

TOWN OF WATERFORD, CONNECTICUT



ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

TOWN OF WATERFORD, CONNECTICUT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

**DEPARTMENT OF FINANCE
KIMBERLY ALLEN
DIRECTOR OF FINANCE**

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December 19, 2025

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, 2025.

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, 2025. 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

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. The Town's one business-type activity, municipal water and sewer services, 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 budget transfers within series are approved by the Board of Selectmen. 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 retail sales outlets, a production/software development company, several utilities, and 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
- Continues to be a Viable Tax payer
- 2-Year Tax Deal Signed

Economic Development Commission Master Plan

- Town Plan of Conservation and Development now in draft form and being reviewed by commission members

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

- Completion of 40 (32 affordable 8 market rate) apartment units at 908 Hartford Turnpike.
- Work completed on phase 1 and 2 for apartment complex on Willets Avenue (phase 3 underway).
- Completion of self-storage facility on Rte. 85
- Approval of 40 (4 affordable, 36 market rate) single family units at 48 Great Neck Road – Ivy Hill – 5 units occupied, construction ongoing
- Approval of new Chipotle franchise 124 Boston Post Road – construction complete business open
- Approval of pickleball club at 365 Mago Point Way –construction complete business open
- Approval of new gas station and convenience store 118 Boston Post Road – construction ongoing
- Approval of new gas station 809 Hartford Turnpike – construction complete business open
- Approval of new car wash 890 Hartford Turnpike – construction ongoing

New Industry

- Approval granted for Safe Futures on Rte. 85

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 Fiscal Planning Committee to analyze the town's future economic growth, revenue streams and project expenditures for the financial planning moving forward. This proactive approach to long-range operational budget planning, combined with multi-year capital planning, has become an effective budgetary management tool. The Long-Range Fiscal 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

Increase school enrollment

- Attract students from neighboring districts to Waterford High School on a tuition basis

Eco Friendly Town

- Achieved Bronze Certificate as a Sustainable CT Community
- Land Preservation



- Easements, Purchase and Donations
- Plan of Conservation and Development
- 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
 - The town applied for a moratorium to allow necessary time to review its affordable housing plan

Town Center Improvements (“Main Street”)

- Committee Formed in June 2020
- Improved Recreational Amenities
 - Accessible walking paths, sidewalks, and boardwalks
- Improved Fiber Connectivity
- 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

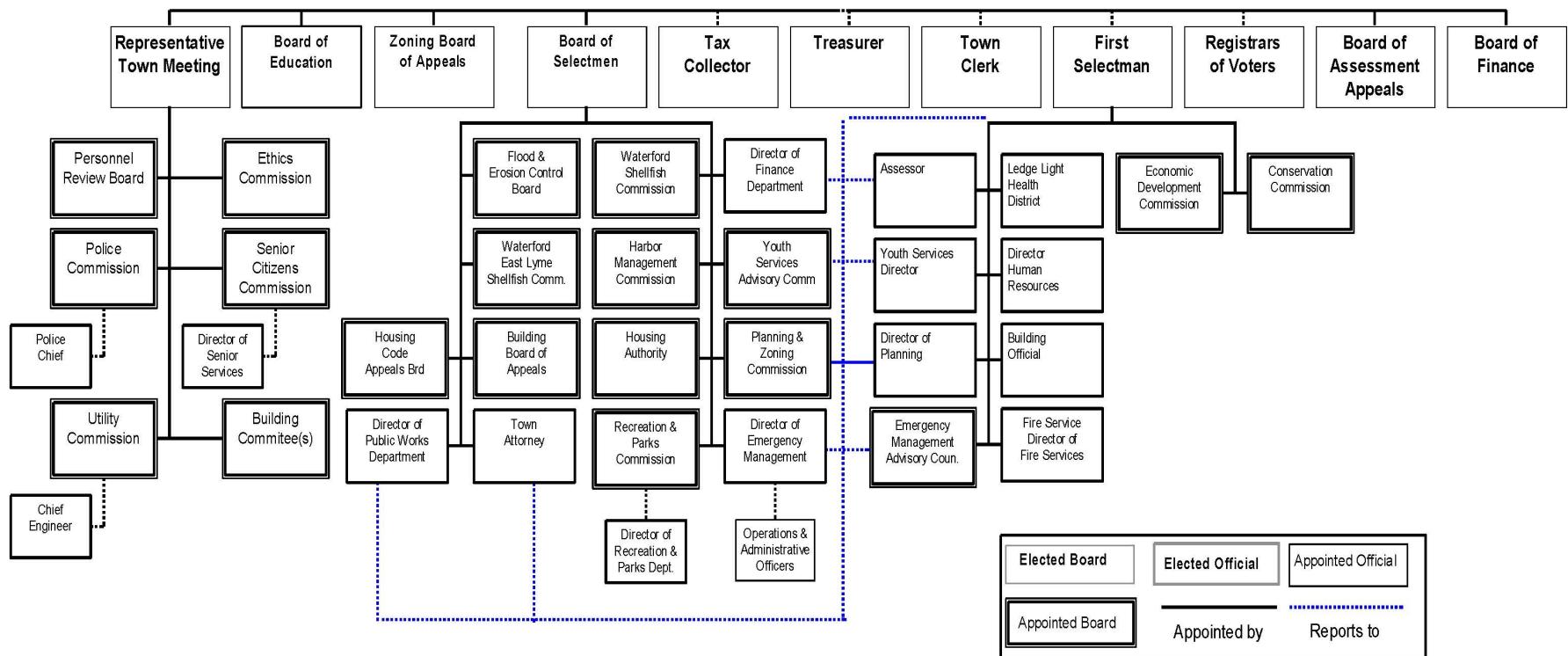
Kimberly Allen
Director of Finance

**TOWN OF WATERFORD, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
JUNE 30, 2025**

Robert J. Brule, Jr.	First Selectman
Thomas W. Giard III	Superintendent of Schools
Kimberly Allen	Director of Finance
Abbas Danesh	Treasurer
Jonathan Mullen	Planning Director
Gary Schneider	Director of Public Works
Marc Balestracci	Chief of Police
James Bartelli	Chief Engineer, Utilities Commission
Alan Wilensky	Tax Collector
Paige Walton	Assessor
Ryan McNamara	Recreation and Parks Director
David Campo	Town Clerk
Daniela Gorman	Director of Human Services
Steve Cardelle	Building Official
Christine Johnson	Library Director
Michael Howley	Director of Fire Services
Christine Walters	Director of Human Resources

**TOWN OF WATERFORD, CONNECTICUT
ORGANIZATION CHART
JUNE 30, 2025**

ORGANIZATIONAL CHART TOWN OF WATERFORD GENERAL GOVERNMENT



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of and for the year ended June 30, 2025, 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, each major fund, and the aggregate remaining fund information of the Town of Waterford, Connecticut, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 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.

Board of Finance
Town of Waterford, Connecticut

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025, 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

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 19, 2025

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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, 2025. 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 decreased by \$3.3 million this year. While net position of our business-type activities decreased by \$2.2 million, or 4.6 %, net position of our governmental activities decreased by \$1.1 million or 0.1 %.
- During the year, the Town had expenses that were \$1.1 million more than the \$124.7 million generated in tax and other revenues for governmental programs.
- In the Town's business-type activities, revenues and transfers in increased by \$149 thousand or 3.4%, while expenses increased by \$1.5 million or 27.1 %.
- The total cost of all of the Town's programs was \$132.2 million, with no new programs added this year.
- The General Fund reported a fund balance this year of \$19.2 million.
- The resources available for appropriation were \$2.3 million less than anticipated for the General Fund. There were additional appropriations of \$4.8 million, of which, \$4.7 million was for transfers out to the Capital Improvement and Capital and Nonrecurring Funds. Unused appropriations of \$1.3 million were returned to fund balance at year-end. Overall, the operating results decreased the General Fund balance by \$5.8 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits II, respectively 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.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, 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 Towns other programs and activities - such as the Towns Insurance Administration Fund.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

- **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 Towns combined net position decreased from \$211.8 million to \$208.6 million or 0.1 %. 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.

Table I (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	\$ 52,583	\$ 62,538	\$ 5,836	\$ 7,472	\$ 58,419	\$ 70,010
Capital Assets, Net of Accumulated Depreciation	224,205	223,870	40,483	41,657	264,688	265,527
Total Assets	276,788	286,408	46,319	49,129	323,107	335,537
Deferred Outflows of Resources	18,632	19,259	-	-	18,632	19,259
Liabilities:						
Long-Term Debt Outstanding	113,146	120,825	228	348	113,374	121,173
Other Liabilities	12,215	13,036	414	907	12,629	13,943
Total Liabilities	125,361	133,861	642	1,255	126,003	135,116
Deferred Inflows of Resources	7,166	7,796	-	-	7,166	7,796
Net Position:						
Net Investment in Capital Assets	171,592	167,448	40,483	41,656	212,075	209,104
Restricted	2,592	2,310	-	-	2,592	2,310
Unrestricted	(11,291)	(5,748)	5,194	6,218	(6,097)	470
Total Net Position	\$ 162,893	\$ 164,010	\$ 45,677	\$ 47,874	\$ 208,570	\$ 211,884

Net position of the Town's governmental activities decreased by 0.1 % (\$162.9 million in 2025 compared to \$164.0 million in 2024). 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 – decreased by \$5.6 million, -\$5.7 million in 2024 compared to -\$11.3 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, 2025.

The net position of our business-type activities decreased by 4.6% (\$45.7 million in 2025 compared to \$47.9 million in 2024).

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

The Town's total revenues (excluding special items) were \$128.9 million. The total cost of all programs and services was \$132.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Table II (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 4,352	\$ 3,839	\$ 3,849	\$ 3,861	\$ 8,201	\$ 7,700
Operating Grants and Contributions	13,512	11,930	-	-	13,512	11,930
Capital Grants and Contributions	4,305	3,654	-	-	4,305	3,654
General Revenues:						
Property Taxes	98,702	96,206	-	-	98,702	96,206
Grants and Contributions Not Restricted to Specific Purposes	426	936	-	-	426	936
Unrestricted Investment Earnings	3,437	4,301	283	326	3,720	4,627
Loss on Disposal of Capital Assets	-	-	-	-	-	-
Miscellaneous Revenue	6	73	-	-	6	73
Total Revenues	124,740	120,939	4,132	4,187	128,872	125,126
Program Expenses:						
General Government	16,629	17,265	-	-	16,629	17,265
Public Safety	13,578	13,087	-	-	13,578	13,087
Public Works	10,641	10,725	-	-	10,641	10,725
Recreation	2,319	3,304	-	-	2,319	3,304
Library	1,248	1,047	-	-	1,248	1,047
Social Services	1,649	1,380	-	-	1,649	1,380
Education	78,282	71,966	-	-	78,282	71,966
Interest and Fiscal Charges	1,057	1,153	-	-	1,057	1,153
Utility Commission	-	-	6,783	5,335	6,783	5,335
Total Program Expenses	125,403	119,927	6,783	5,335	132,186	125,262
Excess (Deficiency) of Revenues Over Expenses Before Transfers						
	(663)	1,012	(2,651)	(1,148)	(3,314)	(136)
Transfers	(454)	(250)	454	250	-	-
Change In Net Position	(1,117)	762	(2,197)	(898)	(3,314)	(136)
Net Position - Beginning of Year	164,010	163,248	47,874	48,772	211,884	212,020
Net Position - End of Year	\$ 162,893	\$ 164,010	\$ 45,677	\$ 47,874	\$ 208,570	\$ 211,884

Governmental Activities

Approximately 79.1% of these revenues were derived from property taxes, followed by 14.6% from operating and capital grants and contributions, 3.5% from charges for services, and 2.8% from investment and other general revenues.

Major factors affecting operations include:

- Property Tax Revenues were up by \$2.5 million due to a mill rate increase of 5.2% for an increase of \$4.8 million and a decrease of \$2.3 million due to tax adjustment credits.
- Operating grants and contributions were up by \$1.6 million due primarily to the following: There was increase in the State's on-behalf contribution for the Teachers' Retirement System of \$921.2 thousand and an increase in the State's on-behalf contribution for the Teachers' Retirement System OPEB of \$1.2 million. There was an increase in the Excess Cost grant of \$77.8 thousand. There was a decrease in Special Assistance grants of \$626.9 thousand. There was a decrease in assistance to the School Cafeteria fund of \$173.6 thousand.
- Capital grants and contributions increased by \$709 thousand due mainly to the following:

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Public Safety Capital grants increased by \$1.4 million in FY25. Most of the \$1.4 million was for the transfer of the Oswegatchie Fire building and Land. There was also a \$13.0 thousand LOCIP grant for the Quaker Hill Fire alarm system.

Public works capital grants were up by \$323.6 thousand. The Cost Sharing PRR grant decreased by \$812.7 thousand. LOCIP funds decreased by \$131.3 thousand. LOTCIP funds decreased by \$142.4 thousand. American Rescue funds for Public Works Projects increased by \$927.8 thousand.

There was also an increase of \$432.5 thousand for the Mago Point Project and another \$49.7 thousand for the LOCIP grant for the 8 Goshen Road Demo project.

Recreation Capital grants were down by \$1.1 million for the Civic Triangle project funded by American Rescue and LOCIP funds.

Social Service Capital grants increased by \$65.2 thousand. This is due to a grant for a new theater at the Senior Center for \$58.2 thousand and \$7 thousand for a CT Foodshare Community Impact grant for assets and signage.

- Investment earnings were down by \$864 thousand due to lower interest rates and lower investable balances.

Grants and contributions not restricted to specific programs decreased by \$510 thousand. The town did not receive the Municipal Revenue Share grant in FY25, which was down by \$493.8 thousand. The telecommunications property tax payments were down by \$19.0 thousand. Miscellaneous Revenue is up by \$6.0 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.

Table III (in thousands)

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Education	\$ 78,282	\$ 71,966	\$ 64,263	\$ 59,511
General Government	16,629	17,265	14,891	15,888
Public Safety	13,580	13,087	11,650	12,548
Public Works	10,641	10,725	7,699	8,323
Recreation	2,319	3,304	1,364	1,115
All Others	3,952	3,580	3,367	3,119
Totals	<u>\$ 125,403</u>	<u>\$ 119,927</u>	<u>\$ 103,234</u>	<u>\$ 100,504</u>

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Business-Type Activities

Net position of the Town's business-type activities (see Table 1) decreased by 4.6% (\$45.7 million in 2025 compared to \$47.9 million in 2024). Revenues and transfers in for the Town's business-type activities (see Table 2) increased by \$149 thousand (\$4.6 million in 2025 compared to \$4.4 million in 2024). Overall expenses were higher than revenues and transfers in by \$2.2 million. The factors driving these results include:

- A decrease in sewer use fee revenue of \$12.0 thousand.
- An increase in transfers in of \$204.0 thousand.
- A decrease in investment earnings of \$43.0 thousand.
- An increase in expenses of \$1.5 million.

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 \$34.3 million, which is a decrease of \$8.5 million from last year's total of \$42.8 million. Included in this year's total change in fund balance is a decrease of \$5.8 million in the General Fund, a decrease of \$1.0 million in the Capital and Nonrecurring Fund and a decrease of \$1.7 million for Nonmajor Governmental Funds.

Capital Projects Funds:

- The Capital and Nonrecurring Fund balance decreased by \$1.0 million due to revenues of \$948.7 thousand plus transfers in of \$4.3 million and expenditures of \$6.3 million.

Non-Major Capital Projects Funds:

- The Fleet Management Fund decreased by \$852.6 thousand due to expenditures of 2.2 million, which was reduced by revenue of \$326.6 thousand and transfers in of \$1.0 million.
- The Capital Improvement Fund decreased by \$795.0 thousand due to expenditures of \$2.3 million, which was reduced by net transfers in and out of \$1.5 million.
- The Sewer Maintenance and Development Fund increased by \$189.9 thousand due to revenues of \$294.5 thousand, which reduced by expenditures of \$104.6 thousand.

Non-Major Special Revenue Funds:

- The Water Fund decreased by \$156.3 thousand due to revenues of \$39.6 thousand and expenditures of \$196.0 thousand.
- The Nuclear Safety Emergency Preparedness Fund decreased by \$68.0 thousand due to grant expenditures that had not been reimbursed by the end of the year.
- The Cafeteria fund decreased by \$60.0 thousand due to revenues being \$60.0 thousand less than the \$1.3 million of expenditures.
- The ARPA Senior Center Grant Fund decreased by \$58.2 thousand due to grant expenditures that had not been reimbursed by the end of the year.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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 \$49.5 million at the end of the year, which includes a \$3.9 million fund balance in the Internal Service Fund.

Net position of the Utility Commission Fund at the end of the year amounted to \$45.7 million. Factors affecting the balance of this fund are included in the discussion of the Town's business-type activities.

In fiscal year 2025, net position of the Internal Service fund decreased by \$668.4 thousand from fiscal year 2024. This is due to \$14.2 million in contributions and other revenues (an increase of \$679.2 thousand over fiscal year 2024), reduced by expenses for claims and program administration of \$15.1 million (an increase of \$353.4 thousand over fiscal year 2024).

General Fund Budgetary Highlights

Revenues were lower than budgetary estimates by \$2.3 million and expenditures were less than revised budgetary estimates by \$1.2 million. Overall expenditures over revenues on a budgetary basis were \$5.9 million. In the current year, revenues increased by \$1.3 million or 1.3 % over the prior year and expenditures increased by \$5.8 million or 5.5%.

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

- Property tax revenue was under budgetary estimates by \$2.0 million and over prior year revenue by \$2.4 million. The biggest factor in the shortfall of revenues was due to a stipulated agreement that produced credits of \$966.7 thousand. The mill rate for FY25 was up by 5.2 % over FY24.
- State and Federal grant funding was under budgetary estimates by \$376.7 thousand and under prior year revenue by \$425.1 thousand. This is mostly due to not receiving the Municipal Revenue Sharing funds, estimated at \$316.0 thousand, in FY25. LOCIP revenue was down from estimates by \$177.5 thousand due to being budgeted in the General fund, but subsequently being accounted for in a new capital fund for LOCIP projects.
- License and permit revenue is over budgetary estimates by \$418.4 thousand and over the prior year by \$204.7 thousand. The building department revenues increased from FY24 by \$311.2 thousand. Recreation and parks revenue is down from FY24 by \$123.9 thousand. Conveyance tax revenue is up from FY24 by \$23.4 thousand. Liens fees paid by the Utility Commission were down by \$5.3 thousand from FY24. Planning & zoning had a decrease of \$3.5 thousand over the prior year. Miscellaneous fees and permits were up from FY24 by \$1.7 thousand. Town Clerk fees are up from FY24 by \$1.1 thousand.
- Fines, Penalties and Charges for Services are over budgetary estimates by \$17.5 thousand and under the prior year revenue by \$93.7 thousand. The biggest change was a decrease for miscellaneous revenue of \$86.7 thousand, due to revenue from the sale of One Hamel Court of \$114.7 thousand in FY24. Tuition fees decreased by \$33.9 thousand. Recycling revenue increased by \$18.4 thousand. Fire Service Inspections & Plan fees increased by \$7.5 thousand. Bulky Waste fees were down by \$6.5 thousand. Senior Services program revenue was up by \$4.3 thousand.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

- Other sources of revenue were over budgetary estimates by \$119.6 thousand and under the prior year revenue by \$14.7 thousand. Rental of Buildings was down by \$2.2 thousand. The New London Radio fee was down by \$9.7 thousand. Sale of Equipment was down by \$11.6 thousand. The BOE custodial stipend increased by \$2.7 thousand. The SCRRRA rebate was up by \$1.0 thousand. The Eugene O'Neill Lease was up \$0.5 thousand.
- Investment income is over budgetary estimates by \$402.0 thousand and under prior year revenue by \$689.6 thousand.
- Other Financing Sources, which consists of the cancelation of prior year encumbrances and transfers in from the capital improvement fund, was under estimated revenue by \$857.7 thousand and under the prior year by \$52.5 thousand. The appropriation of fund balance accounted for \$1 million of the shortfall.

