

**CITY OF GROTON, CONNECTICUT**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2020**

# **CITY OF GROTON, CONNECTICUT**

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2020**

**Prepared By:  
Ronald Yuhas, Jr.  
Director of Finance**

**Keith Hedrick, Mayor**

**CITY OF GROTON, CONNECTICUT**  
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**JUNE 30, 2020**

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# **Introductory Section**



# CITY OF GROTON

295 Meridian Street  
Groton, Connecticut 06340-  
4040

## *Department of Finance*

Telephone (860) 446-4110  
Fax (860) 446-4113

April 13, 2021

To: The Honorable Mayor, Members of the City Council, and Citizens of the City of Groton, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Groton, Connecticut (City) for the year ended June 30, 2020. The report includes the independent auditors' report as required by City Charter and the General Statutes of the State of Connecticut (Statutes). The report is prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

CliftonLarsonAllen LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Groton's financial statements for the year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader Single Audit designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available separately.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the City of Groton**

The City is governed by an elected Mayor, a six-member council and a City Clerk. The City Council and Mayor, which act as a board, also serve as the Water Pollution Control Authority.

Elections for Mayor, Council and other officials are held on the first Monday of May of each odd numbered year for a term of two years. The Mayor is elected separately from the Council and presides as its Chairperson.

In addition to all the powers and privileges conferred in the Charter, the inhabitants have the powers and privileges conferred and granted to towns and cities under the Constitution and Statutes of Connecticut. The legislative power of the City is vested exclusively in the Council except as otherwise provided by the electors (those who are legally able to vote). The Council has the power to enact, amend or repeal ordinances consistent with the Statutes or the Charter. The electors have the power to approve or reject ordinances, by referendum, as provided in the Charter. The Mayor, as the Chief Executive Officer of the City, recommends the budget to the electors for their approval at the annual meeting held on the first Monday of June.

The report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; and recreational activities. In addition to general governmental activities, the governing body is the final authority of the Electric, Water and Sewer Departments and the City of Groton Retirement System; therefore, these activities are included in the reporting entity. The reporting entity also includes the discretely presented component unit, Bozrah Light and Power Company.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the Freemen or electors. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The City is located in New London County in the southeast part of the State of Connecticut on the east bank of the Thames River and encompasses an area of 3.06 square miles. Groton is astride Interstate 95, a major highway between New York, Providence and Boston. Numerous state routes connect Groton with all points in Connecticut and with neighboring states. Passenger service is provided by Amtrak and by a number of interstate and intrastate bus companies. Air service is provided at Groton-New London Airport to major airports and cities. The Thames River provides a deep-water harbor with terminal and berth facilities for water transportation.

Rocky soil limited the City's early agricultural possibilities; therefore, the early inhabitants turned to the sea for fishing, trade, and shipbuilding. This seafaring heritage continues today in Groton, the self-proclaimed "Submarine Capital of the World." Nuclear-powered submarines, built in the City by Electric Boat division of General Dynamics, are home ported at the U. S. Naval Submarine Base here.

The Revolutionary War Battle of Groton Heights, which took place at Fort Griswold in 1781, is a hallmark of Groton's history. British forces, led by General Benedict Arnold, staged a massive attack on the fort and the colonists under the leadership of Colonel William Ledyard, who bravely resisted. Severely outnumbered they finally surrendered to the British and prepared for capture. The British took no prisoners, though, and instead brutally massacred all those who surrendered, killing Colonel Ledyard with his own sword.

Today, Fort Griswold is a state park featuring a monument and a museum. The Battle of Groton Heights is re-enacted here every year commemorating the soldiers who fought so bravely for freedom.

### **Factors Affecting Financial Condition**

The City's economic base is supported by a diverse selection of goods producing industries and services. Pharmaceutical and submarine building continue to be the leading manufacturing sectors in Groton.

Property taxes, which account for approximately 28.1% of the General Fund revenue, have provided a reliable revenue source, with collections consistently at or above 99 percent. Current tax collections were approximately 99.4% of the adjusted tax levy.

### **Groton Utilities**

During fiscal Year 2019-2020, Groton Utilities continued to serve our customers and our community. Groton Utilities manages three types of services – electric, water and sewer.

### **Electric Division Upgrading its Infrastructure**

During the past fiscal year, the Electric Division has been hard at work upgrading and improving the electric distribution system infrastructure. The various infrastructure improvement projects are designed to increase service reliability, increase capacity for future load growth and provide our customers with a level of service that is second to none. Costs associated with the Electric Division's infrastructure improvement projects have been approved by the Utility Commission, City Council and the Freemen in the form of the Electric Bond Funds. The 2012 and 2016 Electric Bond Program calls for continued infrastructure improvements of two substations – Pleasant Valley and Buddington Road stations along with continued voltage improvements to our main transmission lines.

### **Water**

The Water Division maintains its tradition of quality water and continues to look for ways to improve it. Protecting our water sources, purifying it, maintaining our water distribution system, and providing water testing to ensure the quality of the finished product is required to ensure regulatory compliance, while planning for the future. The 2016 Water Bond Fund calls for the replacement of the Walker Hill standpipe and meter replacements. The \$54 million Water Treatment Plant Upgrade and local interconnect project continued throughout the fiscal year.

### **Sewer**

The Sewer Division operates the Pollution Abatement Facility plant which treats an average flow of two million gallons per day. Along with the plant, they also maintain approximately 36 miles of pipe and 9 pump stations. Starting in fiscal year 2019, the Sewer division was moved from the City's General Fund to its own Enterprise Fund, which will allow for necessary future capital improvements.

## **Risk Management**

The City has a limited risk management program for its general liability auto insurance. As part of this comprehensive plan, resources are being accumulated in a separate insurance reserve fund to meet potential losses of \$1,000 per injury/auto and \$5,000 per property damage and general liability claims. All third-party coverage is currently maintained for claims greater than the aforementioned limits and other potential losses. However, future plans may include the assumption of additional risk by the City.

The City's insured benefit program uses an alternative funding arrangement, known as a self-funded (ASO-Administrative Services Only) program with individual stop-loss provisions. Full-time employees of the City not covered under any collective bargaining agreement are also eligible for the group insurance program. The cost of the medical program is contributory for some full-time employees and their dependents who must contribute between 9% and 16%; however, certain employees electing dental coverage must contribute between 15% and 20% of the cost for the dental plan.

The individual stop-loss coverage protects the City from claims in excess of \$125,000 for hospitalization and in excess of \$125,000 for major medical, per eligible employee and each eligible dependent.

**Acknowledgements.** The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. The cooperation and assistance of the accounting firm of CliftonLarsonAllen LLP also contributed significantly to its production.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ronald Yuhas, Jr.", written in a cursive style.

Ronald Yuhas, Jr.  
Finance Director

# THE CITY OF GROTON PRINCIPAL MUNICIPAL OFFICIALS

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## **Elected Officials**

Term of Office – May 2019 to May 2021

Keith Hedrick – Mayor

Jamal Beckford (Deputy Mayor)	Councilor
Rashad Carter	Councilor
Gweneviere Depot	Councilor
Lisa McCabe	Councilor
Minerva Ortiz	Councilor
Reginald Stanford	Councilor
Debra J. Patrick	City Clerk

## **Appointed Officials**

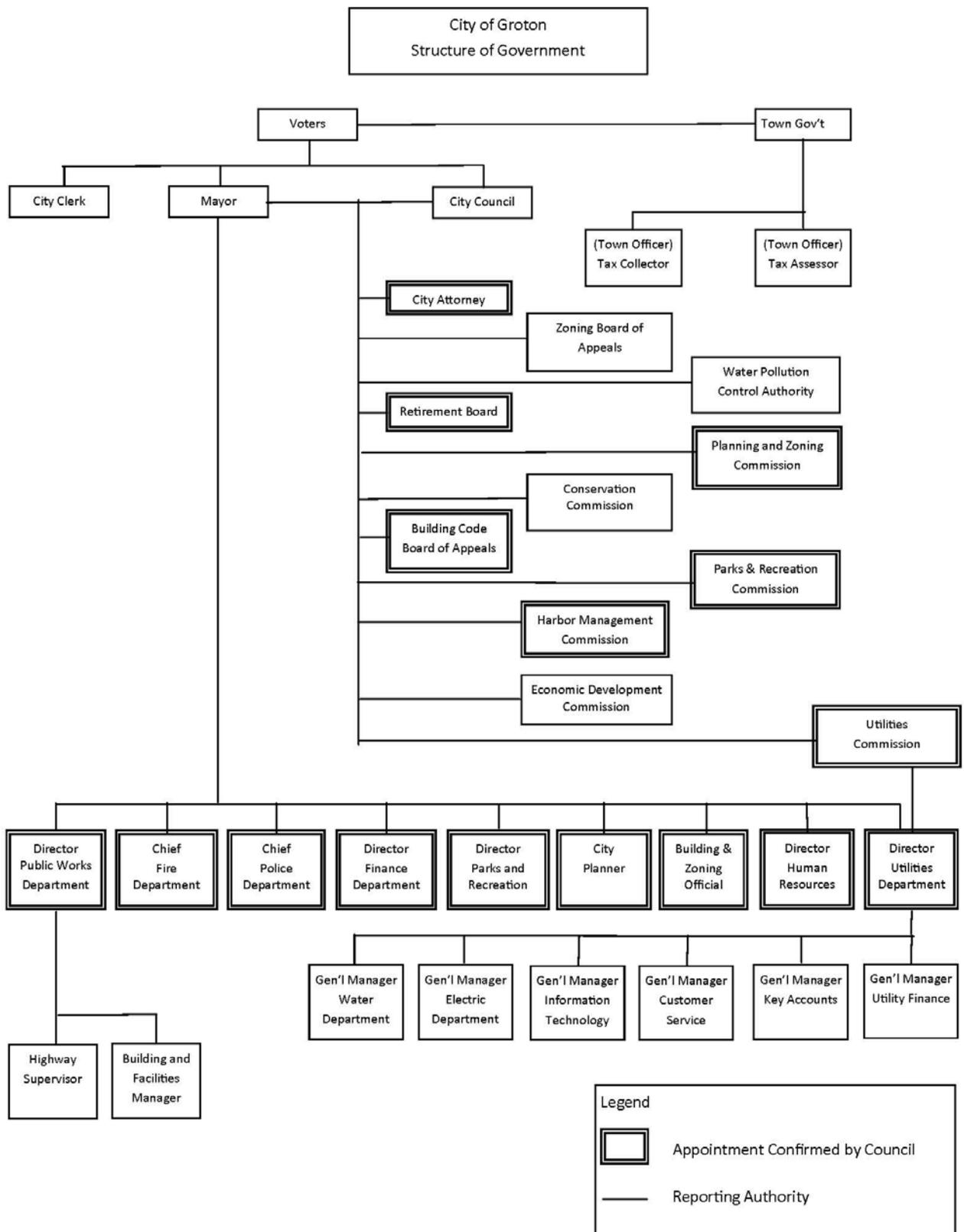
Term of Office -Indefinite

Michael Spellman – Civil Preparedness Coordinator

## **Department Heads**

Term of Office – Indefinite

Director of Finance	Ronald Yuhas, Jr.
Director of Utilities	Ronald Gaudet
Director of Public Works	Timothy Umrysz
Chief of Police	Michael Spellman
Director of Parks & Recreation	Mary K. Hill
Building & Zoning Official	Carlton Smith
Planner	Vacant
Fire Chief	Robert Tompkins



