</u>
Capital assets, being depreciated				
Buildings and Improvements	178,486,635	-	-	178,486,635
Vehicles	10,355,323	120,439	(288,631)	10,187,131
Machinery & Equipment	8,973,899	1,285,928	(424,977)	9,834,850
Infrastructure	90,655,270	681,685	-	91,336,955
Total capital assets, being depreciated	<u>288,471,127</u>	<u>2,088,052</u>	<u>(713,608)</u>	<u>289,845,571</u>
Less accumulated depreciation for:				
Buildings and Improvements	51,417,940	3,685,627	-	55,103,567
Vehicles	9,762,943	294,101	(288,631)	9,768,413
Machinery & Equipment	7,439,403	492,337	(424,977)	7,506,763
Infrastructure	37,376,976	1,797,690	-	39,174,666
Total accumulated depreciation, net	<u>105,997,262</u>	<u>6,269,755</u>	<u>(713,608)</u>	<u>111,553,409</u>
Total capital assets, being depreciated	<u>182,473,865</u>	<u>(4,181,703)</u>	<u>-</u>	<u>178,292,162</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 185,621,741</u>	<u>\$ (4,181,703)</u>	<u>\$ -</u>	<u>\$ 181,440,038</u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 1,019,600	\$ -	\$ -	\$ 1,019,600
Construction in Progress	-	-	-	-
Total capital assets, not being depreciated	<u>1,019,600</u>	<u>-</u>	<u>-</u>	<u>1,019,600</u>
Capital assets, being depreciated				
Buildings and Improvements	2,867,600	24,900	-	2,892,500
Vehicles	284,522	-	-	284,522
Machinery & Equipment	1,033,435	-	-	1,033,435
Infrastructure	30,092,502	28,845	-	30,121,347
Right of Use Equipment	125,536	-	-	125,536
Total capital assets, being depreciated	<u>34,403,595</u>	<u>53,745</u>	<u>-</u>	<u>34,457,340</u>
Less accumulated depreciation for:				
Buildings and Improvements	2,150,575	57,217	-	2,207,792
Vehicles	284,520	-	-	284,520
Machinery & Equipment	976,749	17,764	-	994,513
Infrastructure	13,309,684	519,252	-	13,828,936
Right of Use Equipment	-	35,867	-	35,867
Total accumulated depreciation	<u>16,721,528</u>	<u>630,100</u>	<u>-</u>	<u>17,351,628</u>
Total capital assets, being depreciated, net	<u>17,682,067</u>	<u>(576,355)</u>	<u>-</u>	<u>17,105,712</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 18,701,667</u>	<u>\$ (576,355)</u>	<u>\$ -</u>	<u>\$ 18,125,312</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Depreciation/amortization expense was charged to functions/programs of the government as follows:

Governmental Activities:	
General Government	\$ 244,643
Public Safety	711,307
Public Works	2,200,960
Parks and Recreation	79,864
Education	<u>3,032,981</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 6,269,755</u>
Business-Type Activities:	
Sewer	\$ 295,602
Water	268,422
Golf	<u>66,076</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 630,100</u>

Construction Commitments

The Town has several active construction/renovation projects as of June 30, 2022. At year-end, the Town's commitments are as follows:

	Project Authorization	Additional Appropriation	Current Expenditures	Cumulative Expenditures	Project Balance
Town Hall Renovations	\$ 11,900,000	\$ 204,835	\$ 87,080	\$ 11,948,167	\$ 156,668
Roadway and Drainage	2,034,704	-	-	1,867,040	167,664
Road, Bridge and Drainage	4,000,000	-	22,969	3,630,258	369,742
2019 PW Projects	<u>6,000,000</u>	<u>-</u>	<u>1,052,841</u>	<u>3,355,834</u>	<u>2,644,166</u>
	<u>\$ 23,934,704</u>	<u>\$ 204,835</u>	<u>\$ 1,162,890</u>	<u>\$ 20,801,299</u>	<u>\$ 3,338,240</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund transfers is presented below:

Transfer to:	Transfer from:				Total
	General Fund	Sewer Fund	Water Fund	Nonmajor Funds	
General Fund	\$ -	\$ 38,913	\$ 348,513	\$ -	\$ 387,426
Water Fund	318,170	-	-	-	318,170
Capital Improvements Fund	-	-	-	56,485	56,485
Nonmajor Funds	<u>156,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,000</u>
	<u>\$ 474,170</u>	<u>\$ 38,913</u>	<u>\$ 348,513</u>	<u>\$ 56,485</u>	<u>\$ 918,081</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

Interfund receivables and payables are a result of temporary loans and/or advances to various funds. The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. The outstanding balances owed between funds as of June 30, 2022, were:

Payable Fund	Receivable Fund	Total
Governmental Funds:		
Nonmajor Governmental Funds	General Fund	\$ 792,967
Proprietary Funds:		
Internal Service Funds	General Fund	\$ 55,000

NOTE 7 – LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Governmental Activities long-term liabilities for the year ended June 30, 2022, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 57,065,000	\$ 9,430,000	\$ 15,020,000	\$ 51,475,000	\$ 5,470,000
Unamortized Premiums	2,924,020	1,209,460	552,710	3,580,770	315,208
Total Bonds Payable	59,989,020	10,639,460	15,572,710	55,055,770	5,785,208
Equipment Financing Notes	1,172,896	744,865	552,158	1,365,603	432,090
Compensated Absences	3,079,693	651,162	818,349	2,912,506	1,097,135
Post-Closure Landfill Costs	150,952	-	46,054	104,898	41,232
Special Termination Benefits	129,534	62,270	93,300	98,504	79,375
Pension Buy-In	452,249	-	26,503	425,746	28,703
Net Pension Liability	7,511,855	9,117,366	-	16,629,221	-
OPEB Liability	94,085,803	-	20,876,512	73,209,291	-
Governmental Activities Long-Term Liabilities	\$ 166,572,002	\$ 21,215,123	\$ 37,985,586	\$ 149,801,539	\$ 7,463,743

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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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, 2022, consisted of the following:

Purpose	Year of Issue	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2022
Education, Sewer*	2013	1/15/2033	2.5-4.5%	\$ 8,600,000	\$ 5,350,000
Education*	2015	9/15/2029	2-4%	5,550,000	2,950,000
Sewer*	2015	9/15/2027	1.5-3.0%	715,000	300,000
General, Education	2017	4/15/2029	2.0-2.75%	1,075,000	700,000
General, Sewer	2018	10/15/2038	4-5%	11,000,000	9,840,000
Education	2018	10/15/2038	4-5%	5,810,000	580,000
General, Sewer	2019	10/15/2040	2.5-5%	7,200,000	6,840,000
General	2020	10/15/2041	1-4%	6,000,000	6,000,000
General, Education and Sewer*	2021	10/15/2027	4%	5,450,000	4,760,000
Education*	2021	10/15/2038	.25-2.65%	4,840,000	4,840,000
General, Education and Sewer*	2022	3/15/2035	2-4%	9,430,000	9,315,000
Total General Obligation Bonds				<u>\$ 65,670,000</u>	<u>\$ 51,475,000</u>

*Refunding Bonds

Payments to maturity on general obligation bonds are as follows:

Fiscal Year Ending	Principal	Interest
2023	\$ 5,470,000	\$ 1,898,789
2024	5,470,000	1,667,450
2025	4,920,000	1,278,486
2026	4,575,000	1,109,921
2027	4,040,000	950,371
2028-2032	13,905,000	2,895,895
2033-2037	8,470,000	1,241,067
2038-2042	4,625,000	210,644
	<u>\$ 51,475,000</u>	<u>\$ 11,252,623</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2022, totaled \$1,726,906.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Advance Refunding

During the fiscal year 2022, the Town issued \$9,430,000 of general obligation refunding bonds with interest rates ranging from 2.0% to 4.0%. The Town issued the bonds to advance refund \$10,385,000 of general obligation bonds with interest rates ranging from 2.0% to 4.0%. The Town used the net proceeds to purchase U.S. Government securities. These securities were deposited into an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the portion of the refunded bonds is considered defeased and the Town has removed the liability from its financial statements. The Town advance refunded the bonds to reduce its total debt service payments over the next 14 years by \$733,163 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$722,756. The difference between the reacquisition price (the amount placed in escrow) and the net carrying amount of the refunded bonds resulted in a deferred amount on refunding of \$394,989. At June 30, 2022, the balance in escrow was \$4,598,003, and the balance of the refunded bonds was \$4,350,000.

Pension Buy-In

The Town has a note outstanding totaling \$425,746 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:

Fiscal Year Ending	Principal	Interest
2023	\$ 28,703	\$ 33,022
2024	31,085	30,640
2025	33,665	28,060
2026	36,459	25,266
2027	39,485	22,240
2028-2032	150,115	71,403
2033-2035	106,234	13,610
	\$ 425,746	\$ 224,241

Interest incurred and expensed on the buy-in for the year ended June 30, 2022, totaled \$35,222.

Equipment Financing Notes

The Town has entered into equipment financing notes for the purchase of various vehicles and equipment with interest rates ranging from 3.30% to 5.55%. The leases expire at various dates through 2028. The annual debt service requirements of the Town's equipment financing notes are as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 432,090	\$ 53,702	\$ 485,792
2024	350,872	35,379	386,251
2025	238,635	21,071	259,706
2026	200,843	12,157	213,000
2027	118,456	5,185	123,641
2028	24,707	919	25,626
Total	\$ 1,365,603	\$ 128,413	\$ 1,494,016

Interest paid and expensed on the notes for the year ended June 30, 2022, totaled \$48,269.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Bonds Authorized/Unissued

Bonds authorized/unissued are as follows:

Description	Authorized	Bonds/ Notes	Grants/ Paydowns	Authorized Unissued
Watertown High School				
Renovations and Additions	\$ 56,157,000	\$ 29,510,000	\$ 26,617,988	\$ 29,012
Judson Elementary School				
Renovations and Additions	15,859,000	8,400,000	7,389,408	69,592
Polk School Renovation				
Renovations and Additions	12,517,000	5,500,000	5,030,678	1,986,322
Swift School Construction	33,768,919	14,425,000	18,979,591	364,328
Capital Improvements	4,000,000	2,000,000	-	2,000,000
	<u>\$ 122,301,919</u>	<u>\$ 59,835,000</u>	<u>\$ 58,017,665</u>	<u>\$ 4,449,254</u>

Compensated Absences

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

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

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

Post-Closure Landfill Costs

Solid waste landfill closure and post-closure care requirements have been established by the State of Connecticut Department of Environmental Protection Agency and the Federal Environmental Protection Agency. The costs associated with monitoring and maintaining the landfill area during the post closure period are the responsibility of the Town. The landfill was closed in 1996. The estimated project costs of this post-closure period are \$104,898. The cost estimate is subject to change due to inflation, technology, or changes in cost estimate components. Current year costs amounted to \$35,831.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Special Termination Benefits

The liability for special termination benefits for Board of Education employees as of June 30, 2022, is \$98,504. This amount consists of payments due to retired individuals for retirement incentives that have been amortized over the following years:

	Amount
Year ending June 30:	
2023	\$ 79,375
2024	10,695
2025	8,434
Total	<u>\$ 98,504</u>

Business-Type Activities

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Net Pension Liability	\$ 225,695	\$ 78,068	\$ -	\$ 303,763	\$ -
Equipment Financing Notes	25,126	-	7,803	17,323	8,362
Leases Payable	125,536	-	34,543	90,993	35,529
Compensated Absences	169,775	15,959	62,841	122,893	28,866
Business-Type Activities					
Long-Term Liabilities	<u>\$ 546,132</u>	<u>\$ 94,027</u>	<u>\$ 105,187</u>	<u>\$ 534,972</u>	<u>\$ 72,757</u>

Equipment Financing Notes

The Town has an equipment financing note for the acquisition of a Toro 3150 lawnmower to be used by the Crestbrook Golf Course. The final payment will be in October of 2023. The original amount of the mower was \$41,770 and has an interest rate of 6.94%. The Principal Outstanding amount at June 30, 2022 is \$17,323.

Annual Debt Service Requirements on equipment financing notes as of June 30, 2022 are as follows:

Year(s)	Principal	Interest	Total
2023	\$ 8,362	\$ 1,241	\$ 9,603
2024	8,961	642	9,603
Total	<u>\$ 17,323</u>	<u>\$ 1,883</u>	<u>\$ 19,206</u>

Interest paid and expensed on the notes for the year ended June 30, 2022, totaled \$1,883.