Overall Expenditures came in \$1.2 million under revised budgetary estimates. The largest amounts of unused appropriations returned in the current fiscal year are as follows:

- The Public Works Department returned \$312.6 thousand.
- Fire Services returned \$161.9 thousand
- The Police Department returned \$125.0 thousand.
- The Insurance Department returned \$112.6 thousand.
- The Emergency Management Department returned \$110.1 thousand.
- The Building Department returned \$61.8 thousand.
- The Board of Education transferred \$110.3 thousand of unspent appropriations into their non-lapsing fund in FY26

The Town's General Fund balance of \$19.2 million reported on Exhibit III differs from the General Fund's budgetary balance of \$19.1 million reported in the budgetary comparison in the required supplementary information. This is principally because budgetary fund balance does not include \$125.8 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 2025, those balances amounted to \$34.0 thousand.

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2025, the Town had \$264.7 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 \$838.0 thousand or .3%, from last year.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

Table IV (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 9,661	\$ 9,210	\$ 128	\$ 128	\$ 9,789	\$ 9,338
Land Improvements	3,667	1,661	-	-	3,667	1,661
Building and Improvements	147,561	151,270	806	840	148,367	152,110
Machinery and Equipment	2,497	2,539	399	472	2,896	3,011
Right-to-Use Lease						
Machinery and Equipment	311	137	-	-	311	137
Vehicles	6,069	4,522	249	277	6,318	4,799
Infrastructure	51,709	51,055	38,181	39,672	89,890	90,727
Permanent Easements	20	20	-	-	20	20
Software	201	219	16	17	217	236
Construction In Progress	2,509	3,236	704	250	3,213	3,486
Total	<u>\$ 224,205</u>	<u>\$ 223,869</u>	<u>\$ 40,483</u>	<u>\$ 41,656</u>	<u>\$ 264,688</u>	<u>\$ 265,525</u>

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

Governmental Activities:

- Buildings and improvements decreased by \$3.7 million. There were additions of \$2.1 million, including the completion of the Fargo Lane Water Tower for \$1.3 million and the transfer of ownership of the Oswegatchie Fire House for \$843.7 thousand. Decreases include the demolition of 8 Goshen Road for \$152.8 thousand. Depreciation expense reduced the account by \$5.7 million.
- Construction-in-progress decreased by \$727 million. The increases included the Oswegatchie Fire House for \$595.6 thousand, Nevins Cottage Improvements for \$92.6 thousand. Improvements for the Senior Center were \$31.9 thousand. Several public works projects accounted for \$ 38.9 thousand. Field and Tennis Courts at Waterford High School were \$1.1 million. Another \$496.9 thousand of the increase was for payments from the Fleet Management Fund for equipment and vehicles purchased, but not put into service as of the year-end. Decreases include the completion of Civic Triangle Improvement project for \$1.5 million, Fleet vehicle and equipment paid for in FY24 and put into service in FY25 for \$704.2 thousand, completed public works projects were \$324.6 thousand, the completion of water projects for the Utility Commission accounted for a decrease of \$522.5 thousand.
- Land increased by \$450.2 thousand due to the transfer of ownership of the Oswegatchie Fire House property for the same amount.
- Land Improvements increased by \$2.0 million due to the completion of the civic triangle project for \$652.7 thousand and the Town hall and Leary Park basketball and tennis court improvements for \$1.50 million. The account was reduced by depreciation expense of \$167.3 thousand.
- Vehicles increased by \$ 1.5 million due to additions of \$2.2 million, in accordance with the fleet management plan, this was offset by depreciation expense of \$677.6 thousand and a loss on disposal of \$24.4 thousand.
- Infrastructure increased by \$654 thousand. Additions increased infrastructure by \$2.6 million. These included the completion of the civic triangle for \$1.4 million and various road projects for \$1.2 million. Depreciation expense was \$1.8 million and disposals accounted for another \$133.3 thousand.
- Machinery and equipment decreased by \$42.0 thousand due to mainly to additions of \$441.7 thousand, which was offset by depreciation expense of \$434.8 thousand and a loss on disposal of \$49.2 thousand.
- Right-to-use machinery and equipment increased by \$174.0 thousand due to additions of \$264.5 thousand and depreciation of \$90.6 thousand.

TOWN OF WATERFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

- Software decreased by \$17.7 thousand due amortization expense of the same amount.

Business-Type Activities

- There was an increase to construction-in-progress \$454.0 thousand for construction on the Old Norwich pump station.
- 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 \$48.6 million of outstanding general obligation bonds. Bonds refunded in December 2020 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 \$674.1 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 2025 was 2.9%, which is an increase from a rate of 2.5% a year ago. Waterford's unemployment rate is lower than the State's average unemployment rate of 3.8%, and the national average of 4.1% as of June 2025.

During the current fiscal year, unassigned fund balance in the General Fund decreased by \$4.9 million. The main reason for the decrease is negative operating results of \$5.8 million. A decrease in the nonspendable balance of \$1.1 thousand and a decrease in the assigned balance of \$891.0 thousand increased the unassigned balance.

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. Please contact the Director of Finance, Town of Waterford, 15 Rope Ferry Road, Waterford, Connecticut 06385 if you have questions about this report or need additional financial information.

BASIC FINANCIAL STATEMENTS

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 30,391,754	\$ 4,940,216	\$ 35,331,970
Investments	18,738,637		18,738,637
Receivables, Net	3,277,724	1,040,529	4,318,253
Internal Balances	144,018	(144,018)	-
Supplies	22,404		22,404
Prepaid Items	9,424		9,424
Capital Assets:			
Intangible Assets Not Being Amortized	20,000	-	20,000
Intangible Assets Being Amortized, Net	201,453	16,413	217,866
Assets Not Being Depreciated	12,169,765	831,642	13,001,407
Assets Being Depreciated, Net	211,813,420	39,634,604	251,448,024
Total Assets	<u>276,788,599</u>	<u>46,319,386</u>	<u>323,107,985</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	12,786,881		12,786,881
Deferred Outflows of Resources Related to OPEB	4,767,865		4,767,865
Deferred Charge on Refunding	1,077,118		1,077,118
Total Deferred Outflows of Resources	<u>18,631,864</u>	<u>-</u>	<u>18,631,864</u>
LIABILITIES			
Current Liabilities:			
Accounts and Other Payables	5,538,417	154,988	5,693,405
Accrued Liabilities	5,040,167	239,748	5,279,915
Unearned Revenue	1,636,251	19,034	1,655,285
Total Current Liabilities	<u>12,214,835</u>	<u>413,770</u>	<u>12,628,605</u>
Noncurrent Liabilities:			
Due Within One Year	7,374,687	62,415	7,437,102
Due in More Than One Year	105,771,617	166,018	105,937,635
Total Noncurrent Liabilities	<u>113,146,304</u>	<u>228,433</u>	<u>113,374,737</u>
Total Liabilities	<u>125,361,139</u>	<u>642,203</u>	<u>126,003,342</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to Pensions	2,187,959		2,187,959
Deferred Inflows of Resources Related to OPEB	3,616,755		3,616,755
Deferred Inflows of Resources Related to Leases	1,361,347		1,361,347
Total Deferred Inflows of Resources	<u>7,166,061</u>	<u>-</u>	<u>7,166,061</u>
NET POSITION			
Net Investment in Capital Assets	171,592,293	40,482,659	212,074,952
Restricted for:			
Trust Purposes:			
Nonexpendable	115,725		115,725
Grants	1,495,601		1,495,601
Contracts	980,515		980,515
Unrestricted	<u>(11,290,871)</u>	<u>5,194,524</u>	<u>(6,096,347)</u>
Total Net Position	<u>\$ 162,893,263</u>	<u>\$ 45,677,183</u>	<u>\$ 208,570,446</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	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	\$ 16,628,574	\$ 1,593,702	\$ 144,066	\$ -	\$ (14,890,806)	\$ -	\$ (14,890,806)
Public Safety	13,579,694	220,369	327,834	1,381,543	(11,649,948)	-	(11,649,948)
Public Works	10,640,968	686,359	110,182	2,144,946	(7,699,481)	-	(7,699,481)
Recreation	2,318,794	240,643	1,206	713,296	(1,363,649)	-	(1,363,649)
Library	1,247,824	1,441	-	-	(1,246,383)	-	(1,246,383)
Social Services	1,648,618	384,349	135,764	65,221	(1,063,284)	-	(1,063,284)
Education	78,281,508	1,225,534	12,792,874	-	(64,263,100)	-	(64,263,100)
Interest on Long-Term Debt	1,056,995	-	-	-	(1,056,995)	-	(1,056,995)
Total Governmental Activities	<u>125,402,975</u>	<u>4,352,397</u>	<u>13,511,926</u>	<u>4,305,006</u>	<u>(103,233,646)</u>	<u>-</u>	<u>(103,233,646)</u>
Business-Type Activities:							
Utility Commission	6,782,586	3,848,645	-	-	-	(2,933,941)	(2,933,941)
Total Business-Type Activities	<u>6,782,586</u>	<u>3,848,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,933,941)</u>	<u>(2,933,941)</u>
Total Primary Governmental Activities	<u><u>\$ 132,185,561</u></u>	<u><u>\$ 8,201,042</u></u>	<u><u>\$ 13,511,926</u></u>	<u><u>\$ 4,305,006</u></u>	<u><u>(103,233,646)</u></u>	<u><u>(2,933,941)</u></u>	<u><u>(106,167,587)</u></u>
GENERAL REVENUES AND TRANSFERS							
Property Taxes				98,702,179	-	98,702,179	
Grants and Contributions Not Restricted to Specific Programs				425,586	-	425,586	
Unrestricted Investment Earnings				3,436,745	283,141	3,719,886	
Miscellaneous				5,990	-	5,990	
Transfers				(454,046)	454,046	-	
Total General Revenues and Transfers				<u>102,116,454</u>	<u>737,187</u>	<u>102,853,641</u>	
CHANGE IN NET POSITION							
Net Position - Beginning of Year				(1,117,192)	(2,196,754)	(3,313,946)	
NET POSITION - END OF YEAR	\$ 162,893,263	\$ 45,677,183	\$ 208,570,446				

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 5,745,620	\$ 11,546,089	\$ 1,360	\$ 8,741,575	\$ 26,034,644
Investments	18,572,987	-	-	165,650	18,738,637
Receivables, Net	2,048,772	65,101	-	568,594	2,682,467
Interfund Receivables	3,549,237	-	-	2,336,623	5,885,860
Supplies	-	-	-	22,404	22,404
Prepaid Items	9,424	-	-	-	9,424
Total Assets	\$ 29,926,040	\$ 11,611,190	\$ 1,360	\$ 11,834,846	\$ 53,373,436
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts and Other Payables	\$ 2,291,770	\$ 1,710,411	\$ -	\$ 1,422,147	\$ 5,424,328
Accrued Liabilities	3,457,551	-	-	105,034	3,562,585
Interfund Payables	2,336,623	45,891	2,942,806	411,738	5,737,058
Unearned Revenue	265,088	-	-	1,335,427	1,600,515
Total Liabilities	8,351,032	1,756,302	2,942,806	3,274,346	16,324,486
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue:					
Property Taxes	1,080,519	-	-	-	1,080,519
Special Assessments	19,492	-	-	-	19,492
Grants Receivable	-	65,101	-	190,284	255,385
Other Receivables	800	-	-	6,856	7,656
Lease Receivable	1,294,946	-	-	66,400	1,361,346
Total Deferred Inflows of Resources	2,395,757	65,101	-	263,540	2,724,398
FUND BALANCES					
Nonspendable	9,424	-	-	138,129	147,553
Restricted	-	-	-	2,220,731	2,220,731
Committed	-	9,789,787	-	6,127,965	15,917,752
Assigned	379,230	-	-	-	379,230
Unassigned	18,790,597	-	(2,941,446)	(189,865)	15,659,286
Total Fund Balances	19,179,251	9,789,787	(2,941,446)	8,296,960	34,324,552
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,926,040	\$ 11,611,190	\$ 1,360	\$ 11,834,846	\$ 53,373,436

See accompanying Notes to Basic Financial Statements.

**TOWN OF WATERFORD, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 34,324,552

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

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

Governmental Capital Assets	416,076,792
Less: Accumulated Depreciation and Amortization	(191,872,154)
Net Capital Assets	224,204,638

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	706,888
Interest Receivable on Property Taxes	373,630
Delinquent Special Assessments	19,492
Unavailable Revenue - Grants Receivable	255,385
Unavailable Revenue - Other Receivables	7,656
Deferred Outflows of Resources Related to Pensions	12,786,881
Deferred Outflows of Resources Related to OPEB	4,767,865
Deferred Charge on Refunding	1,077,118

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

3,848,758

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	(37,122,679)
Bonds and Notes Payable	(48,620,000)
Bond and Note Premiums	(1,770,188)
Interest Payable on Bonds And Notes	(528,582)
Leases Payable	(302,070)
Compensated Absences	(7,613,546)
Landfill Post-Closure Monitoring Liability	(153,000)
Net OPEB Liability	(17,564,821)
Deferred Inflows of Resources Related to Pensions	(2,187,959)
Deferred Inflows of Resources Related to OPEB	(3,616,755)

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)

\$ 162,893,263

See accompanying Notes to Basic Financial Statements.

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

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Projects	American Rescue Funds Grant	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 98,698,918	\$ -	\$ -	\$ -	\$ 4,531,343	\$ 98,698,918
Intergovernmental	10,310,675	367,396	-	-	251,246	15,209,414
Assessments and Connections	-	-	-	-	-	251,246
Licenses and Permits	1,752,665	-	-	-	-	1,752,665
Fines, Penalties, and Charges for Services	662,197	-	-	-	1,691,113	2,353,310
Investment Earnings	2,401,991	581,309	63	-	235,066	3,218,429
Other	1,031	-	-	-	214,017	215,048
Total Revenues	113,827,477	948,705	63	-	6,922,785	121,699,030
EXPENDITURES						
Current:						
General Government	16,981,798	-	-	-	168,147	17,149,945
Public Safety	11,791,018	-	-	-	223,579	12,014,597
Public Works	5,880,810	-	-	-	1,537,312	7,418,122
Recreation	1,482,609	-	-	-	698,725	2,181,334
Library	1,012,968	-	-	-	-	1,012,968
Social Services	987,714	-	-	-	544,987	1,532,701
Education	66,483,224	-	-	-	3,130,574	69,613,798
Capital Outlay	268,834	6,262,090	-	-	4,837,833	11,368,757
Debt Service:						
Principal Retirements	6,676,465	-	-	-	-	6,676,465
Interest and Fiscal Charges	1,519,081	-	-	-	-	1,519,081
Total Expenditures	113,084,521	6,262,090	-	-	11,141,157	130,487,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	742,956	(5,313,385)	63	-	(4,218,372)	(8,788,738)
OTHER FINANCING SOURCES (USES)						
Transfers In	137,521	4,296,312	-	-	3,638,918	8,072,751
Transfers Out	(6,935,230)	-	-	-	(1,137,521)	(8,072,751)
Issuance of Leases	268,834	-	-	-	-	268,834
Total Other Financing Sources (Uses)	(6,528,875)	4,296,312	-	-	2,501,397	268,834
NET CHANGE IN FUND BALANCES	(5,785,919)	(1,017,073)	63	-	(1,716,975)	(8,519,904)
Fund Balances - Beginning of Year	24,965,170	10,806,860	(2,941,509)	-	10,013,935	42,844,456
FUND BALANCES - END OF YEAR	\$ 19,179,251	\$ 9,789,787	\$ (2,941,446)	\$ -	\$ 8,296,960	\$ 34,324,552

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds (Exhibit IV) \$ (8,519,904)

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

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 and amortization expense:

Capital Outlay	9,626,020
Depreciation and Amortization Expense	(8,931,063)

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.

(359,737)

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	11,543
Property Tax Interest and Lien Revenue - Accrual Basis Change	(8,283)
Delinquent Special Assessment Receivable - Accrual Basis Change	8,179
Miscellaneous Grants and Accounts Receivable - Accrual Basis Change	60,334
Change in Deferred Outflows of Resources Related to Pensions	(2,631,477)
Change in Deferred Outflows of Resources Related to OPEB	2,196,169

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	6,595,000
Issuance of Leases	(268,834)
Lease Principal Payments	88,347
Amortization of Deferred Charge on Refunding	(191,709)
Amortization of Premiums	583,308
Landfill Post-Closure Monitoring	23,000

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	(716,406)
Accrued Interest	72,843
Change in Stipulated Tax Judgement	966,737
Change in Net Pension Liability	1,121,902
Change in Net OPEB Liability	(714,426)
Change in Deferred Inflows of Resources Related to Pensions	514,802
Change in Deferred Inflows of Resources Related to OPEB	24,891

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.

(668,428)

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)

\$ (1,117,192)

See accompanying Notes to Basic Financial Statements.

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

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility Commission</u>	<u>Internal Service Fund</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 4,940,216	\$ 4,357,110
Receivables, Net	<u>1,040,529</u>	<u>595,257</u>
Total Current Assets	<u>5,980,745</u>	<u>4,952,367</u>
Noncurrent Assets:		
Capital Assets, Net	<u>40,482,659</u>	<u>-</u>
Total Assets	46,463,404	4,952,367
LIABILITIES		
Current Liabilities:		
Accounts and Other Payables	110,493	114,089
Accrued Liabilities	239,748	949,000
Interfund Payables	144,018	4,784
Advance Collections	19,034	35,736
Deposits	44,495	-
Compensated Absences	62,415	-
Total Current Liabilities	<u>620,203</u>	<u>1,103,609</u>
Noncurrent Liabilities:		
Compensated Absences	<u>166,018</u>	<u>-</u>
Total Noncurrent Liabilities	<u>166,018</u>	<u>-</u>
Total Liabilities	<u>786,221</u>	<u>1,103,609</u>
NET POSITION		
Net Investment in Capital Assets	40,482,659	-
Unrestricted	<u>5,194,524</u>	<u>3,848,758</u>
Total Net Position	<u>\$ 45,677,183</u>	<u>\$ 3,848,758</u>

See accompanying Notes to Basic Financial Statements.