# Financial Section



## **Independent Auditors' Report**

The Honorable Mayor and Members of  
City Council  
City of Groton, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Groton, Connecticut, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Groton, Connecticut's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Groton, Connecticut, as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

*Prior Year Comparative information*

The financial statements of the City of Groton, Connecticut, as of June 30, 2019 (not presented herein) were audited by other auditors whose report dated February 20, 2020 contained unmodified opinions on the respective financial statements of governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying General Fund Balance Sheet and Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows for the Electric and Water Departments and Internal Service Funds as of and for the year ended June 30, 2019 (the 2019 Statements) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The 2019 information was subjected to the auditing procedures applied in the 2019 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021 on our consideration of the City of Groton, 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 City of Groton, 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 the City of Groton, Connecticut's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

West Hartford, Connecticut  
April 13, 2021



# CITY OF GROTON

295 Meridian Street  
Groton, Connecticut 06340-4040

## *Department of Finance*

Telephone (860) 446-4110  
Fax (860) 446-4113

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### **MANAGEMENT DISCUSSION AND ANALYSIS – Unaudited FOR THE YEAR ENDED JUNE 30, 2020**

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As management of the City of Groton, Connecticut (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$97,990,033 (net position). Of this amount, \$40,777,556 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- On the government-wide basis, the City's total net position increased by \$10,307,613 for the fiscal year, with a \$1,368,847 increase in the government activities and an \$8,938,766 increase in the business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,672,068 an increase of \$2,574,819 in comparison with the prior year.  
\$5,040,113 of the total amount is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,063,766 or 28.8% of total General Fund expenditures and other financing uses.
- The City's total long-term obligations increased by \$4,941,404 during the current fiscal year due to proceeds of the Drinking Water State Revolving Fund (DWSRF) loan from the State of Connecticut for the Water Treatment Plant Upgrade.

#### **Overview of the Financial Statement**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, sewer operation and recreation. The business-type activities of the City include electric, water and sewer operations.

The government-wide financial statements not only include the City itself, but also a legally separate component unit, Bozrah Light and Power Company. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, which is considered to be a major fund. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Major Governmental Funds**

**Non-major Governmental Funds**

General Fund

State Aid Road Bridge Street Forfeiture Grant

Miscellaneous Grants

Equipment Replacement Fund Submarine Memorial Fund

The City adopts an annual budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Page 14 through Page 17 of this report.

**Proprietary funds.** The City operates two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water and Sewer operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insured medical benefits and property and general liability claims. These services benefit both governmental and business-type activities and therefore the operations have been recorded in proportion in the respective financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Department and for the Water Department, both of which are considered to be major funds of the City.

The Sewer Department is considered and included in other non-major enterprise funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on Page 18 through Page 20 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Page 21 and Page 22 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on Page 23 to Page 59 of this report.

**Other information.** In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide benefits to its employees, and certain budgetary information for the General Fund.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$98.0 million at the close of the most recent fiscal year.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
			<b>Primary Government</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current assets	\$ 19,334,505	\$ 16,210,549	\$ 67,196,237	\$ 62,289,470	\$ 86,530,742	\$ 78,500,019
Capital assets, net of accumulated depreciation	20,867,038	22,098,956	121,847,106	108,421,757	142,714,144	130,520,713
Total assets	<u>40,201,543</u>	<u>38,309,505</u>	<u>189,043,343</u>	<u>170,711,227</u>	<u>229,244,886</u>	<u>209,020,732</u>
Deferred outflows of resources	<u>3,341,370</u>	<u>2,028,692</u>	<u>4,457,001</u>	<u>3,035,545</u>	<u>7,798,371</u>	<u>5,064,237</u>
Current liabilities	1,888,529	1,201,155	34,690,850	13,785,714	36,579,379	14,986,869
Long-term liabilities outstanding	11,981,067	11,857,722	86,509,279	97,801,444	98,490,346	109,659,166
Total liabilities	<u>13,869,596</u>	<u>13,058,877</u>	<u>121,200,129</u>	<u>111,587,158</u>	<u>135,069,725</u>	<u>124,646,035</u>
Deferred inflows of resources	<u>1,831,712</u>	<u>806,562</u>	<u>2,151,787</u>	<u>949,952</u>	<u>3,983,499</u>	<u>1,756,514</u>
Net Position:						
Net investments in capital assets	18,067,917	17,575,130	39,084,560	56,602,644	57,152,477	74,177,774
Restricted	1,041,745	60,000	-	-	1,041,745	60,000
Unrestricted	<u>8,731,943</u>	<u>8,837,628</u>	<u>31,063,868</u>	<u>4,607,018</u>	<u>39,795,811</u>	<u>13,444,646</u>
Total Net Position	<u>\$ 27,841,605</u>	<u>\$ 26,472,758</u>	<u>\$ 70,148,428</u>	<u>\$ 61,209,662</u>	<u>\$ 97,990,033</u>	<u>\$ 87,682,420</u>

By far the largest portion of the City's net position (58.3%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A nominal portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, approximately \$40.8 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased \$10.3 million during the current fiscal year. The increase was due primarily to increased revenue in the Electric, Water and Sewer Departments ahead of expenses.

**Governmental activities.** Governmental activities decreased the City's net position by \$1.4 million, and business-type activities increased net position by \$8.9 million.

	Governmental Activities		Business-Type Activities		Total	
			Primary Government			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,209,326	\$ 2,516,116	\$ 70,099,989	\$ 71,456,209	\$ 74,309,315	\$ 73,972,325
Operating grants and contributions	4,571,582	4,572,283			4,571,582	4,572,283
Capital grants and contributions	113,250	210,203	3,839,054	5,822,439	3,952,304	6,032,642
General revenues:						
Property taxes	5,072,456	5,272,795			5,072,456	5,272,795
Grants not restricted to specific programs	70,222	47,004			70,222	47,004
Investment income	88,274	87,071	479,018	512,402	567,292	599,473
Total revenues	<u>14,125,110</u>	<u>12,705,472</u>	<u>74,418,061</u>	<u>77,791,050</u>	<u>88,543,171</u>	<u>90,496,522</u>
Expenses:						
General government	3,202,982	2,147,448			3,202,982	2,147,448
Public safety	8,910,917	8,194,303			8,910,917	8,194,303
Public works	3,385,670	4,092,661			3,385,670	4,092,661
Recreation	1,235,151	1,218,268			1,235,151	1,218,268
Interest and fiscal charges	92,683	86,959			92,683	86,959
Water			10,406,553	10,021,150	10,406,553	10,021,150
Electric			47,413,877	49,359,048	47,413,877	49,359,048
Sewer			3,587,725	2,785,203	3,587,725	2,785,203
Total expenses	<u>16,827,403</u>	<u>15,739,639</u>	<u>61,408,155</u>	<u>62,165,401</u>	<u>78,235,558</u>	<u>77,905,040</u>
Change in net position before transfers	(2,702,293)	(3,034,167)	13,009,906	15,625,649	10,307,613	12,591,482
Transfers	<u>4,071,140</u>	<u>2,441,647</u>	<u>(4,071,140)</u>	<u>(2,441,647)</u>	<u>-</u>	<u>-</u>
Change in net position	1,368,847	(592,520)	8,938,766	13,184,002	10,307,613	12,591,482
Net Position at Beginning of Year	<u>26,472,758</u>	<u>27,065,278</u>	<u>61,209,662</u>	<u>48,025,660</u>	<u>87,682,420</u>	<u>75,090,938</u>
Net Position at End of Year	<u>\$ 27,841,605</u>	<u>\$ 26,472,758</u>	<u>\$ 70,148,428</u>	<u>\$ 61,209,662</u>	<u>\$ 97,990,033</u>	<u>\$ 87,682,420</u>

## **Expenses and Program Revenues – Governmental Activities**

### **Revenues**

Governmental activities' revenues totaled \$14.1 million for fiscal year 2020. Property taxes are the largest revenue source for the City and represent 35.9% of the governmental revenues. Current tax collections were 99% of the adjusted tax levy. Operating grants and contributions are the City's second largest revenue for the governmental activities and represent 32.3% of the governmental revenues. In operating grants and contributions, revenues include the Town of Groton's contribution for Police and Highway Department operation and State of Connecticut grants. Charges for services represents 29.8% and capital grants and contributions represent 0.8%. Investment income and miscellaneous revenue represent 1.1% of governmental revenues.

Charges for services increased \$1,693,210 due to the increase in building permit revenues collected during the year and property taxes decreased by \$200,339 due to the reduction of the mil rate in anticipation of the increase in building permit revenues.

### **Expenses**

Governmental expenses totaled \$16,827,403 for the fiscal year. Of the expenditures, 53.0% or \$8,910,917 is related to public safety. Public works expenses amounted to \$3,385,670, or 20.1%. Recreation expenses amounted to \$1,235,151 or 7.3%. Interest expense was \$92,683 or 0.6%. General government expenses were \$3,202,982 or 19.0%.

The general government expenses increased and the public works expense decreased based on capital outlay in the previous year. Public safety and recreation have also increased in the current year.

**Business-type activities.** Business-type activities represent 71.6% of the City's net position and account for a large portion of the expenditures in the City. Key elements of the activity are as follows:

- Charges for services and other for business-type activities increased by \$3,372,989 while expenses decreased by \$757,246 over the prior year.

### **Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,672,068, an increase of \$2,574,819 in comparison with the prior year. Approximately 34.4% of this total amount, \$5,040,113 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,063,766, while total fund balance was \$7,137,488. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.8% of total General Fund expenditures. Total fund balance represents 46.2% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$463,413 during the current fiscal year due to revenues being slightly better than expenses.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Electric operation at the end of the year amounted to \$23,545,365, the unrestricted net position of the Water operation amounted to \$4,301,978 and the unrestricted net position of the Sewer operation amounted to \$2,234,398. The increase in net position for the Electric Fund was \$3,478,279, the increase in net position for the Water Fund was \$4,337,921 and the increase in net position for the Sewer Fund was \$635,090 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

During the year, total expenditures were less than budgetary estimates and total revenues were more than budgetary estimates. The City did not have to use a portion of their fund balance as planned.

