

TOWN OF WATERFORD, CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Town of Waterford, Connecticut

Annual Comprehensive Financial Report

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**Department of Finance
Kimberly Allen
Director of Finance**

Introductory Section

TOWN OF WATERFORD, CONNECTICUT
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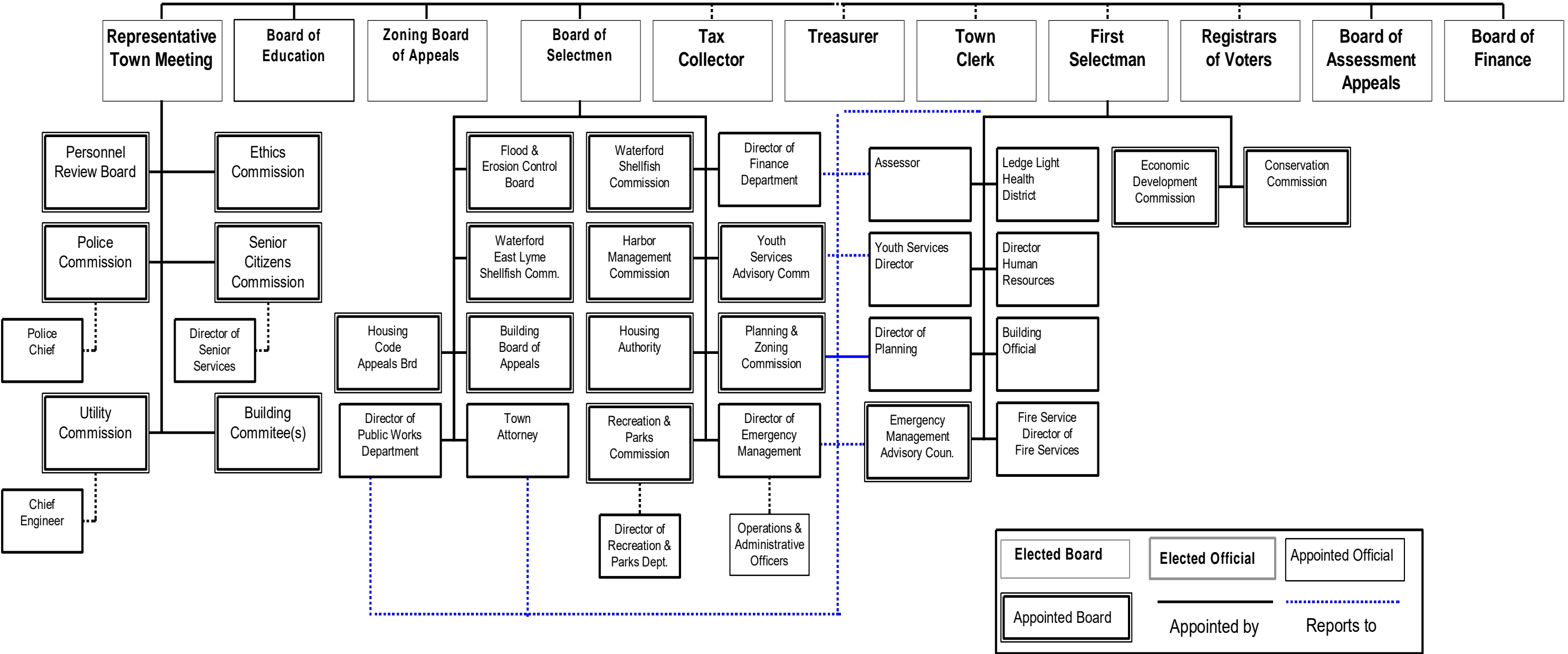
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ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT



Town of Waterford, Connecticut

Principal Town Officials

As of June 30, 2022

Robert J. Brule, Jr.
Thomas W. Giard III
Kimberly Allen
Abbas Danesh
Abby Piersall
Gary Schneider
Marc Balestracci
Neftali Soto
Alan Wilensky
Vacant
Brian Flaherty
David Campo
Daniela Gorman
Steve Cardelle
Christine Johnson
Michael Howley
Christine Walters

First Selectman
Superintendent of Schools
Director of Finance
Treasurer
Planning Director
Director of Public Works
Chief of Police
Chief Engineer, Utilities Commission
Tax Collector
Assessor
Recreation & Parks Director
Town Clerk
Director of Human Services
Building Official
Library Director
Director of Fire Services
Director of Human Resources



December 19, 2022

To the Honorable First Selectman, Representative Town Meeting and the Citizens of the Town of Waterford:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. 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.

CliftonLarsonAllen LLP (CLA), Certified Public Accountants, have issued an unqualified opinion on the Town of Waterford financial statements for the year ended June 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and 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 Government

The Town of Waterford separated from the City of New London, the neighboring urban seaport, a century and a half after European settlers arrived. Waterford was incorporated in 1801. Covering an area of 33.2 square miles, the Town is located in the southeastern region of the state. Waterford is bordered by the Towns of East Lyme to the west, New London, Groton and Ledyard to the east, and Montville to the north. It borders Long Island Sound to the south.

The Town has a Selectmen/Board of Finance/Representative Town Meeting form of government. The Representative Town Meeting exercises the legislative authority of the Town. The Board of Selectmen is composed of three members who are

elected at large for four-year terms. The Representative Town Meeting is elected for two-year terms. The First Selectman is the head of the administrative branch of the Town Government and is responsible to the Representative Town Meeting for the administration of all affairs relating to the Town.

The Town of Waterford provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; municipal solid waste and recycling collection; recreational and cultural activities. Municipal water and sewer services, the Town's one business-type activity, are provided through the Town's Utility Commission.

By Charter, the Representative Town Meeting must hold its Town Budget Meeting no later than the first Monday in May each year. If, within fifteen days of the budget adoption no referendum is called, the budget is considered approved. The annual budget serves as the foundation for Town of Waterford financial planning and control. The budget is prepared by Department/Agency at an object level. With the exception of the Police, Recreation and Parks, Senior Services, Utility and Planning and Zoning Commissions, Board of Finance, Board of Education, Board of Assessment Appeals, Zoning Board of Appeals, Building Board of Appeals, Economic Development Commission, Flood & Erosion Control Board, Conservation Commission, Retirement Commission, Harbor Management Commission and Ethics Commission, all other Town Boards, Commissions or agencies report to the Board of Selectmen. The Board of Selectmen, however, reviews and recommends to the Board of Finance the level of appropriation for all municipal budgets with the exception of the Board of Education. All agencies have the authority to transfer within series any of the budgeted appropriations under their control. Transfers out of series, however, require special approval from the Board of Finance.

Local Economy

Waterford is unique in that its major taxpayer is a nuclear power facility. However, numerous, large retail sales outlets, a production/software development company, several assisted care facilities and numerous financial institutions provide a good mix to tax base diversification. The Waterford Tax Base has a diversified tax base with immediate access to Routes 1, 95, 395 and 85 all of which are major Connecticut arteries.

Below are specific updates for Waterford's local economy.

Dominion Power Facility (Millstone)

- Impact Analysis Completed
- Increase Economic development
- Viable Tax payer for at least ten years – Declining tax revenue
- 10-Year Deal
- \$50M in updates since agreement signed in January 2019

Economic Development Commission Master Plan

- EDC will be working with a consultant to set specific goals and implementation actions for the short (1-2 year), mid (3-5 year) and long (5-10 year) terms.

Regulation Amendments

- Various zoning regulation amendments including updates to Outdoor Dining and Parking at multifamily residential properties to facilitate new projects.

Crystal Mall

- Ongoing conversation with the ownership interests at the property to modify zoning to support future mixed use development.

New Developments

- Redevelopment of the Mobile Gas Station and Starbucks Drive-thru on Rte 85 is approved and under construction. Land use permits in place to expand the site to include a car wash.
- Site work beginning for 40 affordable apartments on Rte 85
- Approvals granted for new cafe at Mago Point
- Approval of self-storage facility on Rte 85

New Industry

- Approval granted for Safe Futures on Rte 85

Electric Boat

- \$5.1B Navy Contract – estimated 2,000 to 5,000 jobs
- Building of Columbia Class Submarines to begin in 2023
- Current impact – Increased housing activity

Long Term Financial Planning

In 1998 the Representative Town Meeting formed its Long Range Fiscal Planning Committee. In FY01 the Board of Finance appointed an Ad Hoc Long-Range Budget Planning Committee to analyze the impact of the annual tax revenue loss due to the Dominion deregulation and to provide guidance in developing budgets that would sustain a consistent level of service with a declining revenue base over the ten-year period. This proactive approach to long-range operational budget planning, combined with multi-year capital planning, has become an effective budgetary management tool. Despite the fact that the Town has successfully absorbed the impact to its tax base due to deregulation, the Long-Range Budget Planning Committee remains active and is in the process of developing an updated long-term financial plan based of GFOA guidelines. The Town implemented a Fleet Management Program that served as the basis for sizing the fleet and provided a 5-year approach to managing a fleet valued in excess of \$4.4 million. This program allows the Town to undertake a needs assessment of its rolling

stock, and based upon established life-cycle parameters, provided a forty-year replacement plan that uses a combination of residual values, investment income, vehicle rental revenues and an equalized level of budget over a sustained period of time to fund all rolling stock replacements.

Major Initiatives

In compliance with GASB 54 and to strengthen Waterford's commitment to sound financial management and fiscal accountability, the Town still maintains the adopted fund balance policy from 2015. In that regard, the Town's 2022 Audited Financial Waterford has an Unassigned Fund Balance of \$22,339,086.

6n May of 2019, the Town began the first phase of the construction on a new Municipal Complex project for the Public Works Department. The project consisted of a full demolition of the existing structure and construction of a new 60,100 sq. ft. facility. The building project was completed in June 2022.

Increase school enrollment

- Attract students from neighboring districts to Waterford High School on a tuition basis
 - 6 students enrolled in 2022

Eco Friendly Town

- Achieved Bronze Certificate as a Sustainable CT Community
- Land Preservation
 - Easements, Purchase and Donations
- Plan of Conservation and Development
 - DEEP analysis
 - Fall 2022
- Energy audit of buildings
- RTM Ad Hoc Energy Task Force Created

Affordable Housing Plan

- Assessing housing needs for the future
 - The town continues to collect data to fit into regional area needs

Town Center Improvements ("Main Street")

- Committee Formed in June 2020
- Support Infrastructure for Farmer's Market
- Improved Recreational Amenities
 - Accessible walking paths, sidewalks and boardwalks
- Improved Fiber Connectivity
- Board of Selectman adoption of the Community Waterford Park Master Plan

Acknowledgements

Although the preparation of the comprehensive annual financial report is primarily the responsibility of the Director of Finance, it could not have been accomplished without the support of numerous town staff. Special recognition goes to the Finance department staff. Without their dedication, oversight and hard work the Town could never have achieved this prestigious award. I appreciate the unflagging support of First Selectman Robert Brule, Superintendent of Schools Thomas Girard and his staff, as well as, the entire Board of Selectmen, Board of Finance and the Representative Town Meeting who continually show their commitment to fiscal integrity and financial leadership.

Respectfully submitted,

Kimberly Allen

Kimberly Allen
Director of Finance

Financial Section



Independent Auditors' Report

To the Board of Finance
Town of Waterford, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Waterford, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Waterford, Connecticut, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Waterford, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Waterford, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Waterford, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the Town of Waterford, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Waterford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Waterford, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 19, 2022

**TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

This discussion and analysis of the Town of Waterford, Connecticut (the Town) financial performance is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

FINANCIAL HIGHLIGHTS

- The Town's net position increased as a result of this year's operations. While net position of our business-type activities decreased by \$6.9 thousand, or 1.4 %, net position of our governmental activities increased by \$5.0 million or 3.2 %.
- During the year, the Town had expenses that were \$5.0 million less than the \$111.5 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues and transfers in increased by \$534 thousand or 13.7%, while expenses decreased by \$359 thousand or 6.6 %.
- The total cost of all of the Town's programs was \$111.0 million, with no new programs added this year.
- The General Fund reported a fund balance this year of \$23.8 million.
- The resources available for appropriation were \$1.1 million more than anticipated for the General Fund. There were additional appropriations of \$1.8 million to transfer funding to the Capital and Nonrecurring Fund. However, unused appropriations of \$1.0 million were returned to fund balance at year end. Overall, the operating results increased the General Fund balance by \$350.6 thousand.

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 (Exhibits I and II, respectively) 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 in Exhibits III to IX. 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

Our analysis of the Town as a whole begins on Exhibits I and II. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in it. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

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, recreation, library, social services 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 Utility Commission Enterprise Fund is reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and 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 Board of Finance establishes many other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (i.e. grants received for education from the State and Federal Government). The Town's funds are divided into three categories: governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - 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 to 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 (Exhibits V to VII)* - 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 fund (a component of proprietary funds) is 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 Insurance Administration Fund.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from \$208.4 to \$212.7 million or 2.0 %. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 61,002	\$ 54,085	\$ 5,858	\$ 5,413	\$ 66,860	\$ 59,498
Capital assets, net of accumulated depreciation	236,256	241,132	44,691	45,671	280,947	286,803
Total assets	<u>297,258</u>	<u>295,217</u>	<u>50,549</u>	<u>51,084</u>	<u>347,807</u>	<u>346,301</u>
Deferred outflows of resources	12,765	18,301	-	-	12,765	18,301
Long-term debt outstanding	116,220	135,326	431	316	116,651	135,642
Other liabilities	13,886	11,226	374	330	14,260	11,556
Total liabilities	<u>130,106</u>	<u>146,552</u>	<u>805</u>	<u>646</u>	<u>130,911</u>	<u>147,198</u>
Deferred inflows of resources	16,949	8,998	-	-	16,949	8,998
Net Position:						
Net investment in capital assets	166,836	165,530	44,690	45,670	211,526	211,200
Restricted	1,612	1,440	-	-	1,612	1,440
Unrestricted	<u>(5,480)</u>	<u>(9,002)</u>	<u>5,054</u>	<u>4,768</u>	<u>(426)</u>	<u>(4,234)</u>
Total Net Position	<u>\$ 162,968</u>	<u>\$ 157,968</u>	<u>\$ 49,744</u>	<u>\$ 50,438</u>	<u>\$ 212,712</u>	<u>\$ 208,406</u>

Net position of the Town's governmental activities increased by 3.2 % (\$163.0 million in 2022 compared to \$158.0 million in 2021). Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased by \$4.2 million, (\$9.0 million) in 2021 compared to (\$4.8 million) at the end of this year.

By far the largest portion of the Town's net position is its investment in capital assets (e.g., land, buildings, machinery and equipment). Since the Town's investment in its capital assets, net of accumulated depreciation, must also be reported net of related debt, it should be noted that the Town's outstanding debt is related to bonds payable as of June 30, 2022.

The net position of our business-type activities decreased by 1.4% (\$49.7 million in 2022 compared to \$50.4 million in 2021).

The Town's total revenues (excluding special items) were \$115.3 million. The total cost of all programs and services was \$111.0 million. Our analysis below separately considers the operations of governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,232	\$ 3,346	\$ 3,798	\$ 3,841	\$ 7,030	\$ 7,187
Operating grants and contributions	11,664	19,990			11,664	19,990
Capital grants and contributions	1,858	578		16	1,858	594
General revenues:						
Property taxes	94,070	93,198			94,070	93,198
Grants and contributions not restricted to specific purposes	376	356			376	356
Unrestricted investment earnings	226	133	12	3	238	136
Miscellaneous revenue	55	175			55	175
Total revenues	<u>111,481</u>	<u>117,776</u>	<u>3,810</u>	<u>3,860</u>	<u>115,291</u>	<u>121,636</u>
Program expenses:						
General government	14,481	15,705			14,481	15,705
Public safety	11,579	13,999			11,579	13,999
Public works	8,803	8,780			8,803	8,780
Recreation	1,836	1,763			1,836	1,763
Library	1,002	1,156			1,002	1,156
Social services	1,303	1,285			1,303	1,285
Education	65,499	74,351			65,499	74,351
Interest and fiscal charges	1,363	1,393			1,363	1,393
Utility Commission			5,119	5,479	5,119	5,479
Total program expenses	<u>105,866</u>	<u>118,432</u>	<u>5,119</u>	<u>5,479</u>	<u>110,985</u>	<u>123,911</u>
Excess (deficiency) of revenues over expenses before transfers	5,615	(656)	(1,309)	(1,619)	4,306	(2,275)
Transfers	<u>(615)</u>	<u>(31)</u>	<u>615</u>	<u>31</u>	<u>-</u>	<u>-</u>
Change in Net Position	5,000	(687)	(694)	(1,588)	4,306	(2,275)
Beginning Net Position	<u>157,968</u>	<u>158,655</u>	<u>50,438</u>	<u>52,026</u>	<u>208,406</u>	<u>210,681</u>
Ending Net Position	<u>\$ 162,968</u>	<u>\$ 157,968</u>	<u>\$ 49,744</u>	<u>\$ 50,438</u>	<u>\$ 212,712</u>	<u>\$ 208,406</u>

Governmental Activities

Approximately 84.4% of these revenues were derived from property taxes, followed by 12.5% from operating and capital grants and contributions, 2.9% from charges for services and 0.2% from investment and other general revenues.

Major factors affecting operations include:

- Operating grants and contributions were down by \$8.3 million due primarily to the following:
There was a decrease in the State's on-behalf contribution for the Teachers' Retirement System of \$9.5 million and a decrease in the State's on-behalf contribution for the Teachers' Retirement System OPEB of \$1.1 million. There was an increase in Special Assistance grants of \$788.5 thousand. There was an increase in assistance to the School Cafeteria fund of \$895.1 thousand.
- Capital grants and contributions increased by \$1.3 million mainly to the following:
Public Works LOTCIP grant for Cross Road Grant was up by \$1.6 million.

There was a decrease of \$249.8 for the Thames River grant that ended in FY21. East Lyme Capital Sharing decreased by \$20.5 thousand. A donation from Chelsea Groton Bank for the Eugene O'Neill Barn roof by \$25.0 thousand.

- Property tax revenues were up by \$872 thousand.
- Investment earnings were up by \$93.0 thousand from FY21 due to increasing interest rates and an adjustment for Lease receivables under GASB87.
- Miscellaneous Revenue was down by \$120.0 thousand.

Table 3 presents the cost of each of the Town's five largest programs - education, general government, public safety, public works and recreation - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden to the Town's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Education	\$ 65,499	\$ 74,351	\$ 54,613	\$ 54,693
General government	14,481	15,705	12,225	13,826
Public safety	11,579	13,999	11,144	13,337
Public works	8,803	8,780	6,270	7,341
Recreation	1,836	1,763	1,614	1,647
All others	<u>3,667</u>	<u>3,835</u>	<u>3,245</u>	<u>3,675</u>
Totals	<u>\$ 105,865</u>	<u>\$ 118,433</u>	<u>\$ 89,111</u>	<u>\$ 94,519</u>

Business-Type Activities

- Net position of the Town's business-type activities (see Table 2) decreased by 1.4% (\$49.7 million in 2022 compared to \$50.4 million in 2021). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$534 thousand (\$4.4 million in 2022 compared to \$3.9 million in 2021). Overall Expenses were higher than revenues and transfers in by \$695 thousand. The factors driving these results include:
 - An increase in Sewer use fee revenue of \$43 thousand.
 - An increase in transfers in of \$584 thousand
 - An increase of investment earnings of \$9 thousand.
 - A decrease in expenses of \$359.0 thousand.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$38.8 million, which is increase of \$3.2 million from last year's total of \$35.6 million as restated. Included in this year's total change in fund balance is an increase of \$64.1 thousand in the General Fund, an increase of 298.3 thousand in the Capital Improvement Fund, an increase of \$1.7 million in the Capital and NonRecurring Fund and an increase of \$1.7 million for Nonmajor Governmental Funds.