Leases Payable

The Town leases Golf Carts for the Crestbrook Golf Course under a long-term, noncancelable lease agreement. The lease qualifies under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the GASB No. 87 implementation date of July 1, 2021. The agreement requires monthly payments, varying in amounts through August 2024. The lease liability has a stated interest rate of 4.60%. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$89,669.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 35,529	\$ 3,433	\$ 38,962
2024	36,560	1,777	38,337
2025	18,904	109	19,013
Total	<u>\$ 90,993</u>	<u>\$ 5,319</u>	<u>\$ 96,312</u>

NOTE 8 – NET POSITION AND FUND BALANCE COMPONENTS**Restricted Net Position**

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

	<u>Expendable</u>	<u>Nonexpendable</u>
Purposes of Trust	\$ 75,529	\$ 97,143
Small Cities Loans	884,938	-
General Government	724	-
Public Safety	3,348	-
Public Works	304,612	-
Parks and Recreation	46,601	-
Health and Welfare	5,826	-
Education	265,275	-
Capital	4,002	-
Total	<u>\$ 1,590,855</u>	<u>\$ 97,143</u>

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

The components of fund balance for the governmental funds at June 30, 2022 are as follows:

	General Fund	Capital Improvement Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Trust Principal	\$ -	\$ -	\$ -	\$ 97,143	\$ 97,143
Leases	101,157	-	-	-	101,157
Total Nonspendable	\$ 101,157	\$ -	\$ -	\$ 97,143	\$ 198,300
Restricted for:					
General Government	\$ -	\$ -	\$ 724	\$ 34,958	\$ 35,682
Public Safety	-	-	-	4,425	4,425
Public Works	-	-	-	304,612	304,612
Parks and Recreation	-	-	-	46,601	46,601
Health and Welfare	-	-	-	920,705	920,705
Education	-	-	-	274,828	274,828
Capital	-	3,586,016	-	4,002	3,590,018
Total Restricted	\$ -	\$ 3,586,016	\$ 724	\$ 1,590,131	\$ 5,176,871
Committed to:					
General Government	\$ -	\$ -	\$ -	\$ 72,929	\$ 72,929
Public Safety	-	-	-	21,920	21,920
Public Works	-	-	-	810	810
Parks and Recreation	-	-	-	422,340	422,340
Health and Welfare	-	-	-	185,696	185,696
Education	-	-	-	593,061	593,061
Capital	-	901,403	-	868,220	1,769,623
Total Committed	\$ -	\$ 901,403	\$ -	\$ 2,164,976	\$ 3,066,379
Assigned-Encumbrances:					
General Government	\$ 49,695	\$ -	\$ -	\$ -	\$ 49,695
Public Safety	142,442	-	-	-	142,442
Public Works	210,748	-	-	-	210,748
Parks and Recreation	34,773	-	-	-	34,773
Education	18,855	-	-	-	18,855
Miscellaneous	73,114	-	-	-	73,114
Total Assigned	\$ 529,627	\$ -	\$ -	\$ -	\$ 529,627
Unassigned:	\$ 9,919,389	\$ -	\$ -	\$ (79,862)	\$ 9,839,527

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 9 - EMPLOYEE RETIREMENT PLANS

The Town accounts for activity relating to four defined benefit pension plans, (1) the Town Employees Retirement 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, 2022, the plans had the following balances reported in the Town's government-wide financial statements:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	Pension Expense
Town Employees Retirement Plan	\$ 5,188,608	\$ 2,280,690	\$ 908,026	\$ -	\$ 710,728
Police Department Pension Plan	11,249,547	4,081,927	495,157		1,935,992
Municipal Employees Retirement System	494,829	273,727	472,094	-	29,868
Connecticut Teachers' Retirement System	-	-	-	4,406,537	4,406,537
	<u>\$ 16,932,984</u>	<u>\$ 6,636,344</u>	<u>\$ 1,875,277</u>	<u>\$ 4,406,537</u>	<u>\$ 7,083,125</u>

Detailed disclosures of each plan follow.

Defined Benefit Pension Plans

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

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

General Town Employees

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

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Police Employees

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

Plan Membership

As of the date of the latest actuarial valuation (January 1, 2021), membership consisted of the following:

	Town	Police
Inactive plan members or beneficiaries receiving payments	115	33
Inactive plan members entitled but not yet receiving payments	25	1
Active Members	89	35
	<u>229</u>	<u>69</u>

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 System are required to contribute 3% of their salary up to \$7,800 plus 4.5% of their salary in excess of \$7,800, except for Highway Division employees who are required to contribute 7.1% of their salary up to \$7,800 plus 7.6% of their salary in excess of \$7,800.

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

Funding Policy

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

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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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, 2021). In the fiduciary fund financial statements, the Guaranteed Deposit account is recorded at fair value as of June 30, 2022 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, 2022:

Target Allocation and Expected Rate of Return June 30, 2022

Town			
	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
		<u>Rate of Return</u>	
Large Cap Equity	31.00%	7.50%	2.33%
Small Cap Equity	8.00%	8.50%	0.68%
Mid Cap Equity	4.00%	8.25%	0.33%
International Equity	12.00%	7.00%	0.84%
Fixed Income	24.00%	5.75%	1.38%
Real Estate	5.00%	6.50%	0.33%
Stable Value	16.00%	4.35%	0.70%
	100.00%		6.58%
Long-Term Inflation Expectation			2.50%
Long-Term Expected Nominal Return			9.08%

Police			
	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
		<u>Rate of Return</u>	
Large Cap Equity	26.00%	7.50%	1.95%
Small Cap Equity	7.00%	8.50%	0.60%
Mid Cap Equity	7.00%	8.25%	0.58%
International Equity	10.00%	7.00%	0.70%
Fixed Income	27.00%	5.75%	1.55%
Real Estate	5.00%	6.50%	0.33%
Stable Value	18.00%	4.35%	0.78%
	100.00%		6.48%
Long-Term Inflation Expectation			2.50%
Long-Term Expected Nominal Return			8.98%

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Long-Term Expected Rate of Return – The long term expected rate of return on the Pension plans assets have been determined by applying the most recent capital market assumptions, as developed by Prudential 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, 2022	-11.40%
Police - Net money-weighted rate of return for the year ended June 30, 2022	-11.20%

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2022, were as follows:

	Town	Police
Total pension liability	\$ 29,689,334	\$ 36,733,512
Plan fiduciary net position	<u>24,500,726</u>	<u>25,483,965</u>
Net pension liability (asset)	5,188,608	11,249,547
Plan fiduciary net position as a percentage of total pension liability	82.52%	69.38%
Covered payroll	5,066,634	3,511,018
Net pension liability as a % of covered payroll	102.41%	320.41%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2021 valuation and projected forward to a measurement date of June 30, 2022:

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 2021, 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
Asset valuation method	
Smoothing period	5 year
Recognition method	20% per year
Inflation	2.50%
Payroll growth	Town used 3.5%
	Police used 4.0%
Investment rate of return	Town - 7.00% net of investment and contract fees
	Police - 7.00% net of investment and contract fees
Retirement age	Town - The earlier of age 55 with 25 years of service or age 65
	Police - Age 55 or the completion of 25 years, if later
Post-retirement mortality	Town - RP-2014 Blue Collar Mortality Table with no projection scale
	Police - RP-2014 Blue Collar Mortality Table with Scale MP-2014

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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.

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

		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Town	Net Pension Liability	<u>\$ 8,009,922</u>	<u>\$ 5,188,608</u>	<u>\$ 2,653,278</u>
		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police	Net Pension Liability	<u>\$ 15,021,409</u>	<u>\$ 11,249,547</u>	<u>\$ 7,790,830</u>

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Town			
Balance at June 30, 2021	\$ 30,140,345	\$ 28,591,778	\$ 1,548,567
Changes for the year:			
Service Cost	449,303	-	449,303
Interest	2,054,893	-	2,054,893
Changes in Benefit Terms	41,531	-	41,531
Differences Between Expected and Actual Experience			
including Changes in Assumptions	(1,400,277)	-	(1,400,277)
Employer Contributions	-	546,415	(546,415)
Member Contributions	-	207,516	(207,516)
Net Investment Income	-	(3,197,310)	3,197,310
Benefit Payments	(1,596,461)	(1,596,461)	-
Administrative Expenses	-	(51,212)	51,212
Net Changes	<u>(451,011)</u>	<u>(4,091,052)</u>	<u>3,640,041</u>
Balance at June 30, 2022	<u>\$ 29,689,334</u>	<u>\$ 24,500,726</u>	<u>\$ 5,188,608</u>
Plan fiduciary net position as a percentage of the total pension liability			82.52%
Covered Payroll			\$ 5,066,634
Net pension liability as a percentage of covered payroll			102.41%

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Police	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2021	\$ 34,079,900	\$ 28,924,100	\$ 5,155,800
Changes for the year:			
Service Cost	612,962	-	612,962
Interest	2,327,069	-	2,327,069
Differences Between Expected and Actual Experience including Changes in Assumptions	1,414,471	-	1,414,471
Employer Contributions	-	1,254,215	(1,254,215)
Member Contributions	-	256,429	(256,429)
Net Investment Income	-	(3,218,935)	3,218,935
Benefit Payments	(1,700,890)	(1,700,890)	-
Administrative Expenses	-	(30,954)	30,954
Net Changes	2,653,612	(3,440,135)	6,093,747
Balance at June 30, 2022	\$ 36,733,512	\$ 25,483,965	\$ 11,249,547
Plan fiduciary net position as a percentage of the total pension liability			69.38%
Covered Payroll			\$ 3,511,018
Net pension liability as a percentage of covered payroll			320.41%

For the year ended June 30, 2022, the total pension expense recognized was \$710,728 for the Town plan and \$1,935,992 for the Police plan. As of June 30, 2022, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town Plan		
Differences between projected and actual earnings	\$ 1,932,363	\$ -
Differences between expected and actual experience	258,459	908,026
Changes in assumptions	89,868	-
Total	\$ 2,280,690	\$ 908,026
Police Plan		
Differences between projected and actual earnings	\$ 2,369,253	\$ -
Differences between expected and actual experience	1,465,208	495,157
Changes in assumptions	247,466	-
Total	\$ 4,081,927	\$ 495,157

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

Year ended June 30:	<u>Town Plan</u>	<u>Police Plan</u>	<u>Total</u>
2023	\$ 208,453	\$ 933,052	\$ 1,141,505
2024	(27,902)	860,587	832,685
2025	161,703	477,871	639,574
2026	1,030,410	1,315,260	2,345,670
	<u>\$ 1,372,664</u>	<u>\$3,586,770</u>	<u>\$4,959,434</u>

Connecticut Teachers Retirement Board

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

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

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

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

Disability Retirement: Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. 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% of average annual salary, nor more than 50% of average annual salary.

Contributions: Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts): School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employees: Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2022 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$1,508,558. Covered payroll for the Town for the year ended June 30, 2022 was approximately \$21,550,829.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>68,263,025</u>
Total	<u>\$ 68,263,025</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2022, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2022, the Town recognized benefits expense and contribution revenue of \$5,715,931 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$4,406,537 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

Future Cost-of-Living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

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

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

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

Municipal Employees' Retirement System

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

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Early Retirement: Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

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

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

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports a total liability of \$494,829 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2021, the Town's proportion was 0.209%.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

For the year ended June 30, 2022, the Town recognized pension expense of \$29,868. As of June 30, 2022, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Town contributions subsequent to the measurement date	\$ 114,641	\$ -
Difference between projected and actual earnings	-	211,991
Difference between expected and actual experience	43,075	72,322
Change in assumptions	66,563	-
Change in proportional share	49,448	187,781
Total	<u>\$ 273,727</u>	<u>\$ 472,094</u>

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

Year ended June 30:

2023	\$ (48,630)
2024	(99,225)
2025	(79,588)
2026	(85,565)
	<u>\$ (313,008)</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021.

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

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

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	20.00%	5.30%
Developed Market International	11.00%	5.10%
Emerging Market International	9.00%	7.40%
Core Fixed Income	16.00%	1.60%
Inflation Linked Bond	5.00%	1.30%
Emerging Market Bond	5.00%	2.90%
High Yield Bonds	6.00%	3.40%
Real Estate	10.00%	4.70%
Private Equity	10.00%	7.30%
Alternative Investments	7.00%	3.20%
Liquidity Fund	1.00%	0.90%
Total	<u>100.00%</u>	

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Net Pension Liability as of June 30, 2022	<u>\$ 825,890</u>	<u>\$ 494,829</u>	<u>\$ 209,777</u>

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 \$51,923 to this plan during the year ended June 30, 2022. Participants are 100% vested, and are not required to contribute.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

The Town accounts for activity relating to two other post-employment benefit plans, The Board of Education OPEB Benefit plan and the Connecticut Teachers' Retirement System. As of and for the year ended June 30, 2022, the plans had the following balances reported in the Town's government-wide financials statements:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	On Behalf Revenues	OPEB Expense
Board of Education OPEB Plan	\$ 73,209,291	\$ 14,665,684	\$ 28,956,222	\$ -	\$ 2,922,799
Connecticut Teachers' Retirement System	-	-	-	(274,630)	(274,630)
	<u>\$ 73,209,291</u>	<u>\$ 14,665,684</u>	<u>\$ 28,956,222</u>	<u>\$ (274,630)</u>	<u>\$ 2,648,169</u>

Detailed disclosures for each plan follow.

Board of Education 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, Century Preferred HSA, Lumenos HSA, Hospital Plans and more. Also, the Town offers Group Term Life Insurance in varying amounts based on contract and retirement date.

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

Funding Policy: All retired program members receiving benefits are required to contribute up to 15% of premiums for medical (teachers & BOE administrators pay 100% of premiums). Life insurance is 100% employer paid. The percentage contribution of the employees and retirees for these benefits vary and are detailed in the Town's various bargaining agreements. The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town does not expect to contribute beyond the pay-as-you-go payments in the future. The goal is to absorb, within the budgetary process, the actual cost of benefits in the determination of the costs of providing services to taxpayers. For the 2022 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$2,122,597.