**Capital Asset and Debt Administration**

**Capital assets.** The City’s investment in capital assets for its governmental and business type activities as of June 30, 2020, amounts to approximately \$142.7 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, distribution systems, machinery and equipment, park facilities, sewer lines and roads. The total increase in the City’s investment in capital assets for the current fiscal year was 9.3% (5.6% decrease for governmental activities and an increase of 12.4% for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The continued work on the Water Treatment Plant Upgrade project which is part of the \$54,077,864 in construction in progress at year end.
- Various governmental, electric, water and sewer projects took place during the year.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land and land rights	\$ 3,156,803	\$ 3,156,803	\$ 3,472,941	\$ 3,472,941	\$ 6,629,744	\$ 6,629,744
Construction in progress	26,432	772,061	54,051,432	40,413,290	54,077,864	41,185,351
Land improvements	881,949	910,880			881,949	910,880
Buildings and improvements	4,465,143	4,529,421	9,991,905	10,224,441	14,457,048	14,753,862
Distribution systems			51,365,745	51,659,867	51,365,745	51,659,867
Machinery and equipment	196,899	201,933	2,049,257	1,741,877	2,246,156	1,943,810
Vehicles	1,987,580	2,188,317	915,826	909,341	2,903,406	3,097,658
Infrastructure	10,152,232	10,339,541			10,152,232	10,339,541
<b>Total</b>	<b>\$ 20,867,038</b>	<b>\$ 22,098,956</b>	<b>\$ 121,847,106</b>	<b>\$ 108,421,757</b>	<b>\$ 142,714,144</b>	<b>\$ 130,520,713</b>

Additional information on the City’s capital assets can be found in Note 6.

**Long-term debt.** At the end of the current fiscal year, the City had total net bonded debt and note payable outstanding of \$80,997,217. Of this amount, \$2,640,000 comprises debt backed by the full faith and credit of the City and \$78,357,217 is Electric, Water and Sewer debt for which the City is liable in the event of default by the Electric, Water and Sewer Departments.

**City of Groton, Connecticut  
Changes in Bonded Debt and Note Payable During Fiscal 2020**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	Primary Government		2020	2019
General obligation bonds	\$ 2,640,000	\$ 2,905,000	\$ 45,345,000	\$ 49,850,000	\$ 47,985,000	\$ 52,755,000
Note payable	-	-	2,196,400	2,396,800	2,196,400	2,396,800
DWSRF Interim Loan	-	-	30,815,817	20,904,013	30,815,817	20,904,013
	<u>\$ 2,640,000</u>	<u>\$ 2,905,000</u>	<u>\$ 78,357,217</u>	<u>\$ 73,150,813</u>	<u>\$ 80,997,217</u>	<u>\$ 76,055,813</u>

The City's total bonded debt increased by \$4,941,404 (6.5%) during the current fiscal year. The City maintains an "Aa-3" from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant from the prior year. The current debt limitation for the City is \$36,770,006.

Additional information on the City's long-term debt can be found in Note 7.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Groton is currently 11.8%. The state's average unemployment rate was 9.8% and the national average rate of 11.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2021 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$463,413. The City has appropriated \$1,850,000 of the 2020 fiscal year fund balance for spending in the 2021 fiscal year budget. It is intended that this use of available fund balance will avoid the need to additionally raise taxes or charges during the 2021 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Ronald Yuhas, Jr., City of Groton, 295 Meridian Street, Groton, CT 06340.

# **Basic Financial Statements**

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozrah Light and Power Company
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,533,015	\$ 31,134,650	\$ 49,667,665	\$ 1,501,104
Investments	585,185		585,185	
Receivables, net				
Property taxes	29,269		29,269	
Use charges		5,767,818	5,767,818	1,510,414
Unbilled utility revenue		1,177,698	1,177,698	
Intergovernmental and other	75,884		75,884	7,294
Inventory and prepaid items	10,359	2,009,233	2,019,592	10,198
Internal balances	100,793	(100,793)	-	
Due from component units		3,363,549	3,363,549	
Amount held at CMEEC		17,640,443	17,640,443	2,575,785
Restricted cash			-	59,524
Other noncurrent assets			-	
Equity investment in component unit		6,203,639	6,203,639	
Net OPEB asset			-	
Capital assets, nondepreciable	3,183,235	57,524,373	60,707,608	236,677
Capital assets, net of accumulated depreciation	17,683,803	64,322,733	82,006,536	10,579,261
Total assets	<u>40,201,543</u>	<u>189,043,343</u>	<u>229,244,886</u>	<u>16,480,257</u>
<b>Deferred Outflows of Resources:</b>				
Deferred charge on refunding		523,976	523,976	
Deferred outflows related to pension	2,728,620	3,213,710	5,942,330	
Deferred outflows related to OPEB	612,750	719,315	1,332,065	56,220
Total deferred outflows of resources	<u>3,341,370</u>	<u>4,457,001</u>	<u>7,798,371</u>	<u>56,220</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	783,128	8,485,745	9,268,873	2,381,771
Accrued interest payable	36,434	1,329,441	1,365,875	
Unearned revenue	559,659	3,921,361	4,481,020	183,361
Noncurrent liabilities:				
Due to primary government			-	210,747
Rate stabilization		16,208,903	16,208,903	2,669,481
Due within one year	509,308	4,745,400	5,254,708	264,900
Due in more than one year	11,981,067	86,509,279	98,490,346	4,618,238
Total liabilities	<u>13,869,596</u>	<u>121,200,129</u>	<u>135,069,725</u>	<u>10,328,498</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows related to pension	392,352	462,103	854,455	
Deferred inflows related to OPEB	1,439,360	1,689,684	3,129,044	4,340
Total deferred inflows of resources	<u>1,831,712</u>	<u>2,151,787</u>	<u>3,983,499</u>	<u>4,340</u>
<b>Net Position:</b>				
Net investment in capital assets	18,067,917	39,084,560	57,152,477	7,379,736
Restricted for:				
Endowment	60,000		60,000	
Public works			-	
Other purposes	981,745		981,745	
Unrestricted	8,731,943	31,063,868	39,795,811	(1,176,097)
Total Net Position	<u>\$ 27,841,605</u>	<u>\$ 70,148,428</u>	<u>\$ 97,990,033</u>	<u>\$ 6,203,639</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position			Component Unit Bozrah Light and Power Company
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental activities:								
General government	\$ (3,202,982)	\$ 3,639,128	\$ 4,074	\$	\$ 440,220	\$	\$ 440,220	\$
Public safety	(8,910,917)	397,614	2,567,526		(5,945,777)		(5,945,777)	
Public works	(3,385,670)	11,890	1,999,982	113,250	(1,260,548)		(1,260,548)	
Parks and recreation	(1,235,151)	160,694			(1,074,457)		(1,074,457)	
Interest expense	(92,683)				(92,683)		(92,683)	
Total governmental activities	<u>(16,827,403)</u>	<u>4,209,326</u>	<u>4,571,582</u>	<u>113,250</u>	<u>(7,933,245)</u>	<u>-</u>	<u>(7,933,245)</u>	<u>-</u>
Business-type activities:								
Electric	(47,413,877)	54,825,998				7,412,121	7,412,121	
Water	(10,406,553)	11,011,708		3,839,054		4,444,209	4,444,209	
Sewer	(3,587,725)	4,262,283				674,558	674,558	
Total business-type activities	<u>(61,408,155)</u>	<u>70,099,989</u>	<u>-</u>	<u>3,839,054</u>	<u>-</u>	<u>12,530,888</u>	<u>12,530,888</u>	<u>-</u>
Total Primary Government	<u>\$ (78,235,558)</u>	<u>\$ 74,309,315</u>	<u>\$ 4,571,582</u>	<u>\$ 3,952,304</u>	<u>(7,933,245)</u>	<u>12,530,888</u>	<u>4,597,643</u>	<u>-</u>
Component unit:								
Bozrah Light and Power Company	<u>\$ (17,438,881)</u>	<u>\$ 17,685,203</u>	<u>\$ -</u>	<u>\$ -</u>			<u>-</u>	<u>246,322</u>
General revenues:								
Property taxes					5,072,456		5,072,456	
Grants and contributions not restricted to specific programs					70,222		70,222	
Investment income					88,274	479,018	567,292	
Transfers					4,071,140	(4,071,140)	-	
Total general revenues and transfers					<u>9,302,092</u>	<u>(3,592,122)</u>	<u>5,709,970</u>	<u>-</u>
Change in net position					1,368,847	8,938,766	10,307,613	246,322
Net Position at Beginning of Year					<u>26,472,758</u>	<u>61,209,662</u>	<u>87,682,420</u>	<u>5,957,317</u>
Net Position at End of Year					<u>\$ 27,841,605</u>	<u>\$ 70,148,428</u>	<u>\$ 97,990,033</u>	<u>\$ 6,203,639</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,977,442	\$ 1,254,418	\$ 15,231,860
Investments		585,185	585,185
Receivables:			-
Property taxes receivable, net	29,269		29,269
Intergovernmental and other	22,785	53,099	75,884
Due from other funds	205,933	6,371,780	6,577,713
Inventory of supplies, at cost	10,359		10,359
Total Assets	<u>\$ 14,245,788</u>	<u>\$ 8,264,482</u>	<u>\$ 22,510,270</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 466,025	\$ 65,103	\$ 531,128
Due to other funds	6,612,817	105,140	6,717,957
Unearned revenue		559,659	559,659
Total liabilities	<u>7,078,842</u>	<u>729,902</u>	<u>7,808,744</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	29,458		29,458
Total deferred inflows of resources	<u>29,458</u>	<u>-</u>	<u>29,458</u>
Fund balances:			
Nonspendable	10,359		10,359
Restricted		1,041,745	1,041,745
Committed	213,363	6,516,488	6,729,851
Assigned	1,850,000		1,850,000
Unassigned	5,063,766	(23,653)	5,040,113
Total fund balances	<u>7,137,488</u>	<u>7,534,580</u>	<u>14,672,068</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,245,788</u>	<u>\$ 8,264,482</u>	<u>\$ 22,510,270</u>

(Continued on next page)

**CITY OF GROTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2020**

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 14,672,068
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 39,024,296	
Less accumulated depreciation	<u>(18,157,258)</u>	
Net capital assets		20,867,038

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

Property tax receivables greater than 60 days	29,458
Deferred outflows related to pension	2,728,620
Deferred outflows related to OPEB	612,750

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.