Capital Projects Funds:

- The Capital and Nonrecurring Fund balance increased by \$1.7 million due to expenditures of \$1.6 million and revenues of \$278.6 thousand plus net transfers in and out of \$3.0 million.

- The Capital Improvement Fund increased by \$298.3 thousand due to expenditures of \$3.1 million, grant revenue of \$1.6 million and net transfers in and out \$1.8 million.

Non-Major Capital Projects Funds:

- The Fleet Management Fund increased by \$508.8 thousand due to expenditures of \$481.7 thousand being offset by revenues and transfers in of \$990.5 thousand.
- The Sewer Development and Maintenance Fund increased by \$48.2 thousand due to expenditures of \$80.4 thousand being offset by revenues of \$128.6 thousand.

Special Revenue Funds:

- The Cafeteria fund increased by \$494.4 thousand due to revenues of \$1.7 million, offset by expenditures of \$1.2 million.
- The Senior Services fund decreased by \$49.0 thousand due to revenues of \$19.8 thousand and expenditures of \$68.5 thousand. Net transfers in an out resulted in a decrease of \$316 thousand.
- The Nuclear Safety Emergency Preparedness Fund increased by \$84.8 thousand due to receipt of grant reimbursements of the same amount for prior year expenditures.

Proprietary Funds

The Town's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail.

Overall, proprietary funds net assets total \$55.8 million at the end of the year, which includes a \$6.1 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$49.7 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2022, net position of the Internal Service fund decreased by \$163.6 thousand from fiscal year 2021. This is due to \$12.1 million in contributions and other revenues (an increase of \$240 thousand over fiscal year 2021), reduced by expenses for claims and program administration of \$12.3 million (an increase of \$845.1 thousand over fiscal year 2021).

General Fund Budgetary Highlights

Revenues were higher than budgetary estimates by \$1.1 million and expenditures were less than revised budgetary estimates by \$1.0 million. Overall revenues over expenditures on a budgetary basis were \$350.6 thousand. In the current year, revenues increased by \$449.5 thousand or 0.5 % over the prior year and expenditures increased by \$4.0 million or 4.2%.

The major factors affecting this year's annual operating results are as follows:

- Property tax revenue was over budgetary estimates by \$158.4 thousand and over prior year revenue by \$603.0 thousand.
- State and Federal grant funding was over budgetary estimates by \$312.5 thousand and over prior year revenue by \$89.1 thousand.
- Assessment revenue is over budgetary estimates by \$11.3 thousand and over the prior year by \$4.7 thousand.
- License and permit revenue is over budgetary estimates by \$366.8 thousand and under the prior year by \$226.9 thousand. Town clerk fees decreased by \$31.8 thousand over fiscal year 2021. The building department is down from FY21 by \$256.9 thousand, conveyance tax revenue is down from FY21 by \$24.0

thousand. Planning & Zoning, had a decrease of \$17.7 thousand over the prior year. Miscellaneous fees and permits were down from FY21 by \$13.3 thousand. Lien fees paid by the Utility Commission to the Town Clerk were down by \$2.3 thousand. Recreation and parks revenue is up from FY21 by \$119.1 thousand.

- Fines, Penalties and Charges for Services are under budgetary estimates by \$110.1 thousand and under the prior year revenue by \$120.1 thousand. The biggest change was a decrease for miscellaneous revenue of \$68.0 thousand, followed by a decrease for tuition fees of \$38.8 thousand. There was a decrease of \$41.0 thousand in tipping fee revenue. Bulky Waste fees were up by \$2.5 thousand. Recycling revenue decreased by \$1.5 thousand. False alarm fines were down up \$0.5 thousand. Senior Services program revenue was up by \$26.2 thousand.
- Other sources of revenue were over budgetary estimates by \$196.5 thousand and over the prior year revenue by \$78.5 thousand.
- Investment income is over budgetary estimates by \$59.8 thousand and over prior year revenue by \$93.5 thousand.
- Other Financing Sources, which consists of the cancelation of prior year encumbrances and transfers in from the capital improvement fund, was over estimated revenue by \$121.9 thousand and under the prior year by \$72.2 thousand.

Overall Expenditures came in \$1.0 million under revised budgetary estimates. The largest amounts of unused appropriations returned in the current fiscal year are as follows:

- The Police Department returned \$184.9 thousand.
- The Public Works Department returned \$142.9 thousand.
- The Emergency Management Department returned \$84.6 thousand.
- The Fire Services Department returned \$79.9 thousand.
- The Insurance budget returned \$79.7 thousand.
- The Retirement Commission returned \$76.3 thousand.
- The Building Department returned \$48.8 thousand.
- The Board of Education returned \$46.8 thousand.
- The Information Technology Department returned \$44.3 thousand.
- The Planning & Zoning Department returned \$43.9 thousand.
- The Senior Services Department returned \$39.2 thousand.
- The Recreation and Parks Department returned \$35.8 thousand.
- The Legal Department returned \$33.3 thousand.
- The Library returned \$27.2 thousand.
- The Finance Department returned \$14.9 thousand.

The Town's General Fund balance of \$23.8 million reported on Exhibit III differs from the General Fund's budgetary balance of \$23.5 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$226.1 thousand of outstanding encumbrances at year-end, which are reported as expenditures for budgetary purposes. The balances for special revenue funds financed primarily from operating transfers from the General Fund are also rolled into that fund for reporting purposes. For fiscal year 2022, those balances amounted to \$59.3 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the Town had \$280.7 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and water and sewer lines - Table 4. This amount represents a net decrease (including additions and deductions) of \$6.1 million, or 2.1%, from last year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 9,008	\$ 8,982	\$ 128	\$ 128	\$ 9,136	\$ 9,110
Land improvements	1,919	1,995			1,919	1,995
Building and improvements	162,636	168,063	909	944	163,545	169,007
Machinery and equipment	2,592	2,519	634	592	3,226	3,111
Right-to-use lease machinery and equipment	221				221	-
Vehicles	5,013	5,518	231	263	5,244	5,781
Infrastructure	52,789	53,573	42,288	43,737	95,077	97,310
Permanent easements	5	5			5	5
Software	75	89	5	6	80	95
Construction in progress	1,998	388	495		2,493	388
Total	\$ 236,256	\$ 241,132	\$ 44,690	\$ 45,670	\$ 280,946	\$ 286,802

Major capital asset events during the current fiscal year are noted below:

Governmental Activities:

- Construction-in-progress increased by \$1.6 million due to mainly to the road reconstruction on Cross Road.
- Buildings and improvements decreased by \$5.4 million. Additions for the Waterford Beach Parks Restrooms were \$345.0 thousand. Depreciation expense reduced the net balance by \$5.7 million.
- Land Improvements decreased by \$77 thousand. There were additions of \$56 thousand and depreciation expense of \$133.3 thousand.
- Infrastructure decreased by \$886 thousand. Depreciation expense was \$1.8 million. Additions included the completion of various road projects for a net increase of \$970.9 thousand.
- Machinery and equipment increased by \$73 thousand due to mainly to additions of \$675.7 thousand, which was offset by depreciation expense of \$602.5 thousand.
- Vehicles decreased by \$506 thousand due to additions of \$378.9 thousand, in accordance with the fleet management plan, this was offset by net retirements of \$14.0 thousand and depreciation expense of \$870.6 thousand.
- Right-to-use machinery and equipment increased by \$221 thousand due to the implementation of GASB Statement No. 87, Leases.
- Software decreased by 14.0 due to amortization expense.
- Land Increased by \$26.2 thousand due to the addition of vacant properties which had been previously omitted from the asset inventory.

Business-Type Activities:

- There was an increase in construction-in-progress of \$495.3 thousand due to pump station upgrades in-progress.
- There was an increase in machinery and equipment \$43.0 thousand due to additions of \$119.4 thousand and depreciation expense of \$77.3 thousand.
- There was decrease in infrastructure of \$1.5 million due to additions of \$122.9 thousand and depreciation expense of \$1.6 million.
- The decreases to all other asset categories were due entirely to depreciation and amortization expense.

Additional information on the Town's capital assets can be found in Note 6 of this report.

Long-Term Debt

At the end of the current fiscal year, the Town had \$67.0 million of outstanding general obligation bonds. Bonds issued in July 2021 carried an AA rating from Standard & Poor.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times its total prior years' tax collections. The current debt limitation for the Town is \$654.1 million.

Additional information on the Town's long-term debt can be found in Note 8.

Economic Factors

- The unemployment rate for the Town in 2022 was 4.3%, which is a decrease from a rate of 6.5% a year ago. Waterford's unemployment rate is higher than the State's average unemployment rate of 4.3%, and higher than the national average of 3.6% as of June 2022.

During the current fiscal year, unassigned fund balance in the General Fund increased by \$23.0 thousand. The main reason for the increase is positive operating results of \$64.1 thousand as well as a decrease in the assigned fund balance of \$292.9 thousand. An increase in the nonspendable balance of \$334.0 thousand reduced the overall increase of the unassigned total.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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 Director of Finance, Town of Waterford, 15 Rope Ferry Road, Waterford, Connecticut 06385.

Basic Financial Statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 41,636,991	\$ 4,487,154	\$ 46,124,145
Investments	15,253,263		15,253,263
Receivables, net	3,540,551	1,580,463	5,121,014
Internal balances	209,533	(209,533)	-
Supplies	6,322		6,322
Prepaid items	355,619		355,619
Capital assets:			
Intangible assets not being amortized	5,000		5,000
Intangible assets being amortized, net	75,480	5,013	80,493
Assets not being depreciated	11,006,238	623,307	11,629,545
Assets being depreciated, net	225,169,459	44,061,488	269,230,947
Total assets	<u>297,258,456</u>	<u>50,547,892</u>	<u>347,806,348</u>
Deferred Outflows of Resources:			
Deferred outflows of resources related to pensions	9,681,225		9,681,225
Deferred outflows of resources related to OPEB	1,431,705		1,431,705
Deferred charge on refunding	1,652,245		1,652,245
Total deferred outflows of resources	<u>12,765,175</u>	<u>-</u>	<u>12,765,175</u>
Liabilities:			
Accounts and other payables	4,282,061	164,843	4,446,904
Accrued liabilities	5,672,326	178,914	5,851,240
Unearned revenue	3,931,959	31,169	3,963,128
Noncurrent liabilities:			
Due within one year	6,495,947	18,303	6,514,250
Due in more than one year	109,723,596	412,217	110,135,813
Total liabilities	<u>130,105,889</u>	<u>805,446</u>	<u>130,911,335</u>
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions	12,651,502		12,651,502
Deferred inflows of resources related to OPEB	2,842,210		2,842,210
Deferred inflows of resources related to leases	1,455,383		1,455,383
Total deferred inflows of resources	<u>16,949,095</u>	<u>-</u>	<u>16,949,095</u>
Net Position:			
Net investment in capital assets	166,836,267	44,689,808	211,526,075
Restricted for:			
Trust purposes:			
Nonexpendable	120,564		120,564
Grants	928,924		928,924
Contracts	562,617		562,617
Unrestricted	<u>(5,479,725)</u>	<u>5,052,638</u>	<u>(427,087)</u>
Total Net Position	<u>\$ 162,968,647</u>	<u>\$ 49,742,446</u>	<u>\$ 212,711,093</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Net Revenue (Expense) And Changes In Net Position					
		Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 14,481,404	\$ 1,345,759	\$ 910,316	\$	\$ (12,225,329)	\$	\$ (12,225,329)
Public safety	11,578,608	267,781	166,513		(11,144,314)		(11,144,314)
Public works	8,802,546	623,121	60,975	1,848,211	(6,270,239)		(6,270,239)
Recreation	1,835,773	208,383	3,765	10,000	(1,613,625)		(1,613,625)
Library	1,001,832				(1,001,832)		(1,001,832)
Social services	1,303,225	308,108	115,283		(879,834)		(879,834)
Education	65,498,549	478,679	10,406,908		(54,612,962)		(54,612,962)
Interest on long-term debt	1,363,173				(1,363,173)		(1,363,173)
Total governmental activities	<u>105,865,110</u>	<u>3,231,831</u>	<u>11,663,760</u>	<u>1,858,211</u>	<u>(89,111,308)</u>	<u>-</u>	<u>(89,111,308)</u>
Business-type activities:							
Utility commission	5,119,850	3,797,739				(1,322,111)	(1,322,111)
Total business-type activities	<u>5,119,850</u>	<u>3,797,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,322,111)</u>	<u>(1,322,111)</u>
Total primary governmental activities	<u>\$ 110,984,960</u>	<u>\$ 7,029,570</u>	<u>\$ 11,663,760</u>	<u>\$ 1,858,211</u>	<u>(89,111,308)</u>	<u>(1,322,111)</u>	<u>(90,433,419)</u>
General revenues:							
Property taxes					94,070,241		94,070,241
Grants and contributions not restricted to specific programs					375,988		375,988
Unrestricted investment earnings					225,600	12,310	237,910
Miscellaneous					55,252		55,252
Transfers					(614,707)	614,707	-
Total general revenues and transfers					<u>94,112,374</u>	<u>627,017</u>	<u>94,739,391</u>
Change in Net Position					5,001,066	(695,094)	4,305,972
Net Position at Beginning of Year					<u>157,967,581</u>	<u>50,437,540</u>	<u>208,405,121</u>
Net Position at End of Year					<u>\$ 162,968,647</u>	<u>\$ 49,742,446</u>	<u>\$ 212,711,093</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Improvement Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 15,119,648	\$ 5,249,341	\$ 9,756,872	\$ 1,183	\$	\$ 4,449,747	\$ 34,576,791
Investments	15,085,085					168,178	15,253,263
Receivables, net	3,016,205					524,346	3,540,551
Interfund receivables	3,422,144				2,306,154	1,865,212	7,593,510
Supplies						6,322	6,322
Prepaid items	355,619						355,619
Total Assets	<u>\$ 36,998,701</u>	<u>\$ 5,249,341</u>	<u>\$ 9,756,872</u>	<u>\$ 1,183</u>	<u>\$ 2,306,154</u>	<u>\$ 7,013,805</u>	<u>\$ 61,326,056</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payables	\$ 1,898,185	\$ 1,857,101	\$ 244,392	\$	\$ 76,001	\$ 53,054	\$ 4,128,733
Accrued liabilities	3,750,269				2,101	97,621	3,849,991
Interfund payables	4,482,225	203,389	35,078	2,942,807		31,337	7,694,836
Unearned revenue	251,772	1,031,297			2,228,052	353,633	3,864,754
Total liabilities	<u>10,382,451</u>	<u>3,091,787</u>	<u>279,470</u>	<u>2,942,807</u>	<u>2,306,154</u>	<u>535,645</u>	<u>19,538,314</u>
Deferred Inflows of Resources:							
Unavailable revenue:							
Property taxes	1,486,034						1,486,034
Special assessments	14,524						14,524
Grants receivable						210	210
Lease receivable	1,269,536					185,847	1,455,383
Total deferred inflows of resources	<u>2,770,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,057</u>	<u>2,956,151</u>
Fund Balances:							
Nonspendable	355,619					126,886	482,505
Restricted						1,491,331	1,491,331
Committed		2,157,554	9,477,402			4,673,886	16,308,842
Assigned	486,420						486,420
Unassigned	23,004,117			(2,941,624)			20,062,493
Total fund balances	<u>23,846,156</u>	<u>2,157,554</u>	<u>9,477,402</u>	<u>(2,941,624)</u>	<u>-</u>	<u>6,292,103</u>	<u>38,831,591</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,998,701</u>	<u>\$ 5,249,341</u>	<u>\$ 9,756,872</u>	<u>\$ 1,183</u>	<u>\$ 2,306,154</u>	<u>\$ 7,013,805</u>	<u>\$ 61,326,056</u>

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different because of the following:

Fund balances - total governmental funds	\$ 38,831,591
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Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 406,509,351	
Less accumulated depreciation	<u>(170,253,174)</u>	
Net capital assets		236,256,177

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

Property tax receivables greater than 60 days	906,381
Interest receivable on property taxes	579,653
Delinquent special assessments	14,524
Unavailable revenue - grants receivable	210
Deferred outflows of resources related to pensions	9,681,225
Deferred outflows of resources related to OPEB	1,431,705
Deferred charge on refunding	1,652,245

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.

6,065,526

Long-term liabilities, including bonds payable, are not due and payable
in the current period and, therefore, are not reported in the funds:

Net pension liability	(20,396,063)
Pension prior service cost	(536)
Bonds and notes payable	(66,975,000)
Bond and note premiums	(3,790,644)
Interest payable on bonds and notes	(737,335)
Leases payable	(204,794)
Compensated absences	(7,033,590)
Landfill post-closure monitoring liability	(223,000)
Net OPEB liability	(17,595,916)
Deferred inflows of resources related to pensions	(12,651,502)
Deferred inflows of resources related to OPEB	<u>(2,842,210)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 162,968,647</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Capital Improvement Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Projects	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Property taxes	\$ 93,937,215	\$	\$	\$	\$	\$	\$ 93,937,215
Intergovernmental	9,334,839	1,580,344	76		545,893	4,552,245	16,013,397
Assessments and connections	12,475					127,448	139,923
Licenses and permits	1,698,801						1,698,801
Fines, penalties and charges for services	651,929		249,966			867,670	1,769,565
Investment earnings	179,842		28,519	3		(2,758)	205,606
Other	869					127,642	128,511
Total revenues	<u>105,815,970</u>	<u>1,580,344</u>	<u>278,561</u>	<u>3</u>	<u>545,893</u>	<u>5,672,247</u>	<u>113,893,018</u>
Expenditures:							
Current:							
General government	14,567,196					35,947	14,603,143
Public safety	10,332,316				545,893	45,327	10,923,536
Public works	5,274,233					116,129	5,390,362
Recreation	1,527,897					2,167	1,530,064
Library	972,227						972,227
Social services	953,783					398,531	1,352,314
Education	58,640,004					4,203,910	62,843,914
Capital outlay	280,635	3,052,761	1,577,318			500,511	5,411,225
Debt service:							
Principal retirements	5,840,000						5,840,000
Interest and fiscal charges	2,094,633						2,094,633
Total expenditures	<u>100,482,924</u>	<u>3,052,761</u>	<u>1,577,318</u>	<u>-</u>	<u>545,893</u>	<u>5,302,522</u>	<u>110,961,418</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,333,046</u>	<u>(1,472,417)</u>	<u>(1,298,757)</u>	<u>3</u>	<u>-</u>	<u>369,725</u>	<u>2,931,600</u>
Other Financing Sources (Uses):							
Transfers in	182,555	2,990,522	3,004,600			800,000	6,977,677
Transfers out	(5,732,104)	(1,219,805)	(25,768)				(6,977,677)
Issuance of leases	280,635						280,635
Total other financing sources (uses)	<u>(5,268,914)</u>	<u>1,770,717</u>	<u>2,978,832</u>	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>280,635</u>
Net Change in Fund Balances	64,132	298,300	1,680,075	3	-	1,169,725	3,212,235
Fund Balances at Beginning of Year	<u>23,782,024</u>	<u>1,859,254</u>	<u>7,797,327</u>	<u>(2,941,627)</u>	<u>-</u>	<u>5,122,378</u>	<u>35,619,356</u>
Fund Balances at End of Year	<u>\$ 23,846,156</u>	<u>\$ 2,157,554</u>	<u>\$ 9,477,402</u>	<u>\$ (2,941,624)</u>	<u>\$ -</u>	<u>\$ 6,292,103</u>	<u>\$ 38,831,591</u>

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 3,212,235
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	4,906,938
Depreciation expense	(9,201,297)

The statement of activities reports losses arising from the disposal of existing capital assets.

Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.	(581,864)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Property tax receivable - accrual basis change	91,660
Property tax interest and lien revenue - accrual basis change	41,366
Delinquent special assessment receivable - accrual basis change	(10,342)
Miscellaneous grants and accounts receivable - accrual basis change	(451,067)
Change in deferred outflows of resources related to pensions	(7,395,071)
Change in deferred outflows of resources related to OPEB	670,555

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	5,840,000
Issuance of Leases	(280,635)
Lease principal payments	75,841
Amortization of deferred charge on refunding	(191,709)
Amortization of premiums	840,244
Landfill post-closure monitoring	24,000
Capital lease financing	

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:

Compensated absences	(293,235)
Accrued interest	82,925
Change in net pension liability	13,384,547
Change in net OPEB liability	(902,155)
Change in prior service cost	417,365
Change in deferred inflows of resources related to pensions	(6,015,116)
Change in deferred inflows of resources related to OPEB	899,517

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

(163,636)

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>5,001,066</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

	<u>Business-Type Activities Utility Commission</u>	<u>Governmental Activities Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,487,154	\$ 7,060,200
Receivables, net	1,580,463	
Interfund receivables		310,859
Total current assets	<u>6,067,617</u>	<u>7,371,059</u>
Noncurrent assets:		
Capital assets, net	<u>44,689,808</u>	<u>-</u>
Total assets	<u>50,757,425</u>	<u>7,371,059</u>
Liabilities:		
Current liabilities:		
Accounts and other payables	57,000	153,328
Accrued liabilities	178,914	1,085,000
Interfund payables	209,533	
Advance collections	31,169	67,205
Deposits	107,843	
Compensated absences	18,303	
Total current liabilities	<u>602,762</u>	<u>1,305,533</u>
Noncurrent liabilities:		
Compensated absences	<u>412,217</u>	
Total noncurrent liabilities	<u>412,217</u>	<u>-</u>
Total liabilities	<u>1,014,979</u>	<u>1,305,533</u>
Net Position:		
Net investment in capital assets	44,689,808	-
Unrestricted	<u>5,052,638</u>	<u>6,065,526</u>
Total Net Position	<u><u>\$ 49,742,446</u></u>	<u><u>\$ 6,065,526</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
Operating Revenues:		
User charges for services, interest and lien fees	\$ 3,797,739	\$
Premium charges to other funds		12,109,835
Total operating revenues	<u>3,797,739</u>	<u>12,109,835</u>
Operating Expenses:		
Amortization expense	1,267	
Depreciation expense	1,716,572	
Salaries, wages and employee benefits	1,521,496	
Treatment plant costs	1,166,270	
Utilities	332,558	
Repairs and maintenance	226,283	
Other operating expenses	59,328	
Materials and supplies	136,303	
Professional services	82,653	
Claims		9,751,235
Program and administrative expenses		2,542,230
Total operating expenses	<u>5,242,730</u>	<u>12,293,465</u>
Operating Income (Loss)	(1,444,991)	(183,630)
Nonoperating Revenue:		
Income on investments	12,310	19,994
Donations	122,880	
Total nonoperating revenues (expenses)	<u>135,190</u>	<u>19,994</u>
Gain (Loss) Before Capital Contributions	(1,309,801)	(163,636)
Capital Contributions	<u>614,707</u>	
Change in Net Position	(695,094)	(163,636)
Net Position at Beginning of Year	<u>50,437,540</u>	<u>6,229,162</u>
Net Position at End of Year	<u>\$ 49,742,446</u>	<u>\$ 6,065,526</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Business-Type Activities Utility Commission	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:		
Charges for services and premiums	\$ 3,816,200	\$ 12,136,752
Payments to suppliers	(1,967,788)	
Claims and other expenses paid		(11,042,100)
Payments to employees	(1,401,273)	
Net cash provided by (used in) operating activities	<u>447,139</u>	<u>1,094,652</u>
Cash Flows from Investing Activities:		
Income on investments	<u>12,315</u>	<u>19,994</u>
Net cash provided by (used in) investing activities	<u>12,315</u>	<u>19,994</u>
Net Increase (Decrease) in Cash and Cash Equivalents	459,454	1,114,646
Cash and Cash Equivalents at Beginning of Year	<u>4,027,700</u>	<u>5,945,554</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,487,154</u>	<u>\$ 7,060,200</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ <u>(1,444,991)</u>	\$ <u>(183,630)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	1,717,839	
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	19,443	26,917
(Increase) decrease in interfunds receivable		624,055
Increase (decrease) in accounts payable	14,757	153,328
Increase (decrease) in accrued liabilities	31,057	479,654
Increase (decrease) in interfunds payable	(4,853)	
Increase (decrease) in advance collections and deposits	(982)	(5,672)
Increase (decrease) in compensated absences	114,869	
Total adjustments	<u>1,892,130</u>	<u>1,278,282</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 447,139</u>	<u>\$ 1,094,652</u>
Noncash Capital and Related Financing Activity:		
Capital contributions from other funds	<u>\$ 737,582</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
Assets:		
Cash and cash equivalents	\$ 3,684	\$ 24,556
Investments:		
Certificates of deposit		256,535
Mutual funds	<u>8,986,253</u>	
Total assets	<u>8,989,937</u>	<u>281,091</u>
Liabilities:		
Accounts and other payables	14,984	
Net Position:		
Restricted for OPEB Benefits	8,452,117	
Restricted for Pension Benefits	522,836	
Restricted for Scholarships		<u>281,091</u>
Total Net Position	<u>\$ 8,974,953</u>	<u>\$ 281,091</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
Additions:		
Contributions:		
Employer	\$ 1,829,497	\$
Other		92,501
Total contributions	<u>1,829,497</u>	<u>92,501</u>
Investment income:		
Net change in fair value of investments	<u>(1,447,732)</u>	<u>511</u>
Total additions	<u>381,765</u>	<u>93,012</u>
Deductions:		
Benefit payments	1,082,638	
Administration	25,241	
Payments to individuals		92,737
Total deductions	<u>1,107,879</u>	<u>92,737</u>
Change in Net Position	(726,114)	275
Net Position at Beginning of Year	<u>9,701,067</u>	<u>280,816</u>
Net Position at End of Year	<u>\$ 8,974,953</u>	<u>\$ 281,091</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town was settled in 1646 and incorporated in 1801. The Town operates under a charter and a Board of Selectmen, Board of Finance and Representative Town Meeting (RTM) form of government.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and post-retirement health care benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

B. 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 government units. The Government Accounting Standards Board (GASB) 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. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally 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 segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, 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. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. 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, compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *Capital Improvement Fund* accounts for various capital projects.

The *Capital and Nonrecurring Expenditures Fund* accounts for revenues and expenditures to be used for various short-term construction projects funded by the General Fund.

The *Waterford High School Building Project* accounts for revenues and expenditures and other financing sources for the construction of the High School.

The *American Rescue Funds Grant* accounts for revenues and expenditures associated with the related funding to support recovery from Covid-19.

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Additionally, the Town reports the following major proprietary fund:

The *Utility Commission Fund* accounts for the operation and maintenance of the sewer collection system, which is owned by the Town and is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* is used to account for the Town's insurance program for health insurance coverage of the Town and Board of Education employees.

The *Pension and Other Employee Benefit Trust Funds* account for the assets that have been set aside in a trust for the employee retirement plan for certain Town employees and assets that have been set aside in a trust for other post-employment benefits for certain employees.

The *Custodial Funds* account for monies held on behalf of students for scholarships.

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

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

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 users for services. Operating expenses for internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. Cash and Cash Equivalents

The Town classifies money market funds, STIF investments, treasury bills and certificates of deposit having original maturities of three months or less when purchased as cash equivalents. The Connecticut State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c through 3-27e. Investment guidelines are adopted by the State Treasurer. The pool is reported at amortized cost. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

D. Investments

Investments are stated at fair value.

E. Supplies and Prepaid Items

Supplies consist of United States Department of Agriculture donated commodities are stated at fair market value. Supplies are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure:	
Public domain infrastructure	10-65
System infrastructure	30
Land and Buildings:	
Land	-
Land improvements	20
Buildings	25-40
Building improvements	25-40
Equipment:	
Vehicles	8
Office equipment	5-20
Computer equipment	5
Machinery and equipment	5-30
Software	15

H. Leases

Lessee

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

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

Lessor

The Town determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statements of net position and fund financial statements.

Lease receivables represent the Town's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The Town has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Town has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The Town accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the Town treats the components as a single lease unit.

I. Deferred Outflows/Inflows of Resources

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

resources related to pension and OPEB 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 in a systematic and rational manner 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 employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions, OPEB and leases in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB 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 in a systematic and rational manner 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 employees and inactive employees). Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term. 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 four sources: grants receivable, special assessments, property taxes and interest on property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

J. Net Pension Liability and Net OPEB Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

The net OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability), net of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. 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 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses in the period incurred.

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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 issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Compensated Absences

Town and Board of Education employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future period are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability.

M. Equity

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 component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

Restricted net position contains assets subject to restrictions that are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

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

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance

This component represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This component represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance

This component represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Waterford Representative Town Meeting) in the form of an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing body or board or official that has been delegated authority to assign amounts by the Town Charter. The Finance Director has been delegated authority to assign amounts.

Unassigned Fund Balance

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

N. Property Taxes

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 and are computed at 70% of market value. Although taxes are levied in June, the legal right to attach property does not exist until July 1. Taxes are due and payable in two installments on the following July 1 and January 1. Interest of 1 ½ percent per month is charged on delinquent taxes. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30. Liens are effective on the attachment date and are continued by filing prior to the following levy date.

Additional supplemental property taxes are assessed for motor vehicles registered subsequent to the Grand List date through July 31 and are payable in one installment due January 1.

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.

O. Accounting Estimates

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

P. Adoption of New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized 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 standard, 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.

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The Town adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Formal legally adopted annual budgets are employed as a management control device in the General Fund. Project-length budgets are employed in the Capital Projects Funds. All unencumbered appropriations lapse at year end.

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Those boards seeking appropriations, with the exception of the Board of Education, make their budgetary requests to the Board of Selectmen by a date designated by the Board. During the months of January and February, the Board of Selectmen conducts budget hearings with the requesting agencies. The Board of Selectmen will take action on these requests no later than the second week in February and forward the budgets and its recommendation for funding to the Board of Finance. During the month of March, the Board of Finance conducts budget hearings with the requesting departments, Boards, Commissions and Agencies including the Board of Education. The Board of Finance then conducts a public hearing to determine the budget it will recommend to the RTM. This recommendation cannot exceed the recommended level of appropriation by the Board of Selectmen unless a departmental appeal is made to them based upon the action of the Board of Selectmen in a timeframe approved by Ordinance. The RTM holds its annual budget meeting the first Monday in May and acts upon the recommended budget as submitted by the Board of Finance inclusive of the Board of Education. The RTM cannot increase the level of appropriation recommended by the Board of Finance unless a departmental appeal is made to them from the action of the Board of Finance in a timeframe approved by Ordinance. The annual budget meeting legally appropriates this budget to departmental line items for expenditures and transfers. The Board of Finance then sets a tax mill rate for the ensuing fiscal year based upon this level of budget.

Town management may transfer amounts within the series level within a department with Commission or Board approval, but only the Board of Finance is authorized to transfer the legally budgeted amounts between series within or between departmental accounts. In this function, series within the various departments serve as the level of management control.

The Superintendent of Schools is authorized to make limited line item transfers under emergency circumstances where the urgent need for the transfer prevents the Board of Education from meeting in a timely fashion to consider the transfer. Any such transfer shall be announced at the next regularly scheduled meeting of the Board.

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are recorded in budgetary reports as expenditures of the current year, whereas, on a GAAP basis, encumbrances are recorded as assigned fund balance.

Summarizations of the amended budget approved by the RTM for the "budgetary" General Fund is presented. During the year, there were no supplemental budgetary appropriations made.

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As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in reporting in conformity with generally accepted accounting principles.

The differences between the budgetary and GAAP basis of accounting are as follows:

- Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a GAAP basis.
- State of Connecticut Teachers' Retirement System pension and OPEB contributions made on-behalf of the Town of Waterford for teachers' pension and OPEB benefits are reported for GAAP purposes only.
- Excess Cost - Student based grant is credited against the Board of Education's operating budget.
- Bond Refundings - Proceeds from principal and premium received through bond refundings, as well as the cost of bond issuance costs and payments made to bond escrow agents during the bond refunding are recorded for GAAP purposes only.
- GASB 54 Funds - Certain funds are consolidated with the general fund following the guidance of GASB 54, *Fund Balance Reporting and Government Fund Type Definitions*. These funds do not have legally adopted budgets but are recorded with the general fund for GAAP purposes.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

B. Deficit Fund Equity

The following funds had deficit fund balances at year end:

<u>Fund</u>	<u>Amount</u>
Waterford High School Building Project	\$ 2,941,624

This deficit will be eliminated in future years by grants and when permanent financing is obtained.

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 Town and the Pension and OPEB Trust Funds have a policy for investments which is governed by State Statutes. The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other

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interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days which is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

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 does not have a deposit policy for custodial credit risk. 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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$1,494,832 of the Town's bank balance of \$6,361,471 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,270,349
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>224,483</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 1,494,832</u>

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Cash Equivalents

At June 30, 2022, the Town's cash equivalents amounted to \$44,382,609. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard & Poor's	Fitch Ratings
State Short-Term Investment Fund (STIF)	AAAm	
Money Market Funds	Not Rated	

Investments

As of June 30, 2022, the Town had the following investments:

	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More Than 10
Interest-bearing investments:				
Certificates of deposit*	\$ 4,568,669	\$ 4,568,669		\$
U.S. Government securities	10,541,329	10,541,329		
Other investments:				
Mutual funds	<u>9,386,053</u>			
Total Investments	<u>\$ 24,496,051</u>			

* Subject to coverage by Federal Depository Insurance and Collateralization.

Presented below is the rating of investments for each debt investment type:

Average Rating	U.S. Government Securities	Certificates of Deposit
Aaa	\$ 10,541,329	\$
Not Rated		<u>4,568,669</u>
	<u>\$ 10,541,329</u>	<u>\$ 4,568,669</u>

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The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 9,386,053	\$ 9,386,053		\$
U.S. Government securities	10,541,329	10,541,329		

Mutual funds and U.S. Government Securities are classified in Level 1 of the fair value hierarchy and are valued using prices quoted in active markets for those securities.

Interest Rate Risk

The Town, Pension and OPEB plans have a policy that limits investing in short-term securities, money market funds or similar investment pools, and limiting the average maturity in the portfolio in accordance with this policy will minimize interest rate risk.

Credit Risk - Investments

The Town does not have an 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 and pension plan do have a policy that limits that amounts invested in any one issuer to no more than 15% from a specific issuer or business sector (except U.S. Treasuries or Connecticut Short Term Investment Funds), which is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer.

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. At June 30, 2022, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent, that were not in the Town's name.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. RECEIVABLES

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

	<u>General Fund</u>	<u>Utility Commission</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Leases	\$ 1,317,450	\$	\$ 187,201	\$ 1,504,651
Property taxes	991,872			991,872
Interest	579,653			579,653
Accounts	161,581	1,580,463	27,225	1,769,269
Intergovernmental	16,686		313,113	329,799
Assessment charges	15,496			15,496
Gross receivables	<u>3,082,738</u>	<u>1,580,463</u>	<u>527,539</u>	<u>5,190,740</u>
Less allowance for uncollectibles	<u>(66,533)</u>		<u>(3,193)</u>	<u>(69,726)</u>
Net Total Receivables	<u>\$ 3,016,205</u>	<u>\$ 1,580,463</u>	<u>\$ 524,346</u>	<u>\$ 5,121,014</u>

5. LEASE RECEIVABLES

The Town, acting as lessor, leases real property under long-term, noncancelable lease agreements. The leases expire at various dates through 2063 if all renewal options are exercised. During the year ended June 30, 2022, the Town recognized \$148,427 and \$22,822 in lease revenue and interest revenue, respectively, pursuant to these contracts.

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 99,878	\$ 21,242
2024	89,882	19,914
2025	92,331	18,575
2026	101,817	17,144
2027	94,208	15,655
2028-2032	383,296	61,795
2033 and thereafter	<u>643,239</u>	<u>138,175</u>
Total	<u>\$ 1,504,651</u>	<u>\$ 292,500</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,981,945	\$ 26,151	\$	\$	\$ 9,008,096
Permanent easements	5,000				5,000
Construction in progress	387,781	1,795,328	(184,967)		1,998,142
Total capital assets not being depreciated	<u>9,374,726</u>	<u>1,821,479</u>	<u>(184,967)</u>	<u>-</u>	<u>11,011,238</u>
Capital assets being depreciated:					
Land improvements	3,842,722	56,648			3,899,370
Buildings and improvements	253,125,157	344,951	(63,312)		253,406,796
Vehicles	16,373,237	378,904	(373,525)		16,378,616
Machinery and equipment	15,471,675	675,709	(198,958)		15,948,426
Right-to-use lease machinery and equipment	-	280,635			280,635
Infrastructure	104,469,385	1,348,612	(785,599)		105,032,398
Software	563,269		(11,397)		551,872
Total capital assets being depreciated	<u>393,845,445</u>	<u>3,085,459</u>	<u>(1,432,791)</u>	<u>-</u>	<u>395,498,113</u>
Less accumulated depreciation for:					
Land improvements	(1,847,778)	(133,259)			(1,981,037)
Buildings and improvements	(85,061,715)	(5,767,414)	58,235		(90,770,894)
Vehicles	(10,854,470)	(870,613)	359,564		(11,365,519)
Machinery and equipment	(12,952,823)	(602,447)	198,854		(13,356,416)
Right-to-use lease machinery and equipment	-	(59,412)			(59,412)
Infrastructure	(50,896,382)	(1,754,966)	407,844		(52,243,504)
Software	(474,603)	(13,186)	11,397		(476,392)
Total accumulated depreciation	<u>(162,087,771)</u>	<u>(9,201,297)</u>	<u>1,035,894</u>	<u>-</u>	<u>(170,253,174)</u>
Total capital assets being depreciated, net	<u>231,757,674</u>	<u>(6,115,838)</u>	<u>(396,897)</u>	<u>-</u>	<u>225,244,939</u>
Governmental Activities Capital Assets, Net	<u>\$ 241,132,400</u>	<u>\$ (4,294,359)</u>	<u>\$ (581,864)</u>	<u>\$ -</u>	<u>\$ 236,256,177</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 127,970	\$	\$	\$	\$ 127,970
Construction in progress	-	495,337			495,337
Total capital assets not being depreciated	<u>127,970</u>	<u>495,337</u>	<u>-</u>	<u>-</u>	<u>623,307</u>
Capital assets being depreciated:					
Buildings and improvements	1,383,627				1,383,627
Vehicles	839,641				839,641
Machinery and equipment	1,105,920	119,370			1,225,290
Infrastructure	96,017,268	122,875			96,140,143
Software	19,000				19,000
Total capital assets being depreciated	<u>99,365,456</u>	<u>242,245</u>	<u>-</u>	<u>-</u>	<u>99,607,701</u>
Less accumulated depreciation for:					
Buildings and improvements	(439,590)	(34,591)			(474,181)
Vehicles	(576,800)	(31,379)			(608,179)
Machinery and equipment	(514,481)	(77,279)			(591,760)
Infrastructure	(52,279,770)	(1,573,323)			(53,853,093)
Software	(12,720)	(1,267)			(13,987)
Total accumulated depreciation	<u>(53,823,361)</u>	<u>(1,717,839)</u>	<u>-</u>	<u>-</u>	<u>(55,541,200)</u>
Total capital assets being depreciated, net	<u>45,542,095</u>	<u>(1,475,594)</u>	<u>-</u>	<u>-</u>	<u>44,066,501</u>
Business-Type Activities Capital Assets, Net	<u>\$ 45,670,065</u>	<u>\$ (980,257)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,689,808</u>

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

Governmental activities:		
General government	\$	257,958
Public safety		691,763
Public works		2,571,977
Recreation		351,304
Library		21,495
Social services		110,798
Education		<u>5,196,002</u>
Total Depreciation Expense - Governmental Activities	\$	<u>9,201,297</u>
Business-type activities:		
Utility Commission	\$	<u>1,717,839</u>

Construction Commitments

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Department of Public Works projects	\$ <u>18,282,474</u>	\$ <u>2,377,319</u>
Total	\$ <u>18,282,474</u>	\$ <u>2,377,319</u>

The commitments are being financed with General Fund and Capital Projects Fund appropriations and state and federal grants and bonding.