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

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility Commission</u>	<u>Internal Service Fund</u>
OPERATING REVENUES		
User Charges for Services, Interest, and Lien Fees	\$ 3,848,645	\$ -
Premium Charges to Other Funds	- 3,848,645	14,183,599 14,183,599
OPERATING EXPENSES		
Amortization Expense	1,267	-
Depreciation Expense	1,626,276	-
Salaries, Wages, and Employee Benefits	1,442,344	-
Treatment Plant Costs	2,516,558	-
Utilities	460,040	-
Repairs and Maintenance	422,669	-
Other Operating Expenses	69,914	-
Materials and Supplies	194,916	-
Professional Services	48,602	-
Claims	- 6,782,586	10,927,444 4,142,899 15,070,343
Program and Administrative Expenses	- 6,782,586	- 15,070,343
OPERATING LOSS	(2,933,941)	(886,744)
NONOPERATING REVENUE		
Income on Investments	283,141	218,316
Total Nonoperating Revenues	<u>283,141</u>	<u>218,316</u>
LOSS BEFORE CAPITAL CONTRIBUTIONS	(2,650,800)	(668,428)
Capital Contributions	<u>454,046</u>	<u>-</u>
CHANGE IN NET POSITION	(2,196,754)	(668,428)
Net Position - Beginning of Year	<u>47,873,937</u>	<u>4,517,186</u>
NET POSITION - END OF YEAR	<u>\$ 45,677,183</u>	<u>\$ 3,848,758</u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility Commission</u>	<u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Charges for Services and Premiums	\$ 4,002,541	\$ 13,594,600
Payments to Suppliers	(4,307,937)	-
Claims and Other Expenses Paid	-	(15,055,048)
Payments to Employees	(1,559,042)	-
Net Cash Used by Operating Activities	<u>(1,864,438)</u>	<u>(1,460,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Income on Investments	283,141	218,316
Net Cash Provided by Investing Activities	<u>283,141</u>	<u>218,316</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,581,297)	(1,242,132)
Cash and Cash Equivalents - Beginning of Year	<u>6,521,513</u>	<u>5,599,242</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,940,216</u>	<u>\$ 4,357,110</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (2,933,941)	\$ (886,744)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation and Amortization Expense	1,627,543	-
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	173,206	(593,783)
Interfunds Receivable	-	78,932
Prepaid Assets	-	-
Increase (Decrease) in:		
Accounts Payable	(497,144)	(150,600)
Accrued Liabilities	23,696	85,000
Interfunds Payable	(118,841)	4,784
Advance Collections And Deposits	(19,310)	1,963
Compensated Absences	(119,647)	-
Total Adjustments	<u>1,069,503</u>	<u>(573,704)</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,864,438)</u></u>	<u><u>\$ (1,460,448)</u></u>
NONCASH DISCLOSURE OF CAPITAL AND RELATED FINANCIAL ACTIVITIES		
Capital Contributions from Other Funds	<u><u>\$ 454,046</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
ASSETS		
Cash and Cash Equivalents	\$ 39,342	\$ 333,417
Investments:		
Mutual Funds	<u>17,419,473</u>	-
Total Assets	<u>17,458,815</u>	<u>333,417</u>
LIABILITIES		
Accounts and Other Payables	<u>25,688</u>	-
NET POSITION		
Restricted for OPEB Benefits	16,938,432	-
Restricted for Pension Benefits	494,695	-
Restricted for Scholarships	<u>-</u>	<u>333,417</u>
Total Net Position	<u><u>\$ 17,433,127</u></u>	<u><u>\$ 333,417</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Student Scholarship
ADDITIONS		
Contributions:		
Employer	\$ 2,656,184	\$ -
Other	-	122,200
Total Contributions	<u>2,656,184</u>	<u>122,200</u>
Investment Income:		
Net Change in Fair Value of Investments	<u>1,701,123</u>	<u>775</u>
Total Additions	4,357,307	122,975
DEDUCTIONS		
Benefit Payments	731,663	-
Administration	10,838	-
Payments to Individuals	-	72,850
Total Deductions	<u>742,501</u>	<u>72,850</u>
CHANGE IN NET POSITION	3,614,806	50,125
Net Position - Beginning of Year	<u>13,818,321</u>	<u>283,292</u>
NET POSITION - END OF YEAR	<u><u>\$ 17,433,127</u></u>	<u><u>\$ 333,417</u></u>

See accompanying Notes to Basic Financial Statements.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Waterford, Connecticut (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 postretirement 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

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.

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.

C. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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:

General Fund

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.

Capital and Nonrecurring Expenditures Fund

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.

Waterford High School Building Project

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

Additionally, the Town reports the following major proprietary fund:

Utility Commission 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:

Internal Service Fund

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.

Pension and Other Employee Benefit Trust Funds

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 postemployment benefits for certain employees.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Custodial Funds

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 and administrative expenses. 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.

D. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

Investments are stated at fair value.

F. Supplies and Prepaid Items

Supplies consist of United States Department of Agriculture donated commodities and 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.

G. 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 uncollectible.

H. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Continued)

Land, permanent easements, and construction in progress are not depreciated. Other capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure:	
Public Domain Infrastructure	10 to 65 Years
System Infrastructure	30 Years
Land and Buildings:	
Land Improvements	20 Years
Buildings	25 to 40 Years
Building Improvements	25 to 40 Years
Equipment:	
Vehicles	8 Years
Office Equipment	5 to 20 Years
Computer Equipment	5 Years
Machinery and Equipment	5 to 30 Years
Software	15 Years

I. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lessee (Continued)

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.

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 guaranteed 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Leases (Continued)

Lessor (Continued)

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.

J. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (Continued)

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.

K. 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.

L. 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.

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 periods 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.

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, seven types of leave qualify for liability recognition for compensated absences – *vacation, sick leave, personal time, compensatory time, due days, sick incentive and prorated longevity payments*. days based on union contracts. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The Town's policy permits employees to accumulate earned but unused sick leave. Some accumulated sick time is payable upon leave for employees of the Town of Waterford and the Board of Education, subject to the restrictions within the various union contracts. A liability for the estimated value of sick leave that will be used by employees as time off is also included in the liability for compensated absences.

Personal Time

The Fire, 1303 and GGA union contracts allow accumulated personal time to be paid upon termination.

Compensatory Time

Employees of the Fire and 1303 unions are paid out for their compensatory time at retirement or leave.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (Continued)

Due Days

The Police and Dispatch unions grant due days to employees that work on a Holiday. If the time is not used for another day off, the accumulated balance is paid out annually for the Police union and upon separation or death for the Dispatch union.

Sick Incentive Days

The 1303 union employees are granted a sick incentive day for not using any sick time within a calendar quarter. If not used, this time is payable upon termination.

Longevity

Prorated Longevity payments are payable for certain members of the Dispatch Union upon termination.

N. 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/amortization 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Equity (Continued)

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.

O. 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% 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.

P. 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, deferred outflows and inflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Formal legally adopted annual budgets are employed as a management control device in the General Fund only. Project-length budgets are employed in the Capital Projects Funds. All unencumbered appropriations in the general fund 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Summarizations of the amended budget approved by the RTM for the “budgetary” General Fund is presented. During the year, there were \$4,768,997 of supplemental budgetary appropriations.

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 U.S. 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 U.S. 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 U.S. 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 U.S. 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 U.S. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity

The following funds had deficit fund balances at year-end:

Fund	Amount
Waterford High School Building Project	\$ 2,941,446
Nuclear Safety Emergency Preparedness	106,566
ARPA Senior Center	58,221
ARPA Summer Mental Health Grant	17,803
Neglected Cemetery Account	7,275

These deficits will be eliminated in future years by grants and when permanent financing is obtained.

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The 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 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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*, \$2,023,157 of the Town's bank balance of \$7,985,415 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,770,837
Uninsured and Collateral Held by the Pledging Bank's	
Trust Department, Not in the Town's Name	252,320
Total Amount Subject to Custodial Credit Risk	<u>\$ 2,023,157</u>

Cash Equivalents

At June 30, 2025, the Town's cash equivalents amounted to \$33,353,877. 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
State Short-Term Investment Fund (STIF)	AAAm
Money Market Funds	Not Rated

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

As of June 30, 2025, the Town had the following investments:

	Fair Value	Maturity in Years		
		Less Than 1	1 - 10	More Than 10
Interest-Bearing Investments:				
Certificates of Deposit*	\$ 5,483,897	\$ 1,989,098	\$ 3,494,799	\$ -
U.S. Government Securities	11,263,243	9,225,158	1,512,798	525,287
U.S. Government Agencies	1,875,833	120,252	1,755,581	-
Total	\$ 18,622,973	\$ 11,334,508	\$ 6,763,178	\$ 525,287
Other Investments:				
Mutual Funds	17,535,137			
Total Investments	\$ 36,158,110			

* 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	U.S. Government Agencies	Certificates of Deposit
Aaa	\$ 11,263,243	\$ 1,875,833	\$ -
Not Rated	-	-	5,483,897
Total	\$ 11,263,243	\$ 1,875,833	\$ 5,483,897

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, 2025:

	Fair Value	Level 1	Level 2	Level 3
Investments by Fair Value Level:				
Mutual Funds	\$ 17,535,137	\$ 17,535,137	\$ -	\$ -
U.S. Government Securities	11,263,243	11,263,243	-	-
U.S. Government Agencies	1,875,833	-	1,875,833	-
Total	\$ 30,674,213	\$ 28,798,380	\$ 1,875,833	\$ -

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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, 2025, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 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:

	General Fund	Capital and Nonrecurring Fund	Utility Commission	Nonmajor and Other Funds	Total
Receivables:					
Leases	\$ 734,070	\$ -	\$ -	\$ 66,929	\$ 800,999
Property Taxes	839,095	-	-	-	839,095
Interest	373,631	-	-	-	373,631
Accounts	146,269	-	1,040,529	675,740	1,862,538
Intergovernmental	41,559	65,101	-	421,182	527,842
Assessment Charges	19,492	-	-	-	19,492
Gross Receivables	<u>2,154,116</u>	<u>65,101</u>	<u>1,040,529</u>	<u>1,163,851</u>	<u>4,423,597</u>
Less: Allowance for Uncollectibles	<u>(105,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(105,344)</u>
Total Receivables, Net	<u><u>\$ 2,048,772</u></u>	<u><u>\$ 65,101</u></u>	<u><u>\$ 1,040,529</u></u>	<u><u>\$ 1,163,851</u></u>	<u><u>\$ 4,318,253</u></u>

NOTE 5 LEASE RECEIVABLES

The Town, acting as lessor, leases real property under long-term, noncancelable lease agreements. The leases expire at various dates through 2064 if all renewal options are exercised. During the year ended June 30, 2025, the Town recognized \$66,534 and \$12,211 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:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2026	\$ 68,672	\$ 11,217
2027	57,291	10,233
2028	31,994	9,659
2029	33,727	9,176
2030	35,523	8,666
2031 - 2035	117,977	36,268
2036 - 2040	39,391	32,075
2041 - 2045	54,201	28,647
2046 - 2050	72,020	24,024
2051 - 2055	93,378	17,963
2056 - 2060	118,891	10,184
2061 - 2065	77,934	1,558
Total	<u><u>\$ 800,999</u></u>	<u><u>\$ 199,670</u></u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS

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

	Beginning Balance	Decreases and Transfers	Increases and Transfers	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 9,210,489	\$ 450,170	\$ -	\$ 9,660,659
Permanent Easements	20,000	-	-	20,000
Construction in Progress	3,236,404	2,324,017	(3,051,315)	2,509,106
Total Capital Assets Not Being Depreciated and Amortized	12,466,893	2,774,187	(3,051,315)	12,189,765
Capital Assets Being Depreciated and Amortized:				
Land Improvements	3,901,975	2,173,646	(48,178)	6,027,443
Buildings and Improvements	253,544,127	2,144,324	(157,422)	255,531,029
Vehicles	16,737,883	2,249,221	(815,051)	18,172,053
Machinery and Equipment	16,216,301	441,656	(308,841)	16,349,116
Right-to-Use Lease Machinery and Equipment	345,838	264,456	(39,083)	571,211
Infrastructure	104,456,415	2,629,845	(350,126)	106,736,134
Software	500,041	-	-	500,041
Total Capital Assets Being Depreciated and Amortized	395,702,580	9,903,148	(1,718,701)	403,887,027
Less Accumulated Depreciation and Amortization for:				
Land Improvements	(2,241,655)	(167,257)	48,178	(2,360,734)
Buildings and Improvements	(102,274,035)	(5,700,694)	4,591	(107,970,138)
Vehicles	(12,216,032)	(677,639)	790,672	(12,102,999)
Machinery and Equipment	(13,677,261)	(434,829)	259,659	(13,852,431)
Right-to-Use Lease Machinery and Equipment	(208,559)	(90,662)	39,083	(260,138)
Infrastructure	(53,401,626)	(1,842,281)	216,781	(55,027,126)
Software	(280,887)	(17,701)	-	(298,588)
Total Accumulated Depreciation and Amortization	(184,300,055)	(8,931,063)	1,358,964	(191,872,154)
Total Capital Assets Being Depreciated and Amortized, Net	211,402,525	972,085	(359,737)	212,014,873
Governmental Activities				
Capital Assets, Net	<u>\$ 223,869,418</u>	<u>\$ 3,746,272</u>	<u>\$ (3,411,052)</u>	<u>\$ 224,204,638</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated and Amortized:				
Land	\$ 127,970	\$ -	\$ -	\$ 127,970
Construction in Progress	249,626	454,046	-	703,672
Total Capital Assets Not Being Depreciated and Amortized	377,596	454,046	-	831,642
Capital Assets Being Depreciated and Amortized:				
Buildings and Improvements	1,383,627	-	-	1,383,627
Vehicles	1,054,075	-	(104,011)	950,064
Machinery and Equipment	1,223,114	-	-	1,223,114
Infrastructure	96,547,599	-	-	96,547,599
Software	19,000	-	-	19,000
Total Capital Assets Being Depreciated and Amortized	100,227,415	-	(104,011)	100,123,404
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	(543,363)	(34,591)	-	(577,954)
Vehicles	(776,764)	(28,310)	104,011	(701,063)
Machinery and Equipment	(751,313)	(73,227)	-	(824,540)
Infrastructure	(56,876,095)	(1,490,148)	-	(58,366,243)
Software	(1,320)	(1,267)	-	(2,587)
Total Accumulated Depreciation and Amortization	(58,948,855)	(1,627,543)	104,011	(60,472,387)
Total Capital Assets Being Depreciated and Amortized, Net	<u>41,278,560</u>	<u>(1,627,543)</u>	<u>-</u>	<u>39,651,017</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 41,656,156</u>	<u>\$ (1,173,497)</u>	<u>\$ -</u>	<u>\$ 40,482,659</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 146,980
Public Safety	\$616,292
Public Works	\$2,520,433
Social Services	\$453,853
Library	\$17,845
Recreation	\$115,148
Education	<u>5,060,512</u>
Total Depreciation and Amortization Expense -	
Governmental Activities	<u>\$ 8,931,063</u>

Business-Type Activities:

Utility Commission	<u>\$ 1,627,543</u>
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Construction Commitments

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

Project	Spent-to-Date	Remaining Commitment
Library Projects	\$ 171,066	\$ 1,582,791
Department of Public Works Projects	5,564,167	2,173,112
Public Safety Projects	675,373	74,460
Board of Education Projects	2,345,620	2,569,715
Recreation Projects	1,309,570	153,430
Total	<u>\$ 10,065,796</u>	<u>\$ 6,553,508</u>

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable Entity	Payable Entity	Amount
General Fund	Capital and Nonrecurring Expenditures Fund	\$ 45,891
General Fund	Waterford High School Building Project	2,942,806
General Fund	Internal Service Fund	4,784
General Fund	Nonmajor Governmental Funds	411,738
General Fund	Utility Commission	144,018
Nonmajor Governmental Funds	General Fund	2,336,623
Total		<u>\$ 5,885,860</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement-type transactions.

Interfund transfers for the year ended June 30, 2025, are as follows:

	Transfers In			
	General Fund	Capital and Nonrecurring Expenditures Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers:				
General Fund	\$ -	\$ 4,296,312	\$ 2,638,918	\$ 6,935,230
Non Majors	137,521	-	1,000,000	1,137,521
Total Transfers In	<u>\$ 137,521</u>	<u>\$ 4,296,312</u>	<u>\$ 3,638,918</u>	<u>\$ 8,072,751</u>

Interfund transfers arose from appropriating General Fund amounts to the Capital Improvement and Capital Nonrecurring Funds and various nonmajor governmental funds. There were also transfers out of the Capital Improvement fund of \$137,521 into the General fund for unused appropriations.

Capital asset contributions totaling \$454,046 were made from governmental funds to business type funds during the year ended June 30, 2025. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LONG-TERM DEBT

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 55,215,000	\$ -	\$ 6,595,000	\$ 48,620,000	\$ 6,645,000
Premium on Bonds	2,353,496	-	583,308	1,770,188	-
Total Bonds Payable	<u>57,568,496</u>	<u>-</u>	<u>7,178,308</u>	<u>50,390,188</u>	<u>6,645,000</u>
Leases Payable	121,583	268,834	88,347	302,070	74,643
Other Liabilities:					
Net OPEB Liability	16,850,395	714,426	-	17,564,821	-
Stipulated Tax Judgement	966,737	-	966,737	-	-
Landfill Postclosure Monitoring	176,000	-	23,000	153,000	21,000
Compensated Absences	6,897,140	716,406	-	7,613,546	634,044
Net Pension Liability	38,244,581	-	1,121,902	37,122,679	-
Total Other Liabilities	<u>63,134,853</u>	<u>1,430,832</u>	<u>2,111,639</u>	<u>62,454,046</u>	<u>655,044</u>
Total Governmental Activities	<u>\$ 120,824,932</u>	<u>\$ 1,699,666</u>	<u>\$ 9,378,294</u>	<u>\$ 113,146,304</u>	<u>\$ 7,374,687</u>
Business-Type Activities:					
Compensated Absences	<u>\$ 348,080</u>	<u>\$ -</u>	<u>\$ 119,647</u>	<u>\$ 228,433</u>	<u>\$ 62,415</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:

Description	Maturity Ranges	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance June 30, 2025
Governmental Activities:						
Schools:						
Clark Lane School	\$800,000 - \$850,000	\$ 9,440,000	12/29/2014	8/15/2026	3.0% - 5.0%	\$ 1,685,000
Great Neck Elementary	\$655,000 - \$960,000	9,085,000	12/18/2019	8/1/2030	4.0% - 5.0%	9,155,000
School Issue of 2017	\$185,000 - \$2,830,000	14,585,000	6/21/2017	6/30/2031	2.0% - 5.0%	5,485,000
Municipal Complex	\$680,000 - \$685,000	13,655,000	7/23/2020	9/15/2040	2.0% - 5.0%	21,380,000
School Refunding	\$905,000 - \$3,195,000	28,890,000	12/30/2020	8/15/2033	0.3% - 2.0%	10,915,000
Total						<u>\$ 48,620,000</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

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>
2026	\$ 6,645,000	\$ 1,319,500
2027	6,395,000	1,083,426
2028	5,545,000	829,375
2029	5,770,000	632,762
2030	5,375,000	482,770
2031 - 2035	14,810,000	956,742
2036 - 2040	3,400,000	251,175
2041 - 2045	680,000	7,225
Total	\$ 48,620,000	\$ 5,562,974

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 2030.

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>
2025	\$ 74,643	\$ 4,904
2026	65,137	3,429
2027	61,485	2,213
2028	58,876	1,089
2029	41,929	215
Total	\$ 302,070	\$ 11,850

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 \$153,000.

Stipulated Tax Judgement

In 2024, the Town agreed to a stipulation for judgement totaling \$966,737, following a challenge by taxpayers regarding the valuation and assessment of certain real property and personal property relating to the 2022 Grand List. The judgement has been fully repaid as of June 30, 2025.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LONG-TERM DEBT (CONTINUED)

Authorized But Unissued

The total of authorized but unissued bonds at June 30, 2025, 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.

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):

Category	Debt Limit	Indebtedness	Balance
General Purpose	\$ 216,679	\$ 12,260	\$ 204,419
Schools	433,358	44,952	388,406
Sewers	361,132	-	361,132
Urban Renewal	312,981	-	312,981
Pension Deficit	288,906	-	288,906
Total	<u>\$ 1,613,056</u>	<u>\$ 57,212</u>	<u>\$ 1,555,844</u>

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$674,102,716.

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2025, are as follows:

	General Fund	Capital and Nonrecurring Expenditures Fund	Waterford High School Building Project	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 22,404	\$ 22,404
Prepaid Expenditures	9,424	-	-	-	9,424
Nonspendable Trust	-	-	-	115,725	115,725
Restricted for:					
General Government	-	-	-	47,877	47,877
Public Safety	-	-	-	48,554	48,554
Public Works	-	-	-	980,515	980,515
Recreation	-	-	-	154,343	154,343
Social Services	-	-	-	295,216	295,216
Education	-	-	-	694,226	694,226
Committed to:					
Public Works	-	-	-	414,367	414,367
Other Capital Projects	-	9,789,787	-	5,228,489	15,018,276
Education	-	-	-	485,109	485,109
Assigned to:					
General Government	33,368	-	-	-	33,368
Education	345,862	-	-	-	345,862
Unassigned	<u>18,790,597</u>	<u>-</u>	<u>(2,941,446)</u>	<u>(189,865)</u>	<u>15,659,286</u>
Total Fund Balances	<u><u>\$ 19,179,251</u></u>	<u><u>\$ 9,789,787</u></u>	<u><u>\$ (2,941,446)</u></u>	<u><u>\$ 8,296,960</u></u>	<u><u>\$ 34,324,552</u></u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 FUND BALANCE (CONTINUED)

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, 2025, the amount of General Fund encumbrances expected to be honored upon performance by the vendor in the next year totaled \$125,761.

NOTE 10 TAX ABATEMENTS

As of June 30, 2025, the Town provides tax abatements through the following programs:

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, 2025, taxes abated through this agreement totaled \$26,774. 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 that was extended to August 31, 2027, and is determined by the percentage of the annual Town levy that is expended for education. For the year ended June 30, 2025, taxes abated through this agreement totaled \$22,020. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Pension Trust Fund

A. 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.

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.

B. 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 five 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.

C. 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 1 but no later than December 31 of each odd-numbered year;

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

C. Plan Administration (Continued)

- 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, 2023, the date of the latest actuarial valuation:

Retirees, Disabled Employees, and Beneficiaries	
Currently Receiving Benefits	6
Terminated Plan Members Entitled to Benefits But	
Not Yet Receiving Them	-
Active Members	-
Total	<u><u>6</u></u>

D. 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, 2025, were \$22,450, with contributions of \$22,450 made by the Town. Excess assets in the Plan may be used to fund past service costs for employees who transferred to MERS.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

E. 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, 2025, 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, 2025:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TIPS	2.00 %	2.50 %
Core Fixed Income	27.00 %	2.90 %
Dynamic Bonds	9.50 %	3.00 %
High Yield Bonds	1.50	4.50
US Large Cap	25.00	4.30
US Mid Cap	7.50	4.40
US Small Cap	4.50	4.10
Developed International Equity	17.25	6.10
Emerging International Equity	5.75	7.20
Total	<u>100.00 %</u>	

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.50%. 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

F. Net Pension Liability of the Town

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

Total Pension Liability	\$ 747,444
Plan Fiduciary Net Position	494,695
Net Pension Liability	<u>\$ 252,749</u>

Plan Fiduciary Net Position as a Percentage of the	
Total Pension Liability	66.18 %

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Cost-of-Living Adjustments	2.40%
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.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

G. Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2024	\$ 674,405	\$ 506,792	\$ 167,613
Changes for the Year:			
Interest on Total Pension Liability	39,340	-	39,340
Differences Between Expected and Actual Experience	135,799	-	135,799
Changes in Assumptions	(12,936)	-	(12,936)
Employer Contributions	-	22,450	(22,450)
Net Investment Income	-	55,985	(55,985)
Benefit Payments, Including Refund to Employee Contributions	(89,164)	(89,164)	-
Administrative Expenses	-	(1,368)	1,368
Net Changes	<u>73,039</u>	<u>(12,097)</u>	<u>85,136</u>
Balances - June 30, 2025	<u><u>\$ 747,444</u></u>	<u><u>\$ 494,695</u></u>	<u><u>\$ 252,749</u></u>

H. 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:

	Current		
	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
Net Pension Liability	\$ 300,644	\$ 252,749	\$ 207,977

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

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

For the year ended June 30, 2025, the Town recognized pension expense of \$131,485. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Inflows of Resources
Net Difference Between Projected and Actual	
Earning on Pension Plan Investments	\$ 16,822
Change in Employer Proportional Share	-
Contributions After the Measurement Date	-
Total	<u>16,822</u>

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>	Governmental Activities
2026	\$ 14,356
2027	(15,089)
2028	(10,808)
2029	(5,281)
Total	<u>\$ (16,822)</u>

J. Schedule of Plan Net Position

	Pension Trust Fund
Assets:	
Cash and Cash Equivalents	\$ 11,516
Investments:	
Mutual Funds	<u>484,126</u>
Total Assets	<u>495,642</u>
 Liabilities:	
Accounts and Other Payables	<u>947</u>
 Net Position:	
Restricted for Pension Benefits	<u>\$ 494,695</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Pension Trust Fund (Continued)

K. Schedule of Changes in Plan Net

	<u>Pension Trust Fund</u>
Additions:	
Contributions:	
Employer	\$ 22,450
Investment Income:	
Net Appreciation in Fair Value of Investments	<u>55,985</u>
Total Additions	78,435
Deductions:	
Benefit Payments	89,164
Administration	<u>1,368</u>
Total Deductions	<u>90,532</u>
Change in Net Position	(12,097)
Net Position - Beginning of Year	<u>506,792</u>
Net Position - End of Year	<u>\$ 494,695</u>

Municipal Employees' Retirement System

A. 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 multiemployer 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.

B. 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 five years of continuous active service, or 15 years 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

A. Benefit Provisions (Continued)

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 five 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

C. Contributions

Member

Contributions for members not covered by social security are 6% of compensation; for members covered by social security, 3.25% of compensation up to the social security taxable wage base plus 6% of compensation, 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. The Town's required contribution for the year ended June 30, 2025, was \$4,839,158

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

At June 30, 2025, the Town reports a total liability of \$36,869,930 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024.

The actuarial assumptions used in the June 30, 2024, valuation were based on results of an actuarial experience study for the period July 1, 2017, through June 30, 2022. 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, 2025, the Town's proportion was 2.81%. The Town's proportion was 2.69% for the beginning of the period, which represents no change from the prior year.

For the year ended June 30, 2025, the Town recognized pension expense of \$5,838,149. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 3,261,083	\$ -
Changes of Assumptions	3,168,757	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	667,716
Change in Employer Proportional Share	1,517,883	1,503,421
Contributions After the Measurement Date	4,839,158	-
Total	\$ 12,786,881	\$ 2,171,137

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>	Governmental Activities
2026	\$ 1,320,512
2027	3,907,766
2028	467,651
2029	(21,872)
2030	102,529
Total	\$ 5,776,586

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement period:

Inflation	2.50%
Salary Increase	3.00%-9.50%, Including Inflation
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Pub-2010 Mortality Tables set-forward one year (except active employees) and projected generationally with Scale MP-2021.

General Employees:

- Service Retirees: General, Healthy Retiree Mortality Table
- Disabled Retirees: General, Disabled Retiree Mortality Table
- Beneficiaries: General, Contingent Annuitant Mortality Table
- Active Employees: General, Employee Mortality Table

Policemen and Firemen:

- Service Retirees: Public Safety, Healthy Retiree Mortality Table
- Disabled Retirees: Public Safety, Disabled Retiree Mortality Table
- Beneficiaries: Public Safety, Contingent Annuitant Mortality Table
- Active Employees: Public Safety, Employee Mortality Table

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%.

A phase out the COLA floor from the existing 2.5% guaranteed minimum to zero over 5-years as follows:

- For those retiring between 7/1/2025 and 6/30/2026 – MERS COLA Minimum = 2.0%
- For those retiring between 7/1/2026 and 6/30/2027 – MERS COLA Minimum = 1.5%
- For those retiring between 7/1/2027 and 6/30/2028 – MERS COLA Minimum = 1.0%
- For those retiring between 7/1/2028 and 6/30/2029 – MERS COLA Minimum = 0.5%
- For those retiring on or after 7/1/2029 – MERS COLA Minimum = 0%

For years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the annual increase in the CPI up to 6% plus 75% of the annual increase in the CPI above 6% and capped at a 7.5%

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

E. Actuarial Assumptions (Continued)

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
Global Equity	37.00 %	6.80 %
Public Credit	2.00	2.90
Core Fixed Income Fund	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity Fund	15.00	11.20
Private Credit	10.00	6.10
Real Estate Fund	10.00	6.30
Infra. and Natural Resources	7.00	7.70
Total	<u>100.00 %</u>	

F. 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Municipal Employees' Retirement System (Continued)

G. 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	\$ 53,324,126	\$ 36,869,930	\$ 23,136,779

Connecticut State Teachers' Retirement System – Pension

A. 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, multiemployer 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.

B. 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 three 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

B. Benefit Provisions (Continued)

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.

C. 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, 2025, the amount of "on-behalf" contributions made by the state was \$8,164,273 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

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

At June 30, 2025, 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		82,829,622
Total	\$	<u>82,829,622</u>

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

For the year ended June 30, 2025, the Town recognized pension expense and revenue of \$9,500,736 in Exhibit II.

E. Actuarial Assumptions

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

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024, 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.

Benefit changes since the prior year are as follows:

- There were no changes in benefits 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%.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	6.80 %
Public Credit	2.00	2.90
Core Fixed Income	13.00	0.40
Liquidity Fund	1.00	(0.40)
Risk Mitigation	5.00	0.10
Private Equity	15.00	11.20
Private Credit	10.00	6.10
Real Estate	10.00	6.20
Infrastructure and Natural Resources	7.00	7.70
Total	100.00 %	

F. 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.

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

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

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut State Teachers' Retirement System – Pension (Continued)

H. 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.

I. 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.

J. Aggregated Pension Information

The Town recognized the following amounts related to pension plans as of and for the year ended June 30, 2025:

	Town Pension	MERS	State Teachers	Total
Deferred Outflows of Resources				
Related to Pensions	\$ -	\$ 12,786,881	\$ -	\$ 12,786,881
Net Pension Liability	252,749	36,869,930	-	37,122,679
Deferred Inflows of Resources				
Related to Pensions	16,822	2,171,137	-	2,187,959
Pension Expense	131,485	5,838,149	8,164,273	14,133,907
Total	<u>\$ 401,056</u>	<u>\$ 57,666,097</u>	<u>\$ 8,164,273</u>	<u>\$ 66,231,426</u>

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS

Town Post-Retirement Healthcare Plan

A. 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.

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

B. 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 \$2,530,390. There are no employee contributions.

At July 1, 2024, plan membership consisted of the following:

Active Employees	414
Retired Employees	113
Total	<u><u>527</u></u>

C. Investments

Investment Policy

The OPEB Plan’s policy regarding 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, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

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

Total OPEB Liability	\$ 34,503,253
Plan Fiduciary Net Position	16,938,432
Net OPEB Liability	<u><u>\$ 17,564,821</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.09%
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TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, rolled forward to June 30, 2025, 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	
Medical	7.00% Decreasing 0.20% per Year to an Ultimate Rate of 4.40% for 2037 and Later Years
Dental	4.00% per Year

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-2021.

The actuarial assumptions used in the July 1, 2024, 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 included in the OPEB Plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset as of June 30, 2025, are summarized in the following table:

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

E. Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
TIPS	1.00 %	2.60 %
Core Fixed Income	24.00 %	3.10 %
Dynamic Bonds	7.50	3.90
High Yield Bonds	1.00	5.10
Global Bonds	1.50	3.00
US Large Cap	25.00	3.90
US Mid Cap	7.50	3.80
US Small Cap	5.00	3.40
International Equity Developed	21.00	5.60
Emerging Markets	2.00	7.50
Broad Real Assets	4.50	4.90
Total	100.00 %	

F. 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.

G. 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:

	Current		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 21,019,366	\$ 17,564,821	\$ 14,595,208

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

H. 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 (6.00% Decreasing to 3.40%)	Current Health Care Trend Rate (7.00% Decreasing to 4.40%)	1% Increase (8.00% Decreasing to 5.40%)
Net OPEB Liability	\$ 14,489,039	\$ 17,564,821	\$ 21,159,930

I. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - July 1, 2023	\$ 30,161,924	\$ 13,311,529	\$ 16,850,395
Changes for the Year:			
Service Cost	264,942	-	264,942
Interest on Total OPEB Liability	1,935,908	-	1,935,908
Differences Between Expected and Actual Experience	599,281	-	599,281
Changes in Assumptions	2,183,697	-	2,183,697
Employer Contributions	-	2,530,390	(2,530,390)
Contributions - TRB Reimbursements	-	103,344	(103,344)
Net Investment Income	-	1,645,138	(1,645,138)
Benefit Payments, Including Refund to Employee Contributions	(642,499)	(642,499)	-
Administrative Expenses	-	(9,470)	9,470
Net Changes	<u>4,341,329</u>	<u>3,626,903</u>	<u>714,426</u>
Balances - June 30, 2024	<u>\$ 34,503,253</u>	<u>\$ 16,938,432</u>	<u>\$ 17,564,821</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$1,043,743. At June 30, 2025, 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	\$ 2,035,467	\$ 2,625,508
Changes of Assumptions	2,732,398	317,355
Net Difference Between Projected and Actual Earning on OPEB Plan Investments	-	673,892
Total	<u>\$ 4,767,865</u>	<u>\$ 3,616,755</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>	Governmental Activities
2026	\$ 127,790
2027	(262,822)
2028	(188,141)
2029	(16,192)
2028	294,536
Thereafter	<u>1,195,939</u>
Total	<u>\$ 1,151,110</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Town Post-Retirement Healthcare Plan (Continued)

K. Schedule of Plan Net Position

	OPEB Trust Fund
Assets:	
Cash and Cash Equivalents	\$ 27,826
Investments:	
Mutual Funds	<u>16,935,347</u>
Total Assets	<u>16,963,173</u>
 Liabilities:	
Accounts and Other Payables	<u>24,741</u>
Total Liabilities	<u>24,741</u>
 Net Position:	
Restricted for OPEB Benefits	<u>16,938,432</u>
 Total Net Position	<u>\$ 16,938,432</u>

L. Schedule of Changes in Plan Net Position

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 2,633,734
 Investment Income:	
Net Depreciation in Fair Value of Investments	<u>1,645,138</u>
 Total Additions	4,278,872
 Deductions:	
Benefit Payments	642,499
Administration	<u>9,470</u>
Total Deductions	<u>651,969</u>
 Change in Net Position	3,626,903
 Net Position - Beginning of Year	<u>13,311,529</u>
 Net Position - End of Year	<u>\$ 16,938,432</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers' Retirement Plan

A. 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, multiemployer 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.

B. Benefit Provisions

There are two types of the healthcare 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 healthcare coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$440 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue healthcare 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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers' Retirement Plan (Continued)

B. Benefit Provisions (Continued)

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 healthcare coverage or elect to not enroll in a CTRB sponsored healthcare coverage option must wait two years to re-enroll.

Survivor Healthcare Coverage

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

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Pro rata Retirement

Age 60 with 10 years of Credited Service.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers' Retirement Plan (Continued)

C. Eligibility (Continued)

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. 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, 2025, the amount of "on-behalf" contributions made by the state was \$114,409 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers’ Retirement Plan (Continued)

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

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

Town’s Proportionate Share of the Net OPEB Liability	\$ -
State’s Proportionate Share of the Net OPEB Liability Associated With the Town	<u>16,991,203</u>
Total	<u><u>\$ 16,991,203</u></u>

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

For the year ended June 30, 2025, the Town recognized OPEB expense and revenue of \$235,424 in Exhibit II.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits – Connecticut State Teachers’ Retirement Plan (Continued)

F. Actuarial Assumptions

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

Inflation	2.50%
Health Care Costs Trend Rate	Local Coverage – 6.25% for 2024, decreasing to an ultimate rate of 4.50% by 2031. Retiree Healthcare – Medicare rates known for 2025, 4.50% increase for all subsequent years.
Salary Increases	3.00-6.50%, including inflation
Investment Rate of Return	3.00%, net of OPEB plan investment expense, including inflation
Year Fund Net Position will be Depleted	2027

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, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

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

- Discount rate changed from 3.64% to 3.93%;
- Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;
- Assumed election rates for post-65 retirees between the Local School District Coverage Subsidy and CTRB Sponsored Medical Plans were updated to reflect the recent plan expense. Spouse coverage election assumptions were also updated with this change;
- Long-term health care cost trend rates were updated to reflect expected future trend for participants in the health plans.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits - Connecticut State Teachers' Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

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 1.26%.

G. Discount Rate

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

In addition to the actuarial methods and assumptions of the June 30, 2024, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%
- Annual state contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare 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 healthcare cost trend rate or the discount rate would only impact the amount recorded by the state of Connecticut.

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Other Postemployment Benefits - Connecticut State Teachers' Retirement Plan (Continued)

I. 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 Annual Comprehensive Financial Report at www.ct.gov.

J. Other Information

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

NOTE 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, 2025.

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 \$13,613,000 per year.

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, 2025, of \$949,000.

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, 2025 and 2024, is presented below:

	2025	2024
Unpaid Claims, July 1	\$ 864,000	\$ 727,000
Incurred Claims (Including IBNR)	11,548,250	10,791,859
Claim Payments	(11,463,250)	(10,654,859)
Unpaid Claims, June 30	<u><u>\$ 949,000</u></u>	<u><u>\$ 864,000</u></u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 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.

NOTE 15 MAJOR TAXPAYER

For the fiscal year ended June 30, 2025, 31.88% of the Town's property tax revenues were derived from its largest taxpayer, Dominion Nuclear Connecticut, Inc., an electrical power facility.

NOTE 16 ACCOUNTING CHANGES

A. Changes to or Within Financial Reporting Entity

Change in Fund Presentation from Major to Nonmajor

The ARPA Fund previously met the criteria to be reported as a major governmental fund. However, effective July 1, 2024, the fund no longer met the criteria to be reported as a major fund and is reported as a nonmajor governmental fund for the fiscal year ended June 30, 2025. The effect of that change to or within the financial reporting entity is shown in the table below.