Employees Covered by Benefit Terms: At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	251
Active plan members	422
	<u>673</u>

Total OPEB Liability: The Town's total OPEB liability of \$73,210,738 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Actuarial Assumptions and Other Inputs: The total OPEB liability in the July 1, 2020 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, 2022 for June 30, 2022 Reporting Date	
Actuarial Cost Method	Individual Entry Age Normal	
Actuarial Value of Assets	Fair Value	
Discount Rate	4.09% (previously 2.25%)	
Salary Increases	3.00%	
Inflation	2.50%	
Municipal Bond Rate	4.09%	
Mortality Rates	RP-2014 mortality table projected generationally with scale MP-2016 for males and females.	
Healthcare Cost Trend Rates	FYE	Medical
	2020+	4.5%

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2021	\$ 94,087,249	\$ 1,446	\$ 94,085,803
Changes for the year:			
Service Cost	3,644,061	-	3,644,061
Interest	2,175,208	-	2,175,208
Changes in Assumptions	(24,573,183)	-	(24,573,183)
Differences Between Expected and Actual Experience	-	-	-
Net Investment Income	-	-	-
Employer Contributions	-	2,122,597	(2,122,597)
Benefit Payments including Implicit Costs	(2,122,597)	(2,122,597)	-
Net Changes	(20,876,511)	-	(20,876,511)
Balance at June 30, 2022	\$ 73,210,738	\$ 1,446	\$ 73,209,292

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 (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	\$ 86,576,536	\$ 73,209,291	\$ 62,713,281

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare cost trend rates:

	1% Decrease 3.50%	Current Trend Rate 4.50%	1% Increase 5.50%
Total OPEB Liability	\$ 61,800,781	\$ 73,209,291	\$ 87,964,530

OPEB Expense: For the year ended June 30, 2022, the Town recognized OPEB expense of \$2,922,799. As of June 30, 2022, deferred inflows and outflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings	\$ 70	\$ -
Difference between expected and actual experience	1,000,311	8,246,747
Changes in assumptions	13,665,303	20,709,475
Total	<u>\$ 14,665,684</u>	<u>\$ 28,956,222</u>

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:

2023	\$ (1,143,824)
2024	(2,144,141)
2025	(2,839,448)
2026	(3,179,086)
2027	(3,593,104)
Thereafter	(1,390,935)
	<u>\$ (14,290,538)</u>

Connecticut Teachers' Retirement System - OPEB

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

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Contributions - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$134,507.

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

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

Inflation	2.50%
Real Wage Growth	0.50%
Wage Inflation	3.00%
Salary increases	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
<u>Municipal bond index rate:</u>	
Measurement Date	2.17%
Prior Measurement Date	2.21%

The projected fiduciary net position is projected to be depleted in 2023.

Single equivalent interest rate

Measurement Date	2.17%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	2.21%, net of OPEB plan investment expense, Including price inflation

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Healthcare cost trend rates:

Medicare 5.125% for 2020 decreasing to an ultimate Rate of 4.50% by 2023

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

Long-Term Rate of Return - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (Rounded nearest 0.25%)		2.00%	

Discount Rate - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 6,228,522	\$ 7,437,131	\$ 9,088,527

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

	1% Decrease (1.17%)	Current Discount Rate (2.17%)	1% Increase (3.17%)
Net OPEB liability	\$ 9,102,095	\$ 7,437,131	\$ 6,138,324

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2022 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>7,437,131</u>
Total	<u>\$ 7,437,131</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$134,507 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$274,630) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Combining Schedule of Pension and Other Employee Benefit Trust Funds

Combining Statement of Net Position:

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,447	\$ -	\$ 1,447
Investments, at Fair Value					
Guaranteed Deposit Accounts	4,516,351	5,517,851	-	-	10,034,202
Mutual Funds	20,100,689	20,121,111	-	346,240	40,568,040
Total Assets	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>
Net Position					
Restricted for Pension Benefits	\$ 24,617,040	\$ 25,638,962	\$ -	\$ 346,240	\$ 50,602,242
Restricted for OPEB Benefits	-	-	1,447	-	1,447
Total Net Position	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>

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

	Town Retiremet System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Additions					
Contributions:					
Employer	\$ 546,415	\$ 1,254,215	\$ -	\$ 51,923	\$ 1,852,553
Plan Members	207,516	291,609	-	-	499,125
Total Contributions	<u>753,931</u>	<u>1,545,824</u>	<u>-</u>	<u>51,923</u>	<u>2,351,678</u>
Investment Income					
Net Appreciation/(Depreciation)					
in Fair Value of Investments	(3,410,106)	(2,920,088)	-	(60,226)	(6,390,420)
Interest and Dividends	609,877	592,939	1	-	1,202,817
Total Investment Income	(2,800,229)	(2,327,149)	1	(60,226)	(5,187,603)
Less: Investment Management Fees	(136,545)	(119,567)	-	-	(256,112)
Net Investment Income	<u>(2,936,774)</u>	<u>(2,446,716)</u>	<u>1</u>	<u>(60,226)</u>	<u>(5,443,715)</u>
Total Additions	<u>(2,182,843)</u>	<u>(900,892)</u>	<u>1</u>	<u>(8,303)</u>	<u>(3,092,037)</u>
Deductions					
Pension Benefits	1,596,461	1,700,890	-	7,945	3,305,296
Administrative Expenses	51,212	30,954	-	-	82,166
Total Deductions	<u>1,647,673</u>	<u>1,731,844</u>	<u>-</u>	<u>7,945</u>	<u>3,387,462</u>
Change in Net Position	(3,830,516)	(2,632,736)	1	(16,248)	(6,479,499)
Net Position at Beginning of Year	28,447,556	28,271,698	1,446	362,488	57,083,188
Net Position at End of Year	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 11 - OTHER INFORMATION

Risk Management

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

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

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

Year Ended	Beginning Claims Payable	Current Year Claim and Changes in Estimates	Claim Payments	Ending Claims Payable
2022	\$ 2,755,165	\$ 1,351,856	\$ (766,443)	\$ 3,340,578
2021	2,436,191	1,049,782	(730,808)	2,755,165
2020	1,896,314	1,115,430	(575,553)	2,436,191

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

Year Ended	Beginning Claims Payable	Current Year Claim and Changes in Estimates	Claim Payments	Ending Claims Payable
2022	\$ 719,202	\$ 12,489,827	\$ (12,004,489)	\$ 1,204,540
2021	1,066,187	11,841,193	(12,188,178)	719,202
2020	514,321	14,503,971	(13,952,105)	1,066,187

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, 2022, are based on the requirements of U.S. GAAP, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

Contingent Liabilities

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

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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Water Agreement with City of Waterbury – The Town had an agreement with the City of Waterbury (“City”) through June 30, 2018, whereby the Town agreed to pay operation and maintenance costs to the city based on the Town’s metered water usage. The Town and the City of Waterbury are currently negotiating a new contract. In the event that the City’s waterworks plant may require improvements, modifications and/or enlargements in the future, the Town has agreed to share in their portion of the capital costs.

Other Information

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

GASB Pronouncements Issued, But Not Yet Effective

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

GASB Statement No. 91 – Conduit Debt Obligations – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2022.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

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

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

Subsequent Events

In November 2022, at a referendum, the Town approved the appropriation of \$1,500,000 for the acquisition of a Fire Truck, \$5,000,00 for various road improvements and related work, and \$12,861,000 for various school capital improvements through authorizing the issue of bonds or notes to finance the appropriations.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARD

As a result of the implementation of GASB No. 87, *Leases*, as of July 1, 2021, the Town made the following reporting changes: leases receivable were added to receivables, deferred leases are now reported under deferred inflows of resources, leases payable were added to long-term liabilities and lease assets are now reported under capital assets as right of use equipment. In addition to the restatements from adopting GASB No. 87, the Town also now reports the Student Activities Fund as a special revenue fund instead of as a Custodial Fund. The results of the changes to the fund balance and net position are as follows:

	Governmental Activities	Business-Type Activities	Crestbrook Golf Operations	General Fund	Nonmajor Governmental Funds	Custodial Funds
Net position/fund balance as reported at June 30, 2021	\$ 44,512,545	\$ 25,071,735	\$ 642,255	\$ 7,342,564	\$ 3,007,207	\$ 246,344
Adoption of GASB 87 as lessee:						
Capital Assets	-	125,536	125,536	-	-	-
Long-Term Liabilities	-	(125,536)	(125,536)	-	-	-
Adoption of GASB 87 as lessor:						
Receivables	1,419,519	342,029	342,029	1,419,519	-	-
Deferred inflows	(1,419,519)	(342,029)	(342,029)	(1,419,519)	-	-
Reclassify student activity fund to proper fund type	246,344	-	-	-	246,344	(246,344)
Net position/fund balance as restated at July 1, 2021	<u>\$ 44,758,889</u>	<u>\$ 25,071,735</u>	<u>\$ 642,255</u>	<u>\$ 7,342,564</u>	<u>\$ 3,253,551</u>	<u>\$ -</u>

Required Supplementary Information

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 1 of 5

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
REVENUES				
Property Taxes				
Current Year	\$ 63,684,262	\$ 63,684,262	\$ 64,552,122	\$ 867,860
Prior Year	575,000	575,000	541,286	(33,714)
Interest and Lien Fees	325,000	325,000	377,108	52,108
Scholarship Fund	1,600	1,600	950	(650)
Total Property Taxes	64,585,862	64,585,862	65,471,466	885,604
Intergovernmental				
State of Connecticut - Education				
Nonpublic Health and Social Services	32,661	32,661	43,674	11,013
Equalization (ECS)	11,780,186	11,780,186	11,859,346	79,160
Total State of Connecticut - Education	11,812,847	11,812,847	11,903,020	90,173
Federal and State of Connecticut - Other				
PILOT State Property	9,723	9,723	409,206	399,483
Mashantucket Pequot	11,631	11,631	11,631	-
Elderly Tax Relief	2,200	2,200	2,370	170
Tax Relief for Veterans	28,262	28,262	28,283	21
FEMA/CRF Reimbursement	30,000	30,000	146,195	116,195
Telephone Access	38,114	38,114	34,298	(3,816)
Municipal Aid Adjustment	642,281	642,281	642,281	-
Total Federal and State of Connecticut - Other	762,211	762,211	1,274,264	512,053
Total Intergovernmental	12,575,058	12,575,058	13,177,284	602,226
Departmental				
Local Revenues				
Communication Tower Rental	180,028	180,028	157,124	(22,904)
Municipalities Nips Fees	-	-	12,378	12,378
Equipment and Scrap Sales	2,000	2,000	19,088	17,088
Scrap Iron, Oil, Glass	15,000	15,000	25,639	10,639
Water and Sewer Authority	1,000	1,000	-	(1,000)
Miscellaneous Town Clerk Fees	48,000	48,000	58,414	10,414
Miscellaneous Fishing and Hunting	10,000	10,000	7,352	(2,648)
Town Clerk Dog Licenses	10,000	10,000	9,078	(922)
Conveyance Tax	260,000	260,000	344,614	84,614
Town Clerk Recording	200,000	200,000	226,773	26,773
Assessor Photocopies	650	650	684	34

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 2 of 5

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Local Revenues (Continued)				
Supplemental Dog Licenses	\$ 700	\$ 700	\$ 586	\$ (114)
Supplemental Marriage Licenses	2,000	2,000	2,872	872
Animal Population Control	2,400	2,400	2,380	(20)
3-LOCIP Preservation	7,500	7,500	8,520	1,020
Pool Fees	8,500	8,500	8,700	200
Damage Claims and Settlements	5,000	5,000	16,572	11,572
Miscellaneous Local Revenue	35,000	35,000	28,785	(6,215)
Recreation Mini-Bus	300	300	-	(300)
Town Vehicle Use	10,500	10,500	6,433	(4,067)
Transfer Station Fees	30,000	30,000	38,170	8,170
Landfill Fees	95,000	95,000	125,326	30,326
Total Local Revenues	923,578	923,578	1,099,488	175,910
Permits and Fees				
Zoning Board of Appeals	3,000	3,000	4,275	1,275
Planning and Zoning	12,000	12,000	10,865	(1,135)
Zoning Compliance Fees	35,000	35,000	41,964	6,964
Soil/Water State Fee	22,000	22,000	27,969	5,969
Inland - Wetlands	2,500	2,500	6,751	4,251
Building Permits	310,000	310,000	422,783	112,783
Building Inspection Education Fee	3,300	3,300	6,624	3,324
Blasting Permits	400	400	240	(160)
Street Opening Permits	4,300	4,300	4,600	300
Miscellaneous Permits and Fees	500	500	128	(372)
Total Permits and Fees	393,000	393,000	526,199	133,199
Police				
Parking Tickets	3,000	3,000	3,640	640
Pistol Permits	40,000	40,000	16,800	(23,200)
Police Reports	4,000	4,000	3,279	(721)
Solicitor Permits	1,500	1,500	1,793	293
Bingo and Raffle	500	500	115	(385)
Alarm Charges	15,000	15,000	22,900	7,900
Police Service	689,750	689,750	784,976	95,226
Miscellaneous Police Service	55,500	55,500	82,141	26,641
DEA Reimbursement	15,000	15,000	16,999	1,999
FBI Reimbursement	15,000	15,000	21,532	6,532
Animal Control Fees	1,200	1,200	105	(1,095)
Total Police	840,450	840,450	954,280	113,830

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Board of Education				
Latchkey Program	\$ 5,000	\$ 5,000	\$ 2,013	\$ (2,987)
Miscellaneous School	5,000	5,000	153,708	148,708
Community Service Reimbursement	6,000	6,000	-	(6,000)
Total Board of Education	16,000	16,000	155,721	139,721
Total Departmental	2,173,028	2,173,028	2,735,688	562,660
Investment Income	165,000	165,000	29,025	(135,975)
Other				
Taft Contributions	180,000	180,000	190,000	10,000
Other Miscellaneous Revenue	77,825	77,825	80,274	2,449
Heritage Bond Reimbursement	58,188	58,188	58,189	1
Sale of Town Property	-	-	-	-
Total Other	316,013	316,013	328,463	12,450
Other Financing Sources				
Use of Fund Balance	-	705,275	-	(705,275)
Total Revenues	79,814,961	80,520,236	81,741,926	1,221,690
EXPENDITURES				
General Government				
Town Council	7,200	7,200	2,006	5,194
Town Manager	296,549	299,932	293,627	6,305
Economic Development	55,744	55,744	48,501	7,243
Finance Department:				
Administration	592,162	583,708	571,856	11,852
Treasurer	66,932	70,398	70,110	288
Tax Collector	230,599	235,931	233,413	2,518
Assessor	225,247	231,520	229,699	1,821
Town Clerk	221,757	228,656	228,021	635
Elections	87,806	78,396	65,124	13,272
Planning and Zoning	307,362	311,351	299,948	11,403
Board of Appeals	5,680	5,898	4,427	1,471
Historic Districts	900	900	75	825
Public Building	731,138	788,202	688,980	99,222
Building Inspections	200,862	203,480	155,524	47,956
Conservation Commission	4,950	6,893	5,763	1,130
Total General Government	3,034,888	3,108,209	2,897,074	211,135

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

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	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Public Safety				
Fire Department:				
Administration	\$ 240,510	\$ 244,035	\$ 241,131	\$ 2,904
Suppression and Rescue	434,021	433,721	413,888	19,833
Maintenance and Support	314,464	334,566	331,918	2,648
Police Department:				
Administration	571,492	504,460	441,642	62,818
Patrol and Detectives	4,306,665	4,475,590	4,441,367	34,223
Maintenance and Support	180,767	181,884	170,891	10,993
Traffic	6,500	7,738	7,613	125
Animal Control	91,933	104,802	98,799	6,003
Communications	670,647	678,923	672,301	6,622
Total Public Safety	6,816,999	6,965,719	6,819,550	146,169
Public Works				
Engineering and Administration	620,255	556,779	522,810	33,969
Highway	2,265,193	2,549,163	2,428,394	120,769
Snow Removal	498,386	565,698	563,314	2,384
Solid Waste Disposal	293,427	287,083	261,364	25,719
Street Lighting	174,500	145,203	117,623	27,580
Tree Removal	55,868	55,868	32,000	23,868
Total Public Works	3,907,629	4,159,794	3,925,505	234,289
Parks and Recreation				
Parks Administration	452,295	451,038	437,195	13,843
Recreation Administration	400,071	408,862	401,643	7,219
Senior Center	140,115	136,220	134,872	1,348
Total Parks and Recreation	992,481	996,120	973,710	22,410
Health and Welfare				
Social Services	25,680	26,588	26,588	-
Health Services	124,063	124,064	124,063	1
Total Health and Welfare	149,743	150,652	150,651	1
Education				
Board of Education	48,089,863	48,089,863	48,089,185	678
Miscellaneous				
Legal	174,600	174,600	153,808	20,792
Employee Benefits	6,979,105	6,932,142	6,839,820	92,322
Centralized Services	853,040	914,381	863,412	50,969

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2022

Page 5 of 5

	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Miscellaneous (Continued)				
Non-Town Agencies	\$ 1,967,672	\$ 2,153,684	\$ 2,115,224	\$ 38,460
Reserved for Wages and Benefits	161,043	193,492	193,492	-
Reserved for Contingency	35,000	28,682	20,000	8,682
Total Miscellaneous	10,170,460	10,396,981	10,185,756	211,225
Debt Service	6,652,898	6,652,898	5,692,679	960,219
Total Expenditures	79,814,961	80,520,236	78,734,110	1,786,126
Excess (Deficiency) of Revenues over				
Expenditures - Budgetary Basis	\$ -	\$ -	3,007,816	\$ 3,007,816
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			5,850,438	
Expenditures from Teachers' Retirement and OPEB			(5,850,438)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			1,133,181	
Expenditures from Excess Cost Grant			(1,133,181)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(338,512)	
Current Year Encumbrances			529,627	
Town Budgets for Payroll on a Cash Basis:				
Prior Year Accrued Payroll			127,342	
Current Year Accrued Payroll			(159,904)	
Issuance of Refunding Bonds not Recorded on a Budgetary Basis:				
Proceeds from Sale of Refunding Bonds			9,430,000	
Bond Premium on Refunding Bonds			1,209,460	
Payment to Refunding Bond Escrow Agent			(10,534,474)	
Issuance Costs on Bond Refunding			(104,986)	
Other Financing Sources - Difference in Treatment of Lease Financing:				
Proceeds from Lease Financing			744,865	
Purchase of Equipment with Lease Financing			(744,865)	
Adjustment for Leases Receivable			41,240	
Excess (Deficiency) of Revenues and Other Financing Sources				
over Expenditures and Other Financing Uses - GAAP Basis			\$ 3,207,609	

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

See accountant's report.

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

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

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

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Town of Watertown Retirement Income Plan

Schedule of Contributions

Last Nine Fiscal Years*

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

Notes to Schedule

Valuation Date: 1/1/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Cost
Remaining amortization period	20 yrs
Asset valuation method	5-year Smoothed Market
Salary increases	3.50%
Investment rate of return	7.00%
Normal Retirement	Earlier of age 55 with 25 years of service or age 65
Mortality	RP-2014 Blue Collar Mortality Table

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

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Town of Watertown Retirement Income Plan

Schedule of Investment Returns

Last Nine Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	-11.40%	25.80%	3.10%	6.20%	6.90%	11.20%	0.80%	4.40%	16.40%

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

See accountant's report.

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

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

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

See accountant's report.

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

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

Notes to Schedule

Valuation Date: 1/1/2021

Methods and assumptions used to determine contribution rates:

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

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

See accountant's report.

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

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

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

See accountant's report.

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

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

**Restated for change in the measurement date.

Notes to Schedule

Measurement Date	June 30, 2022
Valuation Date	July 1, 2020
Inflation Rate	2.50%
Actuarial Cost Method	Individual Entry Age Normal
Salary Increases	3.00%
Healthcare Cost Trend Rates	FYE Medical
	2023 7.00%
	2024 6.00%
	2025 5.80%
	2026 5.60%
	2027 5.40%
	2028 5.20%
	2029 5.00%
	2030-2041 4.80%
	2055 4.00%
	2061+ 3.60%

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

See accountant's report.

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

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

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 114,641	\$ 93,265	\$ 73,939	\$ 85,164	\$ 95,411	\$ 118,825	\$ 154,637	\$ 153,818
Town's Contributions in Relation to the Contractually Required Contribution	<u>114,641</u>	<u>93,265</u>	<u>73,939</u>	<u>85,164</u>	<u>95,411</u>	<u>118,825</u>	<u>154,637</u>	<u>153,818</u>
Town's Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	566,137	673,792	607,507	754,267	812,706	1,044,159	1,355,765	1,283,958
Town's Contributions as a Percentage of Covered Payroll	20.25%	13.84%	12.17%	11.29%	11.74%	11.38%	11.41%	11.98%

Notes to Schedule

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset Valuation Method	5-year smoothed market
Single equivalent amortization period	20 years
Inflation	2.50%
Salary Increases	3.50% - 10.00%
Investment Rate of Return	7.00%, net of investment related expense

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

See accountant's report.

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

Schedule of Proportionate Share of Net Pension Liability

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

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	6.90% net of investment related expense

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

See accountant's report.

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

Schedule of Proportionate Share of Net OPEB Liability

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

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over an open period
Amortization Period	30 years
Asset Valuation Method	Market value of assets
Investment Rate of Return	3.00%, net of investment related expense including price inflation
Price Inflation	2.50%

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

See accountant's report.

Supplemental, Combining Individual Nonmajor Fund Statements, and Schedules

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Capital Projects Funds

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

Permanent Funds

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

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet Nonmajor Governmental Funds June 30, 2022

SPECIAL REVENUE FUNDS									
	Professional Development	Transition Academy	Special Welfare	Mutual Police Trust	Marion A. Munson Memorial Park Fund	Cafeteria Fund	Student Activity Funds	Educational Grants	Field Surcharge
Assets									
Cash and Cash Equivalents	\$ 313	\$ 2,072	\$ 185,696	\$ 7,959	\$ 1,161	\$ 539,583	\$ 263,203	\$ 598,797	\$ 13,005
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	249,510	-	222,780	-
Inventory	-	-	-	-	-	23,139	-	-	-
Total Assets	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 185,696</u>	<u>\$ 7,959</u>	<u>\$ 1,161</u>	<u>\$ 812,232</u>	<u>\$ 263,203</u>	<u>\$ 821,577</u>	<u>\$ 13,005</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,659	\$ -	\$ 168,531	\$ -
Unearned Revenue	-	-	-	-	-	-	-	136,628	-
Due to Other Funds	-	-	-	-	-	350,000	-	442,967	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,659</u>	<u>-</u>	<u>748,126</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	2,072	-	-	-	-	263,203	-	-
Committed	313	-	185,696	7,959	1,161	455,573	-	73,451	13,005
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>313</u>	<u>2,072</u>	<u>185,696</u>	<u>7,959</u>	<u>1,161</u>	<u>455,573</u>	<u>263,203</u>	<u>73,451</u>	<u>13,005</u>
Total Liabilities and Fund Balances	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 185,696</u>	<u>\$ 7,959</u>	<u>\$ 1,161</u>	<u>\$ 812,232</u>	<u>\$ 263,203</u>	<u>\$ 821,577</u>	<u>\$ 13,005</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

SPECIAL REVENUE FUNDS									
	The Staver Fund	Crestbrook Improvement	Town Improvement Trust	Dog Fund	Town Aid Road	Liability Trust	Park and Recreation Programs	Local Capital Improvement	W.A.S.A. Grants
Assets									
Cash and Cash Equivalents	\$ 46,601	\$ 631	\$ 22,220	\$ 13,961	\$ 304,612	\$ 12,723	\$ 173,626	\$ -	\$ 5,826
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	200,557	-
Inventory	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 46,601</u>	<u>\$ 631</u>	<u>\$ 22,220</u>	<u>\$ 13,961</u>	<u>\$ 304,612</u>	<u>\$ 12,723</u>	<u>\$ 173,626</u>	<u>\$ 200,557</u>	<u>\$ 5,826</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and									
Accrued Items	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ 196,555	\$ -
Unearned Revenue	-	-	-	-	-	-	37,212	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,212</u>	<u>196,555</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	46,601	-	-	-	304,612	-	-	4,002	5,826
Committed	-	631	21,920	13,961	-	12,723	136,414	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>46,601</u>	<u>631</u>	<u>21,920</u>	<u>13,961</u>	<u>304,612</u>	<u>12,723</u>	<u>136,414</u>	<u>4,002</u>	<u>5,826</u>
Total Liabilities and Fund Balances	<u>\$ 46,601</u>	<u>\$ 631</u>	<u>\$ 22,220</u>	<u>\$ 13,961</u>	<u>\$ 304,612</u>	<u>\$ 12,723</u>	<u>\$ 173,626</u>	<u>\$ 200,557</u>	<u>\$ 5,826</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Page 3 of 6

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	SPECIAL REVENUE FUNDS								
	Board of Education Community Service	Park Development Trust	Public Inv. Community Grant	Oakville Green Development Trust	Town Hall Beautification	Drug Enforcement	Police Grants	Open Space Fund	Preservation of Historical Documents
Assets									
Cash and Cash Equivalents	\$ 2,065	\$ 66,552	\$ 176	\$ 1,574	\$ 1,330	\$ 3,071	\$ 277	\$ 203,458	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 2,065</u>	<u>\$ 66,552</u>	<u>\$ 176</u>	<u>\$ 1,574</u>	<u>\$ 1,330</u>	<u>\$ 3,071</u>	<u>\$ 277</u>	<u>\$ 203,458</u>	<u>\$ -</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ 157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,971
Unearned Revenue	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,971</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	3,071	277	-	-
Committed	1,908	66,552	176	1,574	1,330	-	-	203,458	-
Unassigned	-	-	-	-	-	-	-	-	(70,971)
Total Fund Balances	<u>1,908</u>	<u>66,552</u>	<u>176</u>	<u>1,574</u>	<u>1,330</u>	<u>3,071</u>	<u>277</u>	<u>203,458</u>	<u>(70,971)</u>
Total Liabilities and Fund Balances	<u>\$ 2,065</u>	<u>\$ 66,552</u>	<u>\$ 176</u>	<u>\$ 1,574</u>	<u>\$ 1,330</u>	<u>\$ 3,071</u>	<u>\$ 277</u>	<u>\$ 203,458</u>	<u>\$ -</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

SPECIAL REVENUE FUNDS

	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	STEAP Grant Fund	Police Asset Forfeiture	Housing Rehabilitation Loan	Town Clerk Fund
Assets									
Cash and Cash Equivalents	\$ 179	\$ 5,593	\$ 11,808	\$ 22,311	\$ 299,757	\$ -	\$ -	\$ 1,157	\$ 19,242
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	585,181	5,967	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 179</u>	<u>\$ 5,593</u>	<u>\$ 11,808</u>	<u>\$ 22,311</u>	<u>\$ 884,938</u>	<u>\$ 5,967</u>	<u>\$ -</u>	<u>\$ 1,157</u>	<u>\$ 19,242</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,934	\$ 2,924	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	-	1,157	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,934</u>	<u>2,924</u>	<u>1,157</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	884,938	-	-	-	-
Committed	179	5,593	11,808	22,311	-	-	-	-	19,242
Unassigned	-	-	-	-	-	(5,967)	(2,924)	-	-
Total Fund Balances	<u>179</u>	<u>5,593</u>	<u>11,808</u>	<u>22,311</u>	<u>884,938</u>	<u>(5,967)</u>	<u>(2,924)</u>	<u>-</u>	<u>19,242</u>
Total Liabilities and Fund Balances	<u>\$ 179</u>	<u>\$ 5,593</u>	<u>\$ 11,808</u>	<u>\$ 22,311</u>	<u>\$ 884,938</u>	<u>\$ 5,967</u>	<u>\$ -</u>	<u>\$ 1,157</u>	<u>\$ 19,242</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS			PERMANENT FUNDS		
	Student Activities	Youth Services Bureau Donations	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery	Hinman Platt
Assets								
Cash and Cash Equivalents	\$ 26,469	\$ 13,349	\$ 98	\$ 241,245	\$ 626,877	\$ 76,553	\$ 3,686	\$ 33,138
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 26,469</u>	<u>\$ 13,349</u>	<u>\$ 98</u>	<u>\$ 241,245</u>	<u>\$ 626,877</u>	<u>\$ 76,553</u>	<u>\$ 3,686</u>	<u>\$ 33,138</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	67,000	2,654	10,817
Restricted	-	-	-	-	-	9,553	1,032	22,321
Committed	26,469	13,349	98	241,245	626,877	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>26,469</u>	<u>13,349</u>	<u>98</u>	<u>241,245</u>	<u>626,877</u>	<u>76,553</u>	<u>3,686</u>	<u>33,138</u>
Total Liabilities and Fund Balances	<u>\$ 26,469</u>	<u>\$ 13,349</u>	<u>\$ 98</u>	<u>\$ 241,245</u>	<u>\$ 626,877</u>	<u>\$ 76,553</u>	<u>\$ 3,686</u>	<u>\$ 33,138</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

PERMANENT FUNDS

	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	Total
Assets								
Cash and Cash Equivalents	\$ 657	\$ 3,327	\$ 6,211	\$ 18,470	\$ 1,615	\$ 1,583	\$ 25,310	\$ 3,909,127
Investments	-	-	-	-	2,122	-	-	2,122
Receivables, Net	-	-	-	-	-	-	-	1,263,995
Inventory	-	-	-	-	-	-	-	23,139
Total Assets	<u>\$ 657</u>	<u>\$ 3,327</u>	<u>\$ 6,211</u>	<u>\$ 18,470</u>	<u>\$ 3,737</u>	<u>\$ 1,583</u>	<u>\$ 25,310</u>	<u>\$ 5,198,383</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 458,031
Unearned Revenue	-	-	-	-	-	-	-	174,997
Due to Other Funds	-	-	-	-	-	-	-	792,967
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,995</u>
Fund Balances:								
Nonspendable	458	993	4,478	6,000	383	506	3,854	97,143
Restricted	199	2,334	1,733	12,470	3,354	1,077	21,456	1,590,131
Committed	-	-	-	-	-	-	-	2,164,976
Unassigned	-	-	-	-	-	-	-	(79,862)
Total Fund Balances	<u>657</u>	<u>3,327</u>	<u>6,211</u>	<u>18,470</u>	<u>3,737</u>	<u>1,583</u>	<u>25,310</u>	<u>3,772,388</u>
Total Liabilities and Fund Balances	<u>\$ 657</u>	<u>\$ 3,327</u>	<u>\$ 6,211</u>	<u>\$ 18,470</u>	<u>\$ 3,737</u>	<u>\$ 1,583</u>	<u>\$ 25,310</u>	<u>\$ 5,198,383</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

Page 1 of 6

	SPECIAL REVENUE FUNDS							
	Professional Development	Transition Academy	Special Welfare	Mutual Police Trust	Marion A. Munson Memorial Park Fund	Cafeteria Fund	Student Activity Funds	Educational Grants
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,733,708	\$ -	\$ 3,816,661
Licenses, Permits and Charges for Services	-	-	-	-	-	197,678	299,919	-
Investment Income	-	-	65	8	1	-	-	-
Other Revenue	-	-	74,188	-	-	-	-	-
Total Revenues	-	-	74,253	8	1	1,931,386	299,919	3,816,661
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health and Welfare	-	-	54,098	-	-	-	-	-
Education	-	-	-	-	-	1,506,356	283,060	3,817,788
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	-	54,098	-	-	1,506,356	283,060	3,817,788
Excess/(Deficiency) of Revenues Over Expenditures	-	-	20,155	8	1	425,030	16,859	(1,127)
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	20,155	8	1	425,030	16,859	(1,127)
Fund Balances at Beginning of Year, Restated	313	2,072	165,541	7,951	1,160	30,543	246,344	74,578
Fund Balances at End of Year	\$ 313	\$ 2,072	\$ 185,696	\$ 7,959	\$ 1,161	\$ 455,573	\$ 263,203	\$ 73,451

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

Page 2 of 6

	SPECIAL REVENUE FUNDS								
	Field Surcharge	The Staver Fund	Crestbrook Improvement	Town Improvement Trust	Dog Fund	Town Aid Road	Liability Trust	Park and Recreation Programs	Local Capital Improvement
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 348,918	\$ -	\$ -	\$ 185,010
Licenses, Permits and Charges for Services	4,100	-	-	-	-	-	-	397,362	-
Investment Income	-	19	1	61	18	97	36	-	-
Other Revenue	-	46,582	-	-	2,455	-	-	-	-
Total Revenues	<u>4,100</u>	<u>46,601</u>	<u>1</u>	<u>61</u>	<u>2,473</u>	<u>349,015</u>	<u>36</u>	<u>397,362</u>	<u>185,010</u>
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	340	-	-	-	-
Public Works	-	-	-	-	-	449,884	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	273,906	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	185,010
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>340</u>	<u>449,884</u>	<u>-</u>	<u>273,906</u>	<u>185,010</u>
Excess/(Deficiency) of Revenues Over Expenditures	4,100	46,601	1	61	2,133	(100,869)	36	123,456	-
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	(49,985)	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(49,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,100	(3,384)	1	61	2,133	(100,869)	36	123,456	-
Fund Balances at Beginning of Year, Restated	<u>8,905</u>	<u>49,985</u>	<u>630</u>	<u>21,859</u>	<u>11,828</u>	<u>405,481</u>	<u>12,687</u>	<u>12,958</u>	<u>4,002</u>
Fund Balances at End of Year	<u>\$ 13,005</u>	<u>\$ 46,601</u>	<u>\$ 631</u>	<u>\$ 21,920</u>	<u>\$ 13,961</u>	<u>\$ 304,612</u>	<u>\$ 12,723</u>	<u>\$ 136,414</u>	<u>\$ 4,002</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

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	SPECIAL REVENUE FUNDS							
	W.A.S.A. Grants	Board of Education Community Service	Park Development Trust	Public Inv. Community Grant	Oakville Green Development Trust	Town Hall Beautification	Drug Enforcement	Police Grants
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	-	118,980	-	-	-	-	-	-
Investment Income	13	-	117	-	-	1	9	-
Other Revenue	-	-	8,830	-	-	-	-	-
Total Revenues	<u>13</u>	<u>118,980</u>	<u>8,947</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>9</u>	<u>-</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	1,126	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	116,896	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>116,896</u>	<u>1,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	13	2,084	7,821	-	-	1	9	-
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	(6,500)	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>(6,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	13	2,084	1,321	-	-	1	9	-
Fund Balances at Beginning of Year, Restated	<u>5,813</u>	<u>(176)</u>	<u>65,231</u>	<u>176</u>	<u>1,574</u>	<u>1,329</u>	<u>3,062</u>	<u>277</u>
Fund Balances at End of Year	<u>\$ 5,826</u>	<u>\$ 1,908</u>	<u>\$ 66,552</u>	<u>\$ 176</u>	<u>\$ 1,574</u>	<u>\$ 1,330</u>	<u>\$ 3,071</u>	<u>\$ 277</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

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	SPECIAL REVENUE FUNDS								
	Open Space Fund	Preservation of Historical Documents	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	STEAP Grant Fund	Police Asset Forfeiture
Revenues									
Intergovernmental Revenues	\$ -	\$ 31,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,273	\$ 5,175
Licenses, Permits and Charges for Services	-	133,364	-	-	-	19,970	-	-	-
Investment Income	222	-	-	-	12	-	138	-	-
Other Revenue	-	-	-	-	-	-	3,350	-	-
Total Revenues	<u>222</u>	<u>164,852</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>19,970</u>	<u>3,488</u>	<u>6,273</u>	<u>5,175</u>
Expenditures									
Current:									
General Government	-	245,873	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	14,368
Public Works	-	-	-	-	-	-	-	12,240	-
Parks and Recreation	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	41,924	-	-
Education	-	-	-	2,210	-	16,463	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>245,873</u>	<u>-</u>	<u>2,210</u>	<u>-</u>	<u>16,463</u>	<u>41,924</u>	<u>12,240</u>	<u>14,368</u>
Excess/(Deficiency) of Revenues Over Expenditures	222	(81,021)	-	(2,210)	12	3,507	(38,436)	(5,967)	(9,193)
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	222	(81,021)	-	(2,210)	12	3,507	(38,436)	(5,967)	(9,193)
Fund Balances at Beginning of Year, Restated	<u>203,236</u>	<u>10,050</u>	<u>179</u>	<u>7,803</u>	<u>11,796</u>	<u>18,804</u>	<u>923,374</u>	<u>-</u>	<u>6,269</u>
Fund Balances at End of Year	<u>\$ 203,458</u>	<u>\$ (70,971)</u>	<u>\$ 179</u>	<u>\$ 5,593</u>	<u>\$ 11,808</u>	<u>\$ 22,311</u>	<u>\$ 884,938</u>	<u>\$ (5,967)</u>	<u>\$ (2,924)</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

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	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS			PERMANENT FUNDS	
	Town Clerk Fund	Student Activities	Youth Services Bureau Donations	Capital Nonrecurring	Public Works Equipment Replacement	Vehicle Replacement	Education Enrichment	Old Cemetery
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	5,370	-	-	-	-	-	-	-
Investment Income	-	-	-	-	51	250	203	5
Other Revenue	-	45,680	5,160	-	-	-	-	-
Total Revenues	<u>5,370</u>	<u>45,680</u>	<u>5,160</u>	<u>-</u>	<u>51</u>	<u>250</u>	<u>203</u>	<u>5</u>
Expenditures								
Current:								
General Government	7,500	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	42,827	51	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>7,500</u>	<u>42,827</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	(2,130)	2,853	5,109	-	51	250	203	5
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	26,000	130,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,130)	2,853	5,109	-	26,051	130,250	203	5
Fund Balances at Beginning of Year, Restated	<u>21,372</u>	<u>23,616</u>	<u>8,240</u>	<u>98</u>	<u>215,194</u>	<u>496,627</u>	<u>76,350</u>	<u>3,681</u>
Fund Balances at End of Year	<u>\$ 19,242</u>	<u>\$ 26,469</u>	<u>\$ 13,349</u>	<u>\$ 98</u>	<u>\$ 241,245</u>	<u>\$ 626,877</u>	<u>\$ 76,553</u>	<u>\$ 3,686</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

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	PERMANENT FUNDS								
	Hinman Platt	Benjamin Curtis	Chester A. Hard	Charles Mattoon	Town Hall Grounds	E.C. Margraff	Special Police	Town Deposit	Total
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,127,233
Licenses, Permits and Charges for Services	-	-	-	-	-	-	-	-	1,176,743
Investment Income	34	1	3	6	18	(395)	2	25	1,021
Other Revenue	-	-	-	-	-	-	-	-	186,245
Total Revenues	<u>34</u>	<u>1</u>	<u>3</u>	<u>6</u>	<u>18</u>	<u>(395)</u>	<u>2</u>	<u>25</u>	<u>7,491,242</u>
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	253,373
Public Safety	-	-	-	-	-	-	-	-	14,708
Public Works	-	-	-	-	-	-	-	-	462,124
Parks and Recreation	-	-	-	-	-	-	-	-	275,032
Health and Welfare	-	-	-	-	-	-	-	-	96,022
Education	-	-	-	-	-	-	-	-	5,785,651
Capital Outlay	-	-	-	-	-	-	-	-	185,010
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,071,920</u>
Excess/(Deficiency) of Revenues Over Expenditures	34	1	3	6	18	(395)	2	25	419,322
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	156,000
Transfers Out	-	-	-	-	-	-	-	-	(56,485)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,515</u>
Net Change in Fund Balances	34	1	3	6	18	(395)	2	25	518,837
Fund Balances at Beginning of Year, Restated	<u>33,104</u>	<u>656</u>	<u>3,324</u>	<u>6,205</u>	<u>18,452</u>	<u>4,132</u>	<u>1,581</u>	<u>25,285</u>	<u>3,253,551</u>
Fund Balances at End of Year	<u>\$ 33,138</u>	<u>\$ 657</u>	<u>\$ 3,327</u>	<u>\$ 6,211</u>	<u>\$ 18,470</u>	<u>\$ 3,737</u>	<u>\$ 1,583</u>	<u>\$ 25,310</u>	<u>\$ 3,772,388</u>

See accountant's report.

Internal Service Funds

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

Health and Dental Benefits Fund

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

Workers' Compensation Fund

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

General Liability Deductibles

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

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 8,678	\$ 355,382	\$ 30	\$ 364,090
Accounts Receivable	16,897	-	-	16,897
Total Assets	<u>\$ 25,575</u>	<u>\$ 355,382</u>	<u>\$ 30</u>	<u>\$ 380,987</u>
Liabilities				
Current Liabilities:				
Risk Management Claims	\$ 1,204,540	\$ -	\$ -	\$ 1,204,540
Due To Other Funds	25,000	30,000	-	55,000
Total Current Liabilities	<u>1,229,540</u>	<u>30,000</u>	<u>-</u>	<u>1,259,540</u>
Noncurrent Liabilities:				
Risk Management Claims	-	3,340,578	-	3,340,578
Total Liabilities	<u>1,229,540</u>	<u>3,370,578</u>	<u>-</u>	<u>4,600,118</u>
Net Position				
Unrestricted	<u>\$ (1,203,965)</u>	<u>\$ (3,015,196)</u>	<u>\$ 30</u>	<u>\$ (4,219,131)</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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

Internal Service Funds

For the Year Ended June 30, 2022

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Operating Revenues				
Charges for Services	\$ 14,156,377	\$ 700,749	\$ -	\$ 14,857,126
Operating Expenses				
Claims	12,489,827	1,351,856	-	13,841,683
Premiums and Administrative Charges	2,191,174	479	-	2,191,653
Total Operating Expenses	14,681,001	1,352,335	-	16,033,336
Income (Loss) from Operations	(524,624)	(651,586)	-	(1,176,210)
Non-Operating Revenues				
Interest Income	122	-	-	122
Change in Net Position	(524,502)	(651,586)	-	(1,176,088)
Net Position - Beginning of Year	(679,463)	(2,363,610)	30	(3,043,043)
Net Position - End of Year	\$ (1,203,965)	\$ (3,015,196)	\$ 30	\$ (4,219,131)

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Cash Flows from Operating Activities				
Cash Received from Customers and Users	\$ 14,139,480	\$ 700,749	\$ -	\$ 14,840,229
Cash Payments for Benefits and Claims	(12,004,489)	(766,443)	-	(12,770,932)
Premiums and Administrative Charges	(2,191,174)	(479)	-	(2,191,653)
Net Cash from Operating Activities	(56,183)	(66,173)	-	(122,356)
Cash Flows from Noncapital Financing Activities				
Cash Received from General Fund	25,000	30,000	-	55,000
Net Cash from Noncapital Financing Activities	25,000	30,000	-	55,000
Cash Flows from Investing Activities				
Interest Income	122	-	-	122
Net Cash from Investing Activities	122	-	-	122
Net Increase (Decrease) in Cash and Equivalents	(31,061)	(36,173)	-	(67,234)
Cash and Equivalents - Beginning of Year	39,739	391,555	30	431,324
Cash and Equivalents - End of Year	<u>\$ 8,678</u>	<u>\$ 355,382</u>	<u>\$ 30</u>	<u>\$ 364,090</u>
Reconciliation of Income from Operations to Net Cash from Operating Activities				
Income (Loss) from Operations	\$ (524,624)	\$ (651,586)	\$ -	\$ (1,176,210)
Changes in Operating Assets and Liabilities				
(Increase) Decrease in Accounts Receivable	(16,897)	-	-	(16,897)
Increase (Decrease) in Claims Payable	485,338	585,413	-	1,070,751
Net Cash from Operating Activities	<u>\$ (56,183)</u>	<u>\$ (66,173)</u>	<u>\$ -</u>	<u>\$ (122,356)</u>

See accountant's report.

Fiduciary Funds

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

Pension Trust Funds

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

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Fiduciary Net Position

Pension Trust Funds

June 30, 2022

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,447	\$ -	\$ 1,447
Investments, at Fair Value					
Guaranteed Deposit Accounts	4,516,351	5,517,851	-	-	10,034,202
Mutual Funds	20,100,689	20,121,111	-	346,240	40,568,040
Total Assets	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>
Net Position					
Restricted for Pension Benefits	\$ 24,617,040	\$ 25,638,962	\$ -	\$ 346,240	\$ 50,602,242
Restricted for OPEB Benefits	-	-	1,447	-	1,447
Total Net Position	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Statement of Changes in Fiduciary Net Position

Pension Trust Funds

For the Year Ended June 30, 2022

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Additions					
Contributions:					
Employer	\$ 546,415	\$ 1,254,215	\$ -	\$ 51,923	\$ 1,852,553
Plan Members	207,516	291,609	-	-	499,125
Total Contributions	<u>753,931</u>	<u>1,545,824</u>	<u>-</u>	<u>51,923</u>	<u>2,351,678</u>
Investment Income:					
Net Appreciation/(Depreciation) in Fair					
Value of Investments	(3,410,106)	(2,920,088)	-	(60,226)	(6,390,420)
Interest and Dividends	609,877	592,939	1	-	1,202,817
Total Investment Income	<u>(2,800,229)</u>	<u>(2,327,149)</u>	<u>1</u>	<u>(60,226)</u>	<u>(5,187,603)</u>
Less: Investment Management Fees	<u>(136,545)</u>	<u>(119,567)</u>	<u>-</u>	<u>-</u>	<u>(256,112)</u>
Net Investment Income	<u>(2,936,774)</u>	<u>(2,446,716)</u>	<u>1</u>	<u>(60,226)</u>	<u>(5,443,715)</u>
Total Additions	<u>(2,182,843)</u>	<u>(900,892)</u>	<u>1</u>	<u>(8,303)</u>	<u>(3,092,037)</u>
Deductions					
Pension Benefits	1,596,461	1,700,890	-	7,945	3,305,296
Administrative Expenses	51,212	30,954	-	-	82,166
Total Deductions	<u>1,647,673</u>	<u>1,731,844</u>	<u>-</u>	<u>7,945</u>	<u>3,387,462</u>
Change in Net Position	(3,830,516)	(2,632,736)	1	(16,248)	(6,479,499)
Net Position at Beginning of Year	<u>28,447,556</u>	<u>28,271,698</u>	<u>1,446</u>	<u>362,488</u>	<u>57,083,188</u>
Net Position at End of Year	<u>\$ 24,617,040</u>	<u>\$ 25,638,962</u>	<u>\$ 1,447</u>	<u>\$ 346,240</u>	<u>\$ 50,603,689</u>

See accountant's report.

Supplemental Schedules

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2022

List of 10/1:	Outstanding July 1, 2021	Current Levy	Lawful Corrections		Transfers to Suspense	Collectible Taxes	Collections During the Year				Outstanding June 30, 2022
			Additions	Deductions			Taxes	Interest	Liens	Total	
2020		\$ 65,041,818	\$ 80,067	\$ 252,664	\$ -	\$ 64,869,221	\$ 64,267,829	\$ 162,030	\$ 24,053	\$ 64,453,912	\$ 601,392
2019	\$ 616,545	-	14,892	32,566	8,420	590,451	371,611	89,203	4,402	465,216	218,840
2018	176,319	-	127,029	132,708	2,652	167,988	84,341	25,907	1,489	111,737	83,647
2017	71,195	-	224	1,661	5,477	64,281	22,691	12,925	1,417	37,033	41,590
2016	42,233	-	-	143	2,374	39,716	9,213	3,000	194	12,407	30,503
2015	34,994	-	-	-	216	34,778	3,381	2,151	140	5,672	31,397
2014	28,544	-	-	128	904	27,512	2,942	5,122	96	8,160	24,570
2013	19,512	-	-	-	117	19,395	2,299	2,602	90	4,991	17,096
2012	16,721	-	-	-	1,419	15,302	1,271	1,893	50	3,214	14,031
2011	16,731	-	-	-	4,065	12,666	430	717	10	1,157	12,236
2010	9,807	-	-	-	3,080	6,727	728	1,334	36	2,098	5,999
2009	9	-	-	-	9	-	-	-	-	-	-
2008	105	-	-	-	105	-	-	-	-	-	-
	\$ 1,032,715	\$ 65,041,818	\$ 222,212	\$ 419,870	\$ 28,838	\$ 65,848,037	64,766,736	306,884	31,977	65,105,597	\$ 1,081,301
Net Grand List - October 1, 2020						Total Suspense Collections	3,034	5,455	65	8,554	
Tax Rate: 34.56 mills						Total Collections	\$ 64,769,770	\$ 312,339	\$ 32,042	\$ 65,114,151	

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Schedule of Changes in Fund Balance

Capital Improvement Fund

For the Year Ended June 30, 2022

	Beginning Fund Balance	Transfers In (Out)	Investment Income	Other Income	Capital Outlay/Debt Service	Ending Fund Balance
Current Projects:						
Watertown High School Renovation	\$ 598,961	\$ -	\$ 492	\$ -	\$ -	\$ 599,453
Judson School Renovation	2,956	-	1	-	-	2,957
Polk School Renovation	16,634	-	6	-	-	16,640
High School Track	14,114	-	12	-	-	14,126
Roadway and Drainage Improvements	27,609	-	7	-	-	27,616
Buckingham Street School	9,586	-	9	-	-	9,595
Debt Service	652,214	-	-	-	(359,628)	292,586
Public Works Projects	183,878	-	162	-	(22,969)	161,071
Oakville Green Bricks	508	-	-	-	-	508
Fire Truck	28,557	-	27	-	-	28,584
Town Hall Improvement	261,802	-	118	-	(87,080)	174,840
Concord/Lexington W&S	499,771	-	196	-	-	499,967
2019 Public Works Projects	3,669,608	-	1,856	-	(1,052,841)	2,618,623
Sylvan Lake Road Reconstruction	14,026	-	22	114,281	(114,281)	14,048
Other Projects:						
Veterans Memorial Park Improvements	(1,500)	-	-	-	-	(1,500)
Veterans Memorial Park	13,984	-	2	1,310	-	15,296
Echo Lake Park	1,711	-	1	-	-	1,712
French Street Reconstruction	2,379	-	-	-	-	2,379
Heminway Park	11,389	-	-	-	-	11,389
Sidewalk Upgrades	50	-	-	-	-	50
Oakville Green Transportation	5,128	-	14	-	-	5,142
Dog Park	25,115	56,485	2	2,688	(91,953)	(7,663)
Totals	\$ 6,038,480	\$ 56,485	\$ 2,927	\$ 118,279	\$ (1,728,752)	\$ 4,487,419

See accountant's report.

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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

Table 1

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 130,011,245	\$ 131,085,354	\$ 129,300,586	\$ 130,694,302	\$ 131,776,291	\$ 130,504,297	\$ 130,139,277	\$ 138,857,588	\$ 132,293,489	\$ 135,726,900
Restricted	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469	292,240
Unrestricted	(89,421,833)	(88,145,914)	(81,403,658)	(76,894,352)	(70,644,404)	(19,367,531)	(15,935,824)	(10,643,716)	4,947,433	227,884
Total Governmental Activities Net Position	\$ 42,277,410	\$ 44,512,545	\$ 49,267,657	\$ 55,290,057	\$ 62,742,644	\$ 112,398,573	\$ 116,083,175	\$ 128,498,965	\$ 137,529,391	\$ 136,247,024
Business-type Activities:										
Net Investment in Capital Assets	\$ 18,016,996	\$ 18,551,005	\$ 18,449,849	\$ 17,175,946	\$ 13,949,677	\$ 14,113,111	\$ 14,523,582	\$ 14,809,512	\$ 12,408,263	\$ 12,362,356
Unrestricted	8,080,698	6,520,730	4,594,677	3,868,277	4,133,573	3,948,533	3,626,024	2,838,278	6,474,939	6,831,855
Total Business-type Activities Net Position	\$ 26,097,694	\$ 25,071,735	\$ 23,044,526	\$ 21,044,223	\$ 18,083,250	\$ 18,061,644	\$ 18,149,606	\$ 17,647,790	\$ 18,883,202	\$ 19,194,211
Primary Government:										
Net Investment in Capital Assets	\$ 148,028,241	\$ 149,636,359	\$ 147,750,435	\$ 147,870,248	\$ 145,725,968	\$ 144,617,408	\$ 144,662,859	\$ 153,667,100	\$ 144,701,752	\$ 148,089,256
Restricted	1,687,998	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469	292,240
Unrestricted	(81,341,135)	(81,625,184)	(76,808,981)	(73,026,075)	(66,510,831)	(15,418,998)	(12,309,800)	(7,805,438)	11,422,372	7,059,739
Total Primary Government Net Position	\$ 68,375,104	\$ 69,584,280	\$ 72,312,183	\$ 76,334,280	\$ 80,825,894	\$ 130,460,217	\$ 134,232,781	\$ 146,146,755	\$ 156,412,593	\$ 155,441,235

TOWN OF WATERTOWN, CONNECTICUT

Changes in Net Position
Last Ten Fiscal YearsTable 2
Page 1 of 2

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental Activities:										
General Government	\$ 23,734,034	\$ 23,067,455	\$ 24,038,696	\$ 22,175,951	\$ 23,145,212	\$ 20,951,979	\$ 18,632,488	\$ 14,642,335	\$ 9,636,520	\$ 10,660,604
Public Safety	9,344,765	9,513,588	9,268,805	9,476,642	9,031,748	7,655,963	7,056,599	6,771,122	6,180,199	6,495,809
Public Works	7,259,527	5,987,316	6,504,916	5,664,282	5,666,103	5,523,038	6,830,031	6,029,759	5,194,580	5,273,316
Parks and Recreation	1,298,283	1,156,601	1,333,539	1,371,136	1,457,524	1,488,398	1,386,354	989,044	1,362,980	1,208,453
Health and Welfare	198,293	154,872	158,371	143,779	148,686	147,889	279,305	281,496	528,987	116,003
Education	54,046,453	61,223,301	52,695,769	53,894,922	49,080,797	48,197,167	44,847,545	49,786,691	48,281,395	47,759,993
Interest on Long-Term Debt	1,626,925	2,152,188	1,996,026	1,919,989	1,582,281	1,715,491	1,918,464	2,169,068	2,586,640	2,187,600
Total Governmental Activities Expenses	97,508,280	103,255,321	95,996,122	94,646,701	90,112,351	85,679,925	80,950,786	80,669,515	73,771,301	73,701,778
Business-Type Activities:										
Sewer	1,760,495	1,880,336	1,759,931	2,734,459	2,314,494	2,114,459	2,087,500	2,229,460	2,098,201	2,080,549
Water	1,723,912	1,617,737	1,899,775	1,638,721	1,642,045	1,556,315	1,638,468	1,687,777	1,462,966	1,461,250
Golf	745,290	748,593	673,329	700,326	621,752	540,530	602,299	812,641	642,255	587,850
Total Business-Type Activities Expenses	4,229,697	4,246,666	4,333,035	5,073,506	4,578,291	4,211,304	4,328,267	4,729,878	4,203,422	4,129,649
Total Primary Government Expenses	\$ 101,737,977	\$ 107,501,987	\$ 100,329,157	\$ 99,720,207	\$ 94,690,642	\$ 89,891,229	\$ 85,279,053	\$ 85,399,393	\$ 77,974,723	\$ 77,831,427
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 1,578,490	\$ 3,203,513	\$ 1,095,776	\$ 1,103,834	\$ 1,072,169	\$ 1,105,899	\$ 725,951	\$ 1,239,983	\$ 1,192,778	\$ 1,354,593
Public Safety	791,309	1,128,926	968,256	1,292,489	856,423	857,351	1,337,748	808,950	617,309	744,841
Public Works	193,735	189,900	209,004	205,701	220,035	125,165	152,303	134,453	153,864	120,147
Parks and Recreation	410,162	161,222	329,258	368,639	394,318	393,443	351,132	393,356	363,279	289,902
Health and Welfare	2,872	2,992	1,972	2,372	1,349	1,007	4,595	-	-	-
Education	843,108	371,882	785,484	1,204,445	1,138,200	1,047,725	1,224,394	1,228,975	1,133,310	1,100,860
Operating Grants and Contributions	23,952,832	29,385,464	23,406,386	25,644,240	20,935,745	21,747,858	19,419,205	18,447,887	19,479,640	18,553,194
Capital Grants and Contributions	299,291	1,378,137	1,962,551	1,941,877	886,884	204,096	781,167	2,371,694	949,550	3,678,088
Total Governmental Activities	28,071,799	35,822,036	28,758,687	31,763,597	25,505,123	25,482,544	23,996,495	24,625,298	23,889,730	25,841,625
Business-Type Activities:										
Charges for Services:										
Sewer	2,676,445	2,533,147	2,407,884	2,345,023	2,253,924	2,072,644	1,903,604	1,810,092	2,063,450	1,971,475
Water	1,836,539	1,795,085	1,703,877	1,619,029	1,533,123	1,495,921	1,372,273	1,365,078	1,254,222	1,216,655
Golf	772,488	896,884	613,436	493,411	543,831	554,433	582,372	512,715	519,223	524,716
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	252,031	-	-	-	92,558	-
Total Business-Type Activities	5,285,472	5,225,116	4,725,197	4,457,463	4,582,909	4,122,998	3,858,249	3,687,885	3,929,453	3,712,846
Total Primary Government Program Revenues	\$ 33,357,271	\$ 41,047,152	\$ 33,483,884	\$ 36,221,060	\$ 30,088,032	\$ 29,605,542	\$ 27,854,744	\$ 28,313,183	\$ 27,819,183	\$ 29,554,471
Net (Expense) Revenue:										
Governmental Activities	\$ (69,436,481)	\$ (67,433,285)	\$ (67,237,435)	\$ (62,883,104)	\$ (64,607,228)	\$ (60,197,381)	\$ (56,954,291)	\$ (56,044,217)	\$ (49,881,571)	\$ (47,860,153)
Business-Type Activities	1,055,775	978,450	392,162	(616,043)	4,618	(88,306)	(470,018)	(1,041,993)	(273,969)	(416,803)
Total Primary Government Net Expense	\$ (68,380,706)	\$ (66,454,835)	\$ (66,845,273)	\$ (63,499,147)	\$ (64,602,610)	\$ (60,285,687)	\$ (57,424,309)	\$ (57,086,210)	\$ (50,155,540)	\$ (48,276,956)
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF WATERTOWN, CONNECTICUT

Changes in Net Position
Last Ten Fiscal YearsTable 2
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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 65,359,579	\$ 62,150,176	\$ 61,615,389	\$ 60,229,036	\$ 57,079,893	\$ 54,796,869	\$ 53,218,375	\$ 50,738,912	\$ 49,498,071	\$ 47,378,859
Grants and Contributions Not Restricted to Specific Programs	1,274,264	954,415	729,823	737,426	891,894	1,454,222	342,601	1,165,543	1,150,077	1,131,237
Unrestricted Investment Earnings	84,355	42,737	273,260	373,798	232,774	74,563	50,392	32,070	29,017	34,747
Other General Revenues	192,448	576,432	187,200	180,000	180,025	175,000	927,921	1,905,304	443,722	338,430
Transfers	44,356	(1,045,587)	(1,590,637)	(3,548,185)	8,866	12,125	(83,475)	(66,828)	43,051	692,957
Total Governmental Activities	<u>66,955,002</u>	<u>62,678,173</u>	<u>61,215,035</u>	<u>57,972,075</u>	<u>58,393,452</u>	<u>56,512,779</u>	<u>54,455,814</u>	<u>53,775,001</u>	<u>51,163,938</u>	<u>49,576,230</u>
Business-Type Activities:										
Unrestricted Investment Earnings	14,540	3,172	17,504	28,831	25,854	12,469	-	6,130	6,011	6,357
Transfers	(44,356)	1,045,587	1,590,637	3,548,185	(8,866)	(12,125)	83,475	66,828	(43,051)	(92,957)
Total Business-Type Activities	<u>(29,816)</u>	<u>1,048,759</u>	<u>1,608,141</u>	<u>3,577,016</u>	<u>16,988</u>	<u>344</u>	<u>83,475</u>	<u>72,958</u>	<u>(37,040)</u>	<u>(86,600)</u>
Total Primary Government	<u>\$ 66,925,186</u>	<u>\$ 63,726,932</u>	<u>\$ 62,823,176</u>	<u>\$ 61,549,091</u>	<u>\$ 58,410,440</u>	<u>\$ 56,513,123</u>	<u>\$ 54,539,289</u>	<u>\$ 53,847,959</u>	<u>\$ 51,126,898</u>	<u>\$ 49,489,630</u>
Loss on Assets:										
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,595	\$ -	\$ -
Business-type activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,595</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ (2,481,479)	\$ (4,755,112)	\$ (6,022,400)	\$ (4,911,029)	\$ (6,213,776)	\$ (3,684,602)	\$ (2,498,477)	\$ (2,297,811)	\$ 1,282,367	\$ 1,716,077
Business-type Activities	<u>1,025,959</u>	<u>2,027,209</u>	<u>2,000,303</u>	<u>2,960,973</u>	<u>21,606</u>	<u>(87,962)</u>	<u>(386,543)</u>	<u>(969,035)</u>	<u>(311,009)</u>	<u>(503,403)</u>
Total Primary Government	<u>\$ (1,455,520)</u>	<u>\$ (2,727,903)</u>	<u>\$ (4,022,097)</u>	<u>\$ (1,950,056)</u>	<u>\$ (6,192,170)</u>	<u>\$ (3,772,564)</u>	<u>\$ (2,885,020)</u>	<u>\$ (3,266,846)</u>	<u>\$ 971,358</u>	<u>\$ 1,212,674</u>

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

Table 3

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable	\$ 101,157	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	529,627	485,101	378,240	637,537	932,456	691,815	467,589	488,840	563,130	797,675
Unassigned	<u>9,919,389</u>	<u>6,857,463</u>	<u>8,778,391</u>	<u>6,798,056</u>	<u>4,084,363</u>	<u>5,302,434</u>	<u>8,016,125</u>	<u>7,370,555</u>	<u>6,953,281</u>	<u>5,574,608</u>
Total General Fund	<u>\$ 10,550,173</u>	<u>\$ 7,342,564</u>	<u>\$ 9,156,631</u>	<u>\$ 7,435,593</u>	<u>\$ 5,016,819</u>	<u>\$ 5,994,249</u>	<u>\$ 8,483,714</u>	<u>\$ 7,859,395</u>	<u>\$ 7,516,411</u>	<u>\$ 6,372,283</u>
All Other Governmental Funds:										
Nonspendable	\$ 97,143	\$ 97,143	\$ 97,143	\$ 97,143	\$ 924,384	\$ 924,951	\$ 120,282	\$ 182,318	\$ 184,438	\$ 184,993
Restricted	5,176,871	6,559,357	8,705,038	9,714,033	11,680,914	359,995	1,759,761	5,106,845	2,255,564	3,690,783
Committed	3,066,379	2,389,363	2,151,621	1,368,570	1,363,215	1,019,850	492,516	2,438,907	1,376,710	1,224,717
Assigned	-	-	-	-	-	-	112,454	-	-	-
Unassigned	<u>(79,862)</u>	<u>(176)</u>	<u>(53,580)</u>	<u>(90,365)</u>	<u>(73,370)</u>	<u>(4,541,883)</u>	<u>(4,885,259)</u>	<u>6,846</u>	<u>(15,910)</u>	<u>(8,458)</u>
Total All Other Governmental Funds	<u>\$ 8,260,531</u>	<u>\$ 9,045,687</u>	<u>\$ 10,900,222</u>	<u>\$ 11,089,381</u>	<u>\$ 13,895,143</u>	<u>\$ (2,237,087)</u>	<u>\$ (2,400,246)</u>	<u>\$ 7,734,916</u>	<u>\$ 3,800,802</u>	<u>\$ 5,092,035</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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Property Taxes, Interest and Lien Fees	\$ 65,471,466	\$ 62,249,852	\$ 61,859,812	\$ 60,394,025	\$ 57,033,466	\$ 54,558,200	\$ 52,586,977	\$ 50,856,154	\$ 49,654,477	\$ 47,229,837
Intergovernmental Revenues	27,047,326	24,163,524	23,312,710	23,421,375	20,151,894	21,622,135	21,576,365	22,315,011	21,542,941	20,780,785
Licenses, Permits, and Charges for Services	4,151,382	3,934,881	3,445,754	4,300,876	3,804,951	3,567,159	4,108,959	4,887,920	3,701,187	3,598,197
Investment Income	84,233	42,231	271,410	369,995	231,192	73,555	52,028	32,017	28,540	34,224
Other Revenues	440,880	874,457	449,931	399,275	425,877	420,239	504,041	649,730	696,492	724,001
Total Revenues	97,195,287	91,264,945	89,339,617	88,885,546	81,647,380	80,241,288	78,828,370	78,740,832	75,623,637	72,367,044
Expenditures:										
General Government	\$ 3,146,130	\$ 2,937,907	\$ 2,926,307	\$ 2,812,732	\$ 2,786,843	\$ 2,860,969	\$ 2,597,695	\$ 2,687,104	\$ 2,720,880	\$ 2,698,812
Public Safety	7,138,830	6,605,466	5,811,919	5,592,875	5,862,000	5,578,409	5,677,770	5,352,140	5,167,815	5,077,899
Public Works	3,900,183	3,620,305	3,959,303	5,431,727	3,573,794	3,665,418	4,754,988	4,229,085	4,162,342	3,806,748
Parks and Recreation	1,243,798	1,029,150	1,252,796	1,234,533	1,362,282	1,323,437	1,193,087	1,186,993	1,129,699	1,072,466
Health and Welfare	246,673	217,056	210,199	203,797	201,129	191,233	328,520	244,378	529,044	428,004
Education	60,901,444	59,076,297	54,401,033	53,740,343	51,979,391	51,543,076	48,132,605	47,559,776	46,040,759	45,468,561
Other	9,994,908	10,121,868	10,126,796	9,804,626	9,412,375	9,538,802	8,763,452	8,205,314	7,451,025	7,026,858
Capital Outlay	2,298,999	5,367,593	9,041,497	10,471,263	1,476,976	1,929,123	2,766,836	2,363,893	2,430,242	1,661,963
Debt Service:										
Principal	5,187,158	10,512,403	11,247,316	22,314,700	5,400,104	5,412,462	4,905,000	4,425,000	4,425,000	4,425,000
Interest	1,880,162	2,500,551	2,401,182	1,698,982	1,710,144	1,910,560	2,043,972	2,591,270	2,432,649	2,386,471
Total Expenditures	95,938,285	101,988,596	101,378,348	113,305,578	83,765,038	83,953,489	81,163,925	78,844,953	76,489,455	74,052,782
Excess (Deficiency) of Revenues Over Expenditures	1,257,002	(10,723,651)	(12,038,731)	(24,420,032)	(2,117,658)	(3,712,201)	(2,335,555)	(104,121)	(865,818)	(1,685,738)
Other Financing Sources (Uses):										
Issuance of Bonds/BANs	-	6,000,000	12,200,000	22,910,000	16,900,000	1,075,000	-	3,000,000	-	2,000,000
Issuance of Equipment Financing Notes	744,865	1,009,037	462,260	407,108	243,602	202,762	483,634	418,681	592,437	630,313
Issuance of Refunding Bonds	9,430,000	10,290,000	-	-	-	-	-	6,265,000	-	8,600,000
Payment to Refunding Bond Escrow Agent	(10,534,474)	(10,633,950)	-	-	-	-	-	(6,607,647)	-	(9,446,776)
Bond/BAN Premiums	1,209,460	826,882	779,550	618,771	119,990	96,008	31,319	472,694	83,226	892,729
Transfers In	599,911	443,394	399,427	546,193	296,002	369,775	565,681	641,614	325,787	382,386
Transfers Out	(530,655)	(880,314)	(270,627)	(449,028)	(287,136)	(357,650)	(649,156)	(708,442)	(282,736)	(289,429)
Total Other Financing Sources (Uses)	919,107	7,055,049	13,570,610	24,033,044	17,272,458	1,385,895	431,478	3,481,900	718,714	2,769,223
Net Change in Fund Balances	2,176,109	(3,668,602)	1,531,879	(386,988)	15,154,800	(2,326,306)	(1,904,077)	3,377,779	(147,104)	1,083,485
Debt Service as a Percentage of Noncapital Expenditures	7.53%	13.47%	14.78%	23.35%	8.64%	8.93%	8.86%	9.17%	9.26%	9.41%

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							
2022	2020	\$ 1,277,158	\$ 242,139	\$ 209,087	\$ 192,596	\$ 23,367	\$ 1,944,347	\$ 85,877	\$ 1,858,470	34.56	\$ 2,654,957	70%
2021	2019	1,281,347	252,254	194,500	192,447	4,183	1,924,731	69,640	1,855,091	33.19	2,650,130	70%
2020	2018	1,280,959	246,157	193,810	184,297	4,183	1,909,406	74,046	1,835,360	33.19	2,621,943	70%
2019	2017	1,245,429	228,990	189,340	172,523	3,216	1,839,498	67,502	1,771,996	33.59	2,531,423	70%
2018	2016	1,241,911	229,508	188,638	167,162	3,129	1,830,348	62,664	1,767,684	31.88	2,525,263	70%
2017	2015	1,238,970	229,298	184,139	150,741	2,376	1,805,524	60,249	1,745,275	30.89	2,493,250	70%
2016	2014	1,233,283	234,050	181,856	147,337	447	1,796,973	59,296	1,737,677	30.10	2,482,396	70%
2015	2013	1,228,803	233,237	177,678	133,695	517	1,773,930	55,272	1,718,658	29.12	2,455,226	70%
2014	2012	1,464,573	238,642	173,905	129,831	538	2,007,489	49,217	1,958,272	25.09	2,797,531	70%
2013	2011	1,457,527	239,415	171,389	133,995	598	2,002,924	60,447	1,942,477	24.23	2,774,967	70%

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

Notes:

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

TOWN OF WATERTOWN, CONNECTICUT

Table 6

Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

Taxpayer	Nature of Business	2022			2013		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Light & Power	Utility	\$ 59,863	1	3.22%	\$ 26,797	1	1.38%
Yankee Gas	Utility	8,160	2	0.44%	5,177	10	0.27%
JSD Partners	Manufacturing	7,441	3	0.40%	7,884	4	0.41%
Greenbriar Associates, LLC	Real Estate	7,406	4	0.40%	7,222	6	0.37%
The Siemon Company	Manufacturing	6,655	5	0.36%	19,700	2	1.01%
Siemon Realty Company	Real Estate	6,410	6	0.34%	7,905	3	0.41%
Straits Commercial Assoc. LTD	Supermarket	6,082	7	0.33%	6,837	8	0.35%
Global Steering Company	Manufacturing	5,782	8	0.31%	7,444	5	0.38%
United Parcel Services	Shipping	5,690	9	0.31%			
EAN Holdings LLC	Auto Dealership	4,836	10	0.26%			
ANSTRO Manufacturing Co.	Manufacturing				6,989	7	0.36%
Truelove & MacLean, Inc.	Manufacturing				6,767	9	0.35%
Total		\$ 118,325		6.37%	\$ 102,722		5.29%

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
2022	2020	\$ 1,858,470	34.56	\$ 65,041,818	\$ 64,267,829	98.81%	\$ -	\$ 64,267,829	98.81%
2021	2019	1,855,091	33.19	61,584,233	60,967,689	99.00%	371,611	61,339,300	99.60%
2020	2018	1,835,360	33.19	61,313,822	60,705,937	99.01%	416,080	61,122,017	99.69%
2019	2017	1,771,996	33.59	59,919,974	59,277,939	98.93%	503,655	59,781,594	99.77%
2018	2016	1,767,684	31.88	56,661,252	55,844,763	98.56%	640,680	56,485,443	99.69%
2017	2015	1,745,275	30.89	54,377,797	53,569,467	98.51%	677,058	54,246,525	99.76%
2016	2014	1,737,686	30.10	52,539,751	51,812,359	98.62%	593,949	52,406,308	99.75%
2015	2013	1,718,661	29.12	50,221,088	49,593,099	98.75%	625,478	50,218,577	100.00%
2014	2012	1,958,272	25.09	49,217,960	48,628,689	98.80%	593,398	49,222,087	100.01%
2013	2011	1,942,449	24.23	47,146,848	46,377,576	98.37%	545,797	46,923,373	99.53%

Source: Town of Watertown Tax Collector's Office

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

Table 8

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Bonded Debt Percentage of Actual Taxable Value of Property (1)	Total Debt per Capita	Total Bonded Debt per Capita
	General Obligation Bonds	Equipment Financing Notes	Clean Water Fund Notes	Equipment Financing Notes					
2022	\$ 55,055,770	\$ 1,365,603	\$ -	\$ 17,323	\$ 56,438,696	6.08%	2.07%	\$ 2,553	\$ 2,490
2021	59,989,020	1,172,896	-	25,126	61,187,042	6.85%	2.26%	2,836	2,780
2020	63,423,320	634,212	-	32,408	64,089,940	7.40%	2.42%	2,959	2,928
2019	61,560,915	499,305	414,632	-	62,474,852	7.21%	2.43%	2,874	2,832
2018	43,312,201	386,897	829,264	-	44,528,362	5.13%	1.72%	1,978	1,924
2017	48,474,068	513,399	1,243,896	-	50,231,363	6.53%	1.94%	2,231	2,153
2016	52,484,674	768,099	1,661,611	-	54,914,384	7.23%	2.11%	2,471	2,361
2015	57,487,323	829,469	2,112,839	-	60,429,631	7.96%	2.34%	2,719	2,586
2014	58,875,676	953,043	2,566,050	-	62,394,769	8.21%	2.10%	2,803	2,645
2013	63,583,668	912,593	3,032,100	-	67,528,361	8.78%	2.29%	2,999	2,824

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

¹ See Table 5 for taxable property value data

² See Table 12 for personal income and population data.

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Debt Limitation
June 30, 2022

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 62,005,840
Reimbursement for Revenue Loss on: Tax Relief for Elderly (Prior Year)	-
Base	<u>\$ 62,005,840</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 139,513,140	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	279,026,280	-	-	-
3-3/4 times base	-	-	232,521,900	-	-
3-1/4 times base	-	-	-	201,518,980	-
3 times base	-	-	-	-	186,017,520
Total Debt Limitation	<u>\$ 139,513,140</u>	<u>\$ 279,026,280</u>	<u>\$ 232,521,900</u>	<u>\$ 201,518,980</u>	<u>\$ 186,017,520</u>
Indebtedness:					
Bonds Payable	21,072,062	19,734,300	10,668,638	-	-
Total Indebtedness	<u>21,072,062</u>	<u>19,734,300</u>	<u>10,668,638</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 118,441,078</u>	<u>\$ 259,291,980</u>	<u>\$ 221,853,262</u>	<u>\$ 201,518,980</u>	<u>\$ 186,017,520</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$434,040,880.

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	Sub-Total	General Obligation Bonds	Amount Applicable To Town	(1) Percentage Applicable To Town	
2022	\$ 55,055,770	\$ 1,382,926	\$ 56,438,696	\$ -	N/A	N/A	\$ 56,438,696
2021	59,989,020	1,198,022	61,187,042	-	N/A	N/A	61,187,042
2020	63,423,320	666,620	64,089,940	-	N/A	N/A	64,089,940
2019	61,560,915	499,305	62,060,220	-	N/A	N/A	62,060,220
2018	43,312,201	386,897	43,699,098	-	N/A	N/A	43,699,098
2017	48,474,068	513,399	48,987,467	-	N/A	N/A	48,987,467
2016	52,484,674	768,099	53,252,773	-	N/A	N/A	53,252,773
2015	57,487,323	829,469	58,316,792	274,382	274,382	100%	58,591,174
2014	58,875,676	953,043	59,828,719	602,272	602,272	100%	60,430,991
2013	63,583,668	912,593	64,496,261	704,013	704,013	100%	65,200,274

(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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limitation	\$ 434,041	\$ 430,593	\$ 422,127	\$ 398,681	\$ 383,868	\$ 369,474	\$ 369,473	\$ 354,736	\$ 347,991	\$ 331,201
Total net debt applicable to limit	<u>51,475</u>	<u>57,065</u>	<u>60,890</u>	<u>59,970</u>	<u>59,494</u>	<u>53,782</u>	<u>57,448</u>	<u>64,379</u>	<u>68,485</u>	<u>72,647</u>
Legal debt margin	<u>\$ 382,566</u>	<u>\$ 373,528</u>	<u>\$ 361,237</u>	<u>\$ 338,711</u>	<u>\$ 324,374</u>	<u>\$ 315,692</u>	<u>\$ 312,025</u>	<u>\$ 290,357</u>	<u>\$ 279,506</u>	<u>\$ 258,554</u>
Total net debt applicable to the limit as a percentage of debt limit	11.86%	13.25%	14.42%	15.04%	15.50%	14.56%	15.55%	18.15%	19.68%	21.93%

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
2022	22,110	\$ 928,465	\$ 41,993	2,582	12,579	472	3.6%	6.5%	4.1%	3.8%
2021	21,578	893,739	41,419	2,623	11,465	650	5.4%	12.0%	7.0%	5.9%
2020	21,661	866,634	40,009	2,706	11,502	1,101	8.7%	14.1%	10.0%	11.1%
2019	21,740	866,034	39,836	2,736	12,694	474	3.6%	5.9%	3.9%	3.9%
2018	22,514	867,464	38,530	2,799	12,449	502	3.9%	6.9%	4.3%	3.9%
2017	22,514	769,033	34,158	2,792	12,812	574	4.3%	7.9%	5.0%	4.4%
2016	22,228	759,264	34,158	2,824	12,447	606	4.6%	8.5%	5.4%	4.9%
2015	22,228	759,264	34,158	2,829	12,494	655	5.0%	9.5%	5.8%	5.1%
2014	22,261	760,391	34,158	2,915	10,995	939	7.9%	12.0%	7.4%	6.8%
2013	22,514	769,033	34,158	3,022	10,980	983	8.2%	13.3%	8.3%	7.7%

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	2022			2013		
		Employees	Rank	Percentage of Town Employment	Employees	Rank	Percentage of Town Employment
The Siemon Company	Manufacturer	335	1	2.66%	300	1	2.73%
Shelter Loic	Manufacturer	265	2	2.11%			
Super Stop and Shop	Supermarket	225	3	1.79%	180	4	1.64%
Emerson Automated Solutions	Manufacturer	210	4	1.67%			
Crystal Rock	Manufacturer - Bottled Water	200	5	1.59%	150	7	1.37%
LaBonnes Market	Supermarket	196	6	1.56%	125	9	1.14%
Global Steering Systems	Manufacturer	185	7	1.47%	156	6	1.42%
The Taft School	Private School	184	8	1.46%	275	2	2.50%
Braxton Manufacturing	Manufacturer	180	9	1.43%	163	5	1.48%
PM Engineered Solutions	Manufacturer	175	10	1.39%			
Apple Rehab	Health Care				140	8	1.28%
Albea	Manufacturer				200	3	1.82%
Truelove & Maclean	Manufacturer				110	10	1.00%
Total		2155		17.13%	1799		16.38%

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Government	52	52	53	53	50	52	56	55	55	55
Police	39	37	37	35	35	37	38	38	38	37
Fire	1	1	1	1	2	2	2	2	2	3
Public Works	21	21	24	25	25	25	30	30	30	30
Park and Recreation	<u>6</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>8</u>	<u>8</u>
	<u>119</u>	<u>116</u>	<u>120</u>	<u>119</u>	<u>118</u>	<u>122</u>	<u>133</u>	<u>133</u>	<u>133</u>	<u>133</u>
Board of Education:										
Administration and Principals	22	19	16	15	15	16	19	18	18	17
Teachers	244	244	238	234	233	242	239	222	226	241
Other	<u>201</u>	<u>240</u>	<u>208</u>	<u>196</u>	<u>192</u>	<u>206</u>	<u>209</u>	<u>202</u>	<u>210</u>	<u>203</u>
	<u>467</u>	<u>503</u>	<u>462</u>	<u>445</u>	<u>440</u>	<u>464</u>	<u>467</u>	<u>442</u>	<u>454</u>	<u>461</u>
Total	<u>586</u>	<u>619</u>	<u>582</u>	<u>564</u>	<u>558</u>	<u>586</u>	<u>600</u>	<u>575</u>	<u>587</u>	<u>594</u>

Source(s): Various Town Departments

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

Table 15

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
Building Permits Issued	1,320	1,487	1,398	1,331	1,388	1,289	1,574	1,422	1,494	2,234
Police:										
Physical Arrests	241	234	389	502	536	536	524	446	526	542
Parking Violations	5	6	101	531	566	102	146	203	217	89
Traffic Violations	448	450	1,356	2,012	1,749	1,889	1,912	1,983	1,780	2,107
Fire:										
Emergency Responses	2,989	2,741	2,508	1,893	2,428	2,397	2,437	2,499	1,759	1,767
Fires Extinguished	46	49	40	71	67	69	47	41	137	127
Public Works:										
Street Resurfacing (Miles)	1.53	1.40	2.80	1.38	-	3.30	0.90	4.45	3.20	2.53
Potholes Repaired	1,825	1,750	640	300	459	430	433	222	468	223
Library:										
Volumes in Collection	82,585	78,685	82,806	80,063	84,051	79,376	78,194	78,194	76,650	74,259
Water:										
Water Main Breaks	3	4	10	10	11	5	7	5	3	3
Average Daily Consumption (thousands of gallons)	1,019	920	1,000	877	880	880	824	876	810	893

Source(s): Various Town Departments

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

Table 16

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government:										
Administrative Buildings	1	1	3	3	3	3	3	3	3	3
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Public Works:										
Miles of Streets	138	138	136.29	136.29	136.29	136.29	136.29	136.29	136.16	135.25
Miles of Sidewalks	37.00	83.23	83.23	83.23	83.23	83.23	83.23	83.23	83.23	82.32
Catch Basins	4,503	4,124	3,460	3,460	3,454	3,440	3,438	3,438	3,434	3,396
Number of Dams	3	4	5	4	5	5	5	5	5	5
Parks and Recreation:										
Parks	4	4	4	4	4	4	4	4	4	4
Cemeteries	3	3	3	3	3	3	3	3	3	3
Golf Courses	1	1	1	1	1	1	1	1	1	1
Recreation Fields and Courts:										
Number of Basketball Courts	11	11	11	11	11	11	11	11	11	12
Number of Football Fields	1	1	1	1	1	1	1	1	1	2
Number of Playgrounds	8	8	8	8	8	8	8	8	8	9
Number of Soccer Fields	5	5	5	5	5	5	5	5	5	6
Number of Softball/Baseball Fields	12	12	12	12	12	14	14	14	14	17
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Education:										
School Buildings	5	5	5	5	5	4	5	5	5	5
Administrative Buildings	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments