

TOWN OF WATERTOWN CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF WATERTOWN CONNECTICUT

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2021

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, 2021

Town Council

Mary Ann Rosa, Chair
Jonathan Ramsay, Vice Chair
Kenneth Demirs
Rachael A. Ryan
Robert Desena
Anthony DiBona
Louis D. Razza
Robert Retallick

Board of Education

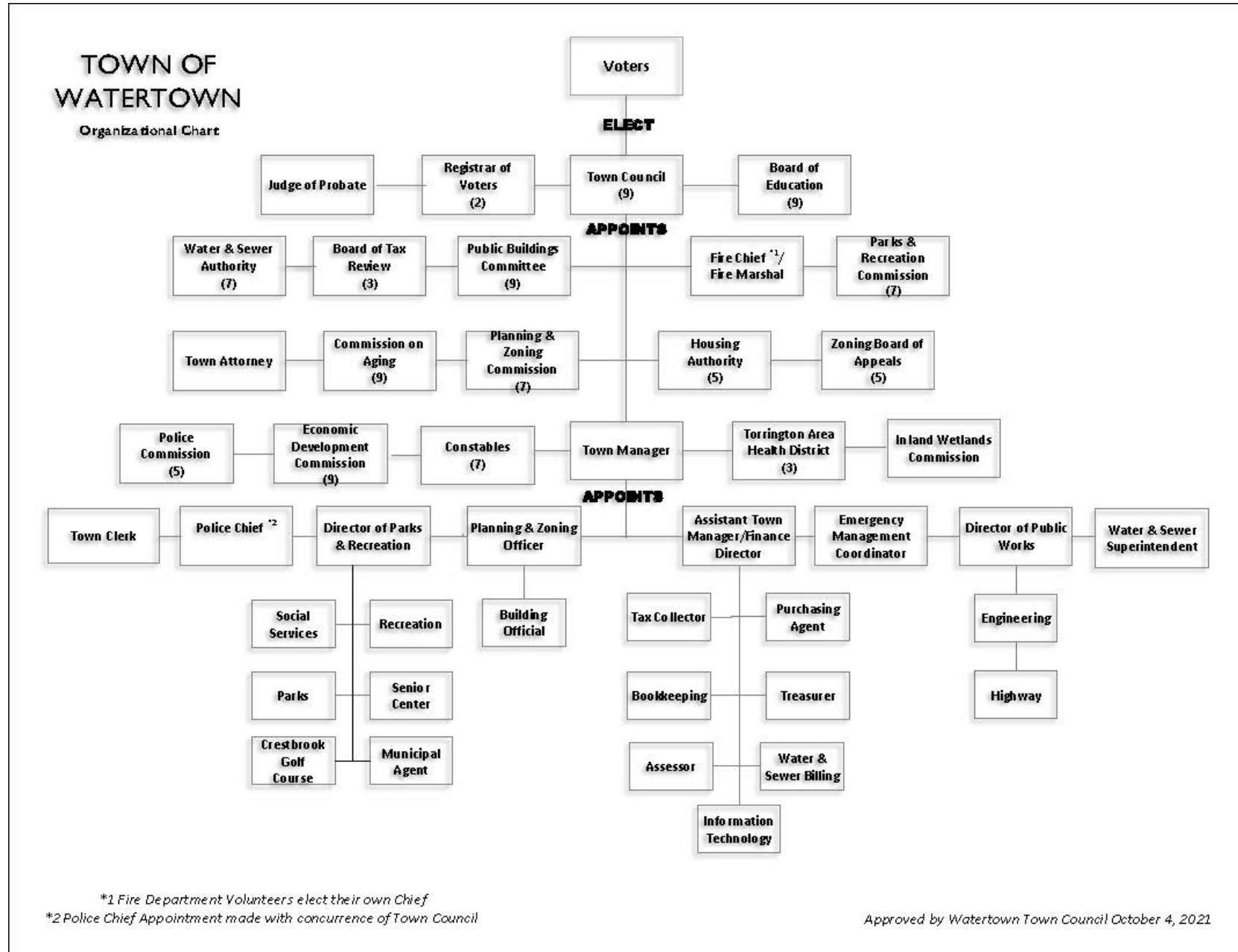
Leslie Crotty, Chair
Janelle Wilk, Vice Chair
Cathie Rinaldi, Secretary
Brian Flaherty
Karen Hosking
Cindy Eastman
Jason Douglas Malagutti
Robert Makowski
Josephine Cavallo – Rosa

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

December 23, 2021

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, 2021 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 2019 the Town of Watertown passed at referendum a 2019 public works project for the design, construction, and implementation of various public works projects. These projects are ongoing in Fiscal year 2021. Currently the Town is in the planning stages of building a new Senior Center/Community Center with a Police Department Headquarters on a Town owned piece of property. The Board of Education needs roof repairs at one of our schools along with the repair of the Track and Football Field at our High School.

Economic Activity

Property once designated for a car dealership was just sold to a developer with plans to build a medical building. 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.

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 continues at "AA+" due to its strong economy, fund balance policy, 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, 2020.

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 annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

Respectfully submitted,

A handwritten signature in blue ink, reading "Susan Zappone". The signature is fluid and cursive, with the first name "Susan" and the last name "Zappone" clearly distinguishable.

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, 2020

Christopher P. Morill

Executive Director/CEO

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Watertown, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

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

Other Information

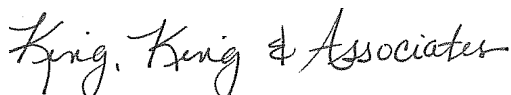
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Watertown, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2021 on our consideration of the Town of Watertown, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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, Connecticut's internal control over financial reporting and compliance.



King, King & Associates, CPAs
Winsted, CT
December 23, 2021

TOWN OF WATERTOWN, CONNECTICUT
Management's Discussion and Analysis
June 30, 2021

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, 2021. 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 \$2.7 million as a result of this year's operations. Net position of our governmental activities decreased by \$4.8 million.
- In the Town's business-type activities, total net position increased by \$2.0 million.
- Unrestricted net position of the Town's business-type activities increased by \$1.9 million (\$6.5 million in 2021 compared to \$4.6 million in 2020.)
- Total cost of all the Town's programs was \$107.5 million.
- The General Fund reported an unassigned fund balance this year of \$6.9 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 19 to 27. 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, 2021

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 17-18 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, 2021

- **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 19-22 of this report. The basic proprietary fund financial statements can be found on pages 23-25 of this report. The basic fiduciary fund financial statements can be found on pages 26-27 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 28-71 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 \$69.6 million at the close of the most recent fiscal year.

<i>In Thousands</i>	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 28,623	\$ 29,732	\$ 7,538	\$ 5,816	\$ 36,161	\$ 35,548
Capital Assets	185,622	184,716	18,576	18,450	204,198	203,166
Total Assets	214,245	214,448	26,114	24,266	240,359	238,714
Deferred Outflows of Resources	24,425	20,465	105	147	24,530	20,612
Long-term Liabilities	166,572	169,959	421	589	166,993	170,548
Other Liabilities	10,622	8,585	546	726	11,168	9,311
Total Liabilities	177,194	178,544	967	1,315	178,161	179,859
Deferred Inflows of Resources	16,963	7,101	180	53	17,143	7,154
Net Position:						
Net Investment in Capital Assets	131,085	129,301	18,551	18,450	149,636	147,751
Restricted	1,573	1,371	-	-	1,573	1,371
Unrestricted	(88,146)	(81,404)	6,521	4,594	(81,625)	(76,810)
Total Net Position	\$ 44,512	\$ 49,268	\$ 25,072	\$ 23,044	\$ 69,584	\$ 72,312

Net position of the Town's governmental activities decreased by \$4.8 million (\$44.5 million in 2021 compared to \$49.3 million in 2020). The Town's unrestricted net position of \$(88.1) million decreased by \$6.7 million compared with last year's unrestricted net position of \$(81.4) million. The decrease is primarily attributable to the increase in post-retirement benefit obligations. Net investment in capital assets increased \$1.8 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, 2021

During 2021, the net position of the Town's business-type activities increased by \$2.0 million. Unrestricted net position increased by \$1.9 million (\$6.5 million in 2021 compared to \$4.6 million in 2020). 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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
<i>General Revenues:</i>						
Property Taxes	\$ 62,150	\$ 61,615	\$ -	\$ -	\$ 62,150	\$ 61,615
Unrestricted Grants & Contributions	954	730	-	-	954	730
Unrestricted Investment Income	43	273	3	17	46	290
Other General Revenues, Net	577	187	-	-	577	187
<i>Program Revenues:</i>						
Charges for Services	5,058	3,390	5,225	4,725	10,283	8,115
Operating Grants and Contributions	29,385	23,406	-	-	29,385	23,406
Capital Grants and Contributions	1,378	1,963	-	-	1,378	1,963
Total Revenues	<u>99,545</u>	<u>91,564</u>	<u>5,228</u>	<u>4,742</u>	<u>104,773</u>	<u>96,306</u>
EXPENSES						
<i>Governmental Activities:</i>						
General Government	23,067	24,038	-	-	23,067	24,038
Public Safety	9,514	9,269	-	-	9,514	9,269
Public Works	5,987	6,505	-	-	5,987	6,505
Parks and Recreation	1,157	1,333	-	-	1,157	1,333
Health and Welfare	155	158	-	-	155	158
Education	61,223	52,696	-	-	61,223	52,696
Interest on Long-Term Debt	2,152	1,996	-	-	2,152	1,996
<i>Business-Type Activities:</i>						
Sewer	-	-	1,880	1,760	1,880	1,760
Water	-	-	1,618	1,900	1,618	1,900
Golf	-	-	748	673	748	673
Total Expenses	<u>103,255</u>	<u>95,995</u>	<u>4,246</u>	<u>4,333</u>	<u>107,501</u>	<u>100,328</u>
Change in Net Position Before Transfers	<u>(3,710)</u>	<u>(4,431)</u>	<u>982</u>	<u>409</u>	<u>(2,728)</u>	<u>(4,022)</u>
Transfers	<u>(1,046)</u>	<u>(1,591)</u>	<u>1,046</u>	<u>1,591</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(4,756)</u>	<u>(6,022)</u>	<u>2,028</u>	<u>2,000</u>	<u>(2,728)</u>	<u>(4,022)</u>
Beginning Net Position	<u>49,268</u>	<u>55,290</u>	<u>23,044</u>	<u>21,044</u>	<u>72,312</u>	<u>76,334</u>
Ending Net Position	<u>\$ 44,512</u>	<u>\$ 49,268</u>	<u>\$ 25,072</u>	<u>\$ 23,044</u>	<u>\$ 69,584</u>	<u>\$ 72,312</u>

The Town's total revenues were \$104.8 million. The total cost of all programs and services was \$107.5 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, 2021

Governmental Activities

The Town's governmental activities reported a decrease of \$4.8 million in net position in 2021. The decrease was primarily driven by medical and post-employment benefit expenses and an additional appropriation to the BOE to cover unanticipated COVID expenditures. The Town's total governmental revenue for the year was \$99.5 million. Total program expenses were \$103.3 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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<i>Governmental Activities:</i>				
General Government	\$ 23,067	\$ 24,038	\$ 19,756	\$ 22,762
Public Safety	9,514	9,269	8,346	8,249
Public Works	5,987	6,505	3,986	4,219
Parks and Recreation	1,157	1,333	951	865
Health and Welfare	155	158	22	(33)
Education	61,223	52,696	32,220	29,179
Interest on Long-Term Debt	2,152	1,996	2,152	1,996
	<u>\$ 103,255</u>	<u>\$ 95,995</u>	<u>\$ 67,433</u>	<u>\$ 67,237</u>

Business-Type Activities

The Town's business-type activities reported an increase of \$2.0 million in net position in 2021. 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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<i>Business-Type Activities:</i>				
Sewer	\$ 1,880	\$ 1,760	\$ (653)	\$ (648)
Water	1,618	1,900	(177)	196
Golf	748	673	(148)	60
	<u>\$ 4,246</u>	<u>\$ 4,333</u>	<u>\$ (978)</u>	<u>\$ (392)</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 \$16.4 million, which is a decrease of \$3.7 million from the prior year's total. During 2021 the Town's general fund balance decreased by \$1.8 million primarily due to an additional appropriation to the BOE to cover unanticipated COVID costs, the capital improvement fund balance decreased by \$2.3 million due to capital outlay and debt service related to the Town hall and water and sewer extension, and the nonmajor governmental funds increased by \$476,360.

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

Proprietary Funds

Net position of the Town's three self-insured internal service funds decreased by \$657,527 during the year. Net position of The Health and Dental Benefits Fund increased by \$21,952. Net position of the Town's Workers' Compensation Fund decreased \$679,479. 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 \$3.9 million. \$2.8 million of this was for the Board of Education to cover unanticipated COVID and other costs. The actual revenues without the use of fund balance exceeded the budgetary revenues of \$77.7 million by \$1.1 million due to building permits, town clerk fees, grants, and other local revenues being higher than anticipated. The Town expended \$919,408 less than the amended appropriations budget amount of \$81.6 million.

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, 2021, amounts to \$204,197,872 (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
- Water main extensions
- Town hall renovation project

	2021	2020
<i>Governmental Activities:</i>		
Land	\$ 3,147,876	\$ 3,147,876
Construction in Progress	-	11,176,448
Buildings and Improvements	127,068,695	118,067,232
Vehicles	592,380	596,183
Machinery and Equipment	1,534,496	1,098,580
Infrastructure	53,278,294	50,629,952
	<u>\$ 185,621,741</u>	<u>\$ 184,716,271</u>

TOWN OF WATERTOWN, CONNECTICUT

Management's Discussion and Analysis

June 30, 2021

	2021	2020
<i>Business-type Activities:</i>		
Land	\$ 1,019,600	\$ 1,019,600
Construction in Progress	-	5,671,748
Buildings and Improvements	717,025	774,240
Vehicles	2	2
Machinery and Equipment	56,686	76,445
Infrastructure	16,782,818	10,907,813
	<u>\$ 18,576,131</u>	<u>\$ 18,449,848</u>

Additional information on the Town of Watertown's capital assets can be found in Note 5 on pages 40-41 of this report.

Long-Term Debt

At year-end, the Town had \$57,065,000 in governmental activities bonds outstanding. This is a decrease of \$3,825,000 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 42-47 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 2022 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 5.4% versus 8.7% a year ago. This compares with the State's unemployment rate of 7.0% and the national rate of 5.9%.

Inflation in the Northeast area continues to be less than the national Consumer Price Index (CPI) increase. The Town required one budget referendum to pass its 2021-2022 budget. The mill rate for fiscal year 2021-2022 is 34.56 mills, which was a 1.37 mill increase from the prior year. The Board of Education budget increased 3.24% and the Town's portion increased 2.04%.