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Capital and Nonrecurring Expenditures Fund	\$ 35,078
General Fund	Waterford High School Building Project	2,942,807
General Fund	Capital Improvement Fund	203,389
General Fund	Nonmajor Governmental Funds	31,337
General Fund	Utility Commission	209,533
American Rescue Fund	General Fund	2,306,154
Nonmajor Governmental Funds	General Fund	1,865,212
Internal Service Fund	General Fund	<u>310,859</u>
		\$ <u>7,904,369</u>

TOWN OF WATERFORD, CONNECTICUT
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Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions.

Interfund transfers for the year ended June 30, 2022 are as follows:

Transfers In					
	General Fund	Capital Improvement Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers:					
General Fund	\$	\$ 2,990,522	\$ 2,733,276	\$ 8,306	\$ 5,732,104
Capital Improvement Fund	182,555		245,556	791,694	1,219,805
Capital and Nonrecurring Expenditures Fund			25,768		25,768
Total Transfers In	\$ <u>182,555</u>	\$ <u>2,990,522</u>	\$ <u>3,004,600</u>	\$ <u>800,000</u>	\$ <u>6,977,677</u>

Interfund transfers arose from appropriating General Fund amounts to the Capital Improvement and Capital Nonrecurring Funds and various nonmajor governmental funds. Also, there was a transfer of \$304,000 out of the Capital Improvement Fund into the Capital and Nonrecurring Fund. In addition, there were also transfers out of the Capital Improvement Fund of \$115,805 into the General Fund for unused appropriations.

Capital asset contributions totaling \$614,707 were made from governmental funds to business type funds during the year ended June 30, 2022. This activity is included in transfer in the government-wide activity in Exhibit II of the accompanying financial statements.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

8. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 72,815,000	\$	\$ 5,840,000	\$ 66,975,000	\$ 5,310,000
Premium on bonds	4,630,888		840,244	3,790,644	
Total bonds payable	<u>77,445,888</u>	<u>-</u>	<u>6,680,244</u>	<u>70,765,644</u>	<u>5,310,000</u>
Leases Payable	<u>-</u>	<u>280,635</u>	<u>75,841</u>	<u>204,794</u>	<u>72,872</u>
Other liabilities:					
Net OPEB liability	16,693,761	902,155		17,595,916	
Landfill post-closure monitoring	247,000		24,000	223,000	21,000
Compensated absences	6,740,355	293,235		7,033,590	1,091,539
Net pension liability	33,780,610		13,384,547	20,396,063	
Prior service cost (MERS)	<u>417,901</u>	<u></u>	<u>417,365</u>	<u>536</u>	<u>536</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 135,325,515</u>	<u>\$ 1,476,025</u>	<u>\$ 20,581,997</u>	<u>\$ 116,219,543</u>	<u>\$ 6,495,947</u>
Business-type activities:					
Compensated absences	<u>\$ 315,651</u>	<u>\$ 114,869</u>	<u>\$</u>	<u>\$ 430,520</u>	<u>\$ 18,303</u>

Compensated absences, net pension liability and net OPEB liability are generally liquidated by the General Fund.

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations of the Town for which full faith and credit are pledged and are payable from taxes levied on all taxable properties located within the Town. The Town is liable for all outstanding bonds. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Maturity Ranges</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance June 30, 2022</u>
Governmental activities:						
Schools:						
Clark Lane School	\$800,000 - \$850,000	\$ 9,440,000	12/29/2014	8/15/2026	3.0% - 5.0%	\$ 4,175,000
Great Neck Elementary	\$655,000 - \$960,000	9,085,000	12/18/2019	8/1/2030	4.0% - 5.0%	7,730,000
School Issue of 2014	\$640,000 - \$940,000	15,930,000	3/17/2014	3/15/2034	3.0% - 4.0%	845,000
School Issue of 2017	\$185,000 - \$2,830,000	14,585,000	6/21/2017	6/30/2031	2.0% - 5.0%	12,365,000
Municipal Complex	\$680,000 - \$685,000	13,655,000	7/23/2020	9/15/2040	2.0% - 5.0%	12,970,000
School Refunding	\$905,000 - \$3,195,000	28,890,000	12/30/2020	8/15/2033	0.3% - 2.0%	<u>28,890,000</u>
						<u>\$ 66,975,000</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 5,310,000	\$ 1,887,460
2024	6,450,000	1,698,250
2025	6,595,000	1,514,750
2026	6,645,000	1,319,500
2027	6,395,000	1,083,425
2028-2032	25,665,000	2,528,845
2033-2037	7,195,000	515,605
2038-2042	2,720,000	115,600
Total	<u>\$ 66,975,000</u>	<u>\$ 10,663,435</u>

Leases

The Town leases equipment as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2026.

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 72,872	\$ 2,618
2024	68,801	1,509
2025	55,809	523
2026	7,312	28
Total	<u>\$ 204,794</u>	<u>\$ 4,678</u>

Landfill Post-Closure Care Costs

Effective January 1, 2002, the Town's Miner Lane landfill was closed. The cost of the ongoing maintenance of the cap and the Department of Energy and Environmental Protection requirement for water quality testing over a 30-year period is estimated to be approximately \$21,000 a year. Accordingly, the Town has recorded a liability in the government-wide financial statements of \$223,000.

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2022, is approximately \$8,592,000. In most cases, interim financing is obtained through bond anticipation notes or other short-term borrowings until the issuance of long-term debt.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Debt Limitation

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 210,254	\$ 14,315	\$ 195,939
Schools	420,507	61,252	359,255
Sewers	350,423		350,423
Urban renewal	303,700		303,700
Pension deficit	280,338		280,338

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$654,121,524.

9. FUND BALANCE

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

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Capital and Nonrecurring Expenditures Fund</u>	<u>Waterford High School Building Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 6,322	\$ 6,322
Prepaid expenditures	355,619					355,619
Non-spendable trust					120,564	120,564
Restricted for:						
General government					51,149	51,149
Public safety					36,063	36,063
Public works					562,617	562,617
Recreation					72,088	72,088
Social services					208,399	208,399
Education					561,015	561,015
Committed to:						
Public works					652,292	652,292
Other capital projects		2,157,554	9,477,402		3,709,226	15,344,182
Education					312,368	312,368
Assigned to:						
General government	43,487					43,487
Public safety	37,108					37,108
Public works	13,442					13,442
Recreation	13,460					13,460
Education	378,923					378,923
Unassigned	23,004,117			(2,941,624)		20,062,493
Total Fund Balances	\$ 23,846,156	\$ 2,157,554	\$ 9,477,402	\$ (2,941,624)	\$ 6,292,103	\$ 38,831,591

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

As discussed in Note 2.A., budgetary information, under budgetary basis of accounting encumbrance accounting, is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. As of June 30, 2022, the amount of General Fund encumbrances expected to be honored upon performance by the vendor in the next year totaled \$347,246.

10. TAX ABATEMENTS

As of June 30, 2022, the Town provides tax abatements through multiple programs:

- AHEPA 250-II Inc.
- Twin Haven, Inc.

The AHEPA 250-II Inc. (AHEPA) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly and handicapped, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215 and 8-216. Eligibility for the abatement is predicated on AHEPA limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly and handicapped individuals in addition to maintaining a contracted standard of housing for the property. The agreement allows for an abatement over a ten-year period to end on June 27, 2034, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2022, taxes abated through this agreement totaled \$27,887. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

The Twin Haven, Inc. (Twin Haven) tax abatement agreement provides a real property tax abatement on certain property within the Town for the purpose of providing housing to the low or moderate-income elderly, as allowed under Chapter 133 of the Connecticut General Statutes Section 8-215. Eligibility for the abatement is predicated on Twin Haven limiting occupancy in the premises to those meeting the criteria for low or moderate-income elderly individuals in addition to maintaining a contracted standard of housing for the property. The abatement term is over a five-year period to end on June 30, 2021 and extended to August 31, 2027, if not extended, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2022, taxes abated through this agreement totaled \$25,185. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipient under this agreement.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Fund

Plan Description

The Town maintains a single-employer defined benefit pension plan (the Plan). The Plan was established and is administered by the Town. The Plan covers employees who retired or terminated in a vested status prior to State of Connecticut Municipal Employees' Retirement System (MERS) participation. There are no contributions required from the members. The Town is required to contribute the amounts necessary to finance the benefits for the participants in this Plan. The Plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. The Plan is closed to new members. All eligible full-time employees have the option of enrolling in the MERS plan.

Benefit Provisions

Members who retired at normal retirement date (age 62 and 15 years of service) receive benefits equal to 1.5% of final average earnings (the average of the highest 5 years within the last 10 years) per year of service, limited to 30 years. Members who retired at service retirement date (age 50 and 25 years of service) receive benefits equal to 2% of final average earnings per year of service, limited to 30 years, until age 62. Members who retired at early retirement date (age 57 and 15 years of service) could elect to receive benefits accrued to that date, reduced by .4167% for each month prior to normal retirement date, or to defer benefits until normal retirement date with no reduction. Benefit provisions are established and can be amended by the Representative Town Meeting.

Plan Administration

The general administration and management of the pension plan and the responsibility for carrying out the provision of the plan shall be placed with the Retirement Commission. The Retirement Commission is made up as follows:

- A member of the Board of Police Commissioners to be appointed by the Board of Police Commissioners, annually;
- A member of the Board of Selectmen to be appointed by the Board of Selectmen, annually;
- A member of the Board of Education to be appointed by the Board of Education, annually;
- A member of the Board of Finance to be appointed by the Board of Finance, biennially, for a two-year term, subsequent to December 1st but no later than December 31st of each odd-numbered year;
- Two members of the Representative Town Meeting to be appointed by the Representative Town Meeting biennially, for a two-year term at the regularly scheduled December meeting of each odd-numbered year, and;
- A member of the fire service to be appointed by the Director of Fire Services, annually.

Plan membership consisted of the following at July 1, 2021, the date of the latest actuarial valuation:

Retirees, disabled employees and beneficiaries currently receiving benefits	7
Terminated plan members entitled to benefits but not yet receiving them	-
Active members	-
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	7
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TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues when due in accordance with the terms of the Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from pension fund resources.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

Funding Policy

There are no active employees of the Plan. Contributions required for the year ended June 30, 2022 were \$59,870, with contributions of \$83,000 made by the Town. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended.

The long-term expected rate of return on pension plan investments was determined using a building-block method 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. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation as of June 30, 2022, and are summarized in the following table.

The following was the Retirement Commission's adopted asset allocation policy and the long-term expected real rate of return as of June 30, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Bonds	30.00%	0.30%
US Bonds - Dynamic	16.50%	0.90%
Global Bonds	3.50%	0.00%
Large Cap Domestic Equity	20.63%	4.50%
Small Cap Domestic Equity	6.88%	4.90%
Developed International Equity	16.88%	6.10%
Emerging International Equity	5.63%	7.60%
Total	<u>100.0%</u>	

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (15.96)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Net Pension Liability of the Town

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

Total pension liability	\$	746,333
Plan fiduciary net position		<u>522,836</u>
Net Pension Liability	\$	<u><u>223,497</u></u>
Plan fiduciary net position as a percentage of the total pension liability		70.05%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Cost-of-living adjustments	2.40% (Prior 2.60%)
Actuarial cost method	Entry age normal
Investment rate of return	6.25%, compounded annually

Plan mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021 (Prior Scale MP-2019).

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 931,582	\$ 639,050	\$ 292,532
Changes for the year:			
Service cost			-
Interest on total pension liability	55,573		55,573
Differences between expected and actual experience	(116,458)		(116,458)
Changes in assumptions	(38,223)		(38,223)
Employer contributions		83,000	(83,000)
Member contributions			-
Net investment income		(107,502)	107,502
Benefit payments, including refund to employee contributions	(86,141)	(86,141)	-
Administrative expenses		(5,571)	5,571
Other changes			-
Net changes	(185,249)	(116,214)	(69,035)
Balances as of June 30, 2022	\$ 746,333	\$ 522,836	\$ 223,497

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

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 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 277,468	\$ 223,497	\$ 173,565

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the Town recognized pension expense of \$(119,545). At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earning on pension plan investments	\$ 68,013

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2023	\$ 13,360
2024	12,627
2025	12,582
2026	<u>29,444</u>
Total	\$ <u>68,013</u>

Schedule of Plan Net Position - June 30, 2022

	<u>Pension Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,975
Investments:	
Mutual funds	<u>522,115</u>
Total assets	524,090
Liabilities:	
Accounts and other payables	<u>1,254</u>
Net Position:	
Restricted for Pension Benefits	\$ <u>522,836</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2022

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 83,000
Investment income:	
Net appreciation in fair value of investments	<u>(107,502)</u>
Total additions	<u>(24,502)</u>
Deductions:	
Benefit payments	86,141
Administration	<u>5,571</u>
Total deductions	<u>91,712</u>
Change in Net Position	(116,214)
Net Position at Beginning of Year	<u>639,050</u>
Net Position at End of Year	<u><u>\$ 522,836</u></u>

B. Municipal Employees' Retirement System

Plan Description

Certain employees of the Town of Waterford, Connecticut, and Waterford Public Schools participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. 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 active service, or 15 year of active noncontinuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1 1/2% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

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

Early Retirement

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

Disability Retirement - Service Connected

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

Disability Retirement - Nonservice Connected

Employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit

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

Contributions

Member - Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 3¼% of compensation up to the social security taxable wage base plus 6%, if any, in excess of such base.

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

At June 30, 2022, the Town reports a total liability of \$20,172,566 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. 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, 2022, the Town's proportion was 2.84%. The decrease in proportion from the prior year is 0.17%.

For the year ended June 30, 2022, the Town recognized pension expense of \$4,239,785. At June 30, 2022, the Town reported deferred inflow of resources and deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,693,569	\$ 2,874,371
Changes of assumptions	2,686,150	
Net difference between projected and actual earning on pension plan investments		8,719,835
Change in employer proportional share	1,186,346	1,057,296
Contributions after the measurement date	<u>4,047,147</u>	
Total	\$ <u>9,613,212</u>	\$ <u>12,651,502</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 and inflows of resources related to pension, excluding Town contributions after the measurement date, will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2023	\$ 773,712
2024	(2,655,705)
2025	(2,405,666)
2026	<u>(2,797,778)</u>
Total	\$ <u>(7,085,437)</u>

**TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Payable to MERS

The Town has recorded \$536 as a long-term liability to MERS at June 30, 2022. This amount represents prior services cost calculated when the Town entered the Plan. This amount will be paid in annual installments. The current year amount paid was \$417,365.

Actuarial Assumptions

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

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

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.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 fund	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bonds	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	100.00%	

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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability, calculated using the current discount rate, 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 or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability	\$ 34,016,903	\$ 20,172,566	\$ 8,176,874

C. Connecticut State Teachers' Retirement System - Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

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 benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

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 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.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the State was \$6,997,165 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>83,564,236</u>
Total	<u>\$ 83,564,236</u>

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

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$5,394,266 in Exhibit II.

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%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Benefit changes since the prior year are as follows:

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

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments 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%.

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>	<u>Target Allocation</u>
Domestic Equity Fund	5.60	% 20.00
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Discount Rate

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

Pension Plan Fiduciary Net Position

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

Other Information

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

D. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2022:

	Town Pension	MERS	State Teachers	Total
Deferred outflows of resources related to pensions	\$ 68,013	\$ 9,613,212	\$	\$ 9,681,225
Net pension liability	223,497	20,172,566		20,396,063
Deferred inflows of resources related to pensions		12,651,502		12,651,502
Pension expense	(119,545)	4,239,785	5,394,266	9,514,506

12. OTHER POST EMPLOYMENT BENEFITS

A. Town Post-Retirement Healthcare Plan

Plan Description

The Town administers one single-employer, post-retirement healthcare plan (OPEB Plan) for the Town, Police, Fire and Board of Education employee. The OPEB plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the OPEB Trust fund. The Town does not issue a separate stand-alone financial statement for this program.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Town plan provides for medical, dental and life insurance benefits for all eligible Town, Police, Fire and Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The Town currently funds on the “pay-as-you-go” basis. The Town’s contributions are actuarially determined on an annual basis using the projected unit cost method. The Town’s total plan contribution was \$1,746,497. There are no employee contributions.

At July 1, 2020, plan membership consisted of the following:

Active employees	404
Retired employees	<u>88</u>
Total	<u><u>492</u></u>

Investments

Investment Policy

The OPEB Plan’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB Plan.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (13,74)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

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

Total OPEB liability	\$	26,048,033
Plan fiduciary net position		<u>8,452,117</u>
Net OPEB Liability	\$	<u><u>17,595,916</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		32.45%

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.40%, average, including inflation
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.50% decreasing 0.25% per year to an ultimate rate of 4.40% for 2024 and later years

Mortality rates were based on the Pub - 2010 Public Retirement Plans Mortality Tables with separate tables for General employees, Public Safety employees and Teachers and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study has not been completed.

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of the real rates of returns for each major asset class are include in the OPEB Plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Municipal bonds	22.50%	0.90%
Fixed income	8.00%	1.45%
Fixed income - high yield	2.00%	2.95%
Small/mid cap	34.80%	5.15%
International emerging	27.70%	6.25%
REITS	5.00%	4.15%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 or 1 percentage point higher than the current discount rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 20,415,597	\$ 17,595,916	\$ 15,184,954

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.40%)	Current Healthcare Trend Rate (6.50% decreasing to 4.40%)	1% Increase (7.50% decreasing to 5.40%)
Net OPEB Liability	\$ 15,017,091	\$ 17,595,916	\$ 20,667,777

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2021	\$ 25,755,778	\$ 9,062,017	\$ 16,693,761
Changes for the year:			
Service cost	295,833		295,833
Interest on total OPEB liability	1,661,479		1,661,479
Differences between expected and actual experience	(668,560)		(668,560)
Changes in assumptions	-		-
Employer contributions		1,746,497	(1,746,497)
Net investment income		(1,340,230)	1,340,230
Benefit payments, including refund to employee contributions	(996,497)	(996,497)	-
Administrative expenses		(19,670)	19,670
Net changes	292,255	(609,900)	902,155
Balances as of June 30, 2022	\$ 26,048,033	\$ 8,452,117	\$ 17,595,916

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

OPEB Expense and Deferred Outflow/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$996,013. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 669,835	\$ 2,267,542
Changes of assumptions	15,200	574,668
Net difference between projected and actual earning on OPEB plan investments	<u>746,670</u>	<u></u>
Total	<u>\$ 1,431,705</u>	<u>\$ 2,842,210</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2023	\$ (272,948)
2024	(163,786)
2025	(176,847)
2026	105,520
2027	(285,091)
Thereafter	<u>(617,353)</u>
Total	<u>\$ (1,410,505)</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Schedule of Plan Net Position - June 30, 2022

	<u>OPEB Trust Fund</u>
Assets:	
Cash and cash equivalents	\$ 1,709
Investments:	
Mutual funds	<u>8,464,138</u>
Total assets	8,465,847
Liabilities:	
Accounts and other payables	<u>13,730</u>
Net Position:	
Restricted for OPEB Benefits	<u>\$ 8,452,117</u>

Schedule of Changes in Plan Net Position for the Year Ended June 30, 2022

	<u>OPEB Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 1,746,497
Investment income:	
Net depreciation in fair value of investments	<u>(1,340,230)</u>
Total additions	<u>406,267</u>
Deductions:	
Benefit payments	996,497
Administration	<u>19,670</u>
Total deductions	<u>1,016,167</u>
Change in Net Position	(609,900)
Net Position at Beginning of Year	<u>9,062,017</u>
Net Position at End of Year	<u>\$ 8,452,117</u>

B. Other Post-Employment Benefits - Connecticut State Teachers' Retirement Plan

Plan Description

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

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

Benefit Provisions

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

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

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

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

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the State was \$164,657 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Employees/Retirees

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.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was 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>9,104,170</u>
Total	\$	<u><u>9,104,170</u></u>

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

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$(336,188) in Exhibit II.