3,290,192

Long-term liabilities and deferred inflows of resources are not due and payable  
in the current period and, therefore, are not reported in the funds:

Bonds payable	(2,640,000)
Unamortized premium on bonds payable	(159,121)
Interest payable on bonds	(36,434)
Compensated absences	(1,221,540)
Net pension liability	(4,847,993)
Net OPEB liability	(3,621,721)
Deferred inflows related to pension	(392,352)
Deferred inflows related to OPEB	<u>(1,439,360)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 27,841,605</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 5,073,605	\$	\$ 5,073,605
Intergovernmental revenues	4,751,971	3,083	4,755,054
Charges for services	4,010,938		4,010,938
Income from investments	30,269	58,005	88,274
Other	98,875	99,513	198,388
Total revenues	<u>13,965,658</u>	<u>160,601</u>	<u>14,126,259</u>
Expenditures:			
Current:			
General government	2,478,064	46,320	2,524,384
Public safety	8,356,244	5,775	8,362,019
Public works	3,085,176		3,085,176
Parks and recreation	1,153,921		1,153,921
Debt service:			
Principal retirement	265,000		265,000
Interest and other charges	109,400		109,400
Capital outlay	-	122,680	122,680
Total expenditures	<u>15,447,805</u>	<u>174,775</u>	<u>15,622,580</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,482,147)</u>	<u>(14,174)</u>	<u>(1,496,321)</u>
Other Financing Sources (Uses):			
Transfers in from other funds	4,086,140	2,140,580	6,226,720
Transfers out to other funds	<u>(2,140,580)</u>	<u>(15,000)</u>	<u>(2,155,580)</u>
Total other financing sources	<u>1,945,560</u>	<u>2,125,580</u>	<u>4,071,140</u>
Net Change in Fund Balances	463,413	2,111,406	2,574,819
Fund Balances at Beginning of Year	<u>6,674,075</u>	<u>5,423,174</u>	<u>12,097,249</u>
Fund Balances at End of Year	<u>\$ 7,137,488</u>	<u>\$ 7,534,580</u>	<u>\$ 14,672,068</u>

(Continued on next page)

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 2,574,819
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	(387,420)
Depreciation expense	(844,498)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(1,149)
Deferred outflows related to Pension	1,160,696
Deferred outflows related to OPEB	151,982

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, however, 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 deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on bonds payable	265,000
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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 governmental funds.

Amortization of bond premium	12,240
Accrued interest	4,477
Change in long-term compensated absences	(44,149)
Change in net pension liability	(1,873,319)
Change in net OPEB liability	991,907
Deferred inflows related to pension	126,336
Deferred inflows related to OPEB	(1,151,486)
Heart and hypertension	15,668

The net revenue of the internal service funds is reported with governmental activities.

<u>367,743</u>
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Change in Net Position of Governmental Activities (Exhibit II)

<u><u>\$ 1,368,847</u></u>
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The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	Business-Type Activities				Governmental
	Major Funds		Non-Major Fund	Total	Internal
	Electric Department	Water Department	Sewer Department	Enterprise Funds	Service Fund
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 18,005,703	\$ 11,408,215	\$ 672,748	\$ 30,086,666	\$ 4,349,139
Accounts receivable, net	4,294,573	971,912	501,333	5,767,818	
Unbilled utility revenue	1,177,698			1,177,698	
Due from other funds	2,655,966	4,561	2,396,107	5,056,634	175,180
Prepaid items	53,720	81,642	4,105	139,467	
Inventory	1,656,584	212,868.00		1,869,452	
Other current assets	314			314	
Total current assets	27,844,558	12,679,198	3,574,293	44,098,049	4,524,319
<b>Noncurrent assets:</b>					
Amounts held at CMEEC	17,640,443			17,640,443	
Equity in joint venture investments	6,203,639			6,203,639	
Due from component units	3,363,549			3,363,549	
Total noncurrent assets	27,207,631	-	-	27,207,631	-
<b>Capital assets (net of accumulated depreciation):</b>					
Land and land rights	704,844	2,135,643	632,454	3,472,941	
Construction in progress	1,589,390	52,441,355	20,687	54,051,432	
Buildings and improvements	379,248	3,105,184	6,507,472	9,991,904	
Station equipment	7,834,241			7,834,241	
Electric distribution system	21,104,502			21,104,502	
Plant and pumping stations		2,851,357	364,972	3,216,329	
Water distribution system		19,210,674		19,210,674	
Machinery and equipment	1,457,141	575,405	16,711	2,049,257	
Vehicles	594,290	202,165	119,371	915,826	
Total capital assets, net	33,663,656	80,521,783	7,661,667	121,847,106	-
Total noncurrent and capital assets	60,871,287	80,521,783	7,661,667	149,054,737	-
<b>Deferred Outflows of Resources:</b>					
Deferred charge on refunding	450,426	73,550		523,976	
Deferred outflows related to pension	1,928,225	964,113	321,372	3,213,710	
Deferred outflows related to OPEB	439,582	213,130	66,603	719,315	
Total deferred outflows of resources	2,818,233	1,250,793	387,975	4,457,001	-
Total assets and deferred outflows of resources	91,534,078	94,451,774	11,623,935	197,609,787	4,524,319
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Accounts payable	5,323,711	1,821,494	87,732	7,232,937	252,000
Accrued payroll and compensated absences	425,640	310,324	54,522	790,486	
Accrued taxes	368,870	36,806	56,646	462,322	
Accrued interest payable	385,645	943,796		1,329,441	
Unearned revenue		216,452	351,913	568,365	
Due to other funds	2,394,651	2,687,176	9,743	5,091,570	
G.O. bonds and BANs, current portion	3,772,400	648,000	325,000	4,745,400	
Customer deposits payable	3,352,996			3,352,996	
Total current liabilities	16,023,913	6,664,048	885,556	23,573,517	252,000
<b>Noncurrent liabilities:</b>					
Rate stabilization	16,208,903			16,208,903	
G.O. bonds and notes payable, net of premium and deferred amounts	30,192,000	38,059,817	5,360,000	73,611,817	
Unamortized premium	1,956,602	566,880	412,533	2,936,015	
Net pension liability	3,425,916	1,712,958	570,987	5,709,861	
Net OPEB liability	2,598,192	1,259,729	393,665	4,251,586	
Total noncurrent liabilities	54,381,613	41,599,384	6,737,185	102,718,182	-
Total liabilities	70,405,526	48,263,432	7,622,741	126,291,699	252,000
<b>Deferred Inflows of Resources:</b>					
Deferred outflows related to pension	277,262	138,631	46,210	462,103	
Deferred outflows related to OPEB	1,032,585	500,647	156,452	1,689,684	
Total deferred outflows of resources	1,309,847	639,278	202,662	2,151,787	-
<b>Net Position:</b>					
Investment in capital assets	(3,726,660)	41,247,086	1,564,134	39,084,560	
Unrestricted	23,545,365	4,301,978	2,234,398	30,081,741	4,272,319
Total Net Position	\$ 19,818,705	\$ 45,549,064	\$ 3,798,532	\$ 69,166,301	\$ 4,272,319
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds				982,127	
Net position of business-type activities				\$ 70,148,428	

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities			Governmental Activities	
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal Service Fund
	Electric Department	Water Department	Sewer Department		
Operating Revenues	\$ 54,825,998	\$ 11,011,708	\$ 4,262,283	\$ 70,099,989	\$ 5,830,298
Operating Expenses:					
Direct expenses:					
Purchased power	31,910,806			31,910,806	
Other	3,252,554	4,107,781	3,008,331	10,368,666	
Overhead expenses:					
Customer account	1,880,590	496,853	134,577	2,512,020	
Administrative and general	5,926,605	4,347,516		10,274,121	
Claims and administration					4,980,890
Taxes	1,835,596	368,082	58,959	2,262,637	
Depreciation	2,013,869	951,636	241,341	3,206,846	
Total operating expenses	<u>46,820,020</u>	<u>10,271,868</u>	<u>3,443,208</u>	<u>60,535,096</u>	<u>4,980,890</u>
Operating Income (Loss)	8,005,978	739,840	819,075	9,564,893	849,408
Nonoperating Revenues (Expenses):					
Capital grant		3,839,054		3,839,054	
Investment income	428,072	47,651	3,295	479,018	5,811
Interest expense	(1,130,953)	(288,624)	(198,280)	(1,617,857)	
Miscellaneous revenue			11,000	11,000	
Equity in learnings (losses) on investments	246,322			246,322	
Total nonoperating revenues (expenses)	<u>(456,559)</u>	<u>3,598,081</u>	<u>(183,985)</u>	<u>2,957,537</u>	<u>5,811</u>
Income Before Transfers	7,549,419	4,337,921	635,090	12,522,430	855,219
Transfers In				-	
Transfers Out	<u>(4,071,140)</u>			<u>(4,071,140)</u>	
Change in Net Position	3,478,279	4,337,921	635,090	8,451,290	855,219
Net Position at Beginning of Year	<u>16,340,426</u>	<u>41,211,143</u>	<u>3,163,442</u>	<u>60,715,011</u>	<u>3,417,100</u>
Net Position at End of Year	<u>\$ 19,818,705</u>	<u>\$ 45,549,064</u>	<u>\$ 3,798,532</u>	<u>\$ 69,166,301</u>	<u>\$ 4,272,319</u>
Prior year adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				494,651	
Current year adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				<u>487,476</u>	
Total adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				982,127	
Change in net position of business-type activities				<u>\$ 70,148,428</u>	