In the Town's 2021-2022 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 2021-2022 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, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 21,799,938	\$ 6,140,859	\$ 27,940,797
Restricted Cash and Cash Equivalents	266,298	-	266,298
Investments	2,642	-	2,642
Receivables, Net	6,531,156	1,396,622	7,927,778
Inventories	23,139	-	23,139
Capital Assets:			
Assets Not Being Depreciated	3,147,876	1,019,600	4,167,476
Assets Being Depreciated, Net	182,473,865	17,556,531	200,030,396
Total Assets	<u>214,244,914</u>	<u>26,113,612</u>	<u>240,358,526</u>
Deferred Outflows of Resources			
Deferred Outflows - Pension	2,663,462	104,788	2,768,250
Deferred Outflows - OPEB	20,219,014	-	20,219,014
Deferred Charge on Refunding	1,542,134	-	1,542,134
Total Deferred Outflows of Resources	<u>24,424,610</u>	<u>104,788</u>	<u>24,529,398</u>
Liabilities			
Accounts Payable and Accrued Items	3,460,537	494,149	3,954,686
Accrued Interest Payable	479,909	-	479,909
Long-Term Claims Payable	2,755,165	-	2,755,165
Unearned Revenue	3,660,443	51,869	3,712,312
Performance Bonds	266,298	-	266,298
Noncurrent Liabilities:			
Due Within One Year	7,199,753	80,677	7,280,430
Due In More Than One Year	159,372,249	339,919	159,712,168
Total Liabilities	<u>177,194,354</u>	<u>966,614</u>	<u>178,160,968</u>
Deferred Inflows of Resources			
Deferred Inflows - Pension	6,252,384	180,051	6,432,435
Deferred Inflows - OPEB	10,710,241	-	10,710,241
Total Deferred Inflows of Resources	<u>16,962,625</u>	<u>180,051</u>	<u>17,142,676</u>
Net Position			
Net Investment in Capital Assets	131,085,354	18,551,005	149,636,359
Restricted for Community Development	923,374	-	923,374
Restricted for Other Purposes	476,961	-	476,961
Restricted for Purposes of Trust:			
Nonexpendable	97,143	-	97,143
Expendable	75,627	-	75,627
Unrestricted	(88,145,914)	6,520,730	(81,625,184)
Total Net Position	<u>\$ 44,512,545</u>	<u>\$ 25,071,735</u>	<u>\$ 69,584,280</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, 2021

Functions/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 23,067,455	\$ 3,203,513	\$ 107,754	\$ -	\$ (19,756,188)	\$ -	\$ (19,756,188)
Public Safety	9,513,588	1,128,926	38,765	-	(8,345,897)	-	(8,345,897)
Public Works	5,987,316	189,900	433,758	1,378,137	(3,985,521)	-	(3,985,521)
Parks and Recreation	1,156,601	161,222	44,541	-	(950,838)	-	(950,838)
Health and Welfare	154,872	2,992	129,578	-	(22,302)	-	(22,302)
Education	61,223,301	371,882	28,631,068	-	(32,220,351)	-	(32,220,351)
Interest on Long-Term Debt	2,152,188	-	-	-	(2,152,188)	-	(2,152,188)
Total Governmental Activities	103,255,321	5,058,435	29,385,464	1,378,137	(67,433,285)	-	(67,433,285)
Business-Type Activities:							
Sewer	1,880,336	2,533,147	-	-	-	652,811	652,811
Water	1,617,737	1,795,085	-	-	-	177,348	177,348
Golf	748,593	896,884	-	-	-	148,291	148,291
Total Business-Type Activities	4,246,666	5,225,116	-	-	-	978,450	978,450
Total Primary Government	\$ 107,501,987	\$ 10,283,551	\$ 29,385,464	\$ 1,378,137	(67,433,285)	978,450	(66,454,835)
General Revenues:							
Property Taxes					62,150,176	-	62,150,176
Grants not Restricted to Specific Programs					954,415	-	954,415
Unrestricted Investment Earnings					42,737	3,172	45,909
Other General Revenues					576,432	-	576,432
Transfers					(1,045,587)	1,045,587	-
Total General Revenues and Transfers					62,678,173	1,048,759	63,726,932
Change in Net Position					(4,755,112)	2,027,209	(2,727,903)
Net Position - Beginning of Year					49,267,657	23,044,526	72,312,183
Net Position - End of Year					\$ 44,512,545	\$ 25,071,735	\$ 69,584,280

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

TOWN OF WATERTOWN, CONNECTICUT

Balance Sheet
Governmental Funds
June 30, 2021

	General	Capital Improvement Fund	Educational Grants Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 8,009,690	\$ 6,155,838	\$ 1,584,237	\$ 3,193,011	\$ 2,425,838	\$ 21,368,614
Restricted Cash	266,298	-	-	-	-	266,298
Investments	-	-	-	-	2,642	2,642
Receivables, Net of Allowance	3,277,785	2,336,988	26,431	-	889,952	6,531,156
Inventories	-	-	-	-	23,139	23,139
Due from Other Funds	1,532,138	-	-	-	-	1,532,138
Total Assets	<u>\$ 13,085,911</u>	<u>\$ 8,492,826</u>	<u>\$ 1,610,668</u>	<u>\$ 3,193,011</u>	<u>\$ 3,341,571</u>	<u>\$ 29,723,987</u>
Liabilities						
Accounts Payable and Accrued Items	\$ 2,678,515	\$ -	\$ 47,321	\$ -	\$ 15,499	\$ 2,741,335
Unearned Revenue	-	117,358	306,631	3,193,011	43,443	3,660,443
Performance Bonds	266,298	-	-	-	-	266,298
Due to Other Funds	-	-	1,182,138	-	350,000	1,532,138
Total Liabilities	<u>2,944,813</u>	<u>117,358</u>	<u>1,536,090</u>	<u>3,193,011</u>	<u>408,942</u>	<u>8,200,214</u>
Deferred Inflows of Resources						
Unavailable Revenues:						
Property Taxes and Interest	1,038,535	-	-	-	-	1,038,535
Special Assessments	1,516,573	-	-	-	-	1,516,573
School Building Grants	-	2,336,988	-	-	-	2,336,988
Other	243,426	-	-	-	-	243,426
Total Deferred Inflows of Resources	<u>2,798,534</u>	<u>2,336,988</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,135,522</u>
Fund Balances						
Nonspendable	-	-	-	-	97,143	97,143
Restricted	-	5,083,395	-	-	1,475,962	6,559,357
Committed	-	955,085	74,578	-	1,359,700	2,389,363
Assigned	485,101	-	-	-	-	485,101
Unassigned	6,857,463	-	-	-	(176)	6,857,287
Total Fund Balances	<u>7,342,564</u>	<u>6,038,480</u>	<u>74,578</u>	<u>-</u>	<u>2,932,629</u>	<u>16,388,251</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,085,911</u>	<u>\$ 8,492,826</u>	<u>\$ 1,610,668</u>	<u>\$ 3,193,011</u>	<u>\$ 3,341,571</u>	<u>\$ 29,723,987</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, 2021

Fund balances reported in governmental funds Balance Sheet \$ 16,388,251

**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>	291,619,003
<i>Depreciation</i>	(105,997,262)

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>	745,532
<i>Interest receivable on property taxes</i>	293,003
<i>Receivable from the State for school construction projects</i>	2,336,988
<i>Assessment receivables</i>	1,516,573
<i>Other accounts receivable</i>	243,426

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

(3,043,043)

Governmental funds report the effect of premiums, deferred charges and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.

(1,381,886)

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

<i>Deferred Outflows - Pension</i>	2,663,462
<i>Deferred Inflows - Pension</i>	(6,252,384)
<i>Deferred Outflows - OPEB</i>	20,219,014
<i>Deferred Inflows - OPEB</i>	(10,710,241)

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>	(479,909)
<i>Bonds payable</i>	(57,065,000)
<i>Capital leases payable</i>	(1,172,896)
<i>Compensated absences</i>	(3,079,693)
<i>Post-closure landfill costs</i>	(150,952)
<i>Special termination benefits</i>	(129,534)
<i>Pension buy-in payable</i>	(452,249)
<i>Net pension liability</i>	(7,511,855)
<i>OPEB liability</i>	<u>(94,085,803)</u>

Net position of governmental activities \$ 44,512,545

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, 2021

	General	Capital Improvement Fund	Educational Grants Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes, Interest and Lien Fees	\$ 62,249,852	\$ -	\$ -	\$ -	\$ -	\$ 62,249,852
Intergovernmental Revenues	19,524,328	1,378,137	2,058,948	-	1,202,111	24,163,524
Licenses, Permits, and Charges for Services	3,434,467	-	-	-	500,414	3,934,881
Investment Income	27,818	12,659	-	-	1,754	42,231
Other Revenue	635,742	77,801	-	-	160,914	874,457
Total Revenues	<u>85,872,207</u>	<u>1,468,597</u>	<u>2,058,948</u>	<u>-</u>	<u>1,865,193</u>	<u>91,264,945</u>
Expenditures						
Current:						
General Government	2,786,998	-	-	-	150,909	2,937,907
Public Safety	6,597,850	-	-	-	7,616	6,605,466
Public Works	3,444,789	-	-	-	175,516	3,620,305
Parks and Recreation	936,731	-	-	-	92,419	1,029,150
Health and Welfare	167,376	-	-	-	49,680	217,056
Education	56,021,064	-	2,049,487	-	1,005,746	59,076,297
Other	10,121,868	-	-	-	-	10,121,868
Debt Service	7,210,532	5,802,422	-	-	-	13,012,954
Capital Outlay	1,009,037	4,351,609	-	-	6,947	5,367,593
Total Expenditures	<u>88,296,245</u>	<u>10,154,031</u>	<u>2,049,487</u>	<u>-</u>	<u>1,488,833</u>	<u>101,988,596</u>
Excess/(Deficiency) of Revenues over Expenditures	(2,424,038)	(8,685,434)	9,461	-	376,360	(10,723,651)
Other Financing Sources/(Uses)						
Transfers In	253,394	-	-	-	190,000	443,394
Transfers Out	(790,314)	-	-	-	(90,000)	(880,314)
Issuance of Capital Leases	1,009,037	-	-	-	-	1,009,037
Issuance of Refunding Bonds	10,290,000	-	-	-	-	10,290,000
Payment to Refunding Bond Escrow Agent	(10,633,950)	-	-	-	-	(10,633,950)
Issuance of Bonds	-	6,000,000	-	-	-	6,000,000
Premium on Financing	481,804	345,078	-	-	-	826,882
Total Other Financing Sources/(Uses)	<u>609,971</u>	<u>6,345,078</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>7,055,049</u>
Net Change in Fund Balances	(1,814,067)	(2,340,356)	9,461	-	476,360	(3,668,602)
Fund Balances at Beginning of Year	<u>9,156,631</u>	<u>8,378,836</u>	<u>65,117</u>	<u>-</u>	<u>2,456,269</u>	<u>20,056,853</u>
Fund Balances at End of Year	<u>\$ 7,342,564</u>	<u>\$ 6,038,480</u>	<u>\$ 74,578</u>	<u>\$ -</u>	<u>\$ 2,932,629</u>	<u>\$ 16,388,251</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ (3,668,602)
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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>	6,657,424
<i>Depreciation expense</i>	(5,751,954)

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>	(83,885)
<i>Assessment revenue accrual basis change</i>	1,026,359
<i>Interest income on property taxes accrual basis change</i>	(15,791)
<i>Other revenues accrual basis change</i>	75,343

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 bonds</i>	(6,000,000)
<i>Proceeds from long-term debt - general obligation refunding bonds</i>	(10,290,000)
<i>Proceeds from long-term debt - capital leases</i>	(1,009,037)
<i>Principal payments on long-term debt - general obligation bonds</i>	5,005,000
<i>Principal payments on long-term debt - BANs</i>	5,037,050
<i>Principal payments on long-term debt - capital leases</i>	470,353
<i>Bonds refunded</i>	10,110,000
<i>Premium on bonds issued</i>	(826,882)
<i>Deferred charge on refunding</i>	448,993
<i>Amortization of deferred charge on refunding</i>	(117,254)
<i>Amortization of premiums</i>	399,132

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>	178,695
<i>Compensated Absences</i>	142,074
<i>Post-closure landfill costs</i>	50,368
<i>Special termination benefits</i>	(32,976)
<i>Pension buy-in payable</i>	24,471
<i>Pension obligations and related outflows/inflows</i>	154,171
<i>OPEB liability and related outflows/inflows</i>	(6,080,637)

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.

Change in net position of governmental activities	<u><u>\$ (4,755,112)</u></u>
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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, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Sewer Authority	Water Authority	Crestbrook Golf Operations	Total	
Assets					
Current Assets:					
Cash and Cash Equivalents	\$ 3,782,110	\$ 2,358,749	\$ -	\$ 6,140,859	\$ 431,324
Receivables, Net					
Usage	852,736	543,886	-	1,396,622	-
Total Current Assets	4,634,846	2,902,635	-	7,537,481	431,324
Noncurrent Assets:					
Nondepreciable Capital Assets	-	84,600	935,000	1,019,600	-
Capital Assets, Net of Accum. Deprecation	8,708,797	8,576,413	271,321	17,556,531	-
Total Noncurrent Assets	8,708,797	8,661,013	1,206,321	18,576,131	-
Total Assets	13,343,643	11,563,648	1,206,321	26,113,612	431,324
Deferred Outflows of Resources					
Deferred Outflows - Pension	45,356	45,356	14,076	104,788	-
Liabilities					
Current Liabilities:					
Accounts Payable and Accrued Items	30,401	16,689	447,059	494,149	-
Unearned Revenues	51,869	-	-	51,869	-
Capital Lease Payable	-	-	7,803	7,803	-
Compensated Absences	30,206	30,206	12,462	72,874	-
Risk Management Claims	-	-	-	-	719,202
Total Current Liabilities	112,476	46,895	467,324	626,695	719,202
Noncurrent Liabilities:					
Net Pension Liability	101,001	101,001	23,693	225,695	-
Capital Lease Payable	-	-	17,323	17,323	-
Compensated Absences	36,676	36,676	23,549	96,901	-
Risk Management Claims	-	-	-	-	2,755,165
Total Noncurrent Liabilities	137,677	137,677	64,565	339,919	2,755,165
Total Liabilities	250,153	184,572	531,889	966,614	3,474,367
Deferred Inflows of Resources					
Deferred Inflows - Pension	66,899	66,899	46,253	180,051	-
Net Position					
Net Investment in Capital Assets	8,708,797	8,661,013	1,181,195	18,551,005	-
Unrestricted	4,363,150	2,696,520	(538,940)	6,520,730	(3,043,043)
Total Net Position	\$ 13,071,947	\$ 11,357,533	\$ 642,255	\$ 25,071,735	\$ (3,043,043)

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, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Sewer Authority	Water Authority	Crestbrook Golf Operations	Total	
OPERATING REVENUES					
Charges for Services	\$ 2,526,062	\$ 1,793,121	\$ 896,884	\$ 5,216,067	\$ 14,535,356
Permits and Fees	7,085	1,964	-	9,049	-
Total Operating Revenues	<u>2,533,147</u>	<u>1,795,085</u>	<u>896,884</u>	<u>5,225,116</u>	<u>14,535,356</u>
OPERATING EXPENSES					
Salaries	284,733	259,670	294,416	838,819	-
Benefits	196,473	194,556	110,976	502,005	-
Purchased Services	1,158,710	951,755	310,671	2,421,136	-
Depreciation	240,420	211,756	30,209	482,385	-
Claims	-	-	-	-	12,890,975
Premiums and Administrative Charges	-	-	-	-	2,302,414
Total Operating Expenses	<u>1,880,336</u>	<u>1,617,737</u>	<u>746,272</u>	<u>4,244,345</u>	<u>15,193,389</u>
Operating Income/(Loss)	652,811	177,348	150,612	980,771	(658,033)
NON-OPERATING REVENUE (EXPENSE)					
Interest Income	2,257	915	-	3,172	506
Interest Expense	-	-	(2,321)	(2,321)	-
Total Non-Operating Revenues (Expenses)	<u>2,257</u>	<u>915</u>	<u>(2,321)</u>	<u>851</u>	<u>506</u>
Income/(Loss) before Transfers and Capital Contributions	<u>655,068</u>	<u>178,263</u>	<u>148,291</u>	<u>981,622</u>	<u>(657,527)</u>
Transfers:					
Transfers In	-	600,314	-	600,314	-
Transfers Out	(41,887)	(121,507)	-	(163,394)	-
Total Transfers	<u>(41,887)</u>	<u>478,807</u>	<u>-</u>	<u>436,920</u>	<u>-</u>
Capital Contributions	<u>304,333</u>	<u>304,334</u>	<u>-</u>	<u>608,667</u>	<u>-</u>
Change in Net Position	917,514	961,404	148,291	2,027,209	(657,527)
Net Position - Beginning of Year	<u>12,154,433</u>	<u>10,396,129</u>	<u>493,964</u>	<u>23,044,526</u>	<u>(2,385,516)</u>
Net Position - End of Year	<u>\$ 13,071,947</u>	<u>\$ 11,357,533</u>	<u>\$ 642,255</u>	<u>\$ 25,071,735</u>	<u>\$ (3,043,043)</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, 2021

	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	\$ 2,488,842	\$ 1,631,216	\$ 896,884	\$ 5,016,942	\$ 14,535,356
Receipts from Interfund Services	1,105	166,411	-	167,516	-
Payments to Employees	(284,733)	(259,670)	(294,416)	(838,819)	-
Payments to Suppliers	(1,136,293)	(958,268)	(506,637)	(2,601,198)	-
Payments for Benefits and Claims	(205,124)	(203,207)	(86,228)	(494,559)	(12,918,986)
Premiums and Administrative Charges	-	-	-	-	(2,302,414)
Net Cash Provided by Operating Activities	<u>863,797</u>	<u>376,482</u>	<u>9,603</u>	<u>1,249,882</u>	<u>(686,044)</u>
Cash Flows from Noncapital Financing Activities:					
Repayment to General Fund	(41,887)	(121,507)	-	(163,394)	-
Cash Received from General Fund	-	600,314	-	600,314	-
Principal Received on Reimbursement Obligation	<u>22,668</u>	<u>-</u>	<u>-</u>	<u>22,668</u>	<u>-</u>
Net Cash Used by Noncapital Financing Activities	<u>(19,219)</u>	<u>478,807</u>	<u>-</u>	<u>459,588</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Principal Payments on Capital Leases	-	-	(7,282)	(7,282)	-
Interest Paid on Debt	<u>-</u>	<u>-</u>	<u>(2,321)</u>	<u>(2,321)</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(9,603)</u>	<u>(9,603)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest Income	<u>2,257</u>	<u>915</u>	<u>-</u>	<u>3,172</u>	<u>506</u>
Net Cash Provided by Investing Activities	<u>2,257</u>	<u>915</u>	<u>-</u>	<u>3,172</u>	<u>506</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	846,835	856,204	-	1,703,039	(685,538)
Cash and Cash Equivalents at Beginning of Year	<u>2,935,275</u>	<u>1,502,545</u>	<u>-</u>	<u>4,437,820</u>	<u>1,116,862</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,782,110</u>	<u>\$ 2,358,749</u>	<u>\$ -</u>	<u>\$ 6,140,859</u>	<u>\$ 431,324</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	<u>\$ 652,811</u>	<u>\$ 177,348</u>	<u>\$ 150,612</u>	<u>\$ 980,771</u>	<u>\$ (658,033)</u>
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:					
Depreciation	240,420	211,756	30,209	482,385	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(43,200)	2,542	-	(40,658)	-
(Increase) Decrease in Deferred Outflows	18,388	18,388	5,386	42,162	-
Increase (Decrease) in Deferred Inflows	40,847	40,847	44,926	126,620	-
Increase (Decrease) in Net Pension Liability	(56,035)	(56,035)	(27,969)	(140,039)	-
Increase (Decrease) in Accounts Payable	22,417	(6,513)	(195,966)	(180,062)	-
Increase (Decrease) in Claims Payable	-	-	-	-	(28,011)
Increase (Decrease) in Compensated Absences	(11,851)	(11,851)	2,405	(21,297)	-
Total Adjustments	<u>210,986</u>	<u>199,134</u>	<u>(141,009)</u>	<u>269,111</u>	<u>(28,011)</u>
Net Cash Provided by Operating Activities	<u>\$ 863,797</u>	<u>\$ 376,482</u>	<u>\$ 9,603</u>	<u>\$ 1,249,882</u>	<u>\$ (686,044)</u>
Noncash Capital and Related Financing Activity:					
Capital Contributions from Other Funds	<u>\$ 304,333</u>	<u>\$ 304,334</u>	<u>\$ -</u>	<u>\$ 608,667</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, 2021

	Pension and OPEB Trust Funds	Custodial Funds
Assets		
Cash and Cash Equivalents	\$ 1,446	\$ 246,344
Investments, at Fair Value		
Guaranteed Deposit Accounts	10,172,597	-
Mutual Funds	46,909,146	-
Total Assets	<u>57,083,189</u>	<u>246,344</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Liabilities		
Payables	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net Position		
Restricted for Pension Benefits	57,081,742	-
Restricted for OPEB Benefits	1,446	-
Restricted for Individuals and Organizations	<u>-</u>	<u>246,344</u>
Total Net Position	<u>\$ 57,083,188</u>	<u>\$ 246,344</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, 2021

	Pension and OPEB Trust Funds	Custodial Funds
Additions		
Activity Fees	\$ -	\$ 161,014
Contributions:		
Employer	1,900,884	-
Plan Members	538,379	-
Total Contributions	<u>2,439,263</u>	<u>-</u>
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	10,660,611	-
Interest and Dividends	<u>1,165,809</u>	<u>-</u>
Total Investment Income	11,826,420	-
Less: Investment Management Fees	<u>(258,352)</u>	<u>-</u>
Total Additions	<u>14,007,331</u>	<u>161,014</u>
Deductions		
Pension Benefits	3,434,578	-
Events and Activities	-	198,249
Administrative Expenses	<u>84,931</u>	<u>-</u>
Total Deductions	<u>3,519,509</u>	<u>198,249</u>
Change in Net Position	10,487,822	(37,235)
Net Position at Beginning of Year, as Restated	<u>46,595,366</u>	<u>283,579</u>
Net Position at End of Year	<u>\$ 57,083,188</u>	<u>\$ 246,344</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 *Educational Grants Fund* is used to account for and report financial resources related to State and Federal grants.

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:

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

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

The *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.

The *Custodial Funds* account for monies held by the Town in an agent capacity for student groups.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position 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).

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 position 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 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. 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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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.

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.

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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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%.

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, 2013. 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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the 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.

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 \$25,000. Additional appropriations of \$3,933,546 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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

- **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.
- **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, 2021:

Internal Service Funds	\$ (3,043,043)
Board of Education Community Service	(176)

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, 2021.

Detailed Cash Notes on all Funds

	Governmental <u>Funds</u>	Fiduciary <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Cash	\$ 21,035,750	\$ 247,790	\$ 6,520,849	\$ 27,804,389
Cash Equivalents	332,864	-	51,334	384,198
Restricted Cash	266,298	-	-	266,298
Total	<u>\$ 21,634,912</u>	<u>\$ 247,790</u>	<u>\$ 6,572,183</u>	<u>\$ 28,454,885</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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

At year-end, the Town's carrying amount of deposits was \$28,070,687 and the bank balance was \$28,362,544. Of the bank balance, the Federal Depository Insurance Corporation insured \$1,501,125.

As of June 30, 2021, \$26,861,531 of the Town's bank balance of \$28,362,544 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 24,548,430
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	2,313,101
Total	<u>\$ 26,861,531</u>

Cash Equivalents

At June 30, 2021, the Town's cash equivalents (Short-Term Investment Fund "STIF") amounted to \$384,198. 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-	\$ 10,172,596	N/A	\$ 10,172,596	N/A
Mutual Funds	N/A	46,909,147	N/A	N/A	N/A
Common Stock	N/A	2,642	N/A	N/A	N/A
Total Investments		<u>\$ 57,084,385</u>	<u>\$ -</u>	<u>\$ 10,172,596</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, 2021	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	\$ 10,172,596	\$ 10,172,596	\$ -	\$ -
Mutual Funds	46,909,147	46,909,147	-	-
Common Stock	2,642	2,642	-	-
Total	<u>\$ 57,084,385</u>	<u>\$ 57,084,385</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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.

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	Educational			Capital	Nonmajor	
	Fund	Grants Fund	Sewer	Water	Improvement	and Other	Total
					Fund	Funds	
Receivables:							
Property taxes	\$ 1,032,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,032,715
Interest, Liens, and Fees	352,749	-	-	-	-	-	352,749
Assessments	1,516,573	-	-	-	-	-	1,516,573
Usage Charges	-	-	873,575	556,806	-	-	1,430,381
Loans	-	-	-	-	-	711,347	711,347
Intergovernmental	-	26,431	-	-	2,336,988	178,605	2,542,024
Accounts	617,748	-	-	-	-	-	617,748
Gross Receivables	<u>3,519,785</u>	<u>26,431</u>	<u>873,575</u>	<u>556,806</u>	<u>2,336,988</u>	<u>889,952</u>	<u>8,203,537</u>
Less allowance for							
uncollectibles:							
Property taxes	(167,000)	-	-	-	-	-	(167,000)
Interest, Liens, and Fees	(35,000)	-	-	-	-	-	(35,000)
Usage Charges	-	-	(20,839)	(12,920)	-	-	(33,759)
Accounts	(40,000)	-	-	-	-	-	(40,000)
Total allowance	<u>(242,000)</u>	<u>-</u>	<u>(20,839)</u>	<u>(12,920)</u>	<u>-</u>	<u>-</u>	<u>(275,759)</u>
Net Total Receivables	<u>\$ 3,277,785</u>	<u>\$ 26,431</u>	<u>\$ 852,736</u>	<u>\$ 543,886</u>	<u>\$ 2,336,988</u>	<u>\$ 889,952</u>	<u>\$ 7,927,778</u>

The assessments receivable of \$1,516,573 and the loans receivable of \$711,347 in the other governmental funds 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	\$ 117,358
Educational Grants Fund:	
Advances on Grants	306,631
ARPA Grant Fund:	
Advances on Grants	3,193,011
Nonmajor Funds:	
Rehab Loans	1,157
Fees Collected in Advance	<u>42,286</u>
Total Unearned Revenue for Governmental Funds	<u><u>\$ 3,660,443</u></u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 5 – CAPITAL ASSETS

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

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
<i>Governmental Activities:</i>				
Capital assets, not being depreciated				
Land	\$ 3,147,876	\$ -	\$ -	\$ 3,147,876
Construction in Progress	11,176,448	789,804	(11,966,252)	-
Total capital assets, not being depreciated	<u>14,324,324</u>	<u>789,804</u>	<u>(11,966,252)</u>	<u>3,147,876</u>
Capital assets, being depreciated				
Buildings and Improvements	165,999,212	12,487,423	-	178,486,635
Vehicles	10,079,967	275,356	-	10,355,323
Machinery & Equipment	8,156,708	817,191	-	8,973,899
Infrastructure	86,401,368	4,253,902	-	90,655,270
Total capital assets, being depreciated	<u>270,637,255</u>	<u>17,833,872</u>	<u>-</u>	<u>288,471,127</u>
Less accumulated depreciation for:				
Buildings and Improvements	47,931,980	3,485,960	-	51,417,940
Vehicles	9,483,784	279,159	-	9,762,943
Machinery & Equipment	7,058,128	381,275	-	7,439,403
Infrastructure	35,771,416	1,605,560	-	37,376,976
Total accumulated depreciation, net	<u>100,245,308</u>	<u>5,751,954</u>	<u>-</u>	<u>105,997,262</u>
Total capital assets, being depreciated	<u>170,391,947</u>	<u>12,081,918</u>	<u>-</u>	<u>182,473,865</u>
<i>Governmental Activities capital assets, net</i>	<u><u>\$ 184,716,271</u></u>	<u><u>\$ 12,871,722</u></u>	<u><u>\$(11,966,252)</u></u>	<u><u>\$ 185,621,741</u></u>
<i>Business-Type Activities:</i>				
Capital assets not being depreciated				
Land	\$ 1,019,600	\$ -	\$ -	\$ 1,019,600
Construction in Progress	5,671,748	608,667	(6,280,415)	-
Total capital assets, not being depreciated	<u>6,691,348</u>	<u>608,667</u>	<u>(6,280,415)</u>	<u>1,019,600</u>
Capital assets, being depreciated				
Buildings and Improvements	2,867,600	-	-	2,867,600
Vehicles	284,522	-	-	284,522
Machinery & Equipment	1,033,435	-	-	1,033,435
Infrastructure	23,812,087	6,280,415	-	30,092,502
Total capital assets, being depreciated	<u>27,997,644</u>	<u>6,280,415</u>	<u>-</u>	<u>34,278,059</u>
Less accumulated depreciation for:				
Buildings and Improvements	2,093,360	57,215	-	2,150,575
Vehicles	284,520	-	-	284,520
Machinery & Equipment	956,989	19,760	-	976,749
Infrastructure	12,904,274	405,410	-	13,309,684
Total accumulated depreciation	<u>16,239,143</u>	<u>482,385</u>	<u>-</u>	<u>16,721,528</u>
Total capital assets, being depreciated, net	<u>11,758,501</u>	<u>5,798,030</u>	<u>-</u>	<u>17,556,531</u>
<i>Business-Type Activities capital assets, net</i>	<u><u>\$ 18,449,849</u></u>	<u><u>\$ 6,406,697</u></u>	<u><u>\$ (6,280,415)</u></u>	<u><u>\$ 18,576,131</u></u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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

Governmental Activities:	
General Government	\$ 5,317
Public Safety	672,502
Public Works	1,885,187
Parks and Recreation	155,967
Education	<u>3,032,981</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 5,751,954</u>
Business-Type Activities:	
Sewer	\$ 240,420
Water	211,756
Golf	<u>30,209</u>
Total Depreciation Expense	
Business-Type Activities	<u>\$ 482,385</u>

Construction Commitments

The Town has several active construction/renovation projects as of June 30, 2021. At year-end, the Town's commitments are as follows:

	Project Authorization	Additional Appropriation	Current Expenditures	Cumulative Expenditures	Encumbered	Project Balance
Town Hall Renovations	\$ 11,900,000	\$ 204,835	\$ 658,519	\$ 11,861,087	\$ 86,043	\$ (47,130)
W&S Concord Drive	6,330,550	-	608,667	5,917,454	10,000	403,096
Roadway and Drainage	2,034,704	-	-	1,867,040	-	167,664
Road, Bridge and Drainage	4,000,000	-	1,872	3,607,289	9,995	382,716
2019 PW Projects	6,000,000	-	1,704,414	2,302,993	83,154	3,613,853
	<u>\$ 30,265,254</u>	<u>\$ 204,835</u>	<u>\$ 2,973,472</u>	<u>\$ 25,555,863</u>	<u>\$ 189,192</u>	<u>\$ 4,520,199</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A summary of interfund transfers is presented below:

Transfer to:	Transfer from:				
	General Fund	Sewer Fund	Water Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 41,887	\$ 121,507	\$ 90,000	\$ 253,394
Water Fund	600,314	-	-	-	600,314
Nonmajor Funds	190,000	-	-	-	190,000
	<u>\$ 790,314</u>	<u>\$ 41,887</u>	<u>\$ 121,507</u>	<u>\$ 90,000</u>	<u>\$ 1,043,708</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, 2021 were:

Payable Fund	Receivable Fund	Total
Educational Grants Fund	General Fund	\$ 1,182,138
Nonmajor Governmental Funds	General Fund	350,000
		<u>\$ 1,532,138</u>

NOTE 7 – LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Governmental Activities long-term liabilities for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 55,890,000	\$ 16,290,000	\$ 15,115,000	\$ 57,065,000	\$ 5,210,000
Unamortized Premiums	2,496,270	826,882	399,132	2,924,020	258,819
Total Bonds Payable	<u>58,386,270</u>	<u>17,116,882</u>	<u>15,514,132</u>	<u>59,989,020</u>	<u>5,468,819</u>
Bond Anticipation Notes	5,037,050	-	5,037,050	-	-
Capital Leases	634,212	1,009,037	470,353	1,172,896	381,310
Compensated Absences	3,221,767	1,240,128	1,382,202	3,079,693	1,215,448
Post-Closure Landfill Costs	201,320	-	50,368	150,952	37,738
Special Termination Benefits	96,558	133,919	100,943	129,534	69,935
Pension Buy-In	476,720	-	24,471	452,249	26,503
Net Pension Liability	15,590,838	-	8,078,983	7,511,855	-
OPEB Liability	<u>86,314,290</u>	<u>7,771,513</u>	<u>-</u>	<u>94,085,803</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 169,959,025</u>	<u>\$ 27,271,479</u>	<u>\$ 30,658,502</u>	<u>\$ 166,572,002</u>	<u>\$ 7,199,753</u>

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

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, 2021 consisted of the following:

Purpose	Year of Issue	Maturity Date	Interest Rate	Original Amount	Balance June 30, 2021
General, Education and Sewer	2009	7/1/2022	3-5%	\$ 18,760,000	\$ 850,000
General, Education and Sewer*	2012	4/1/2029	2-3%	9,505,000	8,265,000
Education, Sewer*	2013	1/15/2033	2.5-4.5%	8,600,000	6,575,000
General	2015	3/15/2035	2-4%	3,000,000	2,120,000
Education*	2015	9/15/2029	2-4%	5,550,000	3,320,000
Sewer*	2015	9/15/2027	1.5-3.0%	715,000	355,000
General, Education	2017	4/15/2029	2.0-2.75%	1,075,000	800,000
General, Sewer	2018	10/15/2038	4-5%	11,000,000	10,420,000
Education	2018	10/15/2038	4-5%	5,810,000	870,000
General, Sewer	2019	10/15/2040	2.5-5%	7,200,000	7,200,000
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	5,450,000
Education*	2021	10/15/2038	.25-2.65%	4,840,000	4,840,000
Total General Obligation Bonds				<u>\$ 87,505,000</u>	<u>\$ 57,065,000</u>

*Refunding Bonds

Payments to maturity on general obligation bonds are as follows:

Fiscal Year Ending	Principal	Interest
2022	\$ 5,210,000	\$ 2,018,257
2023	5,555,000	1,818,227
2024	5,550,000	1,594,419
2025	4,990,000	1,212,255
2026	4,640,000	1,052,659
2027-2031	15,925,000	3,372,305
2032-2036	9,060,000	1,518,902
2037-2041	5,835,000	359,199
2042-2045	300,000	3,000
	<u>\$ 57,065,000</u>	<u>\$ 12,949,223</u>

Interest incurred and expensed on general obligation bonds for the year ended June 30, 2021 totaled \$2,197,918.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

Advance Refunding

During the fiscal year 2021, the Town issued \$10,290,000 of general obligation refunding bonds with interest rates ranging from 0.25-4.0%. The Town issued the bonds to advance refund \$10,110,000 of general obligation bonds with interest rates ranging from 2.0% to 5.0%. 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 9 years by \$748,855 and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$736,572. 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 \$448,993. At June 30, 2021, the balance in escrow was \$9,427,019, and the balance of the refunded bonds was \$8,915,000.