Actuarial Assumptions

The total OPEB 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%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.17%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2023

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

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, 2014 - June 30, 2019.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

- Discount rate changed from 2.21% to 2.17%.
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

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

- There were no changes to benefit terms in the two years preceding the measurement date.

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 evaluating 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 investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting 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 plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

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

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

OPEB Plan Fiduciary Net Position

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

Other Information

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

13. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage during the three years ended June 30, 2022.

Workers' Compensation

The Town currently is a member in Connecticut Interlocal Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et seq., of Connecticut General Statutes, for workers' compensation first dollar coverage.

The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence. The Town has not incurred any retrospective charges and is not aware of potential obligations related to its membership in CIRMA as of June 30, 2022.

Medical Self Insurance

The Town's self-insurance program is used to account for health insurance coverage for Town and Board of Education employees on a cost-reimbursement basis. Under the program, the Town is obligated for claim payments. A stop loss insurance contract executed with an insurance captive covers claims in excess of \$175,000 on a per member basis with an aggregate stop loss coverage limit of \$12,834,000 per year.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Fund establishes claims liabilities based on estimates of claims that have been incurred but not reported; accordingly, the Fund recorded an additional liability at June 30, 2022 of \$1,085,000.

Premium payments are reported as interfund services provided and used for the General Fund, and, accordingly, they are treated as operating revenues of the Self-Insurance Fund and operating expenditures of the General Fund.

A schedule of changes in the claims liability for the years ended June 30, 2022 and 2021 is presented below:

	<u>2022</u>	<u>2021</u>
Unpaid claims, July 1	\$ 605,346	\$ 639,399
Incurred claims (including IBNR)	10,230,889	9,194,818
Claim payments	<u>(9,751,235)</u>	<u>(9,228,871)</u>
Unpaid Claims, June 30	<u>\$ 1,085,000</u>	<u>\$ 605,346</u>

14. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Litigation and Unasserted Claims

There are various lawsuits pending against the Town. The outcome and eventual liability of the Town, if any, in these cases is not known at this time. Based upon consultation with legal counsel, the Town's management estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not have a materially adverse effect on the financial position of the Town.

Federal and State Assistance Programs - Compliance Audits

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

15. MAJOR TAXPAYER

For the fiscal year ended June 30, 2022, 33.9% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.

Required Supplementary Information

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Over (Under)
Property taxes:				
Revenues from current year	\$ 92,787,059	\$ 92,787,059	\$ 93,645,004	\$ 857,945
Prior year taxes	584,450	584,450	53,261	(531,189)
Interest and lien fees	407,280	407,280	238,950	(168,330)
Total property taxes	93,778,789	93,778,789	93,937,215	158,426
Intergovernmental:				
State of Connecticut:				
Equalized cost sharing	326,444	326,444	357,554	31,110
Health and welfare	6,000	6,000	6,659	659
General Government:				
Tax relief:				
Tax relief - state-owned property	143,075	143,075		(143,075)
Tiered Pilot			235,221	235,221
Disabled	1,873	1,873	1,879	6
Private tax exempt property	109,838	109,838		(109,838)
Veterans	8,148	8,148	6,570	(1,578)
Court fines	5,000	5,000	10,148	5,148
Civil preparedness	2,500	2,500	40,686	38,186
Telecommunication	58,656	58,656	48,729	(9,927)
Town aid road	317,277	317,277	316,431	(846)
SDE state grant	14,000	14,000	14,186	186
LOCIP			117,757	117,757
Enhancement 911	21,996	21,996	24,772	2,776
Police Body Worn Camera Grant			35,116	35,116
Bullet Proof Vest Grant			1,257	1,257
Municipal Revenue Sharing			83,589	83,589
Grants for Municipal Projects	34,255	34,255	34,255	-
Total State of Connecticut	1,049,062	1,049,062	1,334,809	285,747
FEMA Reimbursement			26,720	26,720
Total intergovernmental	1,049,062	1,049,062	1,361,529	312,467
Assessments and connections:				
Water main assessments	1,200	1,200	5,460	4,260
Sewer assessments			7,015	7,015
Total assessments and connections	1,200	1,200	12,475	11,275
Licenses and permits:				
Recreation and parks commission	220,000	220,000	208,383	(11,617)
Building inspector	357,237	357,237	463,590	106,353
License, fees, permits and fines	56,727	56,727	22,315	(34,412)
Conveyance tax	200,000	200,000	469,752	269,752
Planning and zoning	40,062	40,062	50,947	10,885
Liens - Utility Commission	10,000	10,000	8,180	(1,820)
Town Clerk fees	200,000	200,000	227,626	27,626
Total licenses and permits	1,084,026	1,084,026	1,450,793	366,767
Fines, penalties and charges for services:				
Tuition	195,680	195,680	73,124	(122,556)
Library	16,810	16,810		(16,810)
False alarm fines			750	750
Bulky waste fees	72,851	72,851	117,161	44,310
Recycling	40,932	40,932	56,979	16,047
Miscellaneous	69,312	69,312	52,688	(16,624)
EMS - Reg. Comm Ctr fees	6,000	6,000	6,000	-
Tipping fees	319,083	319,083	288,193	(30,890)
Senior services	15,820	15,820	31,463	15,643
Total fines, penalties and charges for services	736,488	736,488	626,358	(110,130)

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance Over (Under)
	Original	Final		
Other sources:				
Rent and miscellaneous	\$ 5,910	\$ 5,910	\$ 6,434	\$ 524
Rental of buildings	105,950	105,950	146,984	41,034
Sale of Equipment			868	868
NL Radio Comm. Network Use Fee	81,000	81,000	72,221	(8,779)
SCRRA Rebate			5,052	5,052
Eugene O'Neill Lease	10,000	10,000	9,159	(841)
CIRMA members equity distribution			96,057	96,057
Cost Sharing PRR			83,723	83,723
Ambulance operating subsidy	12,000	12,000	6,000	(6,000)
YSB BOE clerical stipend	5,000	5,000	5,000	-
BOE human resources offset	15,119	15,119		(15,119)
Total other sources	<u>234,979</u>	<u>234,979</u>	<u>431,498</u>	<u>196,519</u>
Interest and dividends:				
Interest on investments	<u>120,000</u>	<u>120,000</u>	<u>179,842</u>	<u>59,842</u>
Total revenues	<u>97,004,544</u>	<u>97,004,544</u>	<u>97,999,710</u>	<u>995,166</u>
Other financing sources:				
Transfers in			115,805	115,805
Cancellation of prior year encumbrances	<u>1,000</u>	<u>1,000</u>	<u>7,061</u>	<u>6,061</u>
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>122,866</u>	<u>121,866</u>
Total Revenues and Other Financing Sources	<u>\$ 97,005,544</u>	<u>\$ 97,005,544</u>	98,122,576	<u>\$ 1,117,032</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.			6,997,165	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			164,657	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			(7,061)	
Excess cost - student based grant			617,755	
Implementation of GASB 87 not budgeted			280,635	
GASB 54 activity of certain special revenue funds now consolidated into the General Fund			<u>101,002</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			<u>\$ 106,276,729</u>	

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary	(Over)
			Basis	Under
General Government:				
Selectman				
Personnel costs	\$ 199,963	\$ 200,317	\$ 200,169	\$ 148
Services	4,300	29,226	25,664	3,562
Materials and supplies	1,050	1,058	870	188
Total selectman	205,313	230,601	226,703	3,898
Registrar of Voters:				
Personnel costs	62,442	67,991	67,715	276
Services	5,547	5,244	4,878	366
Materials and supplies	6,518	6,940	6,939	1
Equipment	1	1		1
Total registrar of voters	74,508	80,176	79,532	644
Board of Finance:				
Personnel costs	3,887	3,887	1,849	2,038
Services	61,600	64,800	63,051	1,749
Materials and supplies	60	60	35	25
Total board of finance	65,547	68,747	64,935	3,812
Assessor:				
Personnel costs	282,025	236,349	235,512	837
Services	9,172	103,067	103,065	2
Materials and supplies	650	1,575	1,508	67
Total assessor	291,847	340,991	340,085	906
Board of Assessment Appeals:				
Personnel costs	1,070	1,070	483	587
Services	550	550	465	85
Total board of assessment appeals	1,620	1,620	948	672
Tax Collector:				
Personnel costs	181,520	180,620	179,857	763
Services	30,287	31,277	29,341	1,936
Materials and supplies	35	100	79	21
Equipment	65			-
Total tax collector	211,907	211,997	209,277	2,720
Finance:				
Personnel costs	511,138	537,637	536,965	672
Services	110,756	112,058	104,846	7,212
Materials and supplies	32,000	32,000	24,996	7,004
Total finance	653,894	681,695	666,807	14,888
Legal Department:				
Services	298,000	298,000	264,682	33,318
Town Clerk:				
Personnel costs	238,692	239,482	239,380	102
Services	28,904	30,582	30,577	5
Materials and supplies	2,153	2,212	2,208	4
Equipment	1	1		1
Total town clerk	269,750	272,277	272,165	112
Planning and Zoning Commission:				
Personnel costs	585,567	585,567	569,539	16,028
Services	44,562	45,036	19,610	25,426
Materials and supplies	3,345	3,345	2,197	1,148
Equipment	1,440	1,440	108	1,332
Total planning and zoning commission	634,914	635,388	591,454	43,934

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Insurance:				
Services	\$ 4,717,903	\$ 4,758,868	\$ 4,679,175	\$ 79,693
Economic Development Commission:				
Services	10,076	8,704	7,103	1,601
Conservation Commission:				
Services	17,750	17,750	13,464	4,286
Materials and supplies	500	500		500
Total conservation commission	18,250	18,250	13,464	4,786
Zoning Board of Appeals:				
Services	4,260	4,260	2,833	1,427
Materials and supplies	50	50	26	24
Total zoning board of appeals	4,310	4,310	2,859	1,451
Retirement Commission:				
Personnel costs	5,682,906	5,535,038	5,458,739	76,299
Representative Town Meeting:				
Personnel costs	1	1		1
Services	18,902	18,902	16,197	2,705
Total representative town meeting	18,903	18,903	16,197	2,706
Building Department:				
Personnel costs	280,380	358,616	316,017	42,599
Services	10,838	10,838	5,837	5,001
Materials and supplies	1,390	1,390	470	920
Equipment	400	400	115	285
Total building department	293,008	371,244	322,439	48,805
Social Service Grants:				
Services	65,566	65,566	65,036	530
Contracts out to agencies	16,800	16,800	16,800	-
Total social service grants	82,366	82,366	81,836	530
Contingency:				
Miscellaneous	265,000	3,077		3,077
Flood and Erosion Control Board:				
Personnel costs	818	818	480	338
Services	1,295	1,295		1,295
Materials and supplies	25	25		25
Total flood and erosion control board	2,138	2,138	480	1,658
Ethics Commission:				
Personnel costs	650	650	156	494
Services	150	150		150
Materials and supplies	50	50		50
Total ethics commission	850	850	156	694

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Human Resources:				
Personnel costs	\$ 200,430	\$ 159,794	\$ 159,645	\$ 149
Services	64,384	131,187	128,080	3,107
Materials and supplies	850	850	128	722
Total human resources	265,664	291,831	287,853	3,978
Information Technology:				
Personnel costs	7,536	195,096	193,838	1,258
Services	787,846	727,570	717,281	10,289
Equipment	51,260	56,723	23,951	32,772
Total information technology	846,642	979,389	935,070	44,319
Total general government	14,915,316	14,896,460	14,521,959	374,501
Public Safety:				
Emergency Management:				
Personnel costs	948,021	936,243	912,611	23,632
Services	109,332	109,332	51,066	58,266
Materials and supplies	3,310	3,310	904	2,406
Equipment	2,002	2,002	1,739	263
Total emergency management	1,062,665	1,050,887	966,320	84,567
Fire Services:				
Personnel costs	2,167,005	2,195,705	2,189,029	6,676
Services	838,539	840,133	811,259	28,874
Materials and supplies	242,490	239,890	214,018	25,872
Equipment	78,000	45,400	26,876	18,524
Total fire services	3,326,034	3,321,128	3,241,182	79,946
Police Department:				
Personnel costs	5,923,065	5,797,420	5,635,065	162,355
Services	266,608	266,608	251,499	15,109
Materials and supplies	162,305	161,852	156,886	4,966
Equipment	9,710	10,163	10,162	1
Total police department	6,361,688	6,236,043	6,053,612	182,431
Total public safety	10,750,387	10,608,058	10,261,114	346,944
Building Maintenance:				
Personnel costs	82,433	78,433	77,565	868
Services	678,745	694,312	685,506	8,806
Materials and supplies	8,000	8,000	7,753	247
Capital Improvements	9,692	11,192	11,175	17
Total building maintenance	778,870	791,937	781,999	9,938
Public Works:				
Personnel costs	2,493,115	2,493,683	2,445,126	48,557
Services	1,185,060	1,159,241	1,127,716	31,525
Materials and supplies	637,625	601,810	550,749	51,061
Equipment	73,156	73,156	72,767	389
Capital improvements	320,698	320,698	309,318	11,380
Total public works	4,709,654	4,648,588	4,505,676	142,912
Total public works	5,488,524	5,440,525	5,287,675	152,850
Social Services:				
Youth Service Bureau:				
Personnel costs	202,624	287,717	287,715	2
Services	30,010	36,538	35,853	685
Total social services	232,634	324,255	323,568	687
Conservation of Health:				
Services	142,282	142,282	142,282	-
Waterford Public Health Nursing Service:				
Contracts out to agencies	27,820	27,820	18,225	9,595

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Social Services (Continued):				
Senior Citizen Commission:				
Personnel costs	\$ 411,369	\$ 428,756	\$ 404,707	\$ 24,049
Services	66,400	66,400	58,111	8,289
Materials and supplies	12,703	12,703	6,513	6,190
Equipment	1,017	1,017	377	640
Total senior citizen commission	<u>491,489</u>	<u>508,876</u>	<u>469,708</u>	<u>39,168</u>
Total social services	<u>894,225</u>	<u>1,003,233</u>	<u>953,783</u>	<u>49,450</u>
Library:				
Personnel costs	943,960	941,960	917,118	24,842
Services	1,715	3,715	3,206	509
Materials and supplies	8,800	8,800	6,904	1,896
Equipment	45,000	45,000	44,999	1
Total library	<u>999,475</u>	<u>999,475</u>	<u>972,227</u>	<u>27,248</u>
Recreation and Parks:				
Personnel costs	1,138,012	1,191,322	1,190,603	719
Services	240,130	269,693	236,468	33,225
Materials and supplies	65,442	82,745	82,678	67
Equipment	1,825	1,825		1,825
Total recreation and parks	<u>1,445,409</u>	<u>1,545,585</u>	<u>1,509,749</u>	<u>35,836</u>
Debt Service:				
Principal	5,840,000	5,840,000	5,840,000	-
Interest	2,094,633	2,094,633	2,094,633	-
Total debt service	<u>7,934,633</u>	<u>7,934,633</u>	<u>7,934,633</u>	<u>-</u>
Board of Education	<u>50,645,471</u>	<u>50,645,471</u>	<u>50,598,702</u>	<u>46,769</u>
Total expenditures	<u>93,073,440</u>	<u>93,073,440</u>	<u>92,039,842</u>	<u>1,033,598</u>
Other Financing Uses:				
Transfers out	<u>3,932,104</u>	<u>5,732,104</u>	<u>5,732,104</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 97,005,544</u>	<u>\$ 98,805,544</u>	<u>97,771,946</u>	<u>\$ 1,033,598</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.			6,997,165	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			164,657	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the order is received for financial reporting purposes.			287,529	
Excess cost - student based grant			617,755	
Implementation of GASB 87 not budgeted			280,635	
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund			<u>95,341</u>	
Transfers to Certain Special Revenue Funds consolidated with the General Fund are eliminated for GAAP reporting purposes upon consolidation.				
Total Expenditures and Other Financing Sources as Reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds			<u>\$ 106,215,028</u>	

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSION TRUST FUND
LAST TEN FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability:										
Interest	\$ 55,573	\$ 57,640	\$ 59,937	\$ 63,102	\$ 61,919	\$ 66,103	\$ 82,588	\$ 87,820	\$ 93,351	\$ 98,557
Differences between expected and actual experience	(116,458)		6,607		(23,064)		(83,403)			
Changes of assumptions	(38,223)				101,230		65,285			
Benefit payments	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)	(168,133)	(171,078)	(169,686)
Net change in total pension liability	(185,249)	(37,499)	(44,685)	(53,065)	14,056	(73,735)	(87,087)	(80,313)	(77,727)	(71,129)
Total pension liability - beginning	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510	1,213,597	1,293,910	1,371,637	1,442,766
Total pension liability - ending	746,333	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510	1,213,597	1,293,910	1,371,637
Plan fiduciary net position:										
Contributions - employer	83,000	82,000	89,953	82,000	81,493	84,000	83,367	83,367	78,744	78,744
Net investment income	(107,502)	117,497	32,400	29,150	28,406	54,202	11,137	19,200	84,249	55,520
Benefit payments	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)	(168,133)	(171,078)	(169,686)
Administrative expense	(5,571)	(5,755)	(5,958)	(3,271)	(4,821)	(9,314)	(6,948)	(8,511)	(6,522)	(5,693)
Net change in plan fiduciary net position	(116,214)	98,603	5,166	(8,288)	(20,951)	(10,950)	(64,001)	(74,077)	(14,607)	(41,115)
Plan fiduciary net position - beginning	639,050	540,447	535,281	543,569	564,520	575,470	639,471	713,548	728,155	769,270
Plan fiduciary net position - ending	522,836	639,050	540,447	535,281	543,569	564,520	575,470	639,471	713,548	728,155
Net Pension Liability - Ending	\$ 223,497	\$ 292,532	\$ 428,634	\$ 478,485	\$ 523,262	\$ 488,255	\$ 551,040	\$ 574,126	\$ 580,362	\$ 643,482
Plan fiduciary net position as a percentage of the total pension liability	70.05%	68.60%	55.77%	52.80%	50.95%	53.62%	51.08%	52.69%	55.15%	53.09%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

N/A - Not applicable. Plan members are retired.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 59,870	\$ 59,870	\$ 81,131	\$ 81,131	\$ 81,493	\$ 81,493	\$ 83,367	\$ 83,367	\$ 78,744	\$ 78,744
Contributions in relation to the actuarially determined contribution	<u>83,000</u>	<u>82,000</u>	<u>89,953</u>	<u>82,000</u>	<u>81,493</u>	<u>84,000</u>	<u>83,367</u>	<u>83,367</u>	<u>78,744</u>	<u>78,744</u>
Contribution Deficiency (Excess)	\$ <u>(23,130)</u>	\$ <u>(22,130)</u>	\$ <u>(8,822)</u>	\$ <u>(869)</u>	\$ <u>-</u>	\$ <u>(2,507)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2021
Measurement date: June 30, 2022
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of salary, closed
Remaining amortization period As of the July 1, 2021 valuation 9 years remain.
Asset valuation method The actuarial value of assets used in the development of plan contributions phases in the recognition of differences between the market value and expected actuarial value by recognizing 20% of the difference each year.
Inflation 2.40% (Prior 2.60%)
Cost of living increases 2.40% (Prior 2.60%)
Investment rate of return 6.25%, net of pension plan investment expense, including inflation
Mortality Pub-2010 Public Retirement Plans Amount - Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021 (Prior MP-2019)

N/A - Not applicable. Plan members are retired.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
PENSION TRUST FUND
LAST NINE FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-15.96%	20.68%	5.97%	5.55%	5.12%	9.89%	1.75%	2.57%	11.89%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	2.84%	3.01%	3.02%	3.07%	5.54%	6.09%	4.88%	5.21%
Town's proportionate share of the net pension liability	\$ 20,172,566	\$ 33,488,078	\$ 31,145,927	\$ 29,401,392	\$ 13,738,876	\$ 16,236,237	\$ 12,496,017	\$ 12,413,899
Town's covered payroll	\$ 22,102,038	\$ 21,046,486	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522
Town's proportionate share of the net pension liability as a percentage of its covered payroll	91.27%	159.11%	147.99%	138.24%	67.37%	87.36%	69.64%	69.18%
Plan fiduciary net position as a percentage of the total pension liability	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

***Notes:**

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 4,047,147	\$ 3,690,224	\$ 3,273,290	\$ 2,819,839	\$ 2,694,077	\$ 2,603,848	\$ 2,423,860	\$ 2,515,782	\$ 2,425,327	\$ 2,358,637
Contributions in relation to the actuarially determined contribution	<u>4,047,147</u>	<u>3,690,224</u>	<u>3,273,290</u>	<u>2,819,839</u>	<u>2,694,077</u>	<u>2,603,848</u>	<u>2,423,860</u>	<u>2,515,782</u>	<u>2,425,327</u>	<u>2,358,637</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 22,290,531	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522	\$ 17,944,522	\$ 18,274,228	\$ 18,065,219
Contributions as a percentage of covered payroll	18.16%	16.70%	15.55%	13.26%	13.21%	14.01%	13.51%	14.02%	13.27%	13.06%

Notes to Schedule

Valuation date: June 30, 2021

Measurement date: June 30, 2021

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal

Amortization method Level dollar, closed

Single equivalent amortization period 20 years

Asset valuation method 5-years smoothed market

Inflation 2.50%

Salary increases 3.50% - 10.00%, including inflation

Investment rate of return 7.00%, net of investment-related expense

Change in assumptions: In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>83,564,236</u>	<u>105,509,269</u>	<u>97,008,042</u>	<u>74,798,836</u>	<u>75,284,376</u>	<u>79,425,593</u>	<u>60,790,928</u>	<u>56,189,042</u>
Total	<u>\$ 83,564,236</u>	<u>\$ 105,509,269</u>	<u>\$ 97,008,042</u>	<u>\$ 74,798,836</u>	<u>\$ 75,284,376</u>	<u>\$ 79,425,593</u>	<u>\$ 60,790,928</u>	<u>\$ 56,189,042</u>
Town's covered payroll	\$ 24,383,687	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985	\$ 21,020,000	\$ 20,407,000	\$ 21,623,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	None
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST SIX FISCAL YEARS*

	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 295,833	\$ 276,630	\$ 265,479	\$ 281,505	\$ 264,365	\$ 257,290
Interest	1,661,479	1,586,755	1,579,705	1,700,177	1,672,521	1,622,163
Differences between expected and actual experience	(668,560)	818,687	(1,146,862)	(1,149,976)	(829,167)	(76,479)
Changes of assumptions		18,578		(917,752)		
Benefit payments, including refunds of member contributions	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)	(1,497,102)
Net change in total OPEB liability	292,255	2,354,872	(157,635)	(798,298)	361,012	305,872
Total OPEB liability - beginning	25,755,778	23,400,906	23,558,541	24,356,839	23,995,827	23,689,955
Total OPEB liability - ending	26,048,033	25,755,778	23,400,906	23,558,541	24,356,839	23,995,827
Plan fiduciary net position:						
Contributions - employer	1,746,497	1,445,778	1,614,570	1,871,345	1,906,707	3,811,946
Net investment income	(1,340,230)	1,860,477	300,988	268,186	133,054	40,292
Benefit payments, including refunds of member contributions	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)	(1,497,102)
Administrative expense	(19,670)	(7,791)	(7,242)	(6,729)	(11,768)	
Net change in plan fiduciary net position	(609,900)	2,952,686	1,052,359	1,420,550	1,281,286	2,355,136
Plan fiduciary net position - beginning	9,062,017	6,109,331	5,056,972	3,636,422	2,355,136	
Plan fiduciary net position - ending	8,452,117	9,062,017	6,109,331	5,056,972	3,636,422	2,355,136
Net OPEB Liability - Ending	\$ 17,595,916	\$ 16,693,761	\$ 17,291,575	\$ 18,501,569	\$ 20,720,417	\$ 21,640,691
Plan fiduciary net position as a percentage of the total OPEB liability	32.45%	35.18%	26.11%	21.47%	14.93%	9.81%
Covered payroll	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001
Net OPEB liability as a percentage of covered payroll	53.93%	52.39%	55.64%	61.08%	68.09%	73.07%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 2,217,688	\$ 2,139,712	\$ 2,127,089	\$ 2,482,200	\$ 2,474,700	\$ 2,607,000	\$ 2,755,300	\$ 2,720,300	\$ 2,747,000	\$ 2,718,100
Contributions in relation to the actuarially determined contribution	<u>1,677,660</u>	<u>1,388,794</u>	<u>1,556,483</u>	<u>1,802,704</u>	<u>1,829,904</u>	<u>3,698,337</u>	<u>798,000</u>	<u>584,100</u>	<u>608,000</u>	<u>1,266,500</u>
Contribution Deficiency (Excess)	<u>\$ 540,028</u>	<u>\$ 750,918</u>	<u>\$ 570,606</u>	<u>\$ 679,496</u>	<u>\$ 644,796</u>	<u>\$ (1,091,337)</u>	<u>\$ 1,957,300</u>	<u>\$ 2,136,200</u>	<u>\$ 2,139,000</u>	<u>\$ 1,451,600</u>
Covered payroll	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001	\$ 29,073,500	\$ 29,073,500	\$ 31,032,400	\$ 31,032,400
Contributions as a percentage of covered payroll	5.14%	4.36%	5.01%	5.95%	6.01%	12.49%	2.74%	2.01%	1.96%	4.08%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2022

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of salary

Amortization period Amortized over 30 years on a closed basis. The amortization began on July 1, 2006, and, as of the July 1, 2020 valuation, 16 years remain.

Asset valuation method Market value

Inflation 2.40%

Healthcare cost trend rates 6.50% decreasing to 4.60%

Inflation 2.40%

Investment rate of return 6.50%

Retirement age Medical and dental benefits pre-65

Medical benefits post-65

Mortality Pub - 2010 Public Retirement Plans Mortality Tables (with separate tables for General employees, Public Safety employees and Teacher) and for nonannuitants and annuitants, projected to the valuation date with Scale MP-2020.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST SIX FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-13.74%	26.18%	5.44%	6.44%	4.13%	2.09%

*Note - This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>9,104,170</u>	<u>15,736,711</u>	<u>15,128,952</u>	<u>14,952,787</u>	<u>19,377,337</u>
Total	<u>\$ 9,104,170</u>	<u>\$ 15,736,711</u>	<u>\$ 15,128,952</u>	<u>\$ 14,952,787</u>	<u>\$ 19,377,337</u>
Town's covered payroll	\$ 24,383,687	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	6.11%	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Price inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
GENERAL FUND - BOARD OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2022**

	Final Appropriation	Expenditures and Encumbrances	Unexpended Balance
Salaries - certified	\$ 23,658,040	\$ 23,633,149	\$ 24,891
Salaries - support	6,353,155	5,685,947	667,208
Salaries - other	31,974	44,627	(12,653)
Temporary pay - certified	1,086,603	1,120,806	(34,203)
Temporary pay - support	175,700	227,743	(52,043)
Overtime - support	132,575	138,552	(5,977)
Health and dental insurance	6,357,455	6,335,407	22,048
Life and major medical insurance	77,736	73,371	4,365
Long term disability	3,137	3,264	(127)
Social security contribution	986,104	916,824	69,280
Reimbursements	101,400	103,600	(2,200)
Unemployment compensation	70,000	6,285	63,715
Workers' compensation	387,960	389,569	(1,609)
Sick pay	140,900	237,040	(96,140)
Retirement incentive	15,000	16,500	(1,500)
Instructional services	103,917	95,515	8,402
Staff and curriculum development	94,050	121,814	(27,764)
Other professional and technical services	1,395,987	1,540,711	(144,724)
Legal services	111,004	209,664	(98,660)
Public utilities	86,953	80,970	5,983
Maintenance and repairs	418,732	328,116	90,616
Rentals	23,570	26,081	(2,511)
Pupil transportation	2,371,282	2,662,300	(291,018)
Insurance - property	109,241	90,073	19,168
Insurance - liability	110,846	134,251	(23,405)
Other insurance	24,880	22,068	2,812
Communications	73,289	78,000	(4,711)
Postage	19,244	14,740	4,504
Advertising	3,000	1,957	1,043
Tuition	2,493,897	2,801,806	(307,909)
Travel and conference	160,585	141,582	19,003
Other purchased services	196,314	150,153	46,161
Instructional supplies	405,192	323,216	81,976
Software	499,089	497,543	1,546
Maintenance and custodial	275,600	327,696	(52,096)
Heat and energy	1,296,454	1,400,366	(103,912)
Transportation supplies	117,231	114,074	3,157
Textbooks	172,300	102,465	69,835
Library and professional books	40,549	31,249	9,300
Other supplies	177,530	163,560	13,970
Equipment	257,458	173,092	84,366
Membership dues and fees	29,538	32,956	(3,418)
Total	\$ 50,645,471	\$ 50,598,702	\$ 46,769

**TOWN OF WATERFORD, CONNECTICUT
REPORT OF TAX COLLECTOR
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

Grand List	Uncollected Taxes July 1, 2021	Current Levy	Lawful Corrections		Transfers To Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2022
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2020	\$	\$ 94,176,095	\$	\$ 187,655	\$ 17,396	\$ 93,971,044	\$ 93,608,041	\$ 112,214	\$ 576	\$ 93,720,831	\$ 363,003
2019	423,052			61,169	31,563	330,320	174,649	45,674	1,536	221,859	155,671
2018	207,625			70,397	39,356	97,872	(2,226)	22,538	456	20,768	100,098
2017	98,871			19,416	6,044	73,411	635	16,321	216	17,172	72,776
2016	76,507					76,507	9,756	8,032	168	17,956	66,751
2015	61,368					61,368	7,889	7,811	72	15,772	53,479
2014	43,929					43,929	4,967	6,628	48	11,643	38,962
2013	40,739					40,739	5,959	8,887	24	14,870	34,780
2012	32,137					32,137	2,856	3,204		6,060	29,281
2011	29,047					29,047		537		537	29,047
2010	24,638					24,638		384		384	24,638
2009	15,799					15,799		1,748		1,748	15,799
2008	4,528					4,528		958		958	4,528
2007	3,059					3,059				-	3,059
2006						-		918		918	-
Total	\$ 1,061,299	\$ 94,176,095	\$ -	\$ 338,637	\$ 94,359	\$ 94,804,398	93,812,526	235,854	3,096	94,051,476	\$ 991,872
Suspense collections							13,916			13,916	
Total collections							\$ 93,826,442	\$ 235,854	\$ 3,096	94,065,392	
Property taxes receivable - considered available:											
June 30, 2021										(159,726)	
June 30, 2022										31,549	
										\$ 93,937,215	

Water main assessment receivable - considered available:

89

TOWN OF WATERFORD, CONNECTICUT
 SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

Contract Number	Principal Uncollected July 1, 2021	Interest and Liens Uncollected July 1, 2021	New Contracts	Interest and Liens Billed	Lawful Corrections				Collections				Principal Balance Uncollected June 30, 2022	Interest and Liens Uncollected June 30, 2022	Balance Uncollected June 30, 2022
					Principal Additions	Principal Deductions	Interest and Lien Additions	Interest and Lien Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total			
76	\$ 10,635	\$ 10,089	\$	\$ 1,787	\$	\$	\$	\$	\$ 3,218	\$ 3,797	\$	\$ 7,015	\$ 7,417	\$ 8,079	\$ 15,496
Sewer assessment receivable - considered available:															
June 30, 2021												-			
June 30, 2022												-			
												<u>\$ 7,015</u>			

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The nature and purpose of each Special Revenue Fund is as follows:

Fund	Funding Source	Function
Special Education Grants	State and federal grants	School related programs
School Cafeteria	Sale of food and grants	School lunch program
School Activity	Charges for services	Student activities
Drug Enforcement	Federal and state forfeited property	Drug enforcement and education
Youth Services	Donations and admission fees	Youth programs
Water	Rentals from cell phone companies for antennas on water towers	Maintenance of water infrastructure
Contributed Gifts	Donations	Expenditures of donations according to the purpose of the various gifts
Senior Citizens	Donations and program fees	Services and programs for senior citizens
Youth Services Local Prevention Council Grant	Local prevention council grant	Youth services alcohol and drug abuse prevention program
Small Harbor Improvement Projects (SHIP) Grant	Connecticut Port Authority grant in aid	Mago Point Planning Study-Design
Youth Services Mini Grant	State grant passed through NECASA	Community Coalition to address the Opioid Crisis
Certified Local Government Historic Preservation Enhancement Grant	State of Connecticut Department of Economic and Community Development	National register nomination for Oil Mill District
JAG Grant	Federal Justice Assistance funds passed through the Criminal Justice Planning Division of the State of CT OPM	Purchase of police department interview room equipment
Dock Removal Grant	Grant from private organization	Removal of derelict dock structures in the Thames River at 74 Scotch Cap Road
Nuclear Safety Emergency Preparedness Grant	State grant	Nuclear Safety Preparedness Program
Drug Recognition Expert (DRE) Support Grant	Federal Police Traffic Services funds passed through the State of Connecticut DOT	Coordination of DRE training activities
Community Foundation Grant	Community Foundation Grant	Funding for establishing a Council for Diversity, Equity and Inclusion (DEI)
Comprehensive DUI Enforcement Program Grant	Federal Highway Safety funds passed through the State of CT Department of Transportation	Regional check points to enforce driving under the influence laws
EFSP (Emergency Food and Shelter Program) Grants	Phase 39 and ARPA-R funds passed through the United Way of Southeastern Connecticut	Resources to aid in providing emergency assistance for food and shelter

Historic Properties	Donations	Donations to the Historic Properties Commission
Jordan Mill Pond Fishway	Grant from nonprofit organization	Construct a fishway to promote spawning
Harbor Management	Docking and mooring fees	Harbor management
Youth Services Enhancement Grant	State grant	To promote youth developmental activities
Small Cities Grant II	State Community Development Block Grant (CDBG) funds and loan payments	Waterford Housing Rehabilitation Program
Historic Documents Preservation Grant	Connecticut State Library Targeted Grant	Preservation of historic documents
Reeve Foundation Grant	Christopher Reeve Foundation grant	Purchase of recreational equipment to make Waterford Beach accessible to individuals in wheelchairs
Senior Services Title IIIB Open Doors Grant	Federal funding under Title III and matching contributions	Senior Services open doors program for local senior citizens
Senior Services Wal Mart Grant	Grant from Wal Mart	Senior services program to conduct in-home fall assessment risks for local seniors.
Distracted Driving HVE Grant	Department of Transportation Federal Highway Safety Grant	Department of Transportation Federal Highway Safety Grant
Student Athletics Fund	Gate receipts	Site workers, ticket takers and tournament fees

Capital Project Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

Fund	Funding Source	Function
Fleet Management	Sales and rental of vehicles and equipment as well as annual transfer from the Capital Improvement Fund	Program for funding the replacement of equipment and vehicles over ten thousand dollars
Sewer Maintenance and Development	Sewer connection fees	Maintenance of existing sewer system assets
Early Childhood Learning Center	State grants	Construction of a District Magnet School

Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting governments programs.

Fund	Funding Source	Function
Hammond Memorial Trust	Payments from trust and investment earnings	Maintenance of cemetery

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	Special Revenue Funds									
	Special Education Grants	School Cafeteria	School Activity	Drug Enforcement Grant	Youth Services	Water	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant	Small Harbor Improvement Projects Grant
ASSETS										
Cash and cash equivalents	\$ 17,056	\$ 261,123	\$ 243,549	\$	\$	\$	\$	\$	\$	\$
Investments		22,754	24,913							
Receivables, net	22,559	282,371			210	187,201				
Interfund receivables	142,635			15,533	235,639	652,363	91,782	28,430	3,806	35,000
Supplies		6,322								
Total Assets	<u>\$ 182,250</u>	<u>\$ 572,570</u>	<u>\$ 268,462</u>	<u>\$ 15,533</u>	<u>\$ 235,849</u>	<u>\$ 839,564</u>	<u>\$ 91,782</u>	<u>\$ 28,430</u>	<u>\$ 3,806</u>	<u>\$ 35,000</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts and other payable	\$ 3,284	\$	\$	\$	\$ 10,899	\$	\$ 543	\$ 743	\$ 2,196	\$
Accrued liabilities	58,485				37,393	1,425				
Interfund payables		10,748								
Unearned revenue	114,966				141,904			8,887		35,000
Total liabilities	<u>176,735</u>	<u>10,748</u>	<u>-</u>	<u>-</u>	<u>190,196</u>	<u>1,425</u>	<u>543</u>	<u>9,630</u>	<u>2,196</u>	<u>35,000</u>
Deferred Inflows of Resources:										
Related to leases						185,847				
Unavailable revenue - grants receivable					210					
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210</u>	<u>185,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable		6,322								
Restricted	5,515	555,500		15,533	45,443		91,239	18,800	1,610	
Committed			268,462			652,292				
Total fund balances	<u>5,515</u>	<u>561,822</u>	<u>268,462</u>	<u>15,533</u>	<u>45,443</u>	<u>652,292</u>	<u>91,239</u>	<u>18,800</u>	<u>1,610</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 182,250</u>	<u>\$ 572,570</u>	<u>\$ 268,462</u>	<u>\$ 15,533</u>	<u>\$ 235,849</u>	<u>\$ 839,564</u>	<u>\$ 91,782</u>	<u>\$ 28,430</u>	<u>\$ 3,806</u>	<u>\$ 35,000</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	Special Revenue Funds					
	Youth Services Mini Grant	Historic Preservation Enhancement Grant	2019 JAG Local VCP Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$	
Investments						
Receivables, net						4,360
Interfund receivables	3,667		10,000	40,376		
Supplies						
Total Assets	\$ 3,667	\$ -	\$ 10,000	\$ 40,376	\$ -	\$ 4,360
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payable	\$	\$	\$	\$	\$	
Accrued liabilities						
Interfund payables						4,360
Unearned revenue			10,000	40,376		
Total liabilities	-	-	10,000	40,376	-	4,360
Deferred Inflows of Resources:						
Related to leases						
Unavailable revenue - grants receivable						
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Nonspendable						
Restricted	3,667					
Committed						
Total fund balances	3,667	-	-	-	-	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,667	\$ -	\$ 10,000	\$ 40,376	\$ -	\$ 4,360