	ARPA Fund	Nonmajor Governmental Funds
June 30, 2024, as Previously Reported	\$ -	\$ 10,013,935
Change in Fund Presentation from Major to Nonmajor	-	-
June 30, 2024, as Adjusted	<u>\$ -</u>	<u>\$ 10,013,935</u>

TOWN OF WATERFORD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 16 ACCOUNTING CHANGES (CONTINUED)

B. Change in Accounting Principle

Effective July 1, 2024, the Entity implemented GASB Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. There was no impact to beginning net position in the governmental activities as a result of the implementation of this standard

NOTE 17 SUBSEQUENT EVENT

On October 30, 2025, the Town entered into a 10-year financed purchase agreement with M&T Bank in the amount of \$3,600,000, to finance the Radio Communication Upgrades Project. The agreement carries an interest rate of 3.96% and matures on October 30, 2035.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual	Variance
	Original	Final	Budgetary Basis	Over (Under)
Property Taxes:				
Revenues from Current Year	\$ 99,867,307	\$ 99,867,307	\$ 99,054,067	\$ (813,240)
Prior Year Taxes	486,849	486,849	(710,581)	(1,197,430)
Interest and Lien Fees	381,744	381,744	355,432	(26,312)
Total Property Taxes	<u>100,735,900</u>	<u>100,735,900</u>	<u>98,698,918</u>	<u>(2,036,982)</u>
Intergovernmental:				
State of Connecticut:				
Equalized Cost Sharing	326,444	326,444	357,197	30,753
Health and Welfare	6,359	6,359	6,350	(9)
General Government:				
Tax Relief:				
Tiered Pilot	347,575	347,575	349,298	1,723
Disabled	1,200	1,200	1,541	341
Veterans	5,000	5,000	4,033	(967)
Court Fines	-	-	45,424	45,424
Civil Preparedness	23,000	23,000	63,764	40,764
Telecommunication	58,071	58,071	70,714	12,643
Town Aid Road	321,360	321,360	321,360	-
SDE State Grant	14,000	14,000	-	(14,000)
LOCIP	177,479	177,479	-	(177,479)
Enhancement 911	22,500	22,500	22,595	95
Municipal Revenue Sharing	315,978	315,978	-	(315,978)
Grants for Municipal Projects	34,255	34,255	34,255	-
Total State of Connecticut	<u>1,653,221</u>	<u>1,653,221</u>	<u>1,276,531</u>	<u>(376,690)</u>
Total Intergovernmental	<u>1,653,221</u>	<u>1,653,221</u>	<u>1,276,531</u>	<u>(376,690)</u>
Licenses and Permits:				
Recreation and Parks Commission	202,001	202,001	158,032	(43,969)
Building Inspector	530,591	530,591	891,932	361,341
License, Fees, Permits, and Fines	18,320	18,320	19,379	1,059
Conveyance Tax	200,000	200,000	332,241	132,241
Planning and Zoning	55,980	55,980	49,086	(6,894)
Liens - Utility Commission	-	-	2,860	2,860
Town Clerk Fees	175,000	175,000	146,805	(28,195)
Total Licenses and Permits	<u>1,181,892</u>	<u>1,181,892</u>	<u>1,600,335</u>	<u>418,443</u>

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance Over (Under)
	Original	Final		
Fines, Penalties, and Charges for Services:				
Tuition	\$ -	\$ -	\$ 52,420	\$ 52,420
Library	-	-	1,441	1,441
Fire Services Inspections and Plan Fees	7,320	7,320	17,010	9,690
Bulky Waste Fees	112,000	112,000	112,302	302
Recycling	58,000	58,000	66,971	8,971
Miscellaneous	50,000	50,000	75,597	25,597
EMS - Reg. Comm Ctr Fees	6,000	6,000	6,000	-
Tipping Fees	275,000	275,000	178,840	(96,160)
Senior Services	10,198	10,198	25,406	15,208
Total Fines, Penalties, and Charges for Services	518,518	518,518	535,987	17,469
Other Sources:				
Rent and Miscellaneous	1,500	1,500	5,120	3,620
Rental of Buildings	50,000	50,000	85,929	35,929
Sale of Equipment	1,000	1,000	1,031	31
NI Radio Comm. Network Use Fee	-	-	75,487	75,487
SCRRRA Rebate	-	-	2,578	2,578
Eugene O'Neill Lease	10,000	10,000	22,942	12,942
Ambulance Operating Subsidy	6,000	6,000	-	(6,000)
YSB BOE Clerical Stipend	5,000	5,000	-	(5,000)
BOE Custodial Stipend	75,927	75,927	75,927	-
Total Other Sources	149,427	149,427	269,014	119,587
Interest and Dividends:				
Interest on Investments	2,000,000	2,000,000	2,401,991	401,991
Total Revenues	106,238,958	106,238,958	104,782,776	(1,456,182)
Other Financing Sources:				
Transfers In	-	-	137,521	137,521
Appropriations of Fund Balance	1,000,000	1,000,000	-	(1,000,000)
Cancellation of Prior Year Encumbrances	-	-	4,789	4,789
Total Other Financing Sources	1,000,000	1,000,000	142,310	(857,690)
Total Revenues and Other Financing Sources	\$ 107,238,958	\$ 107,238,958	104,925,086	\$ (2,313,872)
Budgetary revenues are different than U.S. GAAP revenues because:				
State of Connecticut State Teachers' Retirement System on-behalf pension contributions for Town teachers is not budgeted.			8,164,373	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			114,309	
Encumbrances for purchases and commitments which were subsequently cancelled in the next fiscal year			(4,789)	
Excess cost - student based grant			724,202	
GASB 87 not budgeted - issuance of capital lease			268,834	
GASB 54 activity of certain special revenue funds now consolidated into the General Fund			41,817	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds			\$ 114,233,832	

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government:				
Selectman:				
Personnel Costs	\$ 198,172	\$ 198,172	\$ 190,083	\$ 8,089
Services	5,433	4,833	1,981	2,852
Materials and Supplies	2,800	3,400	3,190	210
Total Selectman	206,405	206,405	195,254	11,151
Registrar of Voters:				
Personnel Costs	78,980	105,111	105,107	4
Services	7,252	7,225	6,753	472
Materials and Supplies	10,293	12,736	12,736	-
Total Registrar of Voters	96,525	125,072	124,596	476
Board of Finance:				
Personnel Costs	1,708	1,708	1,627	81
Services	78,960	84,360	83,716	644
Materials and Supplies	45	45	-	45
Total Board of Finance	80,713	86,113	85,343	770
Assessor:				
Personnel Costs	272,183	272,208	270,154	2,054
Services	11,910	39,408	38,844	564
Materials and Supplies	3,120	2,269	2,200	69
Total Assessor	287,213	313,885	311,198	2,687
Board of Assessment Appeals:				
Personnel Costs	1,132	1,132	901	231
Services	610	610	370	240
Total Board of Assessment Appeals	1,742	1,742	1,271	471
Tax Collector:				
Personnel Costs	192,066	191,466	176,560	14,906
Services	39,905	40,135	39,452	683
Materials and Supplies	360	930	928	2
Total Tax Collector	232,331	232,531	216,940	15,591
Finance:				
Personnel Costs	611,921	611,921	609,962	1,959
Services	130,935	129,435	125,545	3,890
Materials and Supplies	25,000	26,500	25,991	509
Total Finance	767,856	767,856	761,498	6,358
Legal Department:				
Services	295,000	295,000	286,170	8,830

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Town Clerk:				
Personnel Costs	\$ 231,444	\$ 231,444	\$ 229,966	\$ 1,478
Services	31,255	31,629	28,850	2,779
Materials and Supplies	2,150	2,150	1,770	380
Total Town Clerk	264,849	265,223	260,586	4,637
Planning and Zoning Commission:				
Personnel Costs	635,331	645,261	616,865	28,396
Services	47,652	57,652	42,363	15,289
Materials and Supplies	3,560	3,560	1,222	2,338
Total Planning and Zoning Commission	686,543	706,473	660,450	46,023
Insurance:				
Services	4,962,182	4,962,182	4,849,535	112,647
Economic Development Commission:				
Services	25,267	25,267	9,191	16,076
Conservation Commission:				
Services	17,750	17,750	5,032	12,718
Materials and Supplies	500	500	-	500
Total Conservation Commission	18,250	18,250	5,032	13,218
Zoning Board of Appeals:				
Services	4,260	4,260	2,107	2,153
Materials and Supplies	50	50	-	50
Total Zoning Board of Appeals	4,310	4,310	2,107	2,203
Retirement Commission:				
Personnel Costs	7,760,257	7,498,844	7,461,685	37,159
Representative Town Meeting:				
Personnel Costs	1	1	-	1
Services	18,902	18,902	17,085	1,817
Total Representative Town Meeting	18,903	18,903	17,085	1,818

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
General Government (Continued):				
Building Department:				
Personnel Costs	\$ 297,309	\$ 297,459	\$ 251,186	\$ 46,273
Services	21,584	21,584	8,058	13,526
Materials and Supplies	3,639	3,489	1,620	1,869
Equipment	4,000	4,000	3,837	163
Total Building Department	326,532	326,532	264,701	61,831
Social Service Grants:				
Services	69,910	69,910	69,040	870
Contracts Out to Agencies	29,050	29,050	29,050	-
Total Social Service Grants	98,960	98,960	98,090	870
Contingency:				
Miscellaneous	265,000	1,294	-	1,294
Flood and Erosion Control Board:				
Personnel Costs	539	539	327	212
Services	545	545	-	545
Materials and Supplies	25	25	-	25
Total Flood and Erosion Control Board	1,109	1,109	327	782
Ethics Commission:				
Personnel Costs	650	650	441	209
Services	200	200	100	100
Materials and Supplies	50	50	-	50
Total Ethics Commission	900	900	541	359
Human Resources:				
Personnel Costs	168,783	170,283	170,093	190
Services	94,371	94,371	54,430	39,941
Materials and Supplies	1,050	1,050	423	627
Total Human Resources	264,204	265,704	224,946	40,758
Information Technology:				
Personnel Costs	266,535	266,535	263,734	2,801
Services	925,415	925,415	901,940	23,475
Equipment	39,473	39,473	38,227	1,246
Total Information Technology	1,231,423	1,231,423	1,203,901	27,522
Total General Government	17,896,474	17,453,978	17,040,447	413,531

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Public Safety:				
Emergency Management:				
Personnel Costs	\$ 1,094,377	\$ 1,094,377	\$ 1,018,539	\$ 75,838
Services	99,355	99,355	67,535	31,820
Materials and Supplies	3,030	3,030	582	2,448
Total Emergency Management	1,196,762	1,196,762	1,086,656	110,106
Fire Services:				
Personnel Costs	2,330,325	2,468,549	2,397,167	71,382
Services	995,650	988,755	923,241	65,514
Materials and Supplies	259,500	306,617	285,848	20,769
Equipment	46,950	16,728	12,538	4,190
Total Fire Services	3,632,425	3,780,649	3,618,794	161,855
Police Department:				
Personnel Costs	6,520,343	6,563,100	6,462,391	100,709
Services	277,151	277,151	261,521	15,630
Materials and Supplies	218,150	239,000	230,390	8,610
Total Police Department	7,015,644	7,079,251	6,954,302	124,949
Total Public Safety	11,844,831	12,056,662	11,659,752	396,910
Public Works:				
Building Maintenance:				
Services	862,824	1,146,357	1,121,258	25,099
Materials and Supplies	8,000	9,000	8,812	188
Capital Improvements	25,000	25,000	22,321	2,679
Total Building Maintenance	895,824	1,180,357	1,152,391	27,966
Public Works:				
Personnel Costs	2,609,628	2,554,070	2,478,896	75,174
Services	1,345,332	1,402,688	1,275,823	126,865
Materials and Supplies	798,363	728,806	647,586	81,220
Equipment	11,795	11,795	10,587	1,208
Capital Improvements	321,120	321,120	292,979	28,141
Total Public Works	5,086,238	5,018,479	4,705,871	312,608
Total Public Works	5,982,062	6,198,836	5,858,262	340,574

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Social Services:				
Youth Service Bureau:				
Personnel Costs	\$ 284,744	\$ 283,305	\$ 278,061	\$ 5,244
Services	9,835	11,274	11,051	223
Total Social Services	294,579	294,579	289,112	5,467
Conservation of Health:				
Services	148,407	148,407	148,407	-
Waterford Public Health Nursing Service:				
Contracts Out to Agencies	26,297	26,297	25,862	435
Senior Citizen Commission:				
Personnel Costs	446,201	508,614	500,870	7,744
Services	13,156	13,992	6,904	7,088
Materials and Supplies	15,481	13,795	13,331	464
Equipment	6,410	3,234	3,228	6
Total Senior Citizen Commission	481,248	539,635	524,333	15,302
Total Social Services	950,531	1,008,918	987,714	21,204
Library:				
Personnel Costs	993,737	1,007,922	999,976	7,946
Services	984	1,140	1,103	37
Materials and Supplies	455	299	228	71
Equipment	11,661	11,661	11,661	-
Total Library	1,006,837	1,021,022	1,012,968	8,054
Recreation and Parks:				
Personnel Costs	1,213,845	1,228,585	1,206,916	21,669
Services	174,667	184,526	178,704	5,822
Materials and Supplies	84,338	90,360	89,430	930
Equipment	7,480	7,621	7,559	62
Total Recreation and Parks	1,480,330	1,511,092	1,482,609	28,483
Debt Service:				
Principal	6,595,000	6,595,000	6,595,000	-
Interest	1,514,746	1,514,746	1,514,746	-
Total Debt Service	8,109,746	8,109,746	8,109,746	-
Board of Education	57,611,181	57,611,181	57,500,835	110,346
Total Expenditures	104,881,992	104,971,435	103,652,333	1,319,102

(Continued on next page)

TOWN OF WATERFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(NON-GAAP BUDGETARY BASIS)

	Budgeted Amounts		Actual Budgetary Basis	Variance (Over) Under
	Original	Final		
Other Financing Uses:				
Transfers Out	\$ 2,356,966	\$ 7,036,520	\$ 7,036,520	\$ -
Total Expenditures and Other Financing Uses	\$ 107,238,958	\$ 112,007,955	110,688,853	\$ 1,319,102
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.			8,164,373	
State of Connecticut State Teachers' Retirement System on-behalf OPEB contributions for Town teachers is not budgeted.			114,309	
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.			3,332	
Excess cost - student based grant			724,202	
GASB 54 Activity of Certain Special Revenue Funds now consolidated into the General Fund			157,138	
GASB 87 lease issuance not budgeted - capital outlay			268,834	
Transfers to Certain Special Revenue Funds consolidated with the General Fund are eliminated for GAAP reporting purposes upon consolidation.			(101,290)	
Total Expenditures and Other Financing Uses as Reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds			\$ 120,019,751	

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Interest	\$ 39,340	\$ 43,263	\$ 43,846	\$ 55,573	\$ 57,640	\$ 59,937	\$ 63,102	\$ 61,919	\$ 66,103	\$ 82,588
Differences Between Expected and Actual Experience	135,799	-	18,735	(116,458)	-	6,607	-	(23,064)	-	(83,403)
Changes of Assumptions	(12,936)	-	-	(38,223)	-	-	-	101,230	-	65,285
Benefit Payments	(89,164)	(86,806)	(90,966)	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)
Net Change in Total Pension Liability	<u>73,039</u>	<u>(43,543)</u>	<u>(28,385)</u>	<u>(185,249)</u>	<u>(37,499)</u>	<u>(44,685)</u>	<u>(53,065)</u>	<u>14,056</u>	<u>(73,735)</u>	<u>(87,087)</u>
Total Pension Liability - Beginning	674,405	717,948	746,333	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510	1,213,597
Total Pension Liability - Ending	747,444	674,405	717,948	746,333	931,582	969,081	1,013,766	1,066,831	1,052,775	1,126,510
Plan Fiduciary Net Position:										
Contributions - Employer	22,450	27,280	27,280	83,000	82,000	89,953	82,000	81,493	84,000	83,367
Net Investment Income	55,985	57,652	52,142	(107,502)	117,497	32,400	29,150	28,406	54,202	11,137
Benefit Payments	(89,164)	(86,806)	(90,966)	(86,141)	(95,139)	(111,229)	(116,167)	(126,029)	(139,838)	(151,557)
Administrative Expense	(1,368)	(793)	(1,833)	(5,571)	(5,755)	(5,958)	(3,271)	(4,821)	(9,314)	(6,948)
Net Change in Plan Fiduciary Net Position	<u>(12,097)</u>	<u>(2,667)</u>	<u>(13,377)</u>	<u>(116,214)</u>	<u>98,603</u>	<u>5,166</u>	<u>(8,288)</u>	<u>(20,951)</u>	<u>(10,950)</u>	<u>(64,001)</u>
Plan Fiduciary Net Position - Beginning	506,792	509,459	522,836	639,050	540,447	535,281	543,569	564,520	575,470	639,471
Plan Fiduciary Net Position - Ending	494,695	506,792	509,459	522,836	639,050	540,447	535,281	543,569	564,520	575,470
Net Pension Liability - Ending	<u>\$ 252,749</u>	<u>\$ 167,613</u>	<u>\$ 208,489</u>	<u>\$ 223,497</u>	<u>\$ 292,532</u>	<u>\$ 428,634</u>	<u>\$ 478,485</u>	<u>\$ 523,262</u>	<u>\$ 488,255</u>	<u>\$ 551,040</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.18%	75.15%	70.96%	70.05%	68.60%	55.77%	52.80%	50.95%	53.62%	51.08%
Covered Payroll	N/A									
Net Pension Liability as a Percentage of Covered Payroll	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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 22,450	\$ 27,280	\$ 27,280	\$ 59,870	\$ 59,870	\$ 81,131	\$ 81,131	\$ 81,493	\$ 81,493	\$ 83,367
	22,450	27,280	27,280	83,000	82,000	89,953	82,000	81,493	84,000	83,367
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ (23,130)	\$ (22,130)	\$ (8,822)	\$ (869)	\$ -	\$ (2,507)	\$ -
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, 2023

Measurement Date: June 30, 2025

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, 2023 Valuation Ten 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%
Cost-of-Living Increases	2.40%
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.

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

Annual Money-Weighted Rate of Return,
Net of Investment Expense

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
11.50%	11.62%	10.28%	-15.96%	20.68%	5.97%	5.55%	5.12%	9.89%	1.75%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	2.81%	2.69%	2.69%	2.84%	3.01%	3.02%	3.07%	5.54%	6.09%	4.88%
Town's Proportionate Share of the Net Pension Liability	\$ 36,869,930	\$ 38,076,968	\$ 36,950,898	\$ 20,172,566	\$ 33,488,078	\$ 31,145,927	\$ 29,401,392	\$ 13,738,876	\$ 16,236,237	\$ 12,496,017
Town's Covered Payroll	\$ 23,291,998	\$ 22,269,793	\$ 22,290,531	\$ 22,102,038	\$ 22,102,038	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.29%	170.98%	165.77%	91.27%	151.52%	140.92%	139.70%	64.60%	79.61%	67.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.54%	69.54%	68.71%	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

*Notes:

- 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 4,839,158	\$ 4,200,150	\$ 4,386,351	\$ 4,047,147	\$ 3,690,224	\$ 3,273,290	\$ 2,819,839	\$ 2,694,077	\$ 2,603,848	\$ 2,423,860
Contributions in Relation to the Actuarially Determined Contribution	<u>4,839,158</u>	<u>4,200,150</u>	<u>4,386,351</u>	<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>
Contribution Deficiency (Excess)	<u>\$ -</u>									
Covered Payroll	\$ 25,772,260	\$ 23,291,998	\$ 22,269,793	\$ 22,290,531	\$ 22,102,038	\$ 21,046,486	\$ 21,269,052	\$ 20,394,151	\$ 18,584,885	\$ 17,944,522
Contributions as a Percentage of Covered Payroll	18.78%	18.03%	19.70%	18.16%	16.70%	15.55%	13.26%	13.21%	14.01%	13.51%

Notes to Schedule:

Valuation Date: June 30, 2024

Measurement Date: June 30, 2025

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

Blended 23.4 to 23.5 years depending on Tier

Asset Valuation Method

Market Value on the measurement date. Plan's fiduciary net position also includes the present value of receivable initial liability payments

Inflation

2.50%

Salary Increases

3.00% - 9.50%, Including Inflation

Investment Rate of Return

7.00%, Net of Investment-Related Expense

Change in Assumptions

In 2023, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2023 valuation to include: rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary merit 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, 2022.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated With the Town	<u>82,829,622</u>	<u>89,609,056</u>	<u>98,976,445</u>	<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>
Total	<u>\$ 82,829,622</u>	<u>\$ 89,609,056</u>	<u>\$ 98,976,445</u>	<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>
Town's Covered Payroll	\$ 25,580,630	\$ 25,140,741	\$ 24,402,175	\$ 24,383,687	\$ 23,898,019	\$ 23,917,559	\$ 23,425,482	\$ 23,142,985	\$ 21,020,000	\$ 20,407,000
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%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.68%	52.69%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%
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									
Remaining Amortization Period	25.9 years									
Asset Valuation Method	4-Year Smoothed Market									
Inflation	2.50%									
Salary Increase	3.00%-6.50%, Including Inflation									
Investment Rate of Return	6.90%, Net of Investment-Related Expense									

Note:

- 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 NINE FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 264,942	\$ 273,763	\$ 308,850	\$ 295,833	\$ 276,630	\$ 265,479	\$ 281,505	\$ 264,365
Interest	1,935,908	1,955,531	1,697,986	1,661,479	1,586,755	1,579,705	1,700,177	1,672,521
Differences Between Expected and Actual Experience	599,281	(1,611,564)	1,476,855	(668,560)	818,687	(1,146,862)	(1,149,976)	(829,167)
Changes of Assumptions	2,183,697	-	1,053,334	-	18,578	-	(917,752)	-
Benefit Payments, Including Refunds of Member Contributions	(642,499)	(565,359)	(475,505)	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)
Net Change in Total OPEB Liability	<u>4,341,329</u>	<u>52,371</u>	<u>4,061,520</u>	<u>292,255</u>	<u>2,354,872</u>	<u>(157,635)</u>	<u>(798,298)</u>	<u>361,012</u>
Total OPEB Liability - Beginning	<u>30,161,924</u>	<u>30,109,553</u>	<u>26,048,033</u>	<u>25,755,778</u>	<u>23,400,906</u>	<u>23,558,541</u>	<u>24,356,839</u>	<u>23,995,827</u>
Total OPEB Liability - Ending	<u>34,503,253</u>	<u>30,161,924</u>	<u>30,109,553</u>	<u>26,048,033</u>	<u>25,755,778</u>	<u>23,400,906</u>	<u>23,558,541</u>	<u>24,356,839</u>
Plan Fiduciary Net Position:								
Contributions - Employer	2,633,734	2,023,664	1,618,816	1,746,497	1,445,778	1,614,570	1,871,345	1,906,707
Net Investment Income	1,645,138	1,302,961	959,995	(1,340,230)	1,860,477	300,988	268,186	133,054
Benefit Payments, Including Refunds of Member Contributions	(642,499)	(565,359)	(475,505)	(996,497)	(345,778)	(855,957)	(712,252)	(746,707)
Administrative Expense	(9,470)	5,609	(10,769)	(19,670)	(7,791)	(7,242)	(6,729)	(11,768)
Net Change in Plan Fiduciary Net Position	<u>3,626,903</u>	<u>2,766,875</u>	<u>2,092,537</u>	<u>(609,900)</u>	<u>2,952,686</u>	<u>1,052,359</u>	<u>1,420,550</u>	<u>1,281,286</u>
Plan Fiduciary Net Position - Beginning	<u>13,311,529</u>	<u>10,544,654</u>	<u>8,452,117</u>	<u>9,062,017</u>	<u>6,109,331</u>	<u>5,056,972</u>	<u>3,636,422</u>	<u>2,355,136</u>
Plan Fiduciary Net Position - Ending	<u>16,938,432</u>	<u>13,311,529</u>	<u>10,544,654</u>	<u>8,452,117</u>	<u>9,062,017</u>	<u>6,109,331</u>	<u>5,056,972</u>	<u>3,636,422</u>
Net OPEB Liability - Ending	<u>\$ 17,564,821</u>	<u>\$ 16,850,395</u>	<u>\$ 19,564,899</u>	<u>\$ 17,595,916</u>	<u>\$ 16,693,761</u>	<u>\$ 17,291,575</u>	<u>\$ 18,501,569</u>	<u>\$ 20,720,417</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	49.09%	44.13%	35.02%	32.45%	35.18%	26.11%	21.47%	14.93%
Covered Payroll	\$ 32,014,834	\$ 30,439,665	\$ 29,726,235	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413
Net OPEB Liability as a Percentage of Covered Payroll	54.86%	55.36%	65.82%	53.93%	52.39%	55.64%	61.08%	68.09%

*Note - This schedule is intended to show information for 10 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 2,516,833	\$ 2,505,310	\$ 2,231,121	\$ 2,217,688	\$ 2,139,712	\$ 2,127,089	\$ 2,482,200	\$ 2,474,700	\$ 2,607,000	\$ 2,755,300
Contributions in Relation to the Actuarially Determined Contribution	<u>2,530,390</u>	<u>1,901,704</u>	<u>1,508,151</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (13,557)</u>	<u>\$ 603,606</u>	<u>\$ 722,970</u>	<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>
Covered Payroll	\$ 32,014,834	\$ 30,439,665	\$ 29,726,235	\$ 32,626,883	\$ 31,862,190	\$ 31,077,578	\$ 30,290,037	\$ 30,429,413	\$ 29,615,001	\$ 29,073,500
Contributions as a Percentage of Covered Payroll	7.90%	6.25%	5.07%	5.14%	4.36%	5.01%	5.95%	6.01%	12.49%	2.74%

Notes to Schedule:

Valuation Date: July 1, 2024

Measurement Date: June 30, 2025

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

Amortization Method

Amortization Period

Asset Valuation Method

Inflation

Healthcare Cost Trend Rates

Inflation

Investment Rate of Return

Retirement Age

Mortality

Entry Age Normal

Level Percentage of Salary

Amortized Over 30 Years on a Closed Basis. The Amortization Began on July 1, 2006, and, as of the July 1, 2022 Valuation, 14 Years Remain.

Market Value

2.40%

6.50% Decreasing to 4.40%

2.40%

6.50%

Medical and Dental Benefits Pre-65

Medical Benefits Post-65

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-2021.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	10.91%	10.96%	10.10%	-13.74%	26.18%	5.44%	6.44%	4.13%	2.09%

*Note - This schedule is intended to show information for 10 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 EIGHT FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated With the Town	<u>\$ 16,991,203</u>	<u>\$ 8,395,138</u>	<u>\$ 8,668,066</u>	<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	\$ 16,991,203	\$ 8,395,138	\$ 8,668,066	\$ 9,104,170	\$ 15,736,711	\$ 15,128,952	\$ 14,952,787	\$ 19,377,337
Town's Covered Payroll	\$ 25,580,630	\$ 25,140,741	\$ 24,402,175	\$ 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%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.40%	11.92%	9.46%	6.11%	2.50%	2.08%	1.49%	1.79%
Notes to Schedule:								
Changes in Benefit Terms	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, 2024 was updated to equal the SEIR of 3.93% as of June 30, 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	2.50%							

Notes:

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

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
YEAR ENDED JUNE 30, 2025

	Final Appropriation	Expenditures and Encumbrances	Unexpended Balance
Salaries - Certified	\$ 25,488,093	\$ 25,260,170	\$ 227,923
Salaries - Support	7,305,037	7,222,198	82,839
Salaries - Other	729,969	649,416	80,553
Temporary Pay - Certified	1,352,028	1,765,139	(413,111)
Temporary Pay - Support	195,100	261,065	(65,965)
Overtime - Support	133,370	144,237	(10,867)
Health and Dental Insurance	7,807,026	7,771,498	35,528
Life and Major Medical Insurance	74,500	65,968	8,532
Long-Term Disability	3,978	3,978	-
Social Security Contribution	1,077,195	1,113,836	(36,641)
Reimbursements	107,800	115,859	(8,059)
Unemployment Compensation	30,000	9,372	20,628
Workers' Compensation	346,500	338,378	8,122
Sick Pay	233,882	228,846	5,036
Retirement Incentive	21,000	27,000	(6,000)
Instructional Services	108,353	95,542	12,811
Staff and Curriculum Development	103,050	179,909	(76,859)
Other Professional and Technical Services	1,437,584	1,095,204	342,380
Legal Services	114,504	294,107	(179,603)
Public Utilities	94,407	74,214	20,193
Maintenance and Repairs	401,344	475,929	(74,585)
Rentals	3,500	2,706	794
Pupil Transportation	2,743,742	2,823,656	(79,914)
Insurance - Property	128,129	108,770	19,359
Insurance - Liability	155,000	215,295	(60,295)
Other Insurance	20,339	18,146	2,193
Communications	74,527	77,851	(3,324)
Postage	16,000	12,830	3,170
Advertising	5,000	1,514	3,486
Tuition	3,112,985	2,579,089	533,896
Travel and Conference	165,038	181,080	(16,042)
Other Purchased Services	129,427	135,692	(6,265)
Instructional Supplies	404,954	344,026	60,928
Software	762,283	728,947	33,336
Maintenance and Custodial	361,400	486,199	(124,799)
Heat and Energy	1,383,838	1,588,454	(204,616)
Transportation Supplies	235,000	188,932	46,068
Textbooks	177,500	247,703	(70,203)
Library and Professional Books	34,150	29,731	4,419
Other Supplies	272,880	253,268	19,612
Equipment	222,905	254,425	(31,520)
Membership Dues and Fees	37,864	30,656	7,208
Total	<u>\$ 57,611,181</u>	<u>\$ 57,500,835</u>	<u>\$ 110,346</u>

TOWN OF WATERFORD, CONNECTICUT
REPORT OF PROPERTY TAX COLLECTIONS
GENERAL FUND
YEAR ENDED JUNE 30, 2025

Grand List	Uncollected Taxes		Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes	
	July 1, 2024	Current Levy	Additions	Deductions			Taxes	Interest	Lien Fees	Total	June 30, 2025
2023	\$ -	\$ 100,706,505	\$ 4,450,632	\$ 5,704,397	\$ 38,102	\$ 99,414,638	\$ 98,992,593	\$ 137,961	\$ 576	\$ 99,131,130	\$ 422,045
2022	492,043	-	4,153,164	5,242,691	27,678	(625,162)	(782,708)	73,795	1,440	(707,473)	157,546
2021	191,052	-	39,466	23,667	12,546	194,305	116,883	50,818	312	168,013	77,422
2020	59,067	-	3,733	218	2,460	60,122	26,491	19,010	192	45,693	33,631
2019	34,448	-	-	42	-	34,406	15,792	17,168	96	33,056	18,614
2018	28,085	-	-	-	-	28,085	10,650	14,178	48	24,876	17,435
2017	19,663	-	-	-	-	19,663	4,707	6,109	48	10,864	14,956
2016	17,374	-	-	-	-	17,374	956	3,276	24	4,256	16,418
2015	17,052	-	-	-	-	17,052	3,725	8,469	48	12,242	13,327
2014	16,020	-	-	24	-	15,996	3,143	4,928	48	8,119	12,853
2013	13,222	-	-	-	-	13,222	877	3,181	24	4,082	12,345
2012	12,821	-	-	-	-	12,821	851	2,923	24	3,798	11,970
2011	14,862	-	-	-	-	14,862	945	2,827	24	3,796	13,917
2010	11,157	-	-	-	-	11,157	898	2,855	24	3,777	10,259
2009	8,304	-	-	-	-	8,304	1,088	4,982	24	6,094	7,216
Total	\$ 935,168	\$ 100,706,505	\$ 8,646,995	\$ 10,971,039	\$ 80,786	\$ 99,236,843	98,396,891	352,480	2,952	98,752,323	\$ 839,952
							Suspense Collections	49,143	-	-	49,143
							Total Collections	\$ 98,446,034	\$ 352,480	\$ 2,952	98,801,466
							Property Taxes Receivable - Considered Available:				
							June 30, 2024				(157,539)
							June 30, 2025				54,991
							Total				\$ 98,698,918

**TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF SEWER ASSESSMENTS RECEIVABLE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

Contract Number	Principal Uncollected	Interest and Liens Uncollected	Lawful Corrections						Collections			Principal Balance	Interest and Liens Uncollected	Balance Uncollected	
	July 1, 2024	July 1, 2024	New Contracts	Interest and Liens Billed	Principal Additions	Principal Deductions	Interest and Lien Additions	Interest and Lien Deductions	Assessments	Interest and Lien Fees	Transferred to Town Clerk	Total	June 30, 2025	June 30, 2025	June 30, 2025
76	\$ 7,339	\$ 10,832	\$ -	\$ 1,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,339	\$ 12,153	\$ 19,492

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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
Waterford Special Activity Fund	Donations, program fees and a transfer from the General fund	To account for programs and donation expenditures for the first selectman and recreation and parks departments
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
Youth Services Mini Grant	State grant passed through NECASA	Community Coalition to address the Opioid Crisis
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
State of CT Election Grant	State grant	To alleviate costs for absentee ballots for the November 2022 election
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 40 and 41 funds passed through the United Way of Southeastern Connecticut	Resources to aid in providing emergency assistance for utilities
Historic Properties	Donations	Donations to the Historic Properties Commission
CT Food Share Grant 2024 Impact Grant	Connecticut Foodshare grant funds	To purchase equipment for the Waterford Community Food Bank
Harbor Management	Docking and mooring fees	Harbor management
Emergency Management Performance Grant Subgrant	Connecticut Department of Emergency Services and Public Protection grant	For activities and purchases directly related to COVID-19

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Fund	Funding Source	Function
Youth Services Enhancement Grant	State grant	To promote youth developmental activities
Early Voting Grant	CT Secretary of State grant	To assist with the costs associated with early voting
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 III	Federal funding passed through Senior Resources Agency on Aging	Senior Services foot care services to local senior citizens
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
ARPA Auto Theft & Violence Grant	Federal grants	Additional patrols to reduce or prevent crimes including stolen vehicles, auto break ins, and catalytic converter theft
FEMA Grant Fund	Federal grants	To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards
ARPA Rural Roads Fund	Federal grants	Increased enforcement of traffic violations on local roads
ARPA Senior Center	Federal grants	To construct a multi-media space within the Senior Center, as well as upgrades to the main lobby area
ARPA Summer Mental Health Grant	Federal grants	Mental Health Services provided through Camp Dash
Connecticut Youth Gambling Awareness	Capitol Region Education Council (CREC) and state grants	Middle and High School aged students receive training and support in developing problem gambling awareness
Neglected Cemetery Account Grant Program	State grants	Expenses for clean up of various cemeteries
ARPA Fund	Federal grants	State and Local Fiscal Recovery Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

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
Capital Improvements Fund	General fund appropriations	Various Capital Improvements
LOCIP Grant Fund	State LOCIP funds	Various Capital Improvements
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
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

Special Revenue Funds							
	Special Education Grants	School Cafeteria	School Activity	Waterford Special Activity Fund	Drug Enforcement Grant	Youth Services	Water
ASSETS							
Cash and Cash Equivalents	\$ 520,960	\$ 539,372	\$ 386,505	\$ -	\$ -	\$ -	\$ -
Investments	-	24,543	25,444	-	-	-	-
Receivables, Net	110,691	110,436	-	-	-	1,567	69,890
Interfund Receivables	-	14,834	-	108,103	22,939	298,137	411,219
Supplies	-	22,404	-	-	-	-	-
Total Assets	\$ 631,651	\$ 711,589	\$ 411,949	\$ 108,103	\$ 22,939	\$ 299,704	\$ 481,109
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payable	\$ 58,913	\$ -	\$ -	\$ 4,813	\$ -	\$ 4,177	\$ -
Accrued Liabilities	66,478	-	-	234	-	36,453	342
Interfund Payables	88,850	-	-	-	-	-	-
Unearned Revenue	412,370	-	-	9,729	-	163,162	-
Total Liabilities	626,611	-	-	14,776	-	203,792	342
DEFERRED INFLOWS OF RESOURCES							
Related to Leases	-	-	-	-	-	-	66,400
Unavailable Revenue - Other	-	-	-	-	-	-	-
Unavailable Revenue - Grants Receivable	-	-	-	-	-	302	-
Total Deferred Inflows of Resources	-	-	-	-	-	302	66,400
FUND BALANCES							
Nonspendable	-	22,404	-	-	-	-	-
Restricted	5,040	689,185	-	93,327	22,939	95,610	-
Committed	-	-	411,949	-	-	-	414,367
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	5,040	711,589	411,949	93,327	22,939	95,610	414,367
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 631,651	\$ 711,589	\$ 411,949	\$ 108,103	\$ 22,939	\$ 299,704	\$ 481,109

(Continued on Next Page)

**TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2025**

	Special Revenue Funds						
	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant	Youth Services Mini Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant
ASSETS							
Cash and Cash Equivalents							
Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net	-	-	-	-	-	-	-
Interfund Receivables	-	117	-	-	-	106,566	-
Supplies	105,877	29,875	165	3,180	40,376	-	-
Total Assets	<u>\$ 105,877</u>	<u>\$ 29,992</u>	<u>\$ 165</u>	<u>\$ 3,180</u>	<u>\$ 40,376</u>	<u>\$ 106,566</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payable	\$ 112	\$ 4,639	\$ 165	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	106,566	-
Unearned Revenue	-	17,404	-	3,180	40,376	-	-
Total Liabilities	<u>112</u>	<u>22,043</u>	<u>165</u>	<u>3,180</u>	<u>40,376</u>	<u>106,566</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Related to Leases	-	-	-	-	-	-	-
Unavailable Revenue - Other	-	-	-	-	-	-	-
Unavailable Revenue - Grants Receivable	-	117	-	-	-	106,566	-
Total Deferred Inflows of Resources	<u>-</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,566</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	105,765	7,832	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(106,566)	-
Total Fund Balances	<u>105,765</u>	<u>7,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,566)</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 105,877</u>	<u>\$ 29,992</u>	<u>\$ 165</u>	<u>\$ 3,180</u>	<u>\$ 40,376</u>	<u>\$ 106,566</u>	<u>\$ -</u>

(Continued on Next Page)

**TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2025**

Special Revenue Funds							
ASSETS	State of CT Election Grant	Comprehensive DUI Enforcement Program	EFSP Grant	Historic Properties	Community Impact Grant	Harbor Management	Emergency Management Performance Grant
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments							
Receivables, Net	-	-	-	-	-	-	-
Interfund Receivables	-	7,552	-	-	-	-	-
Supplies	1,266	-	32	3,235	3,300	25,043	-
Total Assets	\$ 1,266	\$ 7,552	\$ 32	\$ 3,235	\$ 3,300	\$ 25,043	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	463	-	-	-	1,064	-
Interfund Payables	-	7,089	-	-	-	-	-
Unearned Revenue	1,266	-	32	-	3,300	-	-
Total Liabilities	1,266	7,552	32	-	3,300	1,064	-
DEFERRED INFLOWS OF RESOURCES							
Related to Leases	-	-	-	-	-	-	-
Unavailable Revenue - Other	-	-	-	-	-	-	-
Unavailable Revenue - Grants Receivable	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	3,235	-	23,979	-
Committed	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	-	-	3,235	-	23,979	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,266	\$ 7,552	\$ 32	\$ 3,235	\$ 3,300	\$ 25,043	\$ -

(Continued on Next Page)

**TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2025**

	Special Revenue Funds						
	Youth Services Enhancement Grant	Early Voting Grant	Small Cities Grant II	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB	Student Athletics
ASSETS							
Cash and Cash Equivalents							
Investments	\$ -	\$ -	\$ 191,582	\$ -	\$ -	\$ -	\$ 73,160
Receivables, Net	-	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	954	-
Supplies	-	-	192	-	1,530	-	-
Total Assets	\$ -	\$ -	\$ 191,774	\$ -	\$ 1,530	\$ 954	\$ 73,160
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625	\$ -
Accrued Liabilities	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	329	-
Unearned Revenue	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	954	-
DEFERRED INFLOWS OF RESOURCES							
Related to Leases	-	-	-	-	-	-	-
Unavailable Revenue - Other	-	-	-	-	-	-	-
Unavailable Revenue - Grants Receivable	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	191,774	-	1,530	-	-
Committed	-	-	-	-	-	-	73,160
Unassigned	-	-	-	-	-	-	-
Total Fund Balances	-	-	191,774	-	1,530	-	73,160
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ 191,774	\$ -	\$ 1,530	\$ 954	\$ 73,160

(Continued on Next Page)

**TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2025**

Special Revenue Funds								
	ARPA Auto Theft & Violence Grant	FEMA Grant Fund	ARPA Rural Roads Fund	ARPA Senior Center	ARPA Summer Mental Health Grant	Connecticut Youth Gambling Awareness	Neglected Cemetery Account	American Rescue Plan Act
ASSETS								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	58,221	17,803	-	7,275	-
Receivables, Net	-	-	-	-	-	1,697	-	560,834
Interfund Receivables	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ -	\$ 58,221	\$ 17,803	\$ 1,697	\$ 7,275	\$ 560,834
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts and Other Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,775	\$ 56,134
Accrued Liabilities	-	-	-	-	-	-	-	-
Interfund Payables	-	-	-	58,221	17,803	-	1,500	-
Unearned Revenue	-	-	-	-	-	1,697	-	504,700
Total Liabilities	-	-	-	58,221	17,803	1,697	7,275	560,834
DEFERRED INFLOWS OF RESOURCES								
Related to Leases	-	-	-	-	-	-	-	-
Unavailable Revenue - Other	-	-	-	-	-	-	-	-
Unavailable Revenue - Grants Receivable	-	-	-	58,221	17,803	-	7,275	-
Total Deferred Inflows of Resources	-	-	-	58,221	17,803	-	7,275	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(58,221)	(17,803)	-	(7,275)	-
Total Fund Balances	-	-	-	(58,221)	(17,803)	-	(7,275)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ -	\$ -	\$ 58,221	\$ 17,803	\$ 1,697	\$ 7,275	\$ 560,834

(Continued on Next Page)

**TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2025**

	Capital Projects Funds						Permanent Fund	Total Nonmajor Governmental Funds
	Fleet Management	Sewer Maintenance & Development	Capital Improvements Fund	LOCIP Fund	Early Childhood Learning Center	Total		
ASSETS								
Cash and Cash Equivalents	\$ 2,954,259	\$ 1,004,922	\$ 3,070,753	\$ -	\$ -	\$ 7,029,934	\$ 62	\$ 8,741,575
Investments	-	-	-	-	-	-	115,663	165,650
Receivables, Net	19,673	6,856	1,307.00	49,686	-	77,522	-	568,594
Interfund Receivables	26,480	-	-	128,525	549,784	704,789	-	2,336,623
Supplies	-	-	-	-	-	-	-	22,404
Total Assets	\$ 3,000,412	\$ 1,011,778	\$ 3,072,060	\$ 178,211	\$ 549,784	\$ 7,812,245	\$ 115,725	\$ 11,834,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts and Other Payable	\$ 351,072	\$ 18,475	\$ 917,247	\$ -	\$ -	\$ 1,286,794	\$ -	\$ 1,422,147
Accrued Liabilities	-	-	-	-	-	-	-	105,034
Interfund Payables	-	5,932	125,448	-	-	131,380	-	411,738
Unearned Revenue	-	-	-	178,211	-	178,211	-	1,335,427
Total Liabilities	351,072	24,407	1,042,695	178,211	-	1,596,385	-	3,274,346
DEFERRED INFLOWS OF RESOURCES								
Related to Leases	-	-	-	-	-	-	-	66,400
Unavailable Revenue - Other	-	6,856	-	-	-	6,856	-	6,856
Unavailable Revenue - Grants Receivable	-	-	-	-	-	-	-	190,284
Total Deferred Inflows of Resources	-	6,856	-	-	-	6,856	-	263,540
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	115,725	138,129
Restricted	-	980,515	-	-	-	980,515	-	2,220,731
Committed	2,649,340	-	2,029,365	-	549,784	5,228,489	-	6,127,965
Unassigned	-	-	-	-	-	-	-	(189,865)
Total Fund Balances	2,649,340	980,515	2,029,365	-	549,784	6,209,004	115,725	8,296,960
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,000,412	\$ 1,011,778	\$ 3,072,060	\$ 178,211	\$ 549,784	\$ 7,812,245	\$ 115,725	\$ 11,834,846

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

Special Revenue Funds								
	Special Education Grants	School Cafeteria	School Activity	Waterford Special Activity Fund	Drug Enforcement Grant	Youth Services		Water
REVENUES								
Intergovernmental	\$ 1,305,802	\$ 663,163	\$ 419,052	\$ 22,000	\$ 18,657	\$ -	\$ -	\$ -
Fines, Penalties, and Charges for Services	-	612,898	-	82,611	-	265,134	-	39,605
Assessments and Connections	-	-	818	-	-	-	-	-
Investment Earnings (Loss)	-	-	458	-	-	-	-	-
Other	-	-	-	22,375	-	58,766	-	-
Total Revenues	1,305,802	1,276,879	419,510	126,986	18,657	323,900	-	39,605
EXPENDITURES								
Current:	-	-	-	12,360	-	-	-	-
General Government	-	-	-	-	10,936	-	-	-
Public Safety	-	-	-	-	-	-	-	195,909
Public Works	-	-	-	93,469	-	-	-	-
Recreation	-	-	-	-	-	334,714	-	-
Social Services	1,305,798	1,336,778	395,806	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Total Expenditures	1,305,798	1,336,778	395,806	105,829	10,936	334,714	-	195,909
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4	(59,899)	23,704	21,157	7,721	(10,814)	(156,304)	
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	4,750	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	4,750	-	-	-	-
NET CHANGE IN FUND BALANCES	4	(59,899)	23,704	25,907	7,721	(10,814)	(156,304)	
Fund Balance - Beginning of Year	5,036	771,488	388,245	67,420	15,218	106,424	-	570,671
FUND BALANCES - END OF YEAR	\$ 5,040	\$ 711,589	\$ 411,949	\$ 93,327	\$ 22,939	\$ 95,610	\$ 414,367	

(Continued on Next Page)

TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						
	Contributed Gifts	Senior Services	Youth Services Local Prevention Council Grant	Youth Services Mini Grant	Dock Removal Grant	Nuclear Safety Emergency Preparedness	DRE Support Grant
REVENUES							
Intergovernmental	\$ 2,440	\$ 6,200	\$ 4,724	\$ 1,820	\$ -	\$ -	\$ 23,879
Fines, Penalties, and Charges for Services	-	52,271	-	-	-	-	-
Assessments and Connections	-	-	-	-	-	-	-
Investment Earnings (Loss)	36,034	19,004	-	-	-	-	-
Other	38,474	77,475	4,724	1,820	-	-	23,879
Total Revenues							
EXPENDITURES							
Current:							
General Government	-	18,364	-	-	-	68,000	23,879
Public Safety	-	-	-	-	-	-	-
Public Works	5,400	-	-	-	-	-	-
Recreation	-	86,453	4,724	3,971	-	-	-
Social Services	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Capital Outlay	23,764	86,453	4,724	3,971	-	68,000	23,879
Total Expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,710	(8,978)	-	(2,151)	-	(68,000)	-
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	14,710	(8,978)	-	(2,151)	-	(68,000)	-
Fund Balance - Beginning of Year	91,055	16,810	-	2,151	-	(38,566)	-
FUND BALANCES - END OF YEAR	\$ 105,765	\$ 7,832	\$ -	\$ -	\$ -	\$ (106,566)	\$ -

(Continued on Next Page)

TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						
	State of CT Election Grant	Comprehensive DUI Enforcement Program	EFSP Grant	Historic Properties	Community Impact Grant	Harbor Management	Emergency Management Performance Grant
REVENUES							
Intergovernmental	\$ 705	\$ 21,619	\$ 2,094	\$ -	\$ 7,000	\$ -	\$ -
Fines, Penalties, and Charges for Services	-	-	-	-	-	-	-
Assessments and Connections	-	-	-	-	-	-	-
Investment Earnings (Loss)	-	-	-	-	-	-	-
Other	705	21,619	2,094	-	7,000	13,575	-
Total Revenues							
EXPENDITURES							
Current:	705	-	-	-	-	11,822	-
General Government	-	21,619	-	-	-	-	(927)
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Social Services	-	-	2,094	-	7,000	-	-
Education	-	-	-	-	-	-	-
Capital Outlay	705	21,619	2,094	-	7,000	11,822	(927)
Total Expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						1,753	927
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES						1,753	927
Fund Balance - Beginning of Year	-	-	-	3,235	-	22,226	(927)
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ 3,235	\$ -	\$ 23,979	\$ -	

(Continued on Next Page)

TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						
	Youth Services Enhancement Grant	Early Voting Grant	Small Cities Grant II	Historic Documents Preservation Grant	Reeve Foundation Grant	Senior Services Title IIIB	Distracted Driving HVE Grant
REVENUES							
Intergovernmental	\$ 16,657	\$ 12,917	\$ -	\$ 5,500	\$ -	\$ 7,077	\$ 13,382
Fines, Penalties, and Charges for Services	-	-	28,999	-	-	3,453	-
Assessments and Connections	-	-	-	-	-	-	-
Investment Earnings (Loss)	-	-	-	-	-	-	-
Other	16,657	12,917	28,999	5,500	-	10,530	13,382
Total Revenues							
EXPENDITURES							
Current:							
General Government	-	12,917	-	5,500	-	-	-
Public Safety	-	-	-	-	-	-	13,382
Public Works	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-
Social Services	16,657	-	-	-	-	10,347	-
Education	-	-	-	-	-	-	-
Capital Outlay	16,657	12,917	-	5,500	-	10,347	13,382
Total Expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			28,999	-	-	183	-
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES			28,999	-	-	183	-
Fund Balance - Beginning of Year	-	-	162,775	-	1,530	(183)	-
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ 191,774	\$ -	\$ 1,530	\$ -	\$ -

(Continued on Next Page)

TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

Special Revenue Funds							
	Student Athletics	ARPA Auto Theft & Violence Grant	FEMA Grant Fund	ARPA Rural Roads Fund	ARPA Senior Center	ARPA Summer Mental Health Grant	Connecticut Youth Gambling Awareness
REVENUES							
Intergovernmental							
Fines, Penalties, and Charges for Services							
Assessments and Connections							
Investment Earnings (Loss)							
Other	101,527	35,226	49,762	1,199	-	-	3,003
Total Revenues							
EXPENDITURES							
Current:							
General Government							
Public Safety							
Public Works							
Recreation							
Social Services							
Education							
Capital Outlay	92,192	35,226	33,117	(17)	58,221	17,803	3,003
Total Expenditures							
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES							
	9,335	-	16,645	1,216	(58,221)	(17,803)	-
OTHER FINANCING SOURCES (USES)							
Transfers In							
Transfers Out							
Total Other Financing Sources (Uses)							
NET CHANGE IN FUND BALANCES							
Fund Balance - Beginning of Year	63,825	-	(16,645)	(1,216)	-	-	-
FUND BALANCES - END OF YEAR	<u>\$ 73,160</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,221)</u>	<u>\$ (17,803)</u>	<u>\$ -</u>

(Continued on Next Page)

TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				Capital Projects Funds					
	Neglected Cemetery Account	American Rescue Plan Act	Total	Fleet Management	Sewer Maintenance & Development	Capital Improvements Fund	LOCIP Fund	Early Childhood Learning Center		
REVENUES										
Intergovernmental										
Fines, Penalties, and Charges for Services	\$ -	\$ 2,043,828	\$ 4,268,654	\$ -	\$ -	\$ -	\$ 262,689	\$ -	\$ 262,689	
Assessments and Connections	-	-	1,619,125	71,988	-	-	-	-	71,988	
Investment Earnings (Loss)	-	-	-	-	251,246	-	-	-	251,246	
Other	-	-	1,276	176,770	43,265	-	-	-	220,035	
Total Revenues	-	-	136,179	77,838	-	-	-	-	77,838	
	-	2,043,828	6,025,234	326,596	294,511	-	262,689	-	883,796	
EXPENDITURES										
Current:										
General Government	7,275	102,569	153,148	-	-	-	-	-	-	
Public Safety	-	-	223,579	-	-	-	-	-	-	
Public Works	-	1,341,403	1,537,312	-	-	-	-	-	-	
Recreation	-	599,856	698,725	-	-	-	-	-	-	
Social Services	-	-	544,987	-	-	-	-	-	-	
Education	-	-	3,130,574	-	-	-	-	-	-	
Capital Outlay	-	-	-	2,179,197	104,619	2,291,328	262,689	-	4,837,833	
Total Expenditures	7,275	2,043,828	6,288,325	2,179,197	104,619	2,291,328	262,689	-	4,837,833	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,275)	-	(263,091)	(1,852,601)	189,892	(2,291,328)	-	-	(3,954,037)	
OTHER FINANCING SOURCES (USES)										
Transfers In	-	-	4,750	1,000,000	-	2,634,168	-	-	3,634,168	
Transfers Out	-	-	-	-	-	(1,137,521)	-	-	(1,137,521)	
Total Other Financing Sources (Uses)	-	-	4,750	1,000,000	-	1,496,647	-	-	2,496,647	
NET CHANGE IN FUND BALANCES	(7,275)	-	(258,341)	(852,601)	189,892	(794,681)	-	-	(1,457,390)	
Fund Balance - Beginning of Year	-	-	2,230,572	3,501,941	790,623	-	-	549,784	7,666,394	
FUND BALANCES - END OF YEAR	\$ (7,275)	\$ -	\$ 1,972,231	\$ 2,649,340	\$ 980,515	\$ 2,029,365	\$ -	\$ 549,784	\$ 6,209,004	

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TOWN OF WATERFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2025

	<u>Permanent Fund</u>		Total
	Hammond Memorial Trust	Nonmajor Governmental Funds	
REVENUES			
Intergovernmental			
Fines, Penalties, and Charges for Services	\$ -	\$ 4,531,343	
Assessments and Connections	-	1,691,113	
Investment Earnings (Loss)	-	251,246	
Other	13,755	235,066	
Total Revenues	-	214,017	
	13,755	6,922,785	
EXPENDITURES			
Current:			
General Government	14,999	168,147	
Public Safety	-	223,579	
Public Works	-	1,537,312	
Recreation	-	698,725	
Social Services	-	544,987	
Education	-	3,130,574	
Capital Outlay	-	4,837,833	
Total Expenditures	14,999	11,141,157	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,244)	(4,218,372)	
OTHER FINANCING SOURCES (USES)			
Transfers In	-	3,638,918	
Transfers Out	-	(1,137,521)	
Total Other Financing Sources (Uses)	-	2,501,397	
NET CHANGE IN FUND BALANCES	(1,244)	(1,716,975)	
Fund Balance - Beginning of Year	116,969	10,013,935	
FUND BALANCES - END OF YEAR	<u>\$ 115,725</u>	<u>\$ 8,296,960</u>	

FIDUCIARY FUNDS

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 postemployment benefits for certain Town employees.

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE TRUST FUNDS
JUNE 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,516	\$ 27,826	\$ 39,342
Investments:			
Mutual Funds	<u>484,126</u>	<u>16,935,347</u>	<u>17,419,473</u>
Total Assets	<u>495,642</u>	<u>16,963,173</u>	<u>17,458,815</u>
LIABILITIES			
Accounts and Other Payables	<u>947</u>	<u>24,741</u>	<u>25,688</u>
NET POSITION			
Restricted for OPEB Benefits	-	16,938,432	16,938,432
Restricted for Pension Benefits	<u>494,695</u>	<u>-</u>	<u>494,695</u>
Total Net Position	<u><u>\$ 494,695</u></u>	<u><u>\$ 16,938,432</u></u>	<u><u>\$ 17,433,127</u></u>

TOWN OF WATERFORD, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE TRUST FUNDS
YEAR ENDED JUNE 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 22,450	\$ 2,633,734	\$ 2,656,184
Investment Income:			
Net Change in Fair Value of Investments	<u>55,985</u>	<u>1,645,138</u>	<u>1,701,123</u>
Total Additions	78,435	4,278,872	4,357,307
DEDUCTIONS			
Benefit Payments	89,164	642,499	731,663
Administration	<u>1,368</u>	<u>9,470</u>	<u>10,838</u>
Total Deductions	<u>90,532</u>	<u>651,969</u>	<u>742,501</u>
CHANGE IN NET POSITION			
	(12,097)	3,626,903	3,614,806
Net Position - Beginning of Year	<u>506,792</u>	<u>13,311,529</u>	<u>13,818,321</u>
NET POSITION - END OF YEAR	<u>\$ 494,695</u>	<u>\$ 16,938,432</u>	<u>\$ 17,433,127</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)
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 171,592	\$ 167,448	\$ 164,702	\$ 166,836	\$ 165,530	\$ 172,217	\$ 172,063	\$ 172,024	\$ 174,397	\$ 174,913
Restricted	2,592	2,311	2,301	1,612	1,440	135	137	145	130	216
Unrestricted	(11,291)	(5,748)	(3,756)	(5,480)	(9,002)	(13,040)	(11,532)	(5,839)	(10,913)	(5,725)
Total Governmental Activities	162,893	164,010	163,248	162,968	157,968	159,312	160,668	166,330	163,614	169,404
Net Position										
Business-Type Activities:										
Net Investment in Capital Assets	40,483	41,656	42,958	44,690	45,670	49,212	50,975	52,848	54,164	54,835
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	5,195	6,218	5,814	5,053	4,767	4,361	3,842	3,822	3,299	2,765
Total Business-Type Activities	45,677	47,874	48,771	49,743	50,437	53,573	54,817	56,670	57,463	57,600
Net Position										
Primary Government:										
Net Investment In Capital Assets	212,075	209,104	207,660	211,526	211,200	221,430	223,038	224,872	228,561	229,748
Restricted	2,592	2,311	2,301	1,612	1,440	135	137	145	130	216
Unrestricted	(6,096)	469	2,058	(427)	(4,235)	(8,679)	(7,690)	(2,017)	(7,614)	(2,960)
Total Primary Government	\$ 208,570	\$ 211,884	\$ 212,019	\$ 212,711	\$ 208,405	\$ 212,885	\$ 215,485	\$ 223,000	\$ 221,077	\$ 227,004
Net Position										

Notes:

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

TABLE 2

TOWN OF WATERFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
EXPENSES										
Governmental Activities:										
General Government	\$ 16,629	\$ 17,265	\$ 16,339	\$ 14,481	\$ 15,705	\$ 15,856	\$ 15,429	\$ 14,892	\$ 13,745	\$ 14,176
Public Safety	13,580	13,087	14,438	11,579	13,999	13,150	13,198	12,098	11,508	13,356
Public Works	10,641	10,725	12,102	8,803	8,780	8,086	8,432	7,180	8,558	8,569
Recreation	2,319	3,304	1,967	1,836	1,763	1,941	1,773	1,020	1,763	1,897
Library	1,248	1,047	1,158	1,002	1,156	1,159	1,154	1,065	917	1,598
Social Services	1,649	1,380	1,374	1,303	1,285	1,427	1,370	1,299	1,321	3,238
Education	78,282	71,966	72,529	65,498	74,351	68,539	60,142	64,680	61,805	56,442
Interest on Long-Term Debt	1,057	1,152	1,247	1,363	1,393	2,057	2,285	2,400	2,604	2,795
Total Governmental Activities Expenses	<u>125,403</u>	<u>119,927</u>	<u>121,154</u>	<u>105,865</u>	<u>118,432</u>	<u>112,215</u>	<u>103,783</u>	<u>104,634</u>	<u>102,221</u>	<u>102,071</u>
Business-Type Activities:										
Utilities Commission	6,783	5,335	5,236	5,120	5,480	5,399	5,217	5,740	4,945	5,172
Total Primary Government Expenses	<u>132,186</u>	<u>125,262</u>	<u>126,390</u>	<u>110,985</u>	<u>123,912</u>	<u>117,614</u>	<u>109,000</u>	<u>110,374</u>	<u>107,166</u>	<u>107,243</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	1,594	1,354	1,446	1,346	1,762	1,068	1,119	1,032	1,289	1,135
Public Safety	220	187	93	268	293	502	561	500	265	254
Public Works	686	474	785	623	872	612	735	635	846	829
Recreation	241	351	257	208	89	180	232	228	217	218
Library	1	2	1	-	-	10	16	17	18	19
Social Services	384	352	296	308	11	185	294	236	261	243
Education	1,226	1,119	826	479	319	533	657	611	582	592
Operating Grants And Contributions	13,512	11,930	15,754	11,664	19,990	13,901	6,171	12,205	11,261	9,056
Capital Grants And Contributions	<u>4,305</u>	<u>3,654</u>	<u>1,143</u>	<u>1,858</u>	<u>578</u>	<u>658</u>	<u>839</u>	<u>2,450</u>	<u>3,106</u>	<u>1,004</u>
Total Governmental Activities										
Program Revenues	22,169	19,423	20,600	16,754	23,914	17,649	10,624	17,914	17,845	13,350
Business-Type Activities:										
Charges for Services	3,849	3,861	3,820	3,798	3,841	3,710	3,765	3,654	3,727	3,728
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	16	-	-	-	417	1,307
Total Business-Type Activities										
Program Revenues	3,849	3,861	3,820	3,798	3,857	3,710	3,765	3,654	4,144	5,035
Total Primary Government										
Program Revenues	<u>26,018</u>	<u>23,284</u>	<u>24,420</u>	<u>20,552</u>	<u>27,771</u>	<u>21,359</u>	<u>14,389</u>	<u>21,568</u>	<u>21,989</u>	<u>18,385</u>
NET REVENUE (EXPENSE)										
Governmental Activities	(103,234)	(100,504)	(100,554)	(89,111)	(94,518)	(94,566)	(93,159)	(86,720)	(84,376)	(88,721)
Business-Type Activities	<u>(2,934)</u>	<u>(1,474)</u>	<u>(1,415)</u>	<u>(1,322)</u>	<u>(1,623)</u>	<u>(1,689)</u>	<u>(1,452)</u>	<u>(2,086)</u>	<u>(801)</u>	<u>(137)</u>
Total Primary Government										
Net Expense	<u>\$ (106,168)</u>	<u>\$ (101,978)</u>	<u>\$ (101,970)</u>	<u>\$ (90,433)</u>	<u>\$ (96,141)</u>	<u>\$ (96,255)</u>	<u>\$ (94,611)</u>	<u>\$ (88,806)</u>	<u>\$ (85,177)</u>	<u>\$ (88,858)</u>