Pension Buy-In

The Town has a note outstanding totaling \$452,249 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
2022	\$ 26,503	\$ 35,222
2023	28,703	33,022
2024	31,085	30,640
2025	33,665	28,060
2026	36,459	25,266
2027-2031	159,472	83,823
2032-2035	136,362	23,430
	<u>\$ 452,249</u>	<u>\$ 259,463</u>

Interest incurred and expensed on the buy-in for the year ended June 30, 2021 totaled \$37,253.

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of police vehicles and public works equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets currently under capital leases are as follows:

	Governmental Activities
Assets:	
Vehicles and Equipment	\$ 2,125,749
Less accumulated depreciation	<u>(505,671)</u>
Total	<u>\$ 1,620,078</u>

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year ending June 30:	Governmental Activities
2022	\$ 429,579
2023	314,745
2024	215,204
2025	170,706
2026	124,000
2027	34,641
Total Lease Payments	1,288,875
Less Amount Representing Interest	(115,979)
Present Value of Minimum Lease Payments	<u>\$ 1,172,896</u>

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.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

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 \$150,952. The cost estimate is subject to change due to inflation, technology, or changes in cost estimate components. Current year costs amounted to \$40,145.

Special Termination Benefits

The liability for special termination benefits for Board of Education employees as of June 30, 2021 is \$129,534. 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:	
2022	\$ 69,935
2023	58,345
2024	1,254
Total	<u>\$ 129,534</u>

Bond Anticipation Notes

The Town uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the Town's BAN obligations for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
Unamortized Premium	37,050	-	37,050	-
Total	<u>\$ 5,037,050</u>	<u>\$ -</u>	<u>\$ 5,037,050</u>	<u>\$ -</u>

The outstanding bond anticipation note carried an interest rate of 2.0% and matured in October 2020. Total interest incurred and expensed on bond anticipation notes during the year was \$99,722.

Business-Type Activities

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities					
Net Pension Liability	\$ 365,734	\$ -	\$ 140,039	\$ 225,695	\$ -
Capital Leases	32,408	-	7,282	25,126	7,803
Compensated Absences	191,072	41,109	62,406	169,775	72,874
Business-Type Activities					
Long-Term Liabilities	<u>\$ 589,214</u>	<u>\$ 41,109</u>	<u>\$ 209,727</u>	<u>\$ 420,596</u>	<u>\$ 80,677</u>

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Capital Leases

The Town has entered into lease agreements as lessee for financing the acquisition of golf equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets currently under capital leases are as follows:

	Business-Type Activities
Assets:	
Vehicles and Equipment	\$ 41,770
Less accumulated depreciation	(8,354)
Total	<u>\$ 33,416</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

	Governmental Activities
Year ending June 30:	
2022	\$ 9,603
2023	9,603
2024	9,603
Total Lease Payments	28,809
Less Amount Representing Interest	(3,683)
Present Value of Minimum Lease Payments	<u>\$ 25,126</u>

NOTE 8 – NET POSITION AND FUND BALANCE COMPONENTS

Restricted Net Position

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

	Expendable	Nonexpendable
Purposes of Trust	\$ 75,627	\$ 97,143
Small Cities Loans	923,374	-
Public Safety	9,608	-
Public Works	405,481	-
Parks and Recreation	49,985	-
Health and Welfare	5,813	-
Education	2,072	-
Capital	4,002	-
Total	<u>\$ 1,475,962</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, 2021 are as follows:

	General Fund	Capital Improvement Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Trust Principal	\$ -	\$ -	\$ -	\$ 97,143	\$ 97,143
Total Nonspendable	\$ -	\$ -	\$ -	\$ 97,143	\$ 97,143
Restricted for:					
General Government	\$ -	\$ -	\$ -	\$ 34,910	\$ 34,910
Public Safety	-	-	-	10,683	10,683
Public Works	-	-	-	405,481	405,481
Parks and Recreation	-	-	-	49,985	49,985
Health and Welfare	-	-	-	959,479	959,479
Education	-	-	-	11,422	11,422
Capital	-	5,083,395	-	4,002	5,087,397
Total Restricted	\$ -	\$ 5,083,395	\$ -	\$ 1,475,962	\$ 6,559,357
Committed to:					
General Government	\$ -	\$ -	\$ -	\$ 87,209	\$ 87,209
Public Safety	-	-	-	19,779	19,779
Public Works	-	-	-	809	809
Parks and Recreation	-	-	-	293,240	293,240
Health and Welfare	-	-	-	165,541	165,541
Education	-	-	74,578	81,203	155,781
Capital	-	955,085	-	711,919	1,667,004
Total Committed	\$ -	\$ 955,085	\$ 74,578	\$ 1,359,700	\$ 2,389,363
Assigned:					
General Fund - Encumbrances	\$ 485,101	\$ -	\$ -	\$ -	\$ 485,101
Total Assigned	\$ 485,101	\$ -	\$ -	\$ -	\$ 485,101
Unassigned:	\$ 6,857,463	\$ -	\$ -	\$ (176)	\$ 6,857,287

NOTE 9 - EMPLOYEE RETIREMENT PLANS

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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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.

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, 2020), membership consisted of the following:

	Town	Police
Inactive plan members or beneficiaries receiving payments	114	31
Inactive plan members entitled but not yet receiving payments	22	1
Active Members	100	36
	<u>236</u>	<u>68</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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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 12.5% for the Town Retirement System and 35.2% for the Police Benefit Fund.

Summary of Significant Accounting Policies

Basis of Accounting - The Town of Watertown Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The value of the Guaranteed Deposit account for the calculation of plan net position and the net pension liability is as of the valuation date (January 1, 2020). In the fiduciary fund financial statements, the Guaranteed Deposit account is recorded at fair value as of June 30, 2021 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, 2021:

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Target Allocation and Expected Rate of Return June 30, 2021

Town			
	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
Large Cap Equity	31.00%	7.25%	2.25%
Small Cap Equity	4.00%	8.25%	0.33%
Mid Cap Equity	8.00%	8.00%	0.64%
International Equity	12.00%	7.00%	0.84%
Fixed Income	24.00%	5.25%	1.26%
Real Estate	5.00%	6.35%	0.32%
Stable Value	16.00%	3.85%	0.62%
	<u>100.00%</u>		<u>6.25%</u>
Long-Term Inflation Expectation			2.25%
Long-Term Expected Nominal Return			<u>8.50%</u>

Police			
	Target	Long-Term	
<u>Asset Class</u>	<u>Allocation</u>	<u>Expected Real</u>	<u>Weighting</u>
Large Cap Equity	26.00%	7.25%	1.89%
Small Cap Equity	7.00%	8.25%	0.58%
Mid Cap Equity	7.00%	8.00%	0.56%
International Equity	10.00%	7.00%	0.70%
Fixed Income	27.00%	5.25%	1.42%
Real Estate	5.00%	6.35%	0.32%
Stable Value	18.00%	3.85%	0.69%
	<u>100.00%</u>		<u>6.15%</u>
Long-Term Inflation Expectation			2.25%
Long-Term Expected Nominal Return			<u>8.40%</u>

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, 2021	25.8%
Police - Net money-weighted rate of return for the year ended June 30, 2021	23.0%

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Net Pension Liability of the Town

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

	Town	Police
Total pension liability	\$ 30,140,345	\$ 34,079,900
Plan fiduciary net position	<u>28,591,778</u>	<u>28,924,100</u>
Net pension liability (asset)	1,548,567	5,155,800
Plan fiduciary net position as a percentage of total pension liability	94.86%	84.87%
Covered payroll	5,773,751	3,308,561
Net pension liability as a % of covered payroll	26.82%	155.83%

Actuarial Methods and Significant Assumptions

The following actuarial methods and assumptions were used in the January 1, 2020 valuation and projected forward to a measurement date of June 30, 2021:

Valuation timing	Actuarially determined contribution rates are calculated as of January 1, 2020, 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	2.25%
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

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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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	\$ 4,456,993	\$ 1,548,567	\$ (1,075,558)
		1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police	Net Pension Liability	\$ 8,196,512	\$ 5,155,800	\$ 1,439,345

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Town	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 28,786,797	\$ 23,290,794	\$ 5,496,003
Changes for the year:			
Service Cost	489,791	-	489,791
Interest	1,962,282	-	1,962,282
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience			
including Changes in Assumptions	435,826	-	435,826
Employer Contributions	-	721,026	(721,026)
Member Contributions	-	236,705	(236,705)
Net Investment Income	-	5,935,655	(5,935,655)
Benefit Payments	(1,534,351)	(1,534,351)	-
Administrative Expenses	-	(58,051)	58,051
Net Changes	1,353,548	5,300,984	(3,947,436)
Balance at June 30, 2021	\$ 30,140,345	\$ 28,591,778	\$ 1,548,567
Plan fiduciary net position as a percentage of the total pension liability			94.86%
Covered Payroll			\$ 5,773,751
Net pension liability as a percentage of covered payroll			26.82%

Police	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 32,925,053	\$ 23,336,546	\$ 9,588,507
Changes for the year:			
Service Cost	606,483	-	606,483
Interest	2,247,120	-	2,247,120
Differences Between Expected and Actual Experience			
including Changes in Assumptions	(23,741)	-	(23,741)
Employer Contributions	-	1,165,983	(1,165,983)
Member Contributions	-	268,674	(268,674)
Net Investment Income	-	5,854,791	(5,854,791)
Benefit Payments	(1,675,015)	(1,675,015)	-
Administrative Expenses	-	(26,879)	26,879
Net Changes	1,154,847	5,587,554	(4,432,707)
Balance at June 30, 2021	\$ 34,079,900	\$ 28,924,100	\$ 5,155,800
Plan fiduciary net position as a percentage of the total pension liability			84.87%
Covered Payroll			\$ 3,308,561
Net pension liability as a percentage of covered payroll			155.83%

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

For the year ended June 30, 2021, the total pension expense recognized was \$805,972 for the Town plan and \$1,344,753 for the Police plan. As of June 30, 2021, the Town reported deferred inflows and outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	\$ -	\$ 5,338,265
Differences between expected and actual experience	1,523,326	816,515
Changes in assumptions	733,434	-
Total	<u>\$ 2,256,760</u>	<u>\$ 6,154,780</u>

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:

2022	\$ (356,704)
2023	(678,307)
2024	(1,139,133)
2025	(1,717,826)
2026	(6,050)
	<u>\$ (3,898,020)</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).

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% of average annual salary times years of credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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, 2021 the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$1,439,618. Covered payroll for the Town for the year ended June 30, 2021 was approximately \$20,565,971.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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>86,189,766</u>
Total	<u>\$ 86,189,766</u>

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

For the year ended June 30, 2021, the Town recognized benefits expense and contribution revenue of \$5,528,351 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$12,346,275 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2019. The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 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

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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%.

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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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.

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 average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement – Service Connected: Employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, 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, 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 – 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.

Death Benefit: Employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and the reduced 50% joint and survivor allowance.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 the Town reports a total liability of \$1,033,183 for government-wide financials for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, 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, 2020, the Town's proportion was 0.263%.

For the year ended June 30, 2021, the Town recognized pension expense of \$168,901. As of June 30, 2021, 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	\$ 93,265	\$ -
Difference between projected and actual earnings	108,423	-
Difference between expected and actual experience	68,451	132,087
Change in assumptions	170,113	-
Change in proportional share	71,238	145,568
Total	<u>\$ 511,490</u>	<u>\$ 277,655</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:

2022	\$ 51,588
2023	72,378
2024	(3,365)
2025	19,969
	<u>\$ 140,570</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

Inflation	2.50 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2017.

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	<u>1.00%</u>	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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

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

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability as of June 30, 2021	\$ 1,445,671	\$ 1,033,183	\$ 685,367

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 \$46,875 to this plan during the year ended June 30, 2021. Participants are 100% vested, and are not required to contribute.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

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 2021 fiscal year, the Town premiums plus implicit costs for the retiree medical program are \$2,827,249.

Employees Covered by Benefit Terms: At June 30, 2021, 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>

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Total OPEB Liability: The Town's total OPEB liability of \$94,087,249 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020.

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, 2021 for June 30, 2021 Reporting Date	
Actuarial Cost Method	Individual Entry Age Normal	
Actuarial Value of Assets	Fair Value	
Discount Rate	2.25% (previously 2.75%)	
Salary Increases	3.00%	
Inflation	2.50%	
Municipal Bond Rate	2.18%	
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, 2020	\$ 86,315,736	\$ 1,446	\$ 86,314,290
Changes for the year:			
Service Cost	3,389,770	-	3,389,770
Interest	2,428,290	-	2,428,290
Changes in Assumptions	11,841,332	-	11,841,332
Differences Between Expected and Actual Experience	(7,060,630)	-	(7,060,630)
Net Investment Income	-	-	-
Employer Contributions	-	2,827,249	(2,827,249)
Benefit Payments including Implicit Costs	(2,827,249)	(2,827,249)	-
Net Changes	7,771,513	-	7,771,513
Balance at June 30, 2021	\$ 94,087,249	\$ 1,446	\$ 94,085,803

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 (1.25%) or 1-percentage-point higher (3.25%) than the current discount rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 114,457,770	\$ 94,087,249	\$ 78,558,969
Plan Fiduciary Net Position	1,446	1,446	1,446
Net OPEB Liability	\$ 114,456,324	\$ 94,085,803	\$ 78,557,523

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	\$ 77,631,564	\$ 94,087,249	\$ 116,107,666
Plan Fiduciary Net Position	1,446	1,446	1,446
Net OPEB Liability	<u>\$ 77,630,118</u>	<u>\$ 94,085,803</u>	<u>\$ 116,106,220</u>

OPEB Expense: For the year ended June 30, 2021, the Town recognized OPEB expense of \$6,080,637. As of June 30, 2021, 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	\$ 68	\$ -
Difference between expected and actual experience	2,370,603	10,710,241
Changes in assumptions	17,848,343	-
Total	<u>\$ 20,219,014</u>	<u>\$ 10,710,241</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:

2022	\$ 3,089,864
2023	2,719,877
2024	1,719,560
2025	1,024,253
2026	684,615
Thereafter	270,604
	<u>\$ 9,508,773</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 \$133,418.