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	Business-Type Activities				Governmental
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal Service Fund
	Electric Department	Water Department	Sewer Department		
Cash Flows from Operating Activities:					
Receipts from customers and users	\$ 57,993,982	\$ 11,027,608	\$ 4,423,046	\$ 73,444,636	\$
Payments to suppliers for goods and services	(40,996,422)	(6,737,566)	(2,864,830)	(50,598,818)	
Payments to employees for services	(1,818,808)	(3,497,819)	520,769	(4,795,858)	
Cash received from premiums				-	5,830,298
Cash paid for claims				-	(3,793,511)
Payments for interfund services used				-	(906,885)
Net cash provided by (used in) operating activities	<u>15,178,752</u>	<u>792,223</u>	<u>2,078,985</u>	<u>18,049,960</u>	<u>1,129,902</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans	(399,281)	1,766,138	(1,369,249)	(2,392)	
Amount held at CMEEC	(3,607,265)			(3,607,265)	
Transfers in from other funds	-			-	
Transfers out to other funds	(4,071,140)			(4,071,140)	
Net cash provided by (used in) noncapital financing activities	<u>(8,077,686)</u>	<u>1,766,138</u>	<u>(1,369,249)</u>	<u>(7,680,797)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	(3,937,380)	(14,550,083)	(199,456)	(18,686,919)	
Payments Bozrah Light and Power	265,200			265,200	
Repayment of CMEEC loan	(200,400)			(200,400)	
Net proceeds/loans to/from Bozrah Light and Power				-	
Capital grants		3,839,054		3,839,054	
Principal paid on general obligation bonds and equipment contracts	(3,536,000)	(646,000)	(323,000)	(4,505,000)	
Debt proceeds		9,911,804		9,911,804	
Interest paid on general obligation bonds, BANs and equipment contracts	(1,130,953)	(288,624)	(198,280)	(1,617,857)	
Additions to property, plant and equipment				-	
Net cash provided by (used in) capital and related financing activities	<u>(8,539,533)</u>	<u>(1,733,849)</u>	<u>(720,736)</u>	<u>(10,994,118)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	428,072	47,651	14,295	490,018	5,811
Net cash provided by (used in) investing activities	<u>428,072</u>	<u>47,651</u>	<u>14,295</u>	<u>490,018</u>	<u>5,811</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,010,395)	872,163	3,295	(134,937)	1,135,713
Cash and Cash Equivalents at Beginning of Year	19,016,098	10,536,052	669,453	30,221,603	3,213,426
Cash and Cash Equivalents at End of Year	<u>\$ 18,005,703</u>	<u>\$ 11,408,215</u>	<u>\$ 672,748</u>	<u>\$ 30,086,666</u>	<u>\$ 4,349,139</u>
Schedule of noncash, noncapital and related financing activities:					
Equity earnings/loss in joint venture investments	<u>\$ 246,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 246,322</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 8,005,978	\$ 739,840	\$ 819,075	\$ 9,564,893	\$ 849,408
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,013,869	951,636	241,341	3,206,846	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(420,635)	(200,552)	(191,150)	(812,337)	424,864
(Increase) decrease in due from other governments				-	
(Increase) decrease in inventory	(295,523)	(14,918)		(310,441)	
(Increase) decrease in prepaid items	57,050	52,584	6,149	115,783	
Increase (decrease) in due from other funds				-	(80,370)
Increase (decrease) Deferred outflows/inflows related to pension/OPEB	1,674,074	(106,146)	(41,373)	1,526,555	
(Increase) decrease in unbilled utility revenue	(10,744)			(10,744)	
Increase (decrease) in unearned revenue	265,128	216,452	351,913	833,493	
Increase (decrease) in accounts payable and accrued items	232,107	(1,100,992)	33,274	(835,611)	
Increase (decrease) in due to other funds				-	
Increase (decrease) rate stabilization	3,334,235			3,334,235	
Increase (decrease) net pension liability	1,370,941	794,588	466,091	2,631,620	
Increase (decrease) net OPEB obligation	(1,047,728)	(540,269)	393,665	(1,194,332)	
Increase (decrease) in claims payable				-	(64,000)
Total adjustments	<u>7,172,774</u>	<u>52,383</u>	<u>1,259,910</u>	<u>8,485,067</u>	<u>280,494</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 15,178,752</u>	<u>\$ 792,223</u>	<u>\$ 2,078,985</u>	<u>\$ 18,049,960</u>	<u>\$ 1,129,902</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT**  
**STATEMENT OF NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2020**

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	<b>Pension and OPEB Trust Funds</b>
	<u>                    </u>
Assets:	
Cash	\$ 5,980,952
Investments, at fair value:	
U.S. government bonds	7,979,377
Mortgage backed securities	5,545,813
Collateralized mortgage obligations	1,938,528
Fixed Income - non-profit	108,256
Partnerships	2,124,693
Corporate bonds	4,941,529
Foreign bonds	1,203,453
Common stocks	462,132
Foreign stocks	521,896
Mutual funds:	
Equities and related securities	55,960,987
Fixed income	5,662,786
Total investments	<u>86,449,450</u>
Accrued interest	<u>106,867</u>
Total assets	92,537,269
Liabilities:	
Pending purchases	<u>426,696</u>
Net Position:	
Restricted for Pension and OPEB Benefits	\$ <u><u>92,110,573</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Pension and OPEB Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 2,944,413
Plan members	912,910
Total contributions	<u>3,857,323</u>
Investment earnings:	
Net change in fair value of investments	(1,373,391)
Interest and dividends	2,803,831
Total investment earnings	<u>1,430,440</u>
Less investment expenses:	
Investment management fees	<u>64,078</u>
Net investment earnings	<u>1,366,362</u>
Total additions	<u>5,223,685</u>
Deductions:	
Benefits	5,557,244
Administrative expense	38,679
Total deductions	<u>5,595,923</u>
Change in Net Position	(372,238)
Net Position at Beginning of Year	<u>92,482,811</u>
Net Position at End of Year	<u>\$ 92,110,573</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Groton, Connecticut (the City) lies entirely within the Town of Groton (the Town) and covers an area of 3.06 square miles. The City operates under a Council-Mayor form of government as prescribed by its charter. The City provides the following services as authorized by its charter: utilities, public safety, public works, sanitation services and recreation.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's more significant accounting policies:

**A. Financial Reporting Entity**

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's component unit is a discretely presented component unit, which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Bozrah Light and Power Company (the Company) has a June 30 year-end.

**Discretely Presented Component Unit**

The Company is wholly owned by the City. The Company operates as an electric utility, purchasing power and selling it to consumers. It owns and maintains electric distribution facilities for the purpose of delivering electricity to others. The Company is subject to requirements of Chapter 101 of the Connecticut General Statutes (the Statutes), which sets forth the regulatory structure applicable to municipal electric utilities. Under Chapter 101, the City is permitted to realize an average rate of return on its investment of five to eight percent. Any excess revenues may be used for capital expansion, economic development or to effect a rate reduction for electric consumers. The information presented for the Company is for the year ended June 30, 2020. The Company prepares stand-alone financial statements which are available by contacting the City Finance Director at the City of Groton, 295 Meridian Street, Groton, CT 06340.

**B. Government-Wide Financial Statements**

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

The statement of net position presents the financial position of the City at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The City does not allocate indirect expenses to functions in the statement of activities.

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

### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. 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. Property taxes and certain other revenues are considered to be available if collected within 60 days of the fiscal year end.

Property taxes associated with the current fiscal period, as well as licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period, if available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other post-employment benefit obligations, pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

The **Electric Department** accounts for the activities of the City's Electric Department.

The **Water Department** accounts for the activities of the City's Water System.

Additionally, the City reports the following other fund types:

The **Internal Service Funds** accounts for risk financing activities for medical insurance benefits.

**CITY OF GROTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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The **Pension and Other Post-Employment Benefit (OPEB) Trust Funds** account for the activities of the City of Groton Employees Retirement System, which accumulates resources for pension benefit payment to qualified City employees and the activities of the OPEB Fund, which accounts for the health and other benefits provided to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's Electric Department, Water Department, Sewer Department and various other functions of the City. 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 revenues include property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Electric Department enterprise fund, of the Water Department enterprise fund, of the Sewer Department and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Deposits, Investments and Risk Disclosure**

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand deposit accounts and short-term investments with original maturities of less than three months.

##### **Investments**

Investments are stated at fair value.

In general, the Statutes allow the City to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating services. For the Equipment Replacement Account, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The City's Trust Funds are guided by a written investment policy that describes the characteristics of the investment portfolios and expected returns on the pension fund assets. The funds' assets are managed by investment managers.

**CITY OF GROTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**Restricted Assets**

The restricted assets for the City are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose. The City also restricts cash for unspent bond proceeds.

**E. Receivables and Payables**

**Taxes Receivable**

In the government-wide financial statements, property tax and electric and water use receivables are shown net of an allowance for uncollectibles of approximately \$7,000, \$75,000 and \$2,500, respectively.

In the fund financial statements, property tax receivables are recorded as of levy date and property tax revenue is recognized when it becomes available. Available means then due or past due and receivable within the current period and collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property taxes not collected during the 60-day period are recorded as deferred inflows.

Property taxes are attached as an enforceable lien on property as of July 1. Assessments are set as of October 1 preceding and, as such, an inchoate lien is placed at that time. On July 1, when the mill rate is applied to levy a dollar tax, lien is recognized. Taxes are billed in one installment due July 1. A lien may be continued if filed within 1 year of the due date. The Town of Groton performs tax assessment and collection duties for the City of Groton. The City sets its own mill rate at its Annual Budget Meeting on the first Monday in June.

**Due from/to Other Funds**

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

**F. Inventories and Prepaid Items**

Inventory is valued at moving weighted average cost for the Proprietary Funds. All other inventories are valued at specific cost using the first-in/first-out (FIFO) method. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Proprietary Funds consists of supplies and materials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and enterprise fund financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental (or business-type activities) columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements, and \$100,000 for infrastructure, and an estimated useful life in excess of 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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-67
Improvements	17-100
Vehicles and equipment	5-33
Roads	50
Sewer plant	30-40
Sewer distribution system	40-50
Station equipment	20
Electrical distribution system	17-25
Plant and pumping stations	50
Water distribution system	40-50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**H. 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 position 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 City reports a deferred charge on refunding in the government-wide statement of net position and deferred outflows for pensions and OPEB. 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 plans (active employees and inactive employees).

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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 position 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 City reports deferred inflows of resources for pensions and OPEB 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 plans (active employees and inactive employees). Also, for governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, intergovernmental revenues and charges for services. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

**I. Compensated Absences and Heart and Hypertension**

City 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 fund financial statements. A liability for these amounts is reported in governmental funds only for the amounts that have become due. Amounts for compensated absences are generally liquidated by the General Fund for governmental activities, and in proprietary funds for business-type activities.

The liability for sick leave occurs only at the time of retirement. As of June 30, 2020, an estimate of future retirements has been recorded based upon years of service.

The Electric, Water and Sewer Departments have recorded the liability for accumulated vacation. The Electric, Water and Sewer Departments' vacation time is expensed as earned, as is the vacation time of governmental employees in the government-wide statements. The City's governmental employees' vacation time is recorded as expenditures as used in the government funds financial statements. Sick time for the City and Electric, Water and Sewer Departments does not vest.

The amount recorded for heart and hypertension liability is for employees or spouses who have retired on a disability pension under state statutes relating to heart or hypertension health issues. Payments are made over a period of years based upon the settlement agreement.

**J. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

**K. Net Pension 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.

**L. Net OPEB Liability (Asset)**

The net OPEB liability (asset) is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount 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 (asset) 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.

**M. Fund Equity**

Equity in the government-wide financial statements is defined as "net position." Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The components of net position are detailed below:

**Net Investment in Capital Assets**

The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

**Restricted Net Position**

These amounts are restricted to specific purposes when constraint placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Unrestricted**

All other amounts that do not meet the definition of "restricted" or "net investment in capital assets."

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

**Nonspendable Fund Balance**

Includes amounts that cannot be spent because they are either not in spendable form (inventories, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

**Restricted Fund Balance**

These amounts are restricted to specific purposes when constraint placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Groton City Council is the highest level of decision-making authority for the City and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

**Assigned Fund Balance**

These amounts are approved and committed to by the City Council subsequent to June 30. The balance also includes encumbrances assigned for goods and services.

**Unassigned Fund Balance**

In the General Fund, this includes residual positive fund balance which has not been classified within the other abovementioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the City considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

**N. Use of 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

**O. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 13, 2021.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

**Budgets and budgetary accounting**

All agencies of the City submit requests for appropriations to the City's mayor on or before the second Monday in February of each year so that a budget may be prepared. The budget is prepared for the general fund by function and activity within departments, and includes information on the past year, current year estimates, and requested appropriations for the next year.

- The proposed budget is presented to the City Council for review on the first Monday in April. The City Council may only consider the proposed budget and make recommendations. Subsequent to publication of the proposed budget on the third Monday in April, a public hearing is held to solicit comments from citizens of the City.
- Formal budgetary integration is employed as a management control device during the year. All unencumbered appropriations lapse at fiscal year-end.
- In accordance with the provisions of the charter, no funds may be transferred from one department to another without prior approval of the qualified electors at the annual City budget meeting or special City meeting. This approval is granted at the City budget meeting which authorizes Mayor and Council to make transfers which will not exceed the total budget approved.
- The City charter does not provide for additional appropriations.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year-end, except those for the capital projects Funds.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

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A reconciliation of general fund operations presented on a budgetary basis to the amounts presented in the fund financial statements in accordance with GAAP is as follows:

	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>	<u>Change in Fund Balance</u>
Balance, budgetary basis, for year ended June 30, 2020	\$ 18,131,892	\$ 17,757,806	\$ 374,086
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	<u>(80,094)</u>	<u>(169,421)</u>	<u>89,327</u>
Balance, GAAP basis, for year ended June 30, 2020	<u>\$ 18,051,798</u>	<u>\$ 17,588,385</u>	<u>\$ 463,413</u>

**Donor Restricted Endowments**

The City has received an endowment for the maintenance of the U.S. Submarine Veterans of World War II memorial located at the Thames River. The amounts are reflected in net position as restricted for permanent funds. Investment income (interest only) is approved for expenditure by the City Council.

**Special Revenue Funds**

The City does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

**Capital Project Funds**

Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

**B. Fund Deficits**

At June 30, 2020, the City reported deficit fund balance/net position for the following fund:

Nonmajor Governmental Fund:

Bridge Street Fund	\$	23,653
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The Bridge Street Fund deficit will be covered through future charges for services from the General Fund.

**CITY OF GROTON, CONNECTICUT  
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**C. Expenditures in Excess of Appropriations**

At June 30, 2020, the City over expended the following line items in their budget:

	<u>Final</u> <u>Appropriations</u>	<u>Expenditures,</u> <u>Encumbrances</u> <u>and Other</u> <u>Financing Uses</u>	<u>Balance</u> <u>Overexpended</u>
General Government			
Civil preparedness	\$ 11,459	\$	\$ (11,459)
Public Safety			
Criminal investigation	358,160	374,785	16,625
Uniformed patrol	4,606,111	4,612,458	6,347
Harbor patrol	3,979	7,793	3,814
Outside charges		11,604	11,604
Public Works			
Highway maintenance	1,999,152	2,084,756	85,604
Sanitation	1,048,836	1,067,501	18,665
Parks and Recreation			
Supervision and general expenditures	181,874	186,876	5,002
Non-Departmental			
General insurance	110,000	117,586	7,586

**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 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 does 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). The investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and is 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. The STIF accounts are recorded at amortized cost.

**CITY OF GROTON, CONNECTICUT  
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**Deposits**

**Deposit Custodial Credit Risk**

The City and the pension trust funds do not have a policy for deposits. The City also does not have a custodial credit risk policy. However, as a practice, the City follows state statutes. The State of Connecticut (the State) requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

**City** - The City's custodial credit risk policy includes policies on the safety of principal, prudence, and financial dealings with institutions designed to mitigate custodial credit risk. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures* \$55,983,067 of the City's bank balance of \$57,327,951 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 50,259,760
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>5,723,307</u>
Total Amount Subject to Custodial Risk	<u>\$ 55,983,067</u>

**Bozrah Light and Power Company** - Custodial credit risk is risk that, in the event of a bank failure, the Company's deposits may not be returned to it. The Company does not have a deposit policy for custodial credit risk. As of June 30, 2020 and 2019, \$1,406,000 and approximately \$1,713,000 of the Company's bank balance of \$1,656,000 and approximately \$1,963,000 was exposed to custodial credit risk, respectively.

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2020, the cash equivalent amounted to \$106,505. The following table provides summary of the City's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard &amp; Poor's</u>
State of Connecticut Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*

\* Not Rated

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**Investments**

**Interest Rate Risk**

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City, including its trust funds, do not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations or pension payments, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Investment Type	Fair Value	Investment Maturities (Years)		
		Less Than 1	1 - 10	More than 10
Interest-bearing investments:				
U.S. Government Bonds	\$ 8,127,498	\$ 17,244	\$ 6,170,033	\$ 1,940,221
Foreign Bonds	1,203,453	55,356	837,160	310,937
Mortgage Backed Securities	5,545,813		10,137	5,535,676
Collateralized Mortgage Obligations	1,938,528		1,168,879	769,649
Corporate Bonds	<u>4,989,709</u>	<u>51,337</u>	<u>3,203,013</u>	<u>1,735,359</u>
Total	21,805,001	<u>\$ 123,937</u>	<u>\$ 11,389,222</u>	<u>\$ 10,291,842</u>
Other investments:				
Mutual Funds	\$ 61,682,052			
Common Stock	792,737			
Foreign Stock	521,896			
Fixed Income - Non Profit	108,256			
Partnerships	<u>2,124,693</u>			
Total Investments	<u>\$ 87,034,635</u>			

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**Credit Risk**

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment as of June 30, 2020:

<u>Average Rating</u>	<u>Corporate Bonds</u>	<u>U.S. Government Bonds</u>	<u>Mortgage Backed Securities</u>	<u>Collateralized Mortgage Obligations</u>	<u>Fixed Income - Non Profit</u>	<u>Foreign Bonds</u>
Aaa	\$ 67,529	\$ 8,127,498	\$	\$ 557,011	\$	\$
Aa1	37,469			246,575		
Aa2	35,231					
Aa3				400,946		
A1	25,419					602,961
A2	1,213,854					
A3	551,886					78,671
Baa1	669,268					70,623
Baa2	972,825					
Baa3	889,886					
Unrated	526,342		5,545,813	733,996	108,256	451,198
	<u>\$ 4,989,709</u>	<u>\$ 8,127,498</u>	<u>\$ 5,545,813</u>	<u>\$ 1,938,528</u>	<u>\$ 108,256</u>	<u>\$ 1,203,453</u>

**Concentration of Credit Risk**

The City, including its trust funds, does not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer. Approximately 10% of the City's investments are concentrated in mortgage-backed securities.

**Fair Value**

The City and its fiduciary funds categorize their 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 City and its fiduciary funds have the following recurring fair value measurements as of June 30, 2020:

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The alternative investments classified in Level 3 are not actively traded and significant observable inputs are not available; therefore a degree of judgment is necessary to estimate fair value. The valuation process for alternative investments takes into consideration factors such as interest rate changes, movement in credit spreads, default rate assumptions, prepayment assumptions, type and quality of collateral and market dislocation.

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The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

	June 30, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government Bonds	\$ 8,127,498	\$	\$ 8,127,498	\$
Corporate Bonds	4,989,709		4,989,709	
Foreign Bonds	1,203,453		1,203,453	
Fixed Income - Non Profit	108,256		108,256	
Collateralized Mortgage Obligations	1,938,528		1,938,528	
Mortgage Backed Securities	5,545,813		5,545,813	
Foreign Stock	521,896	521,896		
Common Stock	792,737	792,737		
Mutual Funds	61,682,052	61,682,052		
<b>Total Investments by Fair Value Level</b>	<b>\$ 84,909,942</b>	<b>\$ 62,996,685</b>	<b>\$ 21,913,257</b>	<b>\$ -</b>
Investments Measured at Net Asset Value (NAV):				
Partnerships	2,124,693			
<b>Total Investments</b>	<b>\$ 87,034,635</b>			

**Partnerships**

These publicly traded limited partnerships provide for the portfolio exposure to private companies through equity and/or debt investments. Fund managers invest in private companies with the goal of enhancing value over the long-term. There are no unfunded commitments associated with these partnership interests. As they are publicly traded, there are no restrictions as to liquidation.

**4. RECEIVABLES**

Receivables at June 30, 2020 for the City's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for doubtful accounts, consisted of the following:

	General	Electric Department	Water Department	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Total
Accounts receivable	\$	\$ 4,444,573	\$ 974,412	\$ 501,333	\$ 52,999	\$ 5,973,317
Property taxes	36,269					36,269
Other receivables	22,785	1,177,698			100	1,200,583
Less allowance for uncollectible accounts	(7,000)	(150,000)	(2,500)			(159,500)
<b>Net Accounts Receivable</b>	<b>\$ 52,054</b>	<b>\$ 5,472,271</b>	<b>\$ 971,912</b>	<b>\$ 501,333</b>	<b>\$ 53,099</b>	<b>\$ 7,050,669</b>

**CITY OF GROTON, CONNECTICUT  
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**5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The balances reflected as due from/to other funds at June 30, 2020 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Enterprise Fund	\$ 5,750
General Fund	Non-Major Governmental Funds	105,140
General Fund	Electric Department	5,986
General Fund	Water Department	89,057
Electric Department	Water Department	2,590,109
Electric Department	General Fund	65,857
Water Department	Non-Major Enterprise Fund	3,993
Water Department	Electric Department	568
Non-Major Enterprise Fund	Electric Department	2,388,097
Non-Major Enterprise Fund	Water Department	8,010
Internal Service Fund	General Fund	175,180
Non-Major Governmental Funds	General Fund	<u>6,371,780</u>
Total		<u>\$ 11,809,527</u>

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. All of the balances are expected to be collected in the subsequent year.

**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return.

	<u>Transfers In</u>		<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:			
General Fund	\$	\$ 2,140,580	\$ 2,140,580
Nonmajor Governmental Funds	15,000		15,000
Electric Fund	<u>4,071,140</u>		<u>4,071,140</u>
Total Transfers In	<u>\$ 4,086,140</u>	<u>\$ 2,140,580</u>	<u>\$ 6,226,720</u>

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Transfers are used to account for the financing by the General Fund of electric utilities and miscellaneous special revenue funds.

**6. CAPITAL ASSETS**

Changes in the City's capital assets are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 3,156,803	\$	\$	\$	\$ 3,156,803
Construction in progress	772,061	26,433	614,185	(157,877)	26,432
Total capital assets not being depreciated	<u>3,928,864</u>	<u>26,433</u>	<u>614,185</u>	<u>(157,877)</u>	<u>3,183,235</u>
Capital assets being depreciated:					
Land improvements	1,441,749			32,989	1,474,738
Buildings and improvements	8,642,309			124,888	8,767,197
Machinery and equipment	1,548,128	24,518			1,572,646
Vehicles	5,778,896	65,342			5,844,238
Infrastructure	18,071,770	110,472			18,182,242
Total capital assets being depreciated	<u>35,482,852</u>	<u>200,332</u>	<u>-</u>	<u>157,877</u>	<u>35,841,061</u>
Less accumulated depreciation for:					
Land improvements	530,869	61,920			592,789
Buildings and improvements	4,112,888	189,166			4,302,054
Machinery and equipment	1,346,195	29,552			1,375,747
Vehicles	3,590,579	266,079			3,856,658
Infrastructure	7,732,229	297,781			8,030,010
Total accumulated depreciation	<u>17,312,760</u>	<u>844,498</u>	<u>-</u>	<u>-</u>	<u>18,157,258</u>
Total capital assets being depreciated, net	<u>18,170,092</u>	<u>(644,166)</u>	<u>-</u>	<u>157,877</u>	<u>17,683,803</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,098,956</u>	<u>\$ (617,733)</u>	<u>\$ 614,185</u>	<u>\$ -</u>	<u>\$ 20,867,038</u>

**CITY OF GROTON, CONNECTICUT  
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,472,941	\$	\$	\$	\$ 3,472,941
Construction in progress	40,413,290	18,173,080	4,534,938		54,051,432
Total capital assets not being depreciated	<u>43,886,231</u>	<u>18,173,080</u>	<u>4,534,938</u>	<u>-</u>	<u>57,524,373</u>
Capital assets being depreciated:					
Buildings and improvements	19,640,301	152,612	43,118		19,749,795
Station equipment	22,638,673	118,620			22,757,293
Electric distribution system	43,252,468	1,413,197	82,613		44,583,052
Plant and pumping stations	13,238,778	90,300			13,329,078
Water distribution system	29,525,768	339,727			29,865,495
Machinery and equipment	8,617,631	657,020			9,274,651
Vehicles	4,485,730	263,601	15,682		4,733,649
Total capital assets being depreciated	<u>141,399,349</u>	<u>3,035,077</u>	<u>141,413</u>	<u>-</u>	<u>144,293,013</u>
Less accumulated depreciation for:					
Buildings and improvements	9,415,860	385,148	43,118		9,757,890
Station equipment	14,479,950	443,103			14,923,053
Electric distribution system	22,398,632	1,121,507	41,589		23,478,550
Plant and pumping stations	9,908,483	204,266			10,112,749
Water distribution system	10,208,755	446,066			10,654,821
Machinery and equipment	6,875,754	349,640			7,225,394
Vehicles	3,576,389	257,116	15,682		3,817,823
Total accumulated depreciation	<u>76,863,823</u>	<u>3,206,846</u>	<u>100,389</u>	<u>-</u>	<u>79,970,280</u>
Total capital assets being depreciated, net	<u>64,535,526</u>	<u>(171,769)</u>	<u>41,024</u>	<u>-</u>	<u>64,322,733</u>
Business-Type Activities Capital Assets, Net	<u>\$ 108,421,757</u>	<u>\$ 18,001,311</u>	<u>\$ 4,575,962</u>	<u>\$ -</u>	<u>\$ 121,847,106</u>

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

General government	\$ 93,499
Public safety	193,639
Public works	460,300
Recreation	<u>97,060</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 844,498</u>
Business-type activities:	
Electric department	\$ 2,013,869
Water system	951,636
Sewer system	<u>241,341</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,206,846</u>

**CITY OF GROTON, CONNECTICUT  
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**Discretely Presented Component Unit**

Activity for Bozrah Light and Power Company for the year ended June 30, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land and land rights	\$ 67,706	\$	\$	\$	\$ 67,706
Intangibles	4,711				4,711
Construction in progress	449,022			(284,762)	164,260
Total capital assets not being depreciated	<u>521,439</u>	<u>-</u>	<u>-</u>	<u>(284,762)</u>	<u>236,677</u>
Capital assets being depreciated:					
Buildings and improvements	390,615				390,615
Electric distribution system	17,425,614	544,991	32,844	284,762	18,222,523
Machinery and equipment	480,048	5,002			485,050
Vehicles	706,152				706,152
Total capital assets being depreciated	<u>19,002,429</u>	<u>549,993</u>	<u>32,844</u>	<u>284,762</u>	<u>19,804,340</u>
Less accumulated depreciation for:					
Buildings and improvements	302,501	7,536			310,037
Electric distribution system	7,515,848	589,059	32,808		8,072,099
Machinery and equipment	425,504	2,723			428,227
Vehicles	348,887	65,829			414,716
Total accumulated depreciation	<u>8,592,740</u>	<u>665,147</u>	<u>32,808</u>	<u>-</u>	<u>9,225,079</u>
Total capital assets being depreciated, net	<u>10,409,689</u>	<u>(115,154)</u>	<u>36</u>	<u>284,762</u>	<u>10,579,261</u>
Total Capital Assets, Net	<u>\$ 10,931,128</u>	<u>\$ (115,154)</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 10,815,938</u>

**7. LONG-TERM OBLIGATIONS**

**Governmental Activities**

The following table summarizes changes in the City's governmental activities' long-term liabilities for the year ended June 30, 2020:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:									
General	\$ 1,725,000	10/1/09	\$ 10/1/29	1.75-5.00%	\$ 690,000	\$	\$ 115,000	\$ 575,000	\$ 115,000
General	3,115,000	4/18/13	4/1/33	3.00-5.00%	2,215,000	-	150,000	2,065,000	150,000
Total					2,905,000	-	265,000	2,640,000	265,000
Premiums					171,361	-	12,240	159,121	-
Total bonds payable					<u>3,076,361</u>	<u>-</u>	<u>277,240</u>	<u>2,799,121</u>	<u>265,000</u>
Compensated absences					1,177,391	943,578	899,429	1,221,540	244,308
Net pension liability					2,974,674	1,873,319		4,847,993	
Net OPEB liability					4,613,628		991,907	3,621,721	
Heart and Hypertension					15,668		15,668	-	
Total Governmental Activities Long-Term Liabilities					<u>\$ 11,857,722</u>	<u>\$ 2,816,897</u>	<u>\$ 2,184,244</u>	<u>\$ 12,490,375</u>	<u>\$ 509,308</u>

**CITY OF GROTON, CONNECTICUT  
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**Business-Type Activities**

The following table summarizes changes in the City's business-type activities' long-term liabilities for the year ended June 30, 2020:

	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Electric:</b>									
Bonds payable:									
Electric bonds	\$ 5,640,000	10/8/09	\$ 7/15/22	\$ 1.75-5.00%	\$ 1,945,000	\$ -	\$ 490,000	\$ 1,455,000	\$ 490,000
Electric bonds	5,800,000	10/1/09	10/1/29	1.75-5.00%	3,190,000	-	290,000	2,900,000	290,000
Electric bonds	1,845,000	4/18/13	4/1/33	3.00-5.00%	1,275,000	-	95,000	1,180,000	95,000
Electric bonds	4,300,000	7/9/14	10/1/27	1.00-5.00%	3,125,000	-	400,000	2,725,000	400,000
Electric bonds	9,158,000	10/4/17	10/1/37	2.25-5.00%	8,699,000	-	457,000	8,242,000	457,500
Electric bonds BLP	1,284,000	10/4/17	10/1/37	2.25-5.00%	1,220,000	-	64,000	1,156,000	64,500
Telecommunication	13,875,000	4/18/13	2/1/29	3.00-5.00%	9,585,000	-	850,000	8,735,000	900,000
Telecommunication	5,520,000	7/9/14	10/1/27	1.00-5.00%	4,385,000	-	495,000	3,890,000	490,000
Telecommunication	3,595,000	7/9/14	10/1/27	1.00-5.00%	1,880,000	-	395,000	1,485,000	385,000
Total					35,304,000	-	3,536,000	31,768,000	3,572,000
Premiums					2,197,898	-	241,296	1,956,602	-
Total bonds payable					37,501,898	-	3,777,296	33,724,602	3,572,000
Note payable					2,396,800	-	200,400	2,196,400	200,400
Net pension liability					2,054,975	1,370,941	-	3,425,916	-
Net OPEB liability					3,645,920	-	1,047,728	2,598,192	-
Total Electric Long-Term Liabilities					45,599,593	1,370,941	5,025,424	41,945,110	3,772,400
<b>Water:</b>									
Bonds payable:									
Water bonds	1,656,000	10/8/09	7/15/22	1.75-5.00%	280,000	-	70,000	210,000	70,000
Water bonds	2,460,000	4/18/13	4/1/33	3.00-5.00%	1,710,000	-	125,000	1,585,000	125,000
Water bonds	1,755,000	7/9/14	10/1/27	1.00-5.00%	1,300,000	-	175,000	1,125,000	175,000
Water bonds	5,525,000	10/4/17	10/1/37	2.25-5.00%	5,248,000	-	276,000	4,972,000	278,000
Total					8,538,000	-	646,000	7,892,000	648,000
Premiums					608,906	-	42,026	566,880	-
Total bonds payable					9,146,906	-	688,026	8,458,880	648,000
Net pension liability					918,370	794,588	-	1,712,958	-
Net OPEB liability					1,799,998	-	540,269	1,259,729	-
DWSRF Interim Loan					20,904,013	9,911,804	-	30,815,817	-
Total Water Long-Term Liabilities					32,769,287	10,706,392	1,228,295	42,247,384	648,000
<b>Sewer:</b>									
Bonds payable:									
Sewer	460,000	4/18/13	4/1/33	3.00-5.00%	310,000	-	25,000	285,000	25,000
Sewer treatment	5,998,000	10/4/17	10/1/37	2.25-5.00%	5,698,000	-	298,000	5,400,000	300,000
Total					6,008,000	-	323,000	5,685,000	325,000
Premiums					437,761	-	25,228	412,533	-
Total bonds payable					6,445,761	-	348,228	6,097,533	325,000
Net pension liability					112,137	458,850	-	570,987	-
Net OPEB liability					-	393,665	-	393,665	-
Total Sewer Long-Term Liabilities					6,557,898	852,515	348,228	7,062,185	325,000
Total Business-Type Long-Term Liabilities					\$ 84,926,778	\$ 12,929,848	\$ 6,601,947	\$ 91,254,679	\$ 4,745,400

The bonds issued for telecommunications are taxable bonds issued by the Electric Department for Thames Valley Communications, Inc., which was wholly owned by the City of Groton. On February 1, 2013, Thames Valley Communications, Inc., was sold, and the balance of the telecommunication bonds will be paid by the Electric Department.

**CITY OF GROTON, CONNECTICUT  
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The annual requirements to amortize all bonded debt outstanding as of June 30, 2020 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities Enterprise Funds</u>							
	<u>General Fund</u>		<u>Electric</u>		<u>Water</u>		<u>Sewer</u>		<u>Total Payments</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 265,000	\$ 98,800	\$ 3,572,000	\$ 1,188,120	\$ 648,000	\$ 296,650	\$ 325,000	\$ 211,700	\$ 4,810,000	\$ 1,795,270
2022	270,000	85,838	3,598,000	1,029,555	647,000	266,200	325,000	195,450	4,840,000	1,577,043
2023	275,000	73,775	3,603,000	875,425	637,000	236,488	325,000	179,200	4,840,000	1,364,888
2024	275,000	62,325	3,134,000	727,816	556,000	208,125	325,000	162,950	4,290,000	1,161,216
2025	275,000	51,900	2,769,000	598,131	556,000	181,525	325,000	146,950	3,925,000	978,506
2026-2030	800,000	158,800	10,660,000	1,497,821	2,280,000	586,010	1,600,000	513,875	15,340,000	2,756,506
2031-2035	480,000	30,600	2,875,000	448,931	1,740,000	252,375	1,560,000	253,200	6,655,000	985,106
2036-2040			1,557,000	71,687	828,000	38,123	900,000	41,438	3,285,000	151,248
	<u>\$ 2,640,000</u>	<u>\$ 562,038</u>	<u>\$ 31,768,000</u>	<u>\$ 6,437,486</u>	<u>\$ 7,892,000</u>	<u>\$ 2,065,496</u>	<u>\$ 5,685,000</u>	<u>\$ 1,704,763</u>	<u>\$ 47,985,000</u>	<u>\$ 10,769,783</u>

The General Government and Sewer Authority bonds are funded in the General Fund and paid from taxation. The Electric and Water Departments' bonds are paid by the rate payers.

**Note Payable**

The City has a note payable to the Connecticut Municipal Electric Energy Cooperative's (CMEEC) Rate Stabilization Fund Trust. The proceeds were loaned to the Company, a discretely presented component unit, which were used to fund upgrades to its Stockhouse Road Substation. The Company will pay back the loan directly to CMEEC with a variable interest rate per annum based on the prior years weighted average of the trust's interest rate and is adjusted annually. The loan's current interest rate is 1.6%. Payment of principal became required when construction was completed in October 2011. The loan's principal balance is \$2,196,400. The City's Electric Utility has a corresponding note receivable which is included in "Due From Component Units."

The City is using interim funding during the construction of the Clean Water Project prior to the issuance of the notes at the completion of the project.

Short-term obligation activity for the year ended June 30, 2020 was as follows:

<u>Date Issued</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
9/29/2017	2.00%	\$ 20,904,013	\$ 9,911,804	\$	\$ 30,815,817

**CITY OF GROTON, CONNECTICUT  
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**Legal Debt Limit**

The City’s indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 11,818,931	\$ 3,494,189	\$ 8,324,742
Sewers	19,698,218	5,791,000	13,907,218

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$36,770,006.

The total indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued.

**Bonds Authorized but Unissued**

As of June 30, 2020, the City had authorized but unissued debt as follows:

<u>Description:</u>	<u>Bonds Authorized</u>	<u>Cumulative Bonded Recinded or Paid</u>	<u>Bonds Unissued</u>
Improvements:			
Beach and parks	\$ 1,500,000	\$ 1,085,000	\$ 415,000
Land purchase	1,160,000	880,000	280,000
Fire department enhancement program	1,727,500	1,725,000	2,500
Public improvements	2,461,689	2,305,000	156,689
Systems:			
Water	70,589,000	34,660,813	35,928,187
Electric	50,955,569	39,536,700	11,418,869
Sewer	6,309,000	6,203,000	106,000
	<u>\$ 134,702,758</u>	<u>\$ 86,395,513</u>	<u>\$ 48,307,245</u>

**CITY OF GROTON, CONNECTICUT  
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**8. FUND BALANCE**

The components of fund balance for the governmental funds as of June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Inventory	\$ 10,359	\$ -	\$ 10,359
Restricted for:			
Public safety		72,949	72,949
Public works		907,228	907,228
Capital outlay		61,568	61,568
	<u>-</u>	<u>1,041,745</u>	<u>1,041,745</u>
Committed to:			
General government	213,363		213,363
Public works		6,516,488	6,516,488
	<u>213,363</u>	<u>6,516,488</u>	<u>6,729,851</u>
Assigned to:			
Subsequent year's budget	1,850,000		1,850,000
Unassigned			
General government	5,063,766		5,063,766
Public works		(23,653)	(23,653)
	<u>5,063,766</u>	<u>(23,653)</u>	<u>5,040,113</u>
Total Fund Balances	<u>\$ 7,137,488</u>	<u>\$ 7,534,580</u>	<u>\$ 14,672,068</u>

**9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Defined Benefit Pension Plans**

**Description of Plans**

The City is the administrator of a single-employer, contributory, defined benefit plan established and administered by the City to provide pension benefits for its employees. The pension plan is considered to be part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of all employee groups. The plan does not issue a stand-alone financial report.

**CITY OF GROTON, CONNECTICUT  
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Based on the actuarial valuation date, July 1, 2019, membership in the City pension plans consisted of:

	<u>City</u>	<u>Police</u>	<u>Fire</u>	<u>Utilities</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	38	29	16	66	149
Inactive employees entitled to, but not yet receiving benefits	7	6	2	16	31
Active employees	48	26	14	113	201
Total Participants	<u>93</u>	<u>61</u>	<u>32</u>	<u>195</u>	<u>381</u>

**Summary of Significant Accounting Policies**

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**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.

**Benefit Provisions**

The plan covers all City employees. Employees are fully vested after five (5) years of service, except employees of the police union which are vested after ten (10) years of service. If an employee leaves covered employment or dies before being vested, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by collective bargaining and may be amended only by the City Council.

The retirement benefit is calculated based on average annual compensation multiplied by years of credited services (maximized at 30 years). The following are the multiples for the different groups:

- 2.10% City and utility non-union excluding management and steelworkers
- 2.10% for utility AFSCME - 007 and utility AFSCME - 818, AFSCME-135, CSEA 91
- 2.67% for police and firefighters with a maximum benefit of 80%
- 2.30% for City and utility non-union management

Average annual compensation is the highest three years for police and firefighters, and five years for all other groups.

**Contributions**

The City's contributions are actuarially determined on an annual basis using the project unit credit method. Contributions from the general, electric and water funds are recognized when due. Administrative costs are generally financed through investment earnings.

**CITY OF GROTON, CONNECTICUT  
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Employee contributions are required as follows:

- 5.2% of pay for City and utility non-union employees
- 5.5% of pay for Other City and Utility Union employees
- 5.8% of pay for Utility AFSCME007 employees
- 6.0% of pay for steelworkers - CSEA 91, AFSCME-135, AFSCME-818
- 8.25% of pay for police and fire (fire for the first 30 years of service)

**Rate of Return**

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 are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, and the final investment return assumption, are summarized in the following table:

	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Weighting</b>
U.S. Large Cap Core Equity	24.00 %	4.55 %	1.09 %
U.S. Mid Cap Core Equity	6.00	5.05	0.30
U.S. Small Cap Core Equity	6.00	5.55	0.33
Developed International Equity	13.50	5.55	0.75
Emerging Market International	7.00	9.05	0.63
US REIT's	8.50	5.95	0.51
Intermediate Taxable Fixed Inc	29.00	1.75	0.51
High-Yield Taxable Fixed Incor	4.00	4.05	0.16
Cash Equivalents	<u>2.00</u>	0.55	<u>0.01</u>
Total	<u>100.00 %</u>		4.29 %
Long-Term Inflation Expectation			<u>2.75 %</u>
Long-Term Expected Nominal Return			<u>7.04 %</u>

**Money-Weighted Rate of Return**

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changes in amounts actually invested.

**CITY OF GROTON, CONNECTICUT  
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**Discount Rate Calculation**

The discount rate used to measure the total pension liability at June 30, 2020 was 7.00%. The long-term expected rate of return on investments may be used to discount liabilities to the extent that the plan’s fiduciary net position and future contributions are projected to be sufficient to cover expected benefit payments and administrative expenses for current plan members. Projections of the plan’s fiduciary net position incorporate all cash flows for contributions from the employer and employee and administrative expenses.

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 City 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 plans’ 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.

**Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2020, are as follows:

Total pension liability	\$	94,913,863
Plan fiduciary net position		<u>84,356,009</u>
Net pension liability	\$	<u><u>10,557,854</u></u>
Plan fiduciary net position as a percentage of the total pension liability		88.88%
Covered payroll	\$	15,930,969
Net pension liability as a % of covered payroll		66.27%

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**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$ 91,457,919	\$ 85,397,763	\$ 6,060,156
Changes for the year:			
Service cost	1,850,019		1,850,019
Interest on total pension liability	6,360,875		6,360,875
Differences between expected and actual experience	(6,405)		(6,405)
Changes in assumptions	162,995		162,995
Changes in benefit terms	48,923		48,923
Employer contributions		1,821,212	(1,821,212)
Member contributions		912,910	(912,910)
Net investment income		1,219,494	(1,219,494)
Benefit payments, including refund to employee contributions	(