(Continued on Next Page)

TABLE 2
(CONTINUED)

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

	Fiscal Year										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION											
Governmental Activities:											
Property Taxes	\$ 98,702	\$ 96,206	\$ 97,440	\$ 94,070	\$ 93,198	\$ 92,136	\$ 90,251	\$ 87,927	\$ 85,884	\$ 81,996	
Grants and Contributions Not Restricted to Specific Programs	426	936	755	376	356	351	353	294	771	695	
Unrestricted Investment Earnings	3,437	4,301	2,853	226	133	1,083	1,297	686	315	185	
Miscellaneous	6	73	46	55	175	197	39	145	123	54	
Transfers	(454)	(250)	(260)	(615)	(31)	(95)	(138)	(196)	-	-	
Total Governmental Activities	<u>102,116</u>	<u>101,266</u>	<u>100,834</u>	<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>	
Business-Type Activities:											
Investment Earnings	283	327	184	12	3	47	70	37	8	-	
Transfers	454	250	260	615	31	95	138	196	-	-	
Total Business-Type Activities	<u>737</u>	<u>577</u>	<u>444</u>	<u>627</u>	<u>34</u>	<u>142</u>	<u>208</u>	<u>233</u>	<u>8</u>	<u>-</u>	
Total Primary Government	<u>102,854</u>	<u>101,843</u>	<u>101,278</u>	<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>	
CHANGES IN NET POSITION											
Governmental Activities	(1,117)	763	279	5,001	(687)	(894)	(1,357)	2,136	2,717	(5,791)	
Business-Type Activities	(2,197)	(897)	(971)	(695)	(1,589)	(1,547)	(1,244)	(1,853)	(793)	(137)	
Total Primary Government	<u>\$ (3,314)</u>	<u>\$ (135)</u>	<u>\$ (692)</u>	<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>	

Notes:

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

TABLE 3

TOWN OF WATERFORD, CONNECTICUT
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

	Fiscal Year										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	
General Fund:											
Nonspendable	\$ 9	\$ 11	\$ 17	\$ 356	\$ 22	\$ 215	\$ 191	\$ 158	\$ 45	\$ 461	
Committed	-	-	-	-	-	-	-	-	-	-	
Assigned	379	1,270	365	486	779	935	287	651	366	513	
Unassigned	18,791	23,684	26,086	23,004	22,981	18,963	16,781	13,980	13,183	10,948	
Total General Fund	<u>\$ 19,179</u>	<u>\$ 24,965</u>	<u>\$ 26,469</u>	<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>	
All Other Governmental Funds:											
Nonspendable	\$ 138	\$ 144	\$ 138	\$ 127	\$ 154	\$ 131	\$ 140	\$ 142	\$ 145	\$ 130	
Restricted	2,221	2,030	2,084	1,491	961	910	877	1,040	1,033	887	
Committed	15,918	18,705	19,000	16,309	13,755	11,434	7,206	8,061	9,437	10,250	
Assigned	-	-	-	-	-	1,606	1,189	900	620	364	
Unassigned	(3,131)	(3,000)	(3,040)	(2,942)	(3,033)	(2,946)	(2,942)	(2,980)	(3,699)	(5,924)	
Total All Other Governmental Funds	<u>\$ 15,145</u>	<u>\$ 17,879</u>	<u>\$ 18,182</u>	<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>	

TABLE 4

TOWN OF WATERFORD, CONNECTICUT
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
REVENUES										
Property Taxes, Interest, and Liens	98,699	96,300	\$ 97,754	\$ 93,937	\$ 93,334	\$ 92,060	\$ 91,062	\$ 87,828	\$ 86,168	\$ 81,756
Intergovernmental	15,209	16,374	15,229	16,013	11,736	11,396	12,197	10,197	15,149	11,367
Assessments and Connections	251	59	204	140	131	123	53	70	33	95
Licenses and Permits	1,753	1,617	1,643	1,699	1,988	1,641	1,737	1,624	1,175	1,021
Fines, Penalties, and Charges for Services	2,353	2,160	1,828	1,770	1,151	1,382	1,771	1,591	1,806	1,524
Investment Earnings	3,218	3,990	2,622	206	128	1,020	1,254	659	304	181
Other	215	987	196	128	291	276	134	162	708	740
Total Revenues	121,699	121,487	119,477	113,893	108,759	107,898	108,208	102,131	105,343	96,684
EXPENDITURES										
General Government	17,150	16,004	15,180	14,603	14,620	14,164	13,454	13,480	13,493	13,180
Public Safety	12,015	11,499	11,690	10,924	11,188	10,615	10,737	10,248	10,053	10,022
Public Works	7,418	6,228	5,494	5,390	4,764	4,385	4,822	4,341	4,763	4,435
Recreation	2,181	3,022	1,570	1,530	1,323	1,465	1,412	1,382	1,728	1,634
Library	1,013	1,064	988	972	1,076	1,007	1,022	1,003	1,037	1,546
Social Services	1,533	1,310	1,191	1,352	1,033	1,113	1,199	1,242	1,244	2,990
Education	69,614	67,389	64,390	62,844	59,771	58,698	58,886	55,761	56,983	50,786
Capital Outlay	11,369	8,610	5,890	5,411	8,383	11,637	7,314	6,424	5,156	7,414
Debt Service:										
Principal	6,676	6,522	5,383	5,840	5,060	5,145	5,020	4,980	4,585	4,430
Interest	1,519	1,702	1,890	2,095	2,715	2,355	2,565	2,449	2,937	2,985
Total Expenditures	130,488	123,349	113,667	110,961	109,933	110,584	106,431	101,310	101,979	99,422
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES										
	(8,789)	(1,862)	5,810	2,932	(1,174)	(2,686)	1,777	821	3,364	(2,738)
OTHER FINANCING SOURCES (USES)										
Transfers In	8,073	6,356	7,557	6,978	3,801	5,975	4,978	4,834	5,274	3,509
Transfers Out	(8,073)	(6,356)	(7,557)	(6,978)	(3,801)	(5,975)	(4,978)	(4,834)	(5,274)	(3,509)
Issuance of Leases	269	56	10	281	-	-	-	-	-	-
Bonds and Notes Issued	-	-	-	-	32,545	19,085	-	-	14,585	-
Bond and Notes Premium	-	-	-	-	1,442	1,610	-	-	2,842	-
Payment to Refunding Bond Escrow Agent	-	-	-	-	(28,679)	(10,490)	-	-	(17,289)	-
Total Other Financing Sources (Uses)	269	56	10	281	5,308	10,205	-	-	138	-
NET CHANGE IN FUND BALANCES										
Fund Balances - Beginning of Year	42,845	44,651	38,832	35,619	31,485	23,729	21,952	21,131	17,629	20,367
FUND BALANCES - END OF YEAR	34,325	42,845	\$ 44,651	\$ 38,832	\$ 35,619	\$ 31,248	\$ 23,729	\$ 21,952	\$ 21,131	\$ 17,629
Debt Service as a Percentage of Noncapital Expenditures	7.39%	7.72%	7.24%	8.13%	8.29%	8.20%	8.29%	8.49%	8.42%	8.77%

TABLE 5

TOWN OF WATERFORD, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

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									
2025	2023	\$ 2,064,776	\$ 975,067	\$ 415,227	\$ 1,241,993	\$ 198,153	\$ 437,485	\$ 4,457,731			22.30	\$ 6,368,187	
2024	2022	2,023,227	1,205,708	424,435	1,076,415	229,629	425,330	4,534,084			21.20	6,477,262	
2023	2021	1,512,637	837,802	339,293	957,974	217,651	352,928	3,512,429			27.56	5,017,756	
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	3,329,957			27.87	4,757,081	
2020	2018	1,490,621	820,308	333,682	843,989	156,473	344,559	3,300,514			27.98	4,715,020	
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	

Source: Assessor's Office - Town of Waterford

TABLE 6

TOWN OF WATERFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
LAST TEN FISCAL YEARS
CURRENT YEAR AND TEN YEARS AGO
(IN THOUSANDS)
(UNAUDITED)

Business Name	Nature of Business	2023 GL			2013 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	\$ 1,525,426	1	31.88%	\$ 1,110,755	1	29.92%
Eversource	Utility	102,324	2	2.15%	50,783	3	1.37%
Mass Municipal	Business Corp	37,996	3	0.40%			
Waterford Commons	Retail	33,045	4	0.69%			
Waterford Woods, LLC	Real Estate	20,766	5	0.29%			
Yankee Gas Services Co.	Utility	20,633	6	0.29%			
CFC-HBAN Solar Trust	Utility	17,892	7	0.31%			
Chase Crossroads Waterford Square	Shopping Center	14,596	8	0.28%	30,655	5	0.83%
Sonalysts Inc.	Government Contractor	14,515	9	0.38%	12,701	7	0.34%
Charter Oak Federal Credit Union	Banking	13,844	10	0.36%			
Wal Mart Stores	Retail				19,564	6	0.53%
Health Care REIT & Senior Living LLC	Senior Living				11,402	9	0.31%
Waterford Real Estate Holdings	Real Estate				10,945	10	0.29%
Dayton Hudson dba Target	Retail				11,541	8	0.31%
Centrol GA CMBS	Retail				30,951	4	0.83%
Crystal Mall LLC	Retail				85,441	2	2.30%
Total		<u>\$ 1,801,037</u>		<u>37.03%</u>	<u>\$ 1,374,738</u>		<u>37.03%</u>

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)
(UNAUDITED)

Fiscal Year Ended June 30,	Tax Rate in Mills	Taxes Levied for the Fiscal Year (000's)	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		Amount	Percentage	
2025	22.30	\$ 100,706	\$ (1,254)	\$ 99,452	\$ 99,332	99.62 %	\$ 374	\$ 99,706	99.01 %		
2024	21.20	96,496	(466)	96,030	96,077	99.89	365	96,442	99.94		
2023	27.56	96,523	(217)	96,306	96,523	99.68	364	96,887	100.38		
2022	27.64	93,367	(339)	93,028	93,672	99.68	364	94,036	100.72		
2021	27.87	92,573	(330)	92,243	92,636	99.69	584	93,220	100.70		
2020	27.98	92,085	(573)	91,512	91,644	99.43	-	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		

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)
(UNAUDITED)

Fiscal Year	General Obligation Bonds ⁽¹⁾	Leases	Total Primary Government	Ratio of Debt to Per Capita Income	Ratio of Debt to Taxable Assessed Value	Debt per Capita
2025	\$ 48,620	383	\$ 49,003	0.11 %	1.09 %	\$ 2,452
2024	55,215	122	55,337	0.08	1.22	2,824
2023	61,665	141	61,806	0.07	1.76	3,153
2022	66,975	205	67,180	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

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

TABLE 9

TOWN OF WATERFORD, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2025
(IN THOUSANDS)
(UNAUDITED)

Total Tax Collections for the Prior Year, June 30, 2024, Including Interest and Lien Fees	\$ 96,300
Reimbursement for Revenue Loss on:	
Property Tax Relief for Elderly, previous fiscal year	<u>1</u>
Base	<u><u>\$ 96,301</u></u>
Debt Limitation:	
2-1/4 Times Base	\$ 216,679
4-1/2 Times Base	- 433,358
3-3/4 Times Base	- 361,132
3-1/4 Times Base	- 312,981
3 Times Base	- 288,906
7 Times Base	- -
Total Debt Limitation	<u>216,679</u> <u>433,358</u> <u>361,132</u> <u>312,981</u> <u>288,906</u> <u>1,613,056</u>
Indebtedness:	
Bonds Payable	\$ 10,915
Authorized and Unissued	1,345
Total Indebtedness	<u>12,260</u> <u>44,952</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 204,419</u></u> <u><u>\$ 388,406</u></u> <u><u>\$ 361,132</u></u> <u><u>\$ 312,981</u></u> <u><u>\$ 288,906</u></u> <u><u>\$ 1,555,844</u></u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$674 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.

TABLE 10

TOWN OF WATERFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(UNAUDITED)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt Limit	\$ 674,113	\$ 675,097	\$ 678,208	\$ 654,122	\$ 648,809	\$ 638,610	\$ 614,811	\$ 603,200	\$ 603,192	\$ 572,307
Total Net Debt Applicable to Limit	<u>57,212</u>	<u>55,215</u>	<u>61,665</u>	<u>75,567</u>	<u>72,815</u>	<u>2</u>	<u>69,465</u>	<u>74,485</u>	<u>87,841</u>	<u>134,033</u>
Legal Debt Margin	<u>\$ 616,901</u>	<u>\$ 619,882</u>	<u>\$ 616,543</u>	<u>\$ 578,555</u>	<u>\$ 575,994</u>	<u>\$ 638,608</u>	<u>\$ 545,346</u>	<u>\$ 528,715</u>	<u>\$ 515,351</u>	<u>\$ 438,274</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

TABLE 11

TOWN OF WATERFORD, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(UNAUDITED)

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)
2025	19,829	\$ 52,789	\$ -	45	2,281	3.3 %
2024	19,553	46,397	-	45	2,341	2.5
2023	19,558	46,597	-	47	2,323	3.7
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

(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
(UNAUDITED)

Business Name	Nature of Business	2025			2015			Percentage of Total City Employment
		Employees	Rank	Percentage of Total City Employment	Employees	Rank		
Dominion Nuclear Connecticut	Nuclear Power	1,650	1	16.74%	1,650	1		16.55%
Town of Waterford	Municipality	595	2	7.02%	685	2		6.87%
Waterford Hotel Group	Hospitality	568	3	5.39%	531	3		5.33%
Wal Mart Stores, Inc	Retail	497	4	5.04%	497	4		4.99%
Sonalysts Inc.	Government Contractor	486	5	2.79%	275	5		2.76%
Home Depot	Hardware & Lumber	200	6	2.03%	185	8		1.86%
Bayview Healthcare Center	Healthcare Facility	200	7	2.01%	225	7		2.26%
Lowe's Home Improvement	Hardware & Lumber	119	8	1.62%	180	9		1.81%
BJ's Wholesale	Retail Store	112	9	1.18%				
Coca Cola Bottling	Distributor	120	10	1.14%				
Sears	Retail Store		N/A		260	6		2.61%
Target	Retail Store		N/A		180	10		1.81%
Stop & Shop	Supermarket		N/A					
Total		4,547		0.45 %	4,668			0.47 %

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
(UNAUDITED)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government	67	66	66	66	73	94	92	92	92	92
Police	58	55	55	55	53	55	54	54	54	54
Fire	21	18	18	15	15	15	15	15	15	15
Refuse Collection	6	6	6	6	6	6	6	6	6	6
Other Public Works	27	28	28	28	28	27	24	24	24	24
Recreation and Parks	11	11	11	11	12	11	10	10	10	10
Library	11	11	11	11	16	21	24	24	24	24
Education	463	457	434	433	463	463	463	461	456	455
Total	664	652	595	625	551	692	688	686	681	680

Source: Town and Board of Education Human Resources Departments

TABLE 14

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

Function/Program	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government:										
Building Permits Issued	2,654	1,867	21	13	30	28	31	24	15	15
Building Inspections Conducted	4,600	5,600	270	180	330	475	490	312	195	282
Police:										
Physical Arrests	915	977	1,006	708	818	1,062	1,170	1,128	1,914	1,955
Parking Violations	25	12	38	24	69	146	147	162	176	38
Traffic Violations	5,860	4,320	4,869	3,159	4,102	6,344	5,162	3,509	4,066	3,691
Fire:										
Emergency Responses	3,030	2,224	2,549	2,239	2,900	3,930	4,167	3,860	3,896	3,668
Fires Extinguished	68	37	70	69	81	47	60	62	82	60
Inspections	1,217	223	243	139	185	272	323	311	425	488
Refuse Collection:										
Refuse Collected (Tons Per Day)	28	30	26	31	29	28	28	25	48	27
Recyclables Collected (Tons Per Day)	12	11	10	7	8	15	17	17	17	13
Other Public Works:										
Street Resurfacing (Miles)	1	7	2	1	2	3	2	2	3	4
Potholes Repaired	266	500	678	211	267	453	534	372	510	989
Recreation and Parks:										
Athletic Field Permits Issued	1,244	770	1,748	1,494	1,026	2,091	2,003	2,076	2,060	2,832
Community Center Admissions (1)	20,756	8,719	3,513	493	19,524	61,784	61,000	61,218	62,240	61,689
Number of Program Registrations	1,670	1,742	1,124	27	3,229	6,146	7,247	6,973	7,531	5,812
Program Fees	323,189	73,880	38,853	815	63,933	212,071	203,612	201,084	201,885	190,780
Senior Services:										
Number of Program Participants	3,857	284	654	23,147	24,181	47,159	47,060	45,751	43,931	45,432
Program Revenue	76,951	12,406	31,463	22,719	26,771	34,138	32,040	29,135	31,074	27,988
Library:										
Volumes in Collection	79,596	79,767	80,327	78,436	78,250	81,782	84,904	80,254	83,023	81,283
Total Volumes Borrowed	179,714	148,863	147,476	136,477	151,739	193,542	200,769	209,508	218,010	232,796
Water:										
New Connections	26	21	36	36	25	25	28	22	7	7
Water Main Breaks	9	5	13	14	11	11	13	7	6	7
Average Daily Consumption (MGD)	6.3	6.3	5.7	2.4	2.7	2.7	2.7	2.7	2.7	2.7
Peak Daily Consumption (MGD)	6.9	7.0	6.3	4.2	4.7	4.7	4.6	4.6	4.6	4.6

Source: Department Directors

TABLE 15

TOWN OF WATERFORD, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police:										
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	28	28	26	26	20	20
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Refuse Collection:										
Collection Trucks	6	6	6	6	6	6	6	6	6	6
Other Public Works:										
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
Recreation and Parks:										
Acreage	609	550	550	550	550	550	550	550	550	550
Playgrounds	4	5	5	5	5	5	5	5	5	5
Baseball/Softball Diamonds	15	15	15	15	15	14	14	14	14	14
Soccer/Football Fields	12	10	10	10	10	10	10	10	10	10
Community Centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water Main (Miles)*	111	111	111	111	111	111	111	111	111	110
Fire Hydrants	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,133
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
Wastewater:										
Sanitary Sewers (Miles)**	149.15	149.15	149.15	149.15	149.15	148.01	148.01	148.01	148.01	148.01
Pump Stations	28	28	28	28	28	28	28	28	28	28

Source: Directors at each department

* Does not include service connections

** Includes lateral sewer service connections