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	Special Revenue Funds						
	Community Foundation Grant	Comprehensive DUI Enforcement Program	EFSP Grant	Historic Properties	Jordan Mill Pond Fishway	Harbor Management	Youth Services Enhancement Grant
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Investments							
Receivables, net		3,613					
Interfund receivables	2,200		2,500	12,702	777	35,782	14
Supplies							
Total Assets	\$ 2,200	\$ 3,613	\$ 2,500	\$ 12,702	\$ 777	\$ 35,782	\$ 14
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payable	\$	\$	\$	\$	\$	145	\$ 14
Accrued liabilities						318	
Interfund payables		3,613					
Unearned revenue			2,500				
Total liabilities	-	3,613	2,500	-	-	463	14
Deferred Inflows of Resources:							
Related to leases							
Unavailable revenue - grants receivable							
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund Balances:							
Nonspendable							
Restricted	2,200			12,702	777	35,319	
Committed							
Total fund balances	2,200	-	-	12,702	777	35,319	-
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,200	\$ 3,613	\$ 2,500	\$ 12,702	\$ 777	\$ 35,782	\$ 14

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	Special Revenue Funds						
	Small Cities Grant II	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB Open Doors Grants	Senior Services Wal Mart Grant	Distracted Driving HVE Grant	Student Athletics
ASSETS							
Cash and cash equivalents	\$ 138,187	\$	\$	\$	\$	\$	\$ 43,906
Investments							
Receivables, net							
Interfund receivables	192		1,530		500		
Supplies							
Total Assets	<u>\$ 138,379</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 43,906</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts and other payable	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities							
Interfund payables							
Unearned revenue							
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:							
Related to leases							
Unavailable revenue - grants receivable							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Nonspendable							
Restricted	138,379		1,530		500		
Committed							43,906
Total fund balances	<u>138,379</u>	<u>-</u>	<u>1,530</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>43,906</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 138,379</u>	<u>\$ -</u>	<u>\$ 1,530</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 43,906</u>

(Continued on next page)

**TOWN OF WATERFORD, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

EXHIBIT B-1

	Capital Projects Funds			Permanent Fund	
	Fleet Management	Sewer Maintenance & Development	Early Childhood Learning Center	Hammond Memorial Trust	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 3,183,256	\$ 562,617	\$	\$ 53	\$ 4,449,747
Investments				120,511	168,178
Receivables, net	24,032				524,346
Interfund receivables			549,784		1,865,212
Supplies					6,322
Total Assets	<u>\$ 3,207,288</u>	<u>\$ 562,617</u>	<u>\$ 549,784</u>	<u>\$ 120,564</u>	<u>\$ 7,013,805</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payable	\$ 35,230	\$	\$	\$	\$ 53,054
Accrued liabilities					97,621
Interfund payables	12,616				31,337
Unearned revenue					353,633
Total liabilities	<u>47,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535,645</u>
Deferred Inflows of Resources:					
Related to leases					185,847
Unavailable revenue - grants receivable					210
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,057</u>
Fund Balances:					
Nonspendable				120,564	126,886
Restricted		562,617			1,491,331
Committed	3,159,442		549,784		4,673,886
Total fund balances	<u>3,159,442</u>	<u>562,617</u>	<u>549,784</u>	<u>120,564</u>	<u>6,292,103</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,207,288</u>	<u>\$ 562,617</u>	<u>\$ 549,784</u>	<u>\$ 120,564</u>	<u>\$ 7,013,805</u>

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-2

	Special Revenue Funds								
	Special Education Grants	School Cafeteria	School Activity	Drug Enforcement Grant	Youth Services	Water	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant
Revenues:									
Intergovernmental	\$ 2,745,099	\$ 1,621,718	\$	\$ 2,416	\$ 27,474	\$	\$ 10,000	\$	\$ 7,103
Fines, penalties and charges for services		78,293	234,617		249,291	74,738		13,498	
Investment earnings (loss)		11	44						
Other	45				44,643		22,558	6,269	
Total revenues	<u>2,745,144</u>	<u>1,700,022</u>	<u>234,661</u>	<u>2,416</u>	<u>321,408</u>	<u>74,738</u>	<u>32,558</u>	<u>19,767</u>	<u>7,103</u>
Expenditures:									
Current:									
General government									
Public safety				4,216			14,040		
Public works						54,539			
Recreation							2,167		
Social services					312,081			68,467	7,103
Education	2,745,082	1,205,605	203,650						
Capital outlay									
Total expenditures	<u>2,745,082</u>	<u>1,205,605</u>	<u>203,650</u>	<u>4,216</u>	<u>312,081</u>	<u>54,539</u>	<u>16,207</u>	<u>68,467</u>	<u>7,103</u>
Excess (Deficiency) of Revenues over Expenditures	<u>62</u>	<u>494,417</u>	<u>31,011</u>	<u>(1,800)</u>	<u>9,327</u>	<u>20,199</u>	<u>16,351</u>	<u>(48,700)</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in							4,311	3,995	
Transfers out								(4,311)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,311</u>	<u>(316)</u>	<u>-</u>
Net Change in Fund Balances	62	494,417	31,011	(1,800)	9,327	20,199	20,662	(49,016)	-
Fund Balances at Beginning of Year	<u>5,453</u>	<u>67,405</u>	<u>237,451</u>	<u>17,333</u>	<u>36,116</u>	<u>632,093</u>	<u>70,577</u>	<u>67,816</u>	<u>1,610</u>
Fund Balances at End of Year	<u>\$ 5,515</u>	<u>\$ 561,822</u>	<u>\$ 268,462</u>	<u>\$ 15,533</u>	<u>\$ 45,443</u>	<u>\$ 652,292</u>	<u>\$ 91,239</u>	<u>\$ 18,800</u>	<u>\$ 1,610</u>

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-2

	Special Revenue Funds						
	Small Harbor Improvement Projects Grant	Youth Services Mini Grant	Historic Preservation Enhancement Grant	2019 JAG Local VCP Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant
Revenues:							
Intergovernmental	\$	\$	\$ 10,000	\$	\$	\$ 84,798	\$ 15,203
Fines, penalties and charges for services							
Investment earnings (loss)							
Other							
Total revenues	-	-	10,000	-	-	84,798	15,203
Expenditures:							
Current:							
General government			5,000				
Public safety							15,203
Public works							
Recreation							
Social services							
Education							
Capital outlay							
Total expenditures	-	-	5,000	-	-	-	15,203
Excess (Deficiency) of Revenues over Expenditures	-	-	5,000	-	-	84,798	-
Other Financing Sources (Uses):							
Transfers in							
Transfers out							
Total other financing sources (uses)	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	5,000	-	-	84,798	-
Fund Balances at Beginning of Year	-	3,667	(5,000)	-	-	(84,798)	-
Fund Balances at End of Year	\$ -	\$ 3,667	\$ -	\$ -	\$ -	\$ -	\$ -

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-2

	Special Revenue Funds				
	Community Foundation Grant	Comprehensive DUI Enforcement Program	EFSP Grant	Historic Properties	Jordan Mill Pond Fishway
Revenues:					
Intergovernmental	\$	\$ 6,514	\$	\$ 200	\$
Fines, penalties and charges for services					
Investment earnings (loss)					
Other					
Total revenues	<u>-</u>	<u>6,514</u>	<u>-</u>	<u>200</u>	<u>-</u>
Expenditures:					
Current:					
General government	5,300				
Public safety		6,514			
Public works					
Recreation					
Social services					
Education					
Capital outlay					
Total expenditures	<u>5,300</u>	<u>6,514</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,300)</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
Other Financing Sources (Uses):					
Transfers in					
Transfers out					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,300)	-	-	200	-
Fund Balances at Beginning of Year	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>12,502</u>	<u>777</u>
Fund Balances at End of Year	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,702</u>	<u>\$ 777</u>

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-2

	Special Revenue Funds								
	Harbor Management	Youth Services Enhancement Grant	Small Cities Grant II	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB Open Doors Grants	Senior Services Wal Mart Grant	Distracted Driving HVE Grant	Student Athletics
Revenues:									
Intergovernmental	\$	\$ 10,866	\$	\$ 5,500	\$	\$	\$	\$ 5,354	\$
Fines, penalties and charges for services	11,457		13,853						65,035
Investment earnings (loss)									
Other									
Total revenues	11,457	10,866	13,853	5,500	-	-	-	5,354	65,035
Expenditures:									
Current:									
General government	10,147			5,500					
Public safety								5,354	
Public works									
Recreation									
Social services		10,880							
Education									49,573
Capital outlay									
Total expenditures	10,147	10,880	-	5,500	-	-	-	5,354	49,573
Excess (Deficiency) of Revenues over Expenditures	1,310	(14)	13,853	-	-	-	-	-	15,462
Other Financing Sources (Uses):									
Transfers in									
Transfers out						(3,995)			
Total other financing sources (uses)	-	-	-	-	-	(3,995)	-	-	-
Net Change in Fund Balances	1,310	(14)	13,853	-	-	(3,995)	-	-	15,462
Fund Balances at Beginning of Year	34,009	14	124,526	-	1,530	3,995	500	-	28,444
Fund Balances at End of Year	\$ 35,319	\$ -	\$ 138,379	\$ -	\$ 1,530	\$ -	\$ 500	\$ -	\$ 43,906

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TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

EXHIBIT B-2

	Capital Projects Funds			Permanent Fund		
	Fleet Management	Sewer Maintenance & Development	Early Childhood Learning Center	Hammond Memorial Trust	Interfund Eliminations	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$ 4,552,245
Fines, penalties and charges for services	126,888	127,448				995,118
Investment earnings (loss)	9,469	1,175		(13,457)		(2,758)
Other	54,127					127,642
Total revenues	190,484	128,623	-	(13,457)	-	5,672,247
Expenditures:						
Current:						
General government				10,000		35,947
Public safety						45,327
Public works		61,590				116,129
Recreation						2,167
Social services						398,531
Education						4,203,910
Capital outlay	481,711	18,800				500,511
Total expenditures	481,711	80,390	-	10,000	-	5,302,522
Excess (Deficiency) of Revenues over Expenditures	(291,227)	48,233	-	(23,457)	-	369,725
Other Financing Sources (Uses):						
Transfers in	800,000				(8,306)	800,000
Transfers out					8,306	-
Total other financing sources (uses)	800,000	-	-	-	-	800,000
Net Change in Fund Balances	508,773	48,233	-	(23,457)	-	1,169,725
Fund Balances at Beginning of Year	2,650,669	514,384	549,784	144,021	-	5,122,378
Fund Balances at End of Year	\$ 3,159,442	\$ 562,617	\$ 549,784	\$ 120,564	\$ -	\$ 6,292,103

Fiduciary Funds

TRUST FUNDS

Pension Trust Fund - To account for assets that have been set aside in trust for the employee retirement plan for certain Town employees.

OPEB Trust Fund - To account for assets that have been set aside in trust for other post-employment benefits for certain Town employees.

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2022

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 1,975	\$ 1,709	\$ 3,684
Investments:			
Mutual funds	<u>522,115</u>	<u>8,464,138</u>	<u>8,986,253</u>
Total assets	<u>524,090</u>	<u>8,465,847</u>	<u>8,989,937</u>
Liabilities:			
Accounts and other payables	<u>1,254</u>	<u>13,730</u>	<u>14,984</u>
Net Position:			
Restricted for OPEB Benefits		8,452,117	8,452,117
Restricted for Pension Benefits	<u>522,836</u>		<u>522,836</u>
Total Net Position	<u>\$ 522,836</u>	<u>\$ 8,452,117</u>	<u>\$ 8,974,953</u>

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Pension</u> <u>Trust Fund</u>	<u>OPEB</u> <u>Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 83,000	\$ 1,746,497	\$ 1,829,497
Investment income:			
Net change in fair value of investments	<u>(107,502)</u>	<u>(1,340,230)</u>	<u>(1,447,732)</u>
Total additions	<u>(24,502)</u>	<u>406,267</u>	<u>381,765</u>
Deductions:			
Benefit payments	86,141	996,497	1,082,638
Administration	<u>5,571</u>	<u>19,670</u>	<u>25,241</u>
Total deductions	<u>91,712</u>	<u>1,016,167</u>	<u>1,107,879</u>
Change in Net Position	(116,214)	(609,900)	(726,114)
Net Position at Beginning of Year	<u>639,050</u>	<u>9,062,017</u>	<u>9,701,067</u>
Net Position at End of Year	<u>\$ 522,836</u>	<u>\$ 8,452,117</u>	<u>\$ 8,974,953</u>

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 condition.

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.

TABLE 1

TOWN OF WATERFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Net investment in capital assets	\$ 166,836	\$ 165,530	\$ 172,217	\$ 172,063	\$ 172,024	\$ 174,397	\$ 174,913	\$ 173,491	\$ 178,578	\$ 176,727
Restricted	1,612	1,440	135	137	145	130	216	178	169	139
Unrestricted	(5,480)	(9,002)	(13,040)	(11,532)	(5,839)	(10,913)	(5,725)	5,299	3,661	5,367
Total governmental activities net position	<u>162,969</u>	<u>157,968</u>	<u>159,312</u>	<u>160,668</u>	<u>166,330</u>	<u>163,614</u>	<u>169,404</u>	<u>178,968</u>	<u>182,408</u>	<u>182,233</u>
Business-type activities:										
Net investment in capital assets	44,690	45,670	49,212	50,975	52,848	54,164	54,835	55,840	57,974	56,785
Restricted										346
Unrestricted	5,053	4,767	4,361	3,842	3,822	3,299	2,765	2,194	1,379	794
Total business-type activities net position	<u>49,742</u>	<u>50,437</u>	<u>53,573</u>	<u>54,817</u>	<u>56,670</u>	<u>57,463</u>	<u>57,600</u>	<u>58,034</u>	<u>59,353</u>	<u>57,925</u>
Primary government:										
Net investment in capital assets	211,526	211,200	221,430	223,038	224,872	228,561	229,748	229,331	236,552	233,512
Restricted	1,612	1,440	135	137	145	130	216	178	169	485
Unrestricted	(427)	(4,235)	(8,679)	(7,690)	(2,017)	(7,614)	(2,960)	7,493	5,040	6,161
Total Primary Government Net Position	<u>\$ 212,711</u>	<u>\$ 208,405</u>	<u>\$ 212,885</u>	<u>\$ 215,485</u>	<u>\$ 223,000</u>	<u>\$ 221,077</u>	<u>\$ 227,004</u>	<u>\$ 237,002</u>	<u>\$ 241,761</u>	<u>\$ 240,158</u>

Notes:

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

TOWN OF WATERFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental activities:										
General government	\$ 14,481	\$ 15,705	\$ 15,856	\$ 15,429	\$ 14,892	\$ 13,745	\$ 14,176	\$ 13,676	\$ 12,699	\$ 12,041
Public safety	11,579	13,999	13,150	13,198	12,098	11,508	13,356	10,640	10,167	10,337
Public works	8,803	8,780	8,086	8,432	7,180	8,558	8,569	7,384	7,292	9,094
Recreation	1,836	1,763	1,941	1,773	1,020	1,763	1,897	1,822	1,741	1,706
Library	1,002	1,156	1,159	1,154	1,065	917	1,598	1,383	1,470	1,032
Social services	1,303	1,285	1,427	1,370	1,299	1,321	3,238	3,254	3,282	1,297
Education	65,499	74,351	68,539	60,142	64,680	61,805	56,442	55,882	56,593	57,492
Interest on long-term debt	1,363	1,393	2,057	2,285	2,400	2,604	2,795	3,096	2,809	2,521
Total governmental activities expenses	105,865	118,432	112,215	103,783	104,634	102,221	102,071	97,137	96,053	95,520
Business-type activities:										
Utilities Commission	5,120	5,480	5,399	5,217	5,740	4,945	5,172	5,178	5,666	4,531
Total primary government expenses	110,985	123,912	117,614	109,000	110,374	107,166	107,243	102,315	101,719	100,051
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,346	1,762	1,068	1,119	1,032	1,289	1,135	1,168	1,181	1,533
Public safety	268	293	502	561	500	265	254	201	258	162
Public works	623	872	612	735	635	846	829	528	967	786
Recreation	208	89	180	232	228	217	218	213	184	173
Library	-	-	10	16	17	18	19	19	19	18
Social services	308	11	185	294	236	261	243	189	187	130
Education	479	319	533	657	611	582	592	721	728	701
Operating grants and contributions	11,664	19,990	13,901	6,171	12,205	11,261	9,056	8,874	9,940	8,859
Capital grants and contributions	1,858	578	658	839	2,450	3,106	1,004	6,163	1,584	6,596
Total governmental activities program revenues	16,754	23,914	17,649	10,624	17,914	17,845	13,350	18,076	15,048	18,958
Business-type activities:										
Charges for services	3,798	3,841	3,710	3,765	3,654	3,727	3,728	3,797	3,914	3,621
Operating grants and contributions								2	8	
Capital grants and contributions		16				417	1,307	945	423	2,685
Total business-type activities program revenues	3,798	3,857	3,710	3,765	3,654	4,144	5,035	4,744	4,345	6,306
Total primary government program revenues	20,552	27,771	21,359	14,389	21,568	21,989	18,385	22,820	19,393	25,264
Net (expense) revenue:										
Governmental activities	(89,111)	(94,518)	(94,566)	(93,159)	(86,720)	(84,376)	(88,721)	(79,061)	(81,005)	(76,562)
Business-type activities	(1,322)	(1,623)	(1,689)	(1,452)	(2,086)	(801)	(137)	(434)	(1,321)	1,775
Total Primary Government Net Expense	\$ (90,433)	\$ (96,141)	\$ (96,255)	\$ (94,611)	\$ (88,806)	\$ (85,177)	\$ (88,858)	\$ (79,495)	\$ (82,326)	\$ (74,787)

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 94,070	\$ 93,198	\$ 92,136	\$ 90,251	\$ 87,927	\$ 85,884	\$ 81,996	\$ 79,071	\$ 76,529	\$ 73,583
Grants and contributions not restricted to specific programs	376	356	351	353	294	771	695	830	779	953
Unrestricted investment earnings	226	133	1,083	1,297	686	315	185	158	137	168
Miscellaneous	55	175	197	39	145	123	54	7	120	1,687
Transfers	(615)	(31)	(95)	(138)	(196)					346
Total governmental activities	<u>94,112</u>	<u>93,831</u>	<u>93,672</u>	<u>91,802</u>	<u>88,856</u>	<u>87,093</u>	<u>82,930</u>	<u>80,066</u>	<u>77,565</u>	<u>76,737</u>
Business-type activities:										
Investment earnings	12	3	47	70	37	8				
Transfers	615	31	95	138	196					(346)
Total business-type activities	<u>627</u>	<u>34</u>	<u>142</u>	<u>208</u>	<u>233</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346)</u>
Total Primary Government	<u>\$ 94,739</u>	<u>\$ 93,865</u>	<u>\$ 93,814</u>	<u>\$ 92,010</u>	<u>\$ 89,089</u>	<u>\$ 87,101</u>	<u>\$ 82,930</u>	<u>\$ 80,066</u>	<u>\$ 77,565</u>	<u>\$ 76,391</u>
Changes in Net Position:										
Governmental activities	\$ 5,001	\$ (687)	\$ (894)	\$ (1,357)	\$ 2,136	\$ 2,717	\$ (5,791)	\$ 1,005	\$ (3,440)	\$ 175
Business-type activities	(695)	(1,589)	(1,547)	(1,244)	(1,853)	(793)	(137)	(434)	(1,321)	1,429
Total Primary Government	<u>\$ 4,306</u>	<u>\$ (2,276)</u>	<u>\$ (2,441)</u>	<u>\$ (2,601)</u>	<u>\$ 283</u>	<u>\$ 1,924</u>	<u>\$ (5,928)</u>	<u>\$ 571</u>	<u>\$ (4,761)</u>	<u>\$ 1,604</u>

Notes:

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

TABLE 3

TOWN OF WATERFORD, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund:										
Nonspendable	\$ 356	\$ 22	\$ 215	\$ 191	\$ 158	\$ 45	\$ 461	\$ 67	\$ 29	\$ 43
Committed									10,437	8,991
Assigned	486	779	935	287	651	366	513	369	497	569
Unassigned	<u>23,004</u>	<u>22,981</u>	<u>18,963</u>	<u>16,781</u>	<u>13,980</u>	<u>13,183</u>	<u>10,948</u>	<u>10,138</u>	<u>1,984</u>	<u>2,236</u>
Total General Fund	<u>\$ 23,846</u>	<u>\$ 23,782</u>	<u>\$ 20,113</u>	<u>\$ 17,259</u>	<u>\$ 14,789</u>	<u>\$ 13,594</u>	<u>\$ 11,922</u>	<u>\$ 10,574</u>	<u>\$ 12,947</u>	<u>\$ 11,839</u>
All other governmental funds:										
Nonspendable	\$ 127	\$ 154	\$ 131	\$ 140	\$ 142	\$ 145	\$ 130	\$ 150	\$ 150	\$ 126
Restricted	1,491	961	910	877	1,040	1,033	887	1,112	1,574	1,497
Committed	16,309	13,755	11,434	7,206	8,061	9,437	10,250	14,367	12,746	13,269
Assigned			1,606	1,189	900	620	364	186	149	183
Unassigned	<u>(2,942)</u>	<u>(3,033)</u>	<u>(2,946)</u>	<u>(2,942)</u>	<u>(2,980)</u>	<u>(3,699)</u>	<u>(5,924)</u>	<u>(6,021)</u>	<u>(5,844)</u>	<u>(18,255)</u>
Total All Other Governmental Funds	<u>\$ 14,985</u>	<u>\$ 11,837</u>	<u>\$ 11,135</u>	<u>\$ 6,470</u>	<u>\$ 7,163</u>	<u>\$ 7,536</u>	<u>\$ 5,707</u>	<u>\$ 9,794</u>	<u>\$ 8,775</u>	<u>\$ (3,180)</u>

TABLE 4

TOWN OF WATERFORD, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Property taxes, interest and liens	\$ 93,937	\$ 93,334	\$ 92,060	\$ 91,062	\$ 87,828	\$ 86,168	\$ 81,756	\$ 78,907	\$ 76,356	\$ 73,304
Intergovernmental	16,013	11,736	11,396	12,197	10,197	15,149	11,367	12,055	13,140	16,929
Assessments and connections	140	131	123	53	70	33	95	1	145	50
Licenses and permits	1,699	1,988	1,641	1,737	1,624	1,175	1,021	1,040	1,028	1,387
Fines, penalties and charges for services	1,770	1,151	1,382	1,771	1,591	1,806	1,524	1,511	1,524	1,389
Investment earnings	206	128	1,020	1,254	659	304	181	156	135	166
Other	129	291	276	134	162	708	740	1,002	1,393	2,023
Total revenues	<u>113,893</u>	<u>108,759</u>	<u>107,898</u>	<u>108,208</u>	<u>102,131</u>	<u>105,343</u>	<u>96,684</u>	<u>94,672</u>	<u>93,721</u>	<u>95,248</u>
Expenditures:										
General government	14,603	14,620	14,164	13,454	13,480	13,493	13,180	12,290	11,837	11,409
Public safety	10,924	11,188	10,615	10,737	10,248	10,053	10,022	9,690	9,269	9,055
Public works	5,390	4,764	4,385	4,822	4,341	4,763	4,435	4,401	4,863	5,503
Recreation	1,530	1,323	1,465	1,412	1,382	1,728	1,634	1,670	1,645	1,533
Library	972	1,076	1,007	1,022	1,003	1,037	1,546	1,438	1,465	1,032
Social services	1,352	1,033	1,113	1,199	1,242	1,244	2,990	3,187	3,104	1,165
Education	62,844	59,771	58,698	58,886	55,761	56,983	50,786	50,850	50,512	51,428
Capital outlay	5,411	8,383	11,637	7,314	6,424	5,156	7,414	5,438	9,025	21,885
Debt service:										
Principal	5,840	5,060	5,145	5,020	4,980	4,585	4,430	4,005	2,670	2,015
Interest	2,095	2,715	2,355	2,565	2,449	2,937	2,985	3,057	2,601	2,481
Total expenditures	<u>110,961</u>	<u>109,933</u>	<u>110,584</u>	<u>106,431</u>	<u>101,310</u>	<u>101,979</u>	<u>99,422</u>	<u>96,026</u>	<u>96,991</u>	<u>107,506</u>
Excess of revenues over (under) expenditures	<u>2,932</u>	<u>(1,174)</u>	<u>(2,686)</u>	<u>1,777</u>	<u>821</u>	<u>3,364</u>	<u>(2,738)</u>	<u>(1,354)</u>	<u>(3,270)</u>	<u>(12,258)</u>
Other financing sources (uses):										
Transfers in	6,978	3,801	5,975	4,978	4,834	5,274	3,509	6,646	3,776	4,079
Transfers out	(6,978)	(3,801)	(5,975)	(4,978)	(4,834)	(5,274)	(3,509)	(6,646)	(3,776)	(3,733)
Bonds and notes issued	281	32,545	19,085			14,585			15,930	33,750
Bond and notes premium		1,442	1,610			2,842			404	1,608
Payment to refunding bond escrow agent		(28,679)	(10,490)			(17,289)				
Total other financing sources (uses)	<u>281</u>	<u>5,308</u>	<u>10,205</u>	<u>-</u>	<u>-</u>	<u>138</u>	<u>-</u>	<u>-</u>	<u>16,334</u>	<u>35,704</u>
Net change in fund balances	3,212	4,134	7,519	1,777	821	3,502	(2,738)	(1,354)	13,064	23,446
Fund Balances at Beginning of Year, as restated	<u>35,619</u>	<u>31,485</u>	<u>23,729</u>	<u>21,952</u>	<u>21,131</u>	<u>17,629</u>	<u>20,367</u>	<u>21,721</u>	<u>8,657</u>	<u>(14,789)</u>
Fund Balances at End of Year	<u>\$ 38,832</u>	<u>\$ 35,619</u>	<u>\$ 31,248</u>	<u>\$ 23,729</u>	<u>\$ 21,952</u>	<u>\$ 21,131</u>	<u>\$ 17,629</u>	<u>\$ 20,367</u>	<u>\$ 21,721</u>	<u>\$ 8,657</u>
Debt Service as a Percentage of Noncapital Expenditures	8.13%	8.29%	8.20%	8.29%	8.49%	8.42%	8.77%	8.45%	6.37%	5.54%

TABLE 5

TOWN OF WATERFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year Ended June 30	Grand List Year October 1	Real Estate			Personal Property	Motor Vehicles	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (Mill Rate)	Estimated Actual Taxable Value
		Residential	Commercial	Industrial						
2022	2020	\$ 1,499,675	\$ 822,648	\$ 339,794	\$ 907,920	\$ 172,797	\$ 355,661	\$ 3,387,173	27.64	\$ 4,838,819
2021	2019	1,496,995	811,742	333,151	875,071	161,228	348,230	3,330,957	27.87	4,758,510
2020	2018	1,490,621	820,308	333,682	843,989	156,473	344,559	3,300,514	27.98	4,715,019
2019	2017	1,487,852	818,493	333,099	834,617	155,805	339,574	3,290,292	27.42	4,700,417
2018	2016	1,469,387	410,093	734,321	814,973	152,334	342,048	3,239,060	27.03	4,627,229
2017	2015	1,463,583	399,505	734,321	791,659	150,220	345,424	3,193,864	26.78	4,562,663
2016	2014	1,460,280	404,196	734,321	760,024	149,335	349,274	3,158,882	25.83	4,512,689
2015	2013	1,447,859	402,598	738,064	803,517	149,082	343,699	3,197,421	24.80	4,567,744
2014	2012	1,447,758	430,568	799,766	789,947	146,841	441,933	3,172,947	24.08	4,532,781
2013	2011	1,894,137	433,114	781,274	799,238	148,736	343,864	3,712,635	19.77	5,303,764

Source: Assessor's Office - Town of Waterford

Notes: (1) Revaluation October 1, 2012

TABLE 6

**TOWN OF WATERFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(In Thousands)**

Business Name	Nature of Business	2020 GL			2010 GL		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Dominion Nuclear Connecticut	Nuclear Power	\$ 1,133,197	1	33.46%	\$ 1,108,715	1	30.32%
Eversource	Utility	98,709	2	2.91%	45,795		1.25%
Crystal Mall LLC	Retail	30,690	3	0.91%	88,417	2	2.42%
Centro GA (Waterford Commons)	Retail	29,145	4	0.86%	30,951	5	0.85%
Mass Municipal	Business Corp	26,098	5	0.77%		8	0.00%
Chase Crossroads Waterford Square	Shopping Center	13,976	6	0.41%	30,655	6	0.84%
Charter Oak Federal Credit Union	Banking Headquarters	13,547	7	0.40%			0.00%
Sonalysts Inc.	Government Contractor	12,606	8	0.37%	13,165	10	0.36%
Walmart	Shopping Center	12,283	9	0.36%	19,777	7	0.54%
Yankee Gas Services Co.	Utility	12,003	10	0.35%	11,148		0.30%
Total		\$ 1,382,254		40.80%	\$ 1,348,623		36.88%

Source: Town of Waterford, Office of Tax Assessor

TABLE 7

**TOWN OF WATERFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30	Tax Rate in Mills	Taxes Levied for the Fiscal Year	Tax Levy Adjustment	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage		Amount	Percentage
2022	27.64	\$ 93,367	\$ (339)	\$ 93,028	\$ 93,672	99.68%	\$	\$ 93,672	100.33%
2021	27.87	92,573	(330)	92,243	92,636	99.69%	364	93,000	100.46%
2020	27.98	92,085	(573)	91,512	91,644	99.43%	584	92,228	100.16%
2019	27.42	90,489	(188)	90,301	89,774	99.21%	477	90,251	99.74%
2018	27.03	87,763	(219)	87,544	86,952	99.08%	327	87,279	99.45%
2017	26.78	85,757	(185)	85,572	85,025	99.15%	474	85,499	99.70%
2016	25.83	81,681	(126)	81,555	80,913	99.06%	319	81,232	99.60%
2015	24.80	79,312	(367)	78,945	78,331	98.76%	293	78,624	99.59%
2014	24.08	76,344	(448)	75,896	75,511	98.91%	181	75,692	99.73%
2013	19.77	73,354	(150)	73,204	72,501	98.84%	562	73,063	99.81%

Source: Tax Collector's Report; Annual Comprehensive Financial Report

TABLE 8

TOWN OF WATERFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year		General Obligation Bonds		Total Primary Government	Ratio of Debt to Per Capita Income	Ratio of Debt to Taxable Assessed Value	Debt per Capita
2022	\$	66,975	\$	66,975	0.07%	1.98%	\$ 3,425
2021		69,400		69,400	6.38%	2.08%	3,556
2020		73,030		73,030	8.81%	2.21%	3,742
2019		69,465		69,465	8.70%	2.10%	3,655
2018		74,485		74,485	9.32%	2.30%	3,919
2017		79,465		79,465	9.95%	2.49%	4,181
2016		85,715		85,715	10.68%	2.71%	4,487
2015		90,145		90,145	11.12%	2.82%	4,675
2014		94,885		94,885	11.62%	2.99%	4,884
2013		91,625		91,625	12.00%	2.47%	4,698
2012		83,640		83,640	10.94%	2.26%	4,282

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

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2022
(In Thousands)

Total Tax Collections for the prior year, June 30, 2021, Including Interest and Lien Fees						\$	93,293
Reimbursement for revenue loss on:							
State owned and private tax exempt properties							
Property tax relief							<u>153</u>
Base						\$	<u><u>93,446</u></u>
	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit		Total
Debt Limitation:							
2-1/4 times base	\$ 210,254	\$	\$	\$	\$	\$	
4-1/2 times base		420,507					
3-3/4 times base			350,423				
3-1/4 times base				303,700			
3 times base					280,338		
7 times base							<u>654,122</u>
Total debt limitation	<u>210,254</u>	<u>420,507</u>	<u>350,423</u>	<u>303,700</u>	<u>280,338</u>		<u>654,122</u>
Indebtedness:							
Bonds payable	12,970	54,005					
Authorized and unissued	<u>1,345</u>	<u>7,247</u>					
Total indebtedness	<u>14,315</u>	<u>61,252</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 195,939</u>	<u>\$ 359,255</u>	<u>\$ 350,423</u>	<u>\$ 303,700</u>	<u>\$ 280,338</u>	<u>\$</u>	<u>654,122</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$654 million.

Note 2: Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or interim financing has been issued.

TOWN OF WATERFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 654,122	\$ 648,809	\$ 638,610	\$ 614,811	\$ 603,200	\$ 603,192	\$ 572,307	\$ 552,363	\$ 534,504	\$ 513,141
Total net debt applicable to limit	75,567	72,815	73,030	69,465	74,485	87,841	134,033	138,463	137,207	139,957
Legal debt margin	\$ <u>578,555</u>	\$ <u>575,994</u>	\$ <u>565,580</u>	\$ <u>545,346</u>	\$ <u>528,715</u>	\$ <u>515,351</u>	\$ <u>438,274</u>	\$ <u>413,900</u>	\$ <u>397,297</u>	\$ <u>373,184</u>
Total net debt applicable to the limit as a percentage of debt limit										

(1) In no event shall total debt exceed seven times annual receipts from taxation.

Source: Comprehensive Annual Financial Report - Statement of Debt Limitation

Note: See Schedule of Debt Limitation on prior page for calculation of current year debt limitation

**TOWN OF WATERFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1, 6)	Per Capita Personal Income (1,6)	Total Personal Income (5)	Median Age (2,6)	School Enrollment (3)	Unemployment Rate (4)
2022	19,553	\$ 44,931	\$	42	2,348	4.8%
2021	19,519	44,280		42	2,367	7.7%
2020	18,746	43,125		46	2,469	10.6%
2019	19,007	42,028		49	2,518	3.7%
2018	19,007	42,028		48	2,653	2.8%
2017	19,007	42,028		48	2,776	3.7%
2016	19,427	39,498		47	2,749	4.8%
2015	19,427	39,498		46	2,764	5.4%
2014	19,508	39,042		47	2,799	6.0%
2013	19,517	38,245		46	2,895	7.6%

(1) U.S. Department of Commerce, Bureau of Census (estimate for July, 2021)

(2) Connecticut Economic Resource Center based on U.S. Bureau of Census Data. September each year.

(3) Connecticut State Department of Education

(4) Connecticut Department of Labor. June each year. Not seasonally adjusted.

(5) Bureau of Economic Analysis September 2007

(6) Data source: American Community Survey

TABLE 12

**TOWN OF WATERFORD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Business Name	Nature of Business	2022			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dominion Nuclear Connecticut	Nuclear Power	1,650	1	16.74%	1,650	1	16.61%
Town of Waterford	Municipality	625	2	7.02%	645	2	6.29%
Waterford Hotel Group	Hospitality	526	3	5.39%	531	3	5.35%
Wal Mart Stores, Inc	Retail	497	4	5.04%	497	4	5.00%
Sonalysts Inc.	Government Contractor	275	5	2.79%	275	5	2.77%
Home Depot	Hardware & Lumber	200	6	2.03%	186	7	1.87%
Bayview Healthcare Center	Healthcare Facility	200	7	2.01%	225	6	2.26%
Lowe's Home Improvement	Hardware & Lumber	119	8	1.62%	182	8	1.83%
BJ's Wholesale	Retail Store	112	9	1.18%	-		
Coca Cola Bottling	Distributor	120	10	1.14%	-		
Total		<u>4,324</u>		<u>44.96%</u>	<u>4,191</u>		<u>41.98%</u>

Source: Employment Data - Official Statement July 2020

TABLE 13

TOWN OF WATERFORD, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government	66	73	94	92	92	92	92	92	92	93
Police	55	53	55	54	54	54	54	54	54	56
Fire	15	15	15	15	15	15	15	20	15	15
Refuse collection	6	6	6	6	6	6	6	6	5	5
Other public works	28	28	27	24	24	24	24	24	28	28
Recreation and parks	11	12	11	10	10	10	10	10	13	13
Library	11	16	21	24	24	24	24	24	23	23
Education	433	463	463	463	461	456	455	455	455	440
Total	<u>625</u>	<u>666</u>	<u>692</u>	<u>688</u>	<u>686</u>	<u>681</u>	<u>680</u>	<u>685</u>	<u>685</u>	<u>673</u>

Source: Town and Board of Education Human Resources Departments

TABLE 14

TOWN OF WATERFORD, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Building permits issued	21	13	30	28	31	24	15	15	19	22
Building inspections conducted	270	180	330	475	490	312	195	282	408	460
Police										
Physical arrests	1,006	708	818	1,062	1,170	1,128	1,914	1,955	2,104	1,718
Parking violations	38	24	69	146	147	162	176	38	57	58
Traffic violations	4,869	3,159	4,102	6,344	5,162	3,509	4,066	3,691	4,937	5,046
Fire										
Emergency responses	2,549	2,239	2,900	3,930	4,167	3,860	3,896	3,668	3,624	3,823
Fires extinguished	70	69	81	47	60	62	82	60	68	61
Inspections	243	139	185	272	323	311	425	488	539	558
Refuse Collection										
Refuse collected (tons per day)	26	31	29	28	28	25	48	27	42	45
Recyclables collected (tons per day)	10	7	8	15	17	17	17	13	9	9
Other Public Works										
Street resurfacing (miles)	2	1	2	3	2	2	3	4	3	5
Potholes repaired	678	211	267	453	534	372	510	989	747	422
Recreation and Parks										
Athletic field permits issued	1,748	1,494	1,026	2,091	2,003	2,076	2,060	2,832	2,855	2,009
Community center admissions (1)	3,513	493	19,524	61,784	61,000	61,218	62,240	61,689	61,630	61,742
Number of program registrations	1,124	27	3,229	6,146	7,247	6,973	7,531	5,812	5,381	6,596
Program fees	38,853	815	63,933	212,071	203,612	201,084	201,885	190,780	190,485	205,803
Senior Services										
Number of program participants	654	23,147	24,181	47,159	47,060	45,751	43,931	45,432	44,856	45,173
Program revenue	31,463	22,719	26,771	34,138	32,040	29,135	31,074	27,988	29,911	33,573
Library										
Volumes in collection	80,327	78,436	78,250	81,782	84,904	80,254	83,023	81,283	83,076	82,460
Total volumes borrowed	147,476	136,477	151,739	193,542	200,769	209,508	218,010	232,796	242,724	236,607
Water										
New connections	36	36	25	25	28	22	7	7	8	17
Water main breaks	13	14	11	11	13	7	6	7	9	4
Average daily consumption (MGD)	5.7	2.4	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Peak daily consumption (MGD)	6.3	4.2	4.7	4.7	4.6	4.6	4.6	4.6	4.6	4.6

Source: Department Directors

TOWN OF WATERFORD, CONNECTICUT
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<i>Police</i>										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	28	28	28	28	26	26	20	20	20	20
<i>Fire</i>										
Stations	5	5	5	5	5	5	5	5	5	5
<i>Refuse Collection</i>										
Collection trucks	6	6	6	6	6	6	6	6	6	6
<i>Other Public Works</i>										
Streets (Miles)	121	121	121	121	121	121	121	121	121	121
Storm drain (Miles)	61	61	61	61	61	61	61	61	61	61
<i>Recreation and Parks</i>										
Acreage	550	550	550	550	550	550	550	550	550	550
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	15	15	15	14	14	14	14	14	14	14
Soccer/football fields	10	10	10	10	10	10	10	10	10	10
Community centers	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
Water main (miles)*	111	111	111	111	111	111	111	110	110	109
Fire hydrants	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,133	1,133	1,128
Storage capacity (000's of gallons)	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800	5,800
<i>Wastewater</i>										
Sanitary sewers (miles)**	149.15	149.15	149.15	148.01	148.01	148.01	148.01	148.01	148.01	146.10
Pump stations	28	28	28	28	28	28	28	28	28	27

Source: Directors at each department

* Does not include service connections

** Includes lateral sewer service connections