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	2.21%
Prior Measurement Date	3.50%

The projected fiduciary net position is projected to be depleted in 2021.

Single equivalent interest rate

Measurement Date	2.21%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.50%, 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 2.21%. 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.

TOWN OF WATERTOWN, CONNECTICUT

Notes to the Financial Statements

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.125%	5.125%	6.125%
Ultimate Healthcare Cost Trend Rate	3.50%	4.50%	5.50%
Total OPEB Liability	\$ 10,501,401	\$ 12,855,207	\$ 16,105,260

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 (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Net OPEB liability	\$ 15,693,338	\$ 12,855,207	\$ 10,643,429

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At June 30, 2021 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>12,855,207</u>
Total	<u>\$ 12,855,207</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$133,418 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$593,813 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

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
2021	\$ 2,436,191	\$ 1,049,782	\$ (730,808)	\$ 2,755,165
2020	1,896,314	1,115,430	(575,553)	2,436,191
2019	2,073,918	406,661	(584,265)	1,896,314

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
2021	\$ 1,066,187	\$ 11,841,193	\$ (12,188,178)	\$ 719,202
2020	514,321	14,503,971	(13,952,105)	1,066,187
2019	783,463	11,572,423	(11,841,565)	514,321

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, 2021, 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. 87 – Leases - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

TOWN OF WATERTOWN, CONNECTICUT

Notes to 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. 92 – *Omnibus 2020* – The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and the requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements in paragraphs 13 and 14 of this statement are effective for the Town’s reporting period beginning July 1, 2021.

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.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the Town’s reporting period beginning July 1, 2021.

TOWN OF WATERTOWN, CONNECTICUT
Notes to the Financial Statements

NOTE 12 – ADOPTION OF NEW ACCOUNTING STANDARD

During the fiscal year ended June 30, 2021, the Town adopted GASB Statement No. 84 – *Fiduciary Activities*. The effects of adopting this standard are below:

	<u>Custodial Funds</u>
Net position as previously reported at June 30, 2020	\$ -
To reclassify funds as a result of the implementation of GASB 84	<u>283,579</u>
Net position as restated at July 1, 2020	<u><u>\$ 283,579</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, 2021

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	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
REVENUES				
Property Taxes				
Current Year	\$ 61,356,996	\$ 61,356,996	\$ 61,136,558	\$ (220,438)
Prior Year	575,000	575,000	660,103	85,103
Interest and Lien Fees	325,000	325,000	452,585	127,585
Scholarship Fund	1,600	1,600	606	(994)
Total Property Taxes	<u>62,258,596</u>	<u>62,258,596</u>	<u>62,249,852</u>	<u>(8,744)</u>
Intergovernmental				
State of Connecticut - Education				
Nonpublic Health and Social Services	32,661	32,661	35,877	3,216
Equalization (ECS)	<u>11,780,186</u>	<u>11,780,186</u>	<u>11,758,953</u>	<u>(21,233)</u>
Total State of Connecticut - Education	<u>11,812,847</u>	<u>11,812,847</u>	<u>11,794,830</u>	<u>(18,017)</u>
Federal and State of Connecticut - Other				
PILOT State Property	9,723	9,723	9,723	-
Mashantucket Pequot	11,631	11,631	11,631	-
Elderly Tax Relief	2,200	2,200	2,202	2
Tax Relief for Veterans	28,262	28,262	25,811	(2,451)
Election Grant	-	-	17,200	17,200
FEMA/CRF Reimbursement	35,000	35,000	225,277	190,277
Telephone Access	38,114	38,114	37,490	(624)
Municipal Aid Adjustment	<u>642,281</u>	<u>642,281</u>	<u>642,281</u>	<u>-</u>
Total Federal and State of Connecticut - Other	<u>767,211</u>	<u>767,211</u>	<u>971,615</u>	<u>204,404</u>
Total Intergovernmental	<u>12,580,058</u>	<u>12,580,058</u>	<u>12,766,445</u>	<u>186,387</u>
Departmental				
Local Revenues				
Communication Tower Rental	178,244	178,244	191,560	13,316
Equipment and Scrap Sales	2,000	2,000	-	(2,000)
Scrap Iron, Oil, Glass	11,000	11,000	17,631	6,631
Water and Sewer Authority	1,000	1,000	-	(1,000)
Miscellaneous Town Clerk Fees	48,000	48,000	53,683	5,683
Miscellaneous Fishing and Hunting	12,000	12,000	7,061	(4,939)
Town Clerk Dog Licenses	10,000	10,000	8,747	(1,253)
Conveyance Tax	215,000	215,000	323,172	108,172
Town Clerk Recording	160,000	160,000	329,704	169,704
Assessor Photocopies	650	650	285	(365)

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, 2021

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	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
Local Revenues (Continued)				
Supplemental Dog Licenses	\$ 700	\$ 700	\$ 594	\$ (106)
Supplemental Marriage Licenses	1,500	1,500	2,992	1,492
Animal Population Control	3,100	3,100	2,652	(448)
3-LOCIP Preservation	7,500	7,500	8,910	1,410
Pool Fees	8,500	8,500	4,937	(3,563)
Damage Claims and Settlements	4,500	4,500	15,588	11,088
Miscellaneous Local Revenue	35,000	35,000	3,552	(31,448)
Deposits on Plans & Specs	500	500	-	(500)
Recreation Mini-Bus	500	500	31	(469)
Town Vehicle Use	10,500	10,500	1,396	(9,104)
Transfer Station Fees	30,000	30,000	30,688	688
Landfill Fees	75,000	75,000	135,946	60,946
Total Local Revenues	815,194	815,194	1,139,129	323,935
Permits and Fees				
Zoning Board of Appeals	3,000	3,000	3,152	152
Planning and Zoning	12,000	12,000	15,973	3,973
Zoning Compliance Fees	32,000	32,000	49,288	17,288
Soil/Waste State Fee	21,000	21,000	30,520	9,520
Inland - Wetlands	2,700	2,700	2,930	230
Building Permits	310,000	310,000	411,932	101,932
Building Inspection Education Fee	3,300	3,300	4,583	1,283
Blasting Permits	400	400	240	(160)
Street Opening Permits	4,300	4,300	5,635	1,335
Miscellaneous Permits and Fees	500	500	35	(465)
Total Permits and Fees	389,200	389,200	524,288	135,088
Police				
Parking Tickets	3,000	3,000	1,398	(1,602)
Pistol Permits	15,000	15,000	94,780	79,780
Police Reports	3,000	3,000	3,117	117
Solicitor Permits	1,500	1,500	1,196	(304)
Bingo and Raffle	500	500	85	(415)
Alarm Charges	15,000	15,000	22,999	7,999
Police Service	689,750	689,750	843,802	154,052
Miscellaneous Police Service	55,500	55,500	111,183	55,683
Animal Control Fees	1,200	1,200	980	(220)
Total Police	784,450	784,450	1,079,540	295,090

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, 2021

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	Budgeted Amounts		Actual	
	Original	Amended	Budgetary	Variance
			Basis	
Board of Education				
Latchkey Program	\$ 5,000	\$ 5,000	\$ 3,008	\$ (1,992)
Miscellaneous School	4,500	4,500	123,405	118,905
Community Service Reimbursement	6,000	6,000	2,733	(3,267)
Total Board of Education	15,500	15,500	129,146	113,646
Total Departmental	2,004,344	2,004,344	2,872,103	867,759
Investment Income	195,000	195,000	27,818	(167,182)
Other				
Taft Contributions	180,000	180,000	185,000	5,000
Other Miscellaneous Revenue	83,774	83,774	94,602	10,828
Heritage Bond Reimbursement	59,310	59,310	59,310	-
Sale of Town Property	308,613	308,613	380,604	71,991
Cancellation of Prior Year Encumbrances	-	-	174,873	174,873
Total Other	631,697	631,697	894,389	262,692
Other Financing Sources				
Use of Fund Balance	-	3,933,546	-	(3,933,546)
Total Revenues	77,669,695	81,603,241	78,810,607	(2,792,634)
EXPENDITURES				
General Government				
Town Council	16,015	16,015	9,345	6,670
Town Manager	207,274	232,423	228,057	4,366
Economic Development	38,513	38,513	36,312	2,201
Finance Department:				
Administration	574,277	560,462	539,750	20,712
Treasurer	65,686	65,686	65,682	4
Tax Collector	229,077	229,077	218,302	10,775
Assessor	224,549	220,549	206,184	14,365
Town Clerk	218,883	223,430	223,344	86
Elections	95,656	97,681	83,548	14,133
Planning and Zoning	285,923	298,684	276,607	22,077
Board of Appeals	6,580	6,580	4,927	1,653
Historic Districts	975	975	251	724
Public Building	673,124	734,044	712,183	21,861
Building Inspections	174,454	207,067	202,600	4,467
Conservation Commission	5,600	4,601	1,606	2,995
Total General Government	2,816,586	2,935,787	2,808,698	127,089

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, 2021

Page 4 of 5

	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
Public Safety				
Fire Department:				
Administration	\$ 213,849	\$ 228,573	\$ 222,702	\$ 5,871
Suppression and Rescue	455,805	442,720	436,923	5,797
Maintenance and Support	315,164	328,249	323,122	5,127
Police Department:				
Administration	625,652	675,968	636,364	39,604
Patrol and Detectives	3,820,484	4,287,669	4,247,002	40,667
Maintenance and Support	168,038	155,311	145,915	9,396
Traffic	5,000	7,180	7,151	29
Animal Control	98,418	120,472	111,599	8,873
Communications	646,354	693,437	658,710	34,727
Total Public Safety	<u>6,348,764</u>	<u>6,939,579</u>	<u>6,789,488</u>	<u>150,091</u>
Public Works				
Engineering and Administration	627,879	691,358	639,829	51,529
Highway	2,276,436	2,428,279	2,345,722	82,557
Snow Removal	458,386	414,486	405,207	9,279
Solid Waste Disposal	316,886	316,886	265,896	50,990
Street Lighting	200,000	170,000	138,869	31,131
Tree Removal	59,868	59,868	59,790	78
Total Public Works	<u>3,939,455</u>	<u>4,080,877</u>	<u>3,855,313</u>	<u>225,564</u>
Parks and Recreation				
Parks Administration	482,914	490,263	446,640	43,623
Recreation Administration	394,037	413,254	402,558	10,696
Senior Center	134,793	132,393	96,502	35,891
Total Parks and Recreation	<u>1,011,744</u>	<u>1,035,910</u>	<u>945,700</u>	<u>90,210</u>
Health and Welfare				
Social Services	21,300	21,300	20,766	534
Health Services	124,409	146,937	146,610	327
Total Health and Welfare	<u>145,709</u>	<u>168,237</u>	<u>167,376</u>	<u>861</u>
Education				
Board of Education	<u>46,578,590</u>	<u>49,413,198</u>	<u>49,323,329</u>	<u>89,869</u>
Miscellaneous				
Legal	174,639	174,639	130,456	44,183
Employee Benefits	6,877,275	6,871,763	6,860,988	10,775
Centralized Services	847,255	781,449	693,071	88,378

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, 2021

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	<u>Budgeted Amounts</u>		Actual	
	<u>Original</u>	<u>Amended</u>	Budgetary	<u>Variance</u>
			Basis	
Miscellaneous (Continued)				
Non-Town Agencies	\$ 1,926,793	\$ 2,544,675	\$ 2,519,064	\$ 25,611
Reserved for Wages and Benefits	410,578	88,320	88,320	-
Reserved for Contingency	35,000	11,500	11,500	-
Total Miscellaneous	<u>10,271,540</u>	<u>10,472,346</u>	<u>10,303,399</u>	<u>168,947</u>
Debt Service	<u>6,557,307</u>	<u>6,557,307</u>	<u>6,490,530</u>	<u>66,777</u>
Total Expenditures	<u>77,669,695</u>	<u>81,603,241</u>	<u>80,683,833</u>	<u>919,408</u>
Excess (Deficiency) of Revenues over				
Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>(1,873,226)</u>	<u>\$ (1,873,226)</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			5,661,769	
Expenditures from Teachers' Retirement and OPEB			(5,661,769)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			1,058,164	
Expenditures from Excess Cost Grant			(1,058,164)	
Encumbrances Recorded on a Budget Basis, but not on the Modified Accrual Basis:				
Prior Year Encumbrances			(378,240)	
Current Year Encumbrances			485,101	
Town Budgets for Payroll on a Cash Basis:				
Prior Year Accrued Payroll			79,640	
Current Year Accrued Payroll			(127,342)	
Issuance of Refunding Bonds not Recorded on a Budgetary Basis:				
Proceeds from Sale of Refunding Bonds			10,290,000	
Bond Premium on Refunding Bonds			481,804	
Payment to Refunding Bond Escrow Agent			(10,633,950)	
Issuance Costs on Bond Refunding			(137,854)	
Other Financing Sources - Difference in Treatment of Lease Financing:				
Proceeds from Lease Financing			1,009,037	
Purchase of Equipment with Lease Financing			(1,009,037)	
Excess (Deficiency) of Revenues and Other Financing Sources				
over Expenditures and Other Financing Uses - GAAP Basis			<u>\$ (1,814,067)</u>	

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

See accountant's report.

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

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 489,791	\$ 489,375	\$ 505,750	\$ 512,203	\$ 534,404	\$ 488,264	\$ 505,034	\$ 493,898
Interest	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	-	-	-	382,996	-	19,822	-	-
Differences Between Expected and Actual Experience								
Including Assumption Changes	435,826	552,039	302,557	486,806	486,567	107,640	531,097	(225,659)
Benefit Payments, Including Refunds of Member Contributions	<u>(1,534,351)</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	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>28,786,797</u>	<u>27,274,938</u>	<u>26,081,929</u>	<u>24,359,989</u>	<u>22,920,114</u>	<u>21,837,832</u>	<u>20,382,466</u>	<u>19,650,963</u>
Total Pension Liability - Ending (a)	<u>\$ 30,140,345</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	\$ 721,026	\$ 702,930	\$ 606,363	\$ 538,056	\$ 446,566	\$ 411,648	\$ 372,789	\$ 364,691
Contributions - Member	236,705	254,416	269,484	276,657	300,260	286,125	301,598	319,890
Net Investment Income	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	(1,534,351)	(1,455,161)	(1,454,437)	(1,377,117)	(1,201,225)	(1,074,321)	(1,070,456)	(958,346)
Administrative Expenses	<u>(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	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>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>\$ 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>\$ 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	94.86%	80.91%	84.82%	85.86%	88.45%	86.64%	92.24%	96.78%
Covered Payroll	\$ 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	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 Eight* Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 721,026	\$ 702,930	\$ 606,363	\$ 538,056	\$ 446,566	\$ 411,648	\$ 372,789	\$ 364,691
Contributions in Relation to the ADEC	<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>
Covered Payroll	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	12.49%	12.35%	9.83%	8.61%	7.02%	6.51%	5.73%	5.69%

Notes to Schedule

Valuation Date: 1/1/2020

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 Eight Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 606,483	\$ 570,722	\$ 552,159	\$ 538,120	\$ 471,622	\$ 457,058	\$ 343,549	\$ 329,808
Interest	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	(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>(1,675,015)</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	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>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>\$ 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	\$ 1,165,983	\$ 1,177,609	\$ 983,828	\$ 980,141	\$ 981,681	\$ 875,571	\$ 780,140	\$ 770,262
Contributions - Member	268,674	262,156	243,012	252,446	247,888	226,756	218,034	186,890
Net Investment Income	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	(1,675,015)	(1,584,352)	(1,539,580)	(1,404,319)	(1,294,672)	(1,181,881)	(1,130,152)	(1,115,817)
Administrative Expenses	<u>(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	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>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>\$ 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>\$ 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	84.87%	70.88%	74.92%	74.21%	72.27%	72.76%	80.30%	80.44%
Covered Payroll	\$ 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	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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 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>1,165,983</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>
Covered Payroll	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	35.24%	35.69%	29.04%	29.10%	28.37%	27.19%	26.81%	25.18%

Notes to Schedule

Valuation Date: 1/1/2020

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 Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	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 Four Fiscal Years*

	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	\$ 3,389,770	\$ 2,831,861	\$ 2,155,078	\$ 1,841,510
Interest	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	11,841,332	-	14,832,443	-
Benefit Payments, Including Implicit Cost	<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	7,771,513	1,412,995	9,379,299	9,867,380
Total OPEB Liability - Beginning	<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>\$ 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	\$ 2,827,249	\$ 2,695,875	\$ 2,542,856	\$ 1,906,242
Net Investment Income	-	1	14	7
Benefit Payments, Including Implicit Cost	<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	-	1	14	7
Plan Fiduciary Net Position - Beginning**	<u>1,446</u>	<u>1,445</u>	<u>1,431</u>	<u>1,409</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,446</u>	<u>\$ 1,446</u>	<u>\$ 1,445</u>	<u>\$ 1,416</u>
Net OPEB Liability - Ending: (a) - (b)	<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%
Covered-Employee Payroll	\$ 29,053,790	\$ 26,454,361	\$ 25,683,844	\$ 28,286,748
Net OPEB Liability as a Percentage of Covered-Employee Payroll	323.83%	326.28%	330.56%	258.00%

**Restated for change in the measurement date.

Notes to Schedule

Measurement Date	June 30, 2021	
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
	2020-2023	4.50%
	2024	4.54%
	2025	4.59%
	2026	4.63%
	2027	4.68%
	2028	4.72%
	2029-2040	4.77%
	2045	4.53%
	2050	4.43%
	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 Seven Fiscal Years*

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

	2021	2020	2019	2018	2017	2016	2015
Town's Percentage of Collective Net Pension Liability	0.263%	0.236%	0.268%	0.439%	0.439%	0.573%	0.611%
Town's Portion of Net Pension Liability	<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>\$ 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	153.34%	143.55%	135.87%	89.22%	82.45%	61.70%	48.95%
Plan Fiduciary Net Position as a % of Total Pension Liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

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

	2021	2020	2019	2018	2017	2016	2015
Town's Contractually Required Contribution	\$ 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>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>
Town's Covered Payroll	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	13.84%	12.17%	11.29%	11.74%	11.38%	11.41%	11.98%

Notes to Schedule

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Asset Valuation Method	5-year smoothed market
Single equivalent amortization period	21 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 Seven Fiscal Years*

Schedule of Proportionate Share of Net Pension Liability

	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%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>86,189,766</u>	<u>73,943,493</u>	<u>57,014,729</u>	<u>59,204,351</u>	<u>62,461,044</u>	<u>48,464,850</u>	<u>44,796,041</u>
Total	<u>\$ 86,189,766</u>	<u>\$ 73,943,493</u>	<u>\$ 57,014,729</u>	<u>\$ 59,204,351</u>	<u>\$ 62,461,044</u>	<u>\$ 48,464,850</u>	<u>\$ 44,796,041</u>
Town's covered-employee payroll	<u>\$ 20,565,971</u>	<u>\$ 18,954,157</u>	<u>\$ 18,781,605</u>	<u>\$ 18,559,222</u>	<u>\$ 17,963,928</u>	<u>\$ 17,085,880</u>	<u>\$ 16,464,299</u>
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation.
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 Four Fiscal Years*

Schedule of Proportionate Share of Net OPEB Liability

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's percentage of the net OPEB liability	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	<u>12,855,207</u>	<u>11,531,904</u>	<u>11,397,595</u>	<u>15,238,515</u>
Total	<u>\$ 12,855,207</u>	<u>\$ 11,531,904</u>	<u>\$ 11,397,595</u>	<u>\$ 15,238,515</u>
Town's covered-employee payroll	<u>\$ 20,565,971</u>	<u>\$ 18,954,157</u>	<u>\$ 18,781,605</u>	<u>\$ 18,559,222</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to Schedule

Actuarial Cost Method	Entry age
Amortization Method	Level percent of payroll over a closed 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

Page 1 of 6

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2021

SPECIAL REVENUE FUNDS

	Professional Development	Transition Academy	Special Welfare	Mutual Police Trust	Marion A. Munson Memorial Park Fund	Cafeteria Fund	Field Surcharge	The Staver Fund
Assets								
Cash and Cash Equivalents	\$ 313	\$ 2,072	\$ 167,541	\$ 7,951	\$ 1,160	\$ 194,420	\$ 8,905	\$ 49,985
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	163,058	-	-
Inventory	-	-	-	-	-	23,139	-	-
Total Assets	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 167,541</u>	<u>\$ 7,951</u>	<u>\$ 1,160</u>	<u>\$ 380,617</u>	<u>\$ 8,905</u>	<u>\$ 49,985</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ -	\$ -	\$ 2,000	\$ -	\$ -	\$ 74	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	350,000	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>350,074</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	2,072	-	-	-	-	-	49,985
Committed	313	-	165,541	7,951	1,160	30,543	8,905	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>313</u>	<u>2,072</u>	<u>165,541</u>	<u>7,951</u>	<u>1,160</u>	<u>30,543</u>	<u>8,905</u>	<u>49,985</u>
Total Liabilities and Fund Balances	<u>\$ 313</u>	<u>\$ 2,072</u>	<u>\$ 167,541</u>	<u>\$ 7,951</u>	<u>\$ 1,160</u>	<u>\$ 380,617</u>	<u>\$ 8,905</u>	<u>\$ 49,985</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Page 2 of 6

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2021

SPECIAL REVENUE FUNDS									
	<u>Crestbrook Improvement</u>	<u>Town Improvement Trust</u>	<u>Dog Fund</u>	<u>Town Aid Road</u>	<u>Liability Trust</u>	<u>Park and Recreation Programs</u>	<u>Local Capital Improvement</u>	<u>W.A.S.A. Grants</u>	<u>Board of Education Community Service</u>
Assets									
Cash and Cash Equivalents	\$ 630	\$ 22,159	\$ 11,828	\$ 405,481	\$ 12,687	\$ 55,721	\$ -	\$ 5,813	\$ -
Investments	-	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	15,547	-	-
Inventory	-	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 630</u>	<u>\$ 22,159</u>	<u>\$ 11,828</u>	<u>\$ 405,481</u>	<u>\$ 12,687</u>	<u>\$ 55,721</u>	<u>\$ 15,547</u>	<u>\$ 5,813</u>	<u>\$ -</u>
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable and									
Accrued Items	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 477	\$ 11,545	\$ -	\$ 176
Unearned Revenue	-	-	-	-	-	42,286	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,763</u>	<u>11,545</u>	<u>-</u>	<u>176</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	405,481	-	-	4,002	5,813	-
Committed	630	21,859	11,828	-	12,687	12,958	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(176)
Total Fund Balances	<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>	<u>5,813</u>	<u>(176)</u>
Total Liabilities and Fund Balances	<u>\$ 630</u>	<u>\$ 22,159</u>	<u>\$ 11,828</u>	<u>\$ 405,481</u>	<u>\$ 12,687</u>	<u>\$ 55,721</u>	<u>\$ 15,547</u>	<u>\$ 5,813</u>	<u>\$ -</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Page 3 of 6

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

SPECIAL REVENUE FUNDS

	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	\$ 65,231	\$ 176	\$ 1,574	\$ 1,329	\$ 3,062	\$ 277	\$ 203,236	\$ 10,050
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 65,231</u>	<u>\$ 176</u>	<u>\$ 1,574</u>	<u>\$ 1,329</u>	<u>\$ 3,062</u>	<u>\$ 277</u>	<u>\$ 203,236</u>	<u>\$ 10,050</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	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	3,062	277	-	-
Committed	65,231	176	1,574	1,329	-	-	203,236	10,050
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>65,231</u>	<u>176</u>	<u>1,574</u>	<u>1,329</u>	<u>3,062</u>	<u>277</u>	<u>203,236</u>	<u>10,050</u>
Total Liabilities and Fund Balances	<u>\$ 65,231</u>	<u>\$ 176</u>	<u>\$ 1,574</u>	<u>\$ 1,329</u>	<u>\$ 3,062</u>	<u>\$ 277</u>	<u>\$ 203,236</u>	<u>\$ 10,050</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet Nonmajor Governmental Funds June 30, 2021

SPECIAL REVENUE FUNDS

	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	Police Asset Forfeiture	Housing Rehabilitation Loan	Town Clerk Fund
Assets								
Cash and Cash Equivalents	\$ 179	\$ 7,803	\$ 11,796	\$ 18,804	\$ 212,027	\$ 7,196	\$ 1,157	\$ 21,372
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	711,347	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	<u>\$ 179</u>	<u>\$ 7,803</u>	<u>\$ 11,796</u>	<u>\$ 18,804</u>	<u>\$ 923,374</u>	<u>\$ 7,196</u>	<u>\$ 1,157</u>	<u>\$ 21,372</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 927	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	1,157	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>927</u>	<u>1,157</u>	<u>-</u>
Fund Balances:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	923,374	6,269	-	-
Committed	179	7,803	11,796	18,804	-	-	-	21,372
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>179</u>	<u>7,803</u>	<u>11,796</u>	<u>18,804</u>	<u>923,374</u>	<u>6,269</u>	<u>-</u>	<u>21,372</u>
Total Liabilities and Fund Balances	<u>\$ 179</u>	<u>\$ 7,803</u>	<u>\$ 11,796</u>	<u>\$ 18,804</u>	<u>\$ 923,374</u>	<u>\$ 7,196</u>	<u>\$ 1,157</u>	<u>\$ 21,372</u>

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUNDS</u>			<u>PERMANENT FUNDS</u>		
	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	\$ 23,616	\$ 8,240	\$ 98	\$ 215,194	\$ 496,627	\$ 76,350	\$ 3,681	\$ 33,104
Investments	-	-	-	-	-	-	-	-
Receivables, Net	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Total Assets	\$ 23,616	\$ 8,240	\$ 98	\$ 215,194	\$ 496,627	\$ 76,350	\$ 3,681	\$ 33,104
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-	-	-
Fund Balances:								
Nonspendable	-	-	-	-	-	67,000	2,654	10,817
Restricted	-	-	-	-	-	9,350	1,027	22,287
Committed	23,616	8,240	98	215,194	496,627	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	23,616	8,240	98	215,194	496,627	76,350	3,681	33,104
Total Liabilities and Fund Balances	\$ 23,616	\$ 8,240	\$ 98	\$ 215,194	\$ 496,627	\$ 76,350	\$ 3,681	\$ 33,104

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

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Combining Balance Sheet Nonmajor Governmental Funds June 30, 2021

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	\$ 656	\$ 3,324	\$ 6,205	\$ 18,452	\$ 1,490	\$ 1,581	\$ 25,285	\$ 2,425,838
Investments	-	-	-	-	2,642	-	-	2,642
Receivables, Net	-	-	-	-	-	-	-	889,952
Inventory	-	-	-	-	-	-	-	23,139
Total Assets	<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>\$ 3,341,571</u>
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,499
Unearned Revenue	-	-	-	-	-	-	-	43,443
Due to Other Funds	-	-	-	-	-	-	-	350,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,942</u>
Fund Balances:								
Nonspendable	458	993	4,478	6,000	383	506	3,854	97,143
Restricted	198	2,331	1,727	12,452	3,749	1,075	21,431	1,475,962
Committed	-	-	-	-	-	-	-	1,359,700
Unassigned	-	-	-	-	-	-	-	(176)
Total Fund Balances	<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>2,932,629</u>
Total Liabilities and Fund Balances	<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>\$ 3,341,571</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, 2021

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	SPECIAL REVENUE FUNDS						
	<u>Professional Development</u>	<u>Transition Academy</u>	<u>Special Welfare</u>	<u>Mutual Police Trust</u>	<u>Marion A. Munson Memorial Park Fund</u>	<u>Cafeteria Fund</u>	<u>Field Surcharge</u>
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 814,910	\$ -
Licenses, Permits and Charges for Services	-	-	-	-	-	75,748	520
Investment Income	-	-	104	10	2	-	-
Other Revenue	-	5	93,701	-	-	-	-
Total Revenues	-	5	93,805	10	2	890,658	520
Expenditures							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-
Health and Welfare	-	-	48,196	-	-	-	-
Education	5	-	-	-	-	949,630	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	5	-	48,196	-	-	949,630	-
Excess/(Deficiency) of Revenues Over Expenditures	(5)	5	45,609	10	2	(58,972)	520
Other Financing Sources/(Uses)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-
Net Change in Fund Balances	(5)	5	45,609	10	2	(58,972)	520
Fund Balances at Beginning of Year	318	2,067	119,932	7,941	1,158	89,515	8,385
Fund Balances at End of Year	\$ 313	\$ 2,072	\$ 165,541	\$ 7,951	\$ 1,160	\$ 30,543	\$ 8,905

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, 2021

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SPECIAL REVENUE FUNDS

	<u>The Staver Fund</u>	<u>Crestbrook Improvement</u>	<u>Town Improvement Trust</u>	<u>Dog Fund</u>	<u>Town Aid Road</u>	<u>Liability Trust</u>	<u>Park and Recreation Programs</u>	<u>Local Capital Improvement</u>
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ 349,010	\$ -	\$ -	\$ 6,947
Licenses, Permits and Charges for Services	-	-	-	-	-	-	155,734	-
Investment Income	13	1	22	6	416	13	-	1
Other Revenue	36,896	-	-	815	-	-	-	-
Total Revenues	<u>36,909</u>	<u>1</u>	<u>22</u>	<u>821</u>	<u>349,426</u>	<u>13</u>	<u>155,734</u>	<u>6,948</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	45	-	-	-	-
Public Works	-	-	-	-	175,516	-	-	-
Parks and Recreation	-	-	-	-	-	-	89,196	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	6,947
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>175,516</u>	<u>-</u>	<u>89,196</u>	<u>6,947</u>
Excess/(Deficiency) of Revenues Over Expenditures	36,909	1	22	776	173,910	13	66,538	1
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	36,909	1	22	776	173,910	13	66,538	1
Fund Balances at Beginning of Year	<u>13,076</u>	<u>629</u>	<u>21,837</u>	<u>11,052</u>	<u>231,571</u>	<u>12,674</u>	<u>(53,580)</u>	<u>4,001</u>
Fund Balances at End of Year	<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>

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, 2021

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	SPECIAL REVENUE FUNDS							
	<u>W.A.S.A. Grants</u>	<u>Board of Education Community Service</u>	<u>Park Development Trust</u>	<u>Public Inv. Community Grant</u>	<u>Oakville Green Development Trust</u>	<u>Town Hall Beautification</u>	<u>Drug Enforcement</u>	<u>Police Grants</u>
Revenues								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	-	117,551	-	-	-	-	-	-
Investment Income	5	-	43	-	1	2	3	-
Other Revenue	-	-	7,645	-	-	-	-	-
Total Revenues	<u>5</u>	<u>117,551</u>	<u>7,688</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>-</u>
Expenditures								
Current:								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	3,223	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	30,460	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>30,460</u>	<u>3,223</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	5	87,091	4,465	-	1	2	3	-
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	(90,000)	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5	(2,909)	4,465	-	1	2	3	-
Fund Balances at Beginning of Year	<u>5,808</u>	<u>2,733</u>	<u>60,766</u>	<u>176</u>	<u>1,573</u>	<u>1,327</u>	<u>3,059</u>	<u>277</u>
Fund Balances at End of Year	<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>

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, 2021

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SPECIAL REVENUE FUNDS

Revenues

	Open Space Fund	Preservation of Historical Documents	Sidewalk Replacement Fund	Advertising	Town Hall Preservation	Summer Studies	Small Cities	Police Asset Forfeiture
Intergovernmental Revenues	\$ -	\$ 31,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Permits and Charges for Services	-	115,846	-	-	-	27,585	-	-
Investment Income	146	-	-	-	15	-	152	1
Other Revenue	-	-	-	-	-	-	-	-
Total Revenues	146	147,090	-	-	15	27,585	152	1

Expenditures

Current:

General Government	-	150,034	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	7,571
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	1,359	-
Education	-	-	-	-	-	18,695	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	-	150,034	-	-	-	18,695	1,359	7,571

Excess/(Deficiency) of Revenues

Over Expenditures	146	(2,944)	-	-	15	8,890	(1,207)	(7,570)
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Other Financing Sources/(Uses)

Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-	-

Net Change in Fund Balances	146	(2,944)	-	-	15	8,890	(1,207)	(7,570)
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Fund Balances at Beginning of Year	203,090	12,994	179	7,803	11,781	9,914	924,581	13,839
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Fund Balances at End of Year	\$ 203,236	\$ 10,050	\$ 179	\$ 7,803	\$ 11,796	\$ 18,804	\$ 923,374	\$ 6,269
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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, 2021

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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	7,430	-	-	-	-	-	-	-
Investment Income	-	-	-	-	69	284	72	5
Other Revenue	-	21,087	765	-	-	-	-	-
Total Revenues	<u>7,430</u>	<u>21,087</u>	<u>765</u>	<u>-</u>	<u>69</u>	<u>284</u>	<u>72</u>	<u>5</u>
Expenditures								
Current:								
General Government	875	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Education	-	6,956	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>875</u>	<u>6,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	6,555	14,131	765	-	69	284	72	5
Other Financing Sources/(Uses)								
Transfers In	-	-	-	-	55,000	135,000	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>135,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,555	14,131	765	-	55,069	135,284	72	5
Fund Balances at Beginning of Year	<u>14,817</u>	<u>9,485</u>	<u>7,475</u>	<u>98</u>	<u>160,125</u>	<u>361,343</u>	<u>76,278</u>	<u>3,676</u>
Fund Balances at End of Year	<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>

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, 2021

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	PERMANENT FUNDS								
	<u>Hinman Platt</u>	<u>Benjamin Curtis</u>	<u>Chester A. Hard</u>	<u>Charles Mattoon</u>	<u>Town Hall Grounds</u>	<u>E.C. Margraff</u>	<u>Special Police</u>	<u>Town Deposit</u>	<u>Total</u>
Revenues									
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,202,111
Licenses, Permits and Charges for Services	-	-	-	-	-	-	-	-	500,414
Investment Income	43	-	5	7	24	254	2	33	1,754
Other Revenue	-	-	-	-	-	-	-	-	160,914
Total Revenues	<u>43</u>	<u>-</u>	<u>5</u>	<u>7</u>	<u>24</u>	<u>254</u>	<u>2</u>	<u>33</u>	<u>1,865,193</u>
Expenditures									
Current:									
General Government	-	-	-	-	-	-	-	-	150,909
Public Safety	-	-	-	-	-	-	-	-	7,616
Public Works	-	-	-	-	-	-	-	-	175,516
Parks and Recreation	-	-	-	-	-	-	-	-	92,419
Health and Welfare	-	-	-	-	-	125	-	-	49,680
Education	-	-	-	-	-	-	-	-	1,005,746
Capital Outlay	-	-	-	-	-	-	-	-	6,947
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>-</u>	<u>-</u>	<u>1,488,833</u>
Excess/(Deficiency) of Revenues Over Expenditures	43	-	5	7	24	129	2	33	376,360
Other Financing Sources/(Uses)									
Transfers In	-	-	-	-	-	-	-	-	190,000
Transfers Out	-	-	-	-	-	-	-	-	(90,000)
Total Other Financing Sources/(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balances	43	-	5	7	24	129	2	33	476,360
Fund Balances at Beginning of Year	<u>33,061</u>	<u>656</u>	<u>3,319</u>	<u>6,198</u>	<u>18,428</u>	<u>4,003</u>	<u>1,579</u>	<u>25,252</u>	<u>2,456,269</u>
Fund Balances at End of Year	<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>\$ 2,932,629</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, 2021

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	<u>\$ 39,739</u>	<u>\$ 391,555</u>	<u>\$ 30</u>	<u>\$ 431,324</u>
Liabilities				
Current Liabilities:				
Risk Management Claims	<u>\$ 719,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 719,202</u>
Noncurrent Liabilities:				
Risk Management Claims	<u>-</u>	<u>2,755,165</u>	<u>-</u>	<u>2,755,165</u>
Total Liabilities	<u>719,202</u>	<u>2,755,165</u>	<u>-</u>	<u>3,474,367</u>
Net Position				
Unrestricted	<u>\$ (679,463)</u>	<u>\$ (2,363,610)</u>	<u>\$ 30</u>	<u>\$ (3,043,043)</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, 2021

	Governmental Activities - Internal Service Funds			
	Health and Dental Benefits	Workers' Compensation	General Liability Deductibles	Total
Operating Revenues				
Charges for Services	\$ 14,165,053	\$ 370,303	\$ -	\$ 14,535,356
Operating Expenses				
Claims	11,841,193	1,049,782	-	12,890,975
Premiums and Administrative Charges	2,302,414	-	-	2,302,414
Total Operating Expenses	14,143,607	1,049,782	-	15,193,389
Income (Loss) from Operations	21,446	(679,479)	-	(658,033)
Non-Operating Revenues				
Interest Income	506	-	-	506
Change in Net Position	21,952	(679,479)	-	(657,527)
Net Position - Beginning of Year	(701,415)	(1,684,131)	30	(2,385,516)
Net Position - End of Year	\$ (679,463)	\$ (2,363,610)	\$ 30	\$ (3,043,043)

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2021

	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	\$ 14,165,053	\$ 370,303	\$ -	\$ 14,535,356
Cash Payments for Benefits and Claims	(12,188,178)	(730,808)	-	(12,918,986)
Premiums and Administrative Charges	(2,302,414)	-	-	(2,302,414)
Net Cash from Operating Activities	(325,539)	(360,505)	-	(686,044)
Cash Flows from Investing Activities				
Interest Income	506	-	-	506
Net Cash from Investing Activities	506	-	-	506
Net Increase (Decrease) in Cash and Equivalents	(325,033)	(360,505)	-	(685,538)
Cash and Equivalents - Beginning of Year	364,772	752,060	30	1,116,862
Cash and Equivalents - End of Year	\$ 39,739	\$ 391,555	\$ 30	\$ 431,324
Reconciliation of Income from Operations to Net Cash from Operating Activities				
Income (Loss) from Operations	\$ 21,446	\$ (679,479)	\$ -	\$ (658,033)
Changes in Operating Assets and Liabilities				
Claims Payable	(346,985)	318,974	-	(28,011)
Net Cash from Operating Activities	\$ (325,539)	\$ (360,505)	\$ -	\$ (686,044)

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, 2021

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Assets					
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,446	\$ -	\$ 1,446
Investments, at Fair Value					
Guaranteed Deposit Accounts	4,686,779	5,485,818	-	-	10,172,597
Mutual Funds	23,760,778	22,785,880	-	362,488	46,909,146
Total Assets	<u>\$ 28,447,557</u>	<u>\$ 28,271,698</u>	<u>\$ 1,446</u>	<u>\$ 362,488</u>	<u>\$ 57,083,189</u>
Net Position					
Restricted for Pension Benefits	\$ 28,447,556	\$ 28,271,698	\$ -	\$ 362,488	\$ 57,081,742
Restricted for OPEB Benefits	-	-	1,446	-	1,446
Total Net Position	<u>\$ 28,447,556</u>	<u>\$ 28,271,698</u>	<u>\$ 1,446</u>	<u>\$ 362,488</u>	<u>\$ 57,083,188</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, 2021

	Town Retirement System	Police Pension Fund	OPEB Trust Fund	Deferred Compensation Fund	Total
Additions					
Contributions:					
Employer	\$ 688,026	\$ 1,165,983	\$ -	\$ 46,875	\$ 1,900,884
Plan Members	269,705	268,674	-	-	538,379
Total Contributions	<u>957,731</u>	<u>1,434,657</u>	<u>-</u>	<u>46,875</u>	<u>2,439,263</u>
Investment Income:					
Net Appreciation/(Depreciation) in Fair					
Value of Investments	5,476,876	5,095,426	-	88,309	10,660,611
Interest and Dividends	582,205	583,604	-	-	1,165,809
Total Investment Income	6,059,081	5,679,030	-	88,309	11,826,420
Less: Investment Management Fees	(129,855)	(128,497)	-	-	(258,352)
Total Additions	<u>6,886,957</u>	<u>6,985,190</u>	<u>-</u>	<u>135,184</u>	<u>14,007,331</u>
Deductions					
Pension Benefits	1,534,351	1,887,524	-	12,703	3,434,578
Administrative Expenses	58,052	26,879	-	-	84,931
Total Deductions	<u>1,592,403</u>	<u>1,914,403</u>	<u>-</u>	<u>12,703</u>	<u>3,519,509</u>
Change in Net Position	5,294,554	5,070,787	-	122,481	10,487,822
Net Position at Beginning of Year	<u>23,153,002</u>	<u>23,200,911</u>	<u>1,446</u>	<u>240,007</u>	<u>46,595,366</u>
Net Position at End 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>

See accountant's report.

Supplemental Schedules

TOWN OF WATERTOWN, CONNECTICUT
Schedule of Property Taxes Levied, Collected, and Outstanding
For the Year Ended June 30, 2021

List of 10/1:	Outstanding July 1, 2020	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2021
			Additions	Deductions		Taxes	Interest	Liens	Total		
2019		\$ 61,683,726	\$ 235,238	\$ 334,730	\$ 61,584,234	\$ 60,967,689	\$ 220,590	\$ 17,549	\$ 61,205,828	\$ -	\$ 616,545
2018	\$ 607,885	-	18,405	111,894	514,396	331,739	108,264	6,018	446,021	6,338	176,319
2017	236,739	-	13,688	4,120	246,307	154,494	57,682	2,552	214,728	20,618	71,195
2016	105,698	-	348	395	105,651	44,056	21,839	634	66,529	19,362	42,233
2015	52,135	-	-	452	51,683	11,727	9,242	289	21,258	4,962	34,994
2014	41,131	-	1	297	40,835	7,358	6,043	182	13,583	4,933	28,544
2013	31,251	-	-	168	31,083	3,452	4,561	101	8,114	8,119	19,512
2012	25,924	-	525	1	26,448	2,167	2,863	70	5,100	7,560	16,721
2011	18,799	-	631	-	19,430	1,630	2,374	55	4,059	1,069	16,731
2010	10,882	-	5	-	10,887	991	1,668	35	2,694	89	9,807
2009	9	-	-	-	9	-	-	-	-	-	9
2008	303	-	-	-	303	198	46	-	244	-	105
	\$ 1,130,756	\$ 61,683,726	\$ 268,841	\$ 452,057	\$ 62,631,266	61,525,501	435,172	27,485	61,988,158	\$ 73,050	\$ 1,032,715
Net Grand List - October 1, 2019			Total Suspense Collections			7,078	10,306	298	17,682		
Tax Rate: 33.19 mills			Total Collections			\$ 61,532,579	\$ 445,478	\$ 27,783	\$ 62,005,840		

See accountant's report.

TOWN OF WATERTOWN, CONNECTICUT

Schedule of Changes in Fund Balance

Capital Improvement Fund

For the Year Ended June 30, 2021

	<u>Beginning Fund Balance</u>	<u>Transfers In (Out)</u>	<u>Investment Income</u>	<u>Other Income</u>	<u>Capital Outlay/Debt Service</u>	<u>Ending Fund Balance</u>
Current Projects:						
Watertown High School Renovation	\$ 598,490	\$ -	\$ 471	\$ -	\$ -	\$ 598,961
Judson School Renovation	2,954	-	2	-	-	2,956
Polk School Renovation	16,547	-	87	-	-	16,634
High School Track	14,100	-	14	-	-	14,114
Roadway and Drainage Improvements	27,603	-	6	-	-	27,609
Buckingham Street School	9,581	-	5	-	-	9,586
Debt Service	1,039,626	-	-	345,078	(732,490)	652,214
Public Works Projects	185,454	-	296	-	(1,872)	183,878
Oakville Green Bricks	508	-	-	-	-	508
Fire Truck	28,522	-	35	-	-	28,557
Town Hall Improvement	862,925	-	646	56,750	(658,519)	261,802
Concord/Lexington W&S	1,107,460	-	978	-	(608,667)	499,771
2019 Public Works Projects	4,421,441	-	7,788	6,014,725	(6,774,346)	3,669,608
Sylvan Lake Road Reconstruction	11,712	-	2,314	1,378,137	(1,378,137)	14,026
Other Projects:						
Veterans Memorial Park Improvements	(1,500)	-	-	-	-	(1,500)
Veterans Memorial Park	9,238	-	7	4,739	-	13,984
Echo Lake Park	1,710	-	1	-	-	1,711
French Street Reconstruction	2,378	-	1	-	-	2,379
Heminway Park	11,388	-	1	-	-	11,389
Sidewalk Upgrades	50	-	-	-	-	50
Oakville Green Transportation	5,124	-	4	-	-	5,128
Dog Park	23,525	-	3	1,587	-	25,115
Totals	<u>\$ 8,378,836</u>	<u>\$ -</u>	<u>\$ 12,659</u>	<u>\$ 7,801,016</u>	<u>\$ (10,154,031)</u>	<u>\$ 6,038,480</u>

See accountant's report.

Statistical Section

Statistical Section Information

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

Statistical section information is presented in the following categories:

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

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

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

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

Table 1

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net Investment in Capital Assets	\$ 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	\$ 132,762,669
Restricted	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469	292,240	340,167
Unrestricted	(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	1,428,111
Total Governmental Activities Net Position	\$ 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	\$ 134,530,947
Business-type Activities:										
Net Investment in Capital Assets	\$ 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	\$ 12,409,667
Unrestricted	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	7,287,947
Total Business-type Activities Net Position	\$ 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	\$ 19,697,614
Primary Government:										
Net Investment in Capital Assets	\$ 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	\$ 145,172,336
Restricted	1,573,105	1,370,729	1,490,107	1,610,757	1,261,807	1,879,722	285,093	288,469	292,240	340,167
Unrestricted	(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	8,716,058
Total Primary Government Net Position	\$ 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	\$ 154,228,561

TOWN OF WATERTOWN, CONNECTICUT

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 10,644,902
Public Safety	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	6,475,126
Public Works	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	4,433,879
Parks and Recreation	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	1,016,148
Health and Welfare	154,872	158,371	143,779	148,686	147,889	279,305	281,496	528,987	116,003	288,383
Education	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	46,868,694
Interest on Long-Term Debt	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	2,507,123
Total Governmental Activities Expenses	<u>103,255,321</u>	<u>95,996,122</u>	<u>94,646,701</u>	<u>90,112,351</u>	<u>85,679,925</u>	<u>80,950,786</u>	<u>80,669,515</u>	<u>73,771,301</u>	<u>73,701,778</u>	<u>72,234,255</u>
Business-Type Activities:										
Sewer	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	2,137,859
Water	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	1,624,940
Golf	<u>748,593</u>	<u>673,329</u>	<u>700,326</u>	<u>621,752</u>	<u>540,530</u>	<u>602,299</u>	<u>812,641</u>	<u>642,255</u>	<u>587,850</u>	<u>582,147</u>
Total Business-Type Activities Expenses	<u>4,246,666</u>	<u>4,333,035</u>	<u>5,073,506</u>	<u>4,578,291</u>	<u>4,211,304</u>	<u>4,328,267</u>	<u>4,729,878</u>	<u>4,203,422</u>	<u>4,129,649</u>	<u>4,344,946</u>
Total Primary Government Expenses	<u>\$ 107,501,987</u>	<u>\$ 100,329,157</u>	<u>\$ 99,720,207</u>	<u>\$ 94,690,642</u>	<u>\$ 89,891,229</u>	<u>\$ 85,279,053</u>	<u>\$ 85,399,393</u>	<u>\$ 77,974,723</u>	<u>\$ 77,831,427</u>	<u>\$ 76,579,201</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 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	\$ 1,086,487
Public Safety	1,128,926	968,256	1,292,489	856,423	857,351	1,337,748	808,950	617,309	744,841	1,123,212
Public Works	189,900	209,004	205,701	220,035	125,165	152,303	134,453	153,864	120,147	122,345
Parks and Recreation	161,222	329,258	368,639	394,318	393,443	351,132	393,356	363,279	289,902	332,908
Health and Welfare	2,992	1,972	2,372	1,349	1,007	4,595	-	-	-	-
Education	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	1,251,867
Operating Grants and Contributions	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	20,140,022
Capital Grants and Contributions	<u>1,378,137</u>	<u>1,962,551</u>	<u>1,941,877</u>	<u>886,884</u>	<u>204,096</u>	<u>781,167</u>	<u>2,371,694</u>	<u>949,550</u>	<u>3,678,088</u>	<u>2,738,626</u>
Total Governmental Activities Program Revenues	<u>35,822,036</u>	<u>28,758,687</u>	<u>31,763,597</u>	<u>25,505,123</u>	<u>25,482,544</u>	<u>23,996,495</u>	<u>24,625,298</u>	<u>23,889,730</u>	<u>25,841,625</u>	<u>26,795,467</u>
Business-Type Activities:										
Charges for Services:										
Sewer	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	2,008,764
Water	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	1,196,710
Golf	896,884	613,436	493,411	543,831	554,433	582,372	512,715	519,223	524,716	662,910
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	14,518
Capital Grants and Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,558</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities Program Revenues	<u>5,225,116</u>	<u>4,725,197</u>	<u>4,457,463</u>	<u>4,582,909</u>	<u>4,122,998</u>	<u>3,858,249</u>	<u>3,687,885</u>	<u>3,929,453</u>	<u>3,712,846</u>	<u>3,882,902</u>
Total Primary Government Program Revenues	<u>\$ 41,047,152</u>	<u>\$ 33,483,884</u>	<u>\$ 36,221,060</u>	<u>\$ 30,088,032</u>	<u>\$ 29,605,542</u>	<u>\$ 27,854,744</u>	<u>\$ 28,313,183</u>	<u>\$ 27,819,183</u>	<u>\$ 29,554,471</u>	<u>\$ 30,678,369</u>
Net (Expense) Revenue:										
Governmental Activities	\$ (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)	\$ (45,438,788)
Business-Type Activities	<u>978,450</u>	<u>392,162</u>	<u>(616,043)</u>	<u>4,618</u>	<u>(88,306)</u>	<u>(470,018)</u>	<u>(1,041,993)</u>	<u>(273,969)</u>	<u>(416,803)</u>	<u>(462,044)</u>
Total Primary Government Net Expense	<u>\$ (66,454,835)</u>	<u>\$ (66,845,273)</u>	<u>\$ (63,499,147)</u>	<u>\$ (64,602,610)</u>	<u>\$ (60,285,687)</u>	<u>\$ (57,424,309)</u>	<u>\$ (57,086,210)</u>	<u>\$ (50,155,540)</u>	<u>\$ (48,276,956)</u>	<u>\$ (45,900,832)</u>
	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)	(continued)

TOWN OF WATERTOWN, CONNECTICUT

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes	\$ 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	\$ 45,108,220
Grants and Contributions Not Restricted to Specific Programs	954,415	729,823	737,426	891,894	1,454,222	342,601	1,165,543	1,150,077	1,131,237	1,083,242
Unrestricted Investment Earnings	42,737	273,260	373,798	232,774	74,563	50,392	32,070	29,017	34,747	39,655
Other General Revenues	576,432	187,200	180,000	180,025	175,000	927,921	1,905,304	443,722	338,430	360,762
Transfers	(1,045,587)	(1,590,637)	(3,548,185)	8,866	12,125	(83,475)	(66,828)	43,051	692,957	106,873
Total Governmental Activities	<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>	<u>46,698,752</u>
Business-Type Activities:										
Unrestricted Investment Earnings	3,172	17,504	28,831	25,854	12,469	-	6,130	6,011	6,357	5,724
Transfers	1,045,587	1,590,637	3,548,185	(8,866)	(12,125)	83,475	66,828	(43,051)	(92,957)	(106,873)
Total Business-Type Activities	<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>	<u>(101,149)</u>
Total Primary Government	<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>	<u>\$ 46,597,603</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>\$ 28,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Position										
Governmental Activities	\$ (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	\$ 1,259,964
Business-type Activities	<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>	<u>(563,193)</u>
Total Primary Government	<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>	<u>\$ 696,771</u>

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

Table 3

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Assigned	\$ 485,101	\$ 378,240	\$ 637,537	\$ 932,456	\$ 691,815	\$ 467,589	\$ 488,840	\$ 563,130	\$ 797,675	\$ 981,642
Unassigned	6,857,463	8,778,391	6,798,056	4,084,363	5,302,434	8,016,125	7,370,555	6,953,281	5,574,608	5,772,945
Total General Fund	<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>	<u>\$ 6,754,587</u>
All Other Governmental Funds:										
Nonspendable	\$ 97,143	\$ 97,143	\$ 97,143	\$ 924,384	\$ 924,951	\$ 120,282	\$ 182,318	\$ 184,438	\$ 184,993	\$ 239,617
Restricted	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	2,102,579
Committed	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	1,287,833
Assigned	-	-	-	-	-	112,454	-	-	-	-
Unassigned	(176)	(53,580)	(90,365)	(73,370)	(4,541,883)	(4,885,259)	6,846	(15,910)	(8,458)	(3,784)
Total All Other Governmental Funds	<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>	<u>\$ 3,626,245</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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property Taxes, Interest and Lien Fees	\$ 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	\$ 44,991,044
Intergovernmental Revenues	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	24,138,718
Licenses, Permits, and Charges for Services	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	3,936,266
Investment Income	42,231	271,410	369,995	231,192	73,555	52,028	32,017	28,540	34,224	38,574
Other Revenues	874,457	449,931	399,275	425,877	420,239	504,041	649,730	696,492	724,001	776,778
Total Revenues	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	73,881,380
Expenditures:										
General Government	\$ 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	\$ 2,716,637
Public Safety	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	4,968,844
Public Works	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	3,812,971
Parks and Recreation	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	961,289
Health and Welfare	217,056	210,199	203,797	201,129	191,233	328,520	244,378	529,044	428,004	453,323
Education	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	43,450,153
Other	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	7,356,740
Capital Outlay	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	4,475,904
Debt Service:										
Principal	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	4,307,000
Interest	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	3,038,894
Total Expenditures	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	75,541,755
Excess (Deficiency) of Revenues Over Expenditures	(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)	(1,660,375)
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 Capital Leases	1,009,037	462,260	407,108	243,602	202,762	483,634	418,681	592,437	630,313	678,051
Issuance of Refunding Bonds	10,290,000	-	-	-	-	-	6,265,000	-	8,600,000	15,615,000
Payment to Refunding Bond Escrow Agent	(10,633,950)	-	-	-	-	-	(6,607,647)	-	(9,446,776)	(14,669,343)
Bond/BAN Premiums	826,882	779,550	618,771	119,990	96,008	31,319	472,694	83,226	892,729	836,980
Transfers In	443,394	399,427	546,193	296,002	369,775	565,681	641,614	325,787	382,386	476,208
Transfers Out	(880,314)	(270,627)	(449,028)	(287,136)	(357,650)	(649,156)	(708,442)	(282,736)	(289,429)	(369,335)
Total Other Financing Sources (Uses)	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	2,567,561
Net Change in Fund Balances	(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	907,186
Debt Service as a Percentage of Noncapital Expenditures	13.47%	14.78%	23.35%	8.64%	8.93%	8.86%	9.17%	9.26%	9.41%	10.34%

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							
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%
2012	2010	1,452,659	240,462	161,772	122,901	585	1,978,379	55,120	1,923,259	23.32	2,747,513	70%

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

Notes:

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

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

Table 6

Taxpayer	Nature of Business	2021			2012		
		Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Taxable Assessed Value
Connecticut Light & Power	Utility	\$ 60,879	1	3.28%	\$ 22,828	1	1.19%
JSD Partners	Manufacturing	7,441	2	0.40%	7,836	4	0.41%
Greenbriar Associates, LLC	Real Estate	7,406	3	0.40%	6,430	6	0.33%
Yankee Gas	Utility	6,970	4	0.38%	-		
The Siemon Company	Manufacturing	6,636	5	0.36%	18,503	2	0.96%
Siemon Realty Company	Real Estate	6,533	6	0.35%	8,137	3	0.42%
Straits Commercial Assoc. LTD	Supermarket	5,529	7	0.30%	7,280	5	0.38%
Global Steering Company	Manufacturing	5,459	8	0.29%			
EAN Holdings LLC	Auto Dealership	4,736	9	0.26%			
United Parcel Serices	Shipping	4,264	10	0.23%			
Echo Manufacturing	Manufacturing				6,407	7	0.33%
DP 38 LLC & FP 3 LLC	Real Estate				4,962	10	0.26%
ANSTRO Manufacturing Co.	Manufacturing				6,373	8	0.33%
Truelove & MacLean, Inc.	Manufacturing				5,097	9	0.27%
Total		\$ 115,853		6.25%	\$ 93,853		4.88%

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
2021	2019	1,855,091	33.19	\$ 61,584,233	\$ 60,967,689	99.00%	\$ -	\$ 60,967,689	
2020	2018	1,835,360	33.19	61,313,822	60,705,937	99.01%	331,739	61,037,676	99.55%
2019	2017	1,771,996	33.59	59,919,974	59,277,939	98.93%	480,964	59,758,903	99.73%
2018	2016	1,767,684	31.88	56,661,252	55,844,763	98.56%	631,467	56,476,230	99.67%
2017	2015	1,745,275	30.89	54,377,797	53,569,467	98.51%	673,677	54,243,144	99.75%
2016	2014	1,737,686	30.10	52,539,751	51,812,359	98.62%	591,007	52,403,366	99.74%
2015	2013	1,718,661	29.12	50,221,088	49,593,099	98.75%	623,179	50,216,278	99.99%
2014	2012	1,958,272	25.09	49,217,960	48,628,689	98.80%	592,127	49,220,816	100.01%
2013	2011	1,942,449	24.23	47,146,848	46,377,576	98.37%	545,367	46,922,943	99.53%
2012	2010	1,923,262	23.32	44,928,338	44,266,547	98.53%	611,865	44,878,412	99.89%

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	Capital Leases	Clean Water Fund Notes	Capital Leases					
2021	\$ 57,065,000	\$ 1,172,896	\$ -	\$ 25,126	\$ 58,263,022	6.52%	2.15%	\$ 2,700	\$ 2,645
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
2012	65,190,018	788,934	3,497,450	-	69,476,402	9.14%	2.37%	3,122	2,929

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, 2021

Table 9

Total Tax Collection, Including Interest and Lien Fees for Prior Fiscal Year	\$ 61,511,010
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly and Disabled (Prior Year)	2,257
Base	<u>\$ 61,513,267</u>

	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitation:					
2-1/4 times base	\$ 138,404,851	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	276,809,702	-	-	-
3-3/4 times base	-	-	230,674,751	-	-
3-1/4 times base	-	-	-	199,918,118	-
3 times base	-	-	-	-	184,539,801
Total Debt Limitation	<u>\$ 138,404,851</u>	<u>\$ 276,809,702</u>	<u>\$ 230,674,751</u>	<u>\$ 199,918,118</u>	<u>\$ 184,539,801</u>
Indebtedness:					
Bonds Payable	24,830,600	17,572,500	14,661,900	-	-
Total Indebtedness	<u>24,830,600</u>	<u>17,572,500</u>	<u>14,661,900</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Debt*	<u>\$ 113,574,251</u>	<u>\$ 259,237,202</u>	<u>\$ 216,012,851</u>	<u>\$ 199,918,118</u>	<u>\$ 184,539,801</u>

*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$430,592,869.

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	Capital Leases	Sub-Total	General Obligation Bonds	Amount Applicable To Town	(1) Percentage Applicable To Town	
2021	\$ 57,065,000	\$ 1,172,896	\$ 58,237,896	\$ -	N/A	N/A	\$ 58,237,896
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
2012	65,190,018	788,934	65,978,952	1,823,370	1,823,370	100%	67,802,322

(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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limitation	\$ 430,593	\$ 422,127	\$ 398,681	\$ 383,868	\$ 369,474	\$ 369,473	\$ 354,736	\$ 347,991	\$ 331,201	\$ 315,845
Total net debt applicable to limit	<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>	<u>71,116</u>
Legal debt margin	<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>	<u>\$ 244,729</u>
Total net debt applicable to the limit as a percentage of debt limit	13.25%	14.42%	15.04%	15.50%	14.56%	15.55%	18.15%	19.68%	21.93%	22.52%

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
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%
2012	22,253	760,118	34,158	3,075	11,348	888	7.3%	12.3%	7.5%	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	2021			2012		
		Employees	Rank	Percentage of Town Employment	Employees	Rank	Percentage of Town Employment
The Siemon Company	Manufacturer	300	1	2.62%	300	1	2.64%
Emerson Automated Solutions	Manufacturer	300	2	2.62%	124	9	1.09%
Albea	Manufacturer	300	3	2.62%	175	4	1.54%
The Taft School	Private School	235	4	2.05%	250	2	2.20%
Super Stop and Shop	Supermarket	210	5	1.83%	160	6	1.41%
LaBonnes Market	Supermarket	180	6	1.57%	140	8	1.23%
PM Engineered Solutions	Manufacturer	175	7	1.53%			
Crystal Rock	Manufacturer - Bottled Water	170	8	1.48%			
Braxton Manufacturing	Manufacturer	165	9	1.44%	165	5	1.45%
Shelter Loic	Manufacturer	160	10	1.40%			
Global Steering Systems	Manufacturer				192	3	1.69%
Apple Rehab	Health Care				145	7	1.28%
Adams Supermarket	Supermarket				100	10	0.88%
Total		2195		19.16%	1751		15.41%

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government	52	53	53	50	52	56	55	55	55	55
Police	37	37	35	35	37	38	38	38	37	38
Fire	1	1	1	2	2	2	2	2	3	3
Public Works	21	24	25	25	25	30	30	30	30	30
Park and Recreation	<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>8</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>	<u>134</u>
Board of Education:										
Administration and Principals	19	16	15	15	16	19	18	18	17	18
Teachers	244	238	234	233	242	239	222	226	241	239
Other	<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>193</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>	<u>450</u>
Total	<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>	<u>584</u>

Source(s): Various Town Departments

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

Table 15

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Building Permits Issued	1,487	1,398	1,331	1,388	1,289	1,574	1,422	1,494	2,234	1,434
Police:										
Physical Arrests	234	389	502	536	536	524	446	526	542	608
Parking Violations	6	101	531	566	102	146	203	217	89	91
Traffic Violations	450	1,356	2,012	1,749	1,889	1,912	1,983	1,780	2,107	2,354
Fire:										
Emergency Responses	2,741	2,508	1,893	2,428	2,397	2,437	2,499	1,759	1,767	1,656
Fires Extinguished	49	40	71	67	69	47	41	137	127	118
Public Works:										
Street Resurfacing (Miles)	1.40	2.80	1.38	-	3.30	0.90	4.45	3.20	2.53	0.48
Potholes Repaired	1,750	640	300	459	430	433	222	468	223	200
Library:										
Volumes in Collection	78,685	82,806	80,063	84,051	79,376	78,194	78,194	76,650	74,259	74,724
Water:										
Water Main Breaks	4	10	10	11	5	7	5	3	3	6
Average Daily Consumption (thousands of gallons)	920	1,000	877	880	880	824	876	810	893	940

Source(s): Various Town Departments

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

Table 16

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government:										
Administrative Buildings	1	3	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	136.29	136.29	136.29	136.29	136.29	136.29	136.16	135.25	135.33
Miles of Sidewalks	83.23	83.23	83.23	83.23	83.23	83.23	83.23	83.23	82.32	82.00
Catch Basins	4,124	3,460	3,460	3,454	3,440	3,438	3,438	3,434	3,396	3,392
Number of Dams	4	5	4	5	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	12	12
Number of Football Fields	1	1	1	1	1	1	1	1	2	2
Number of Playgrounds	8	8	8	8	8	8	8	8	9	9
Number of Soccer Fields	5	5	5	5	5	5	5	5	6	6
Number of Softball/Baseball Fields	12	12	12	12	14	14	14	14	17	17
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Education:										
School Buildings	5	5	5	5	4	5	5	5	5	5
Administrative Buildings	1	1	1	1	1	1	1	1	1	1

Source(s): Various Town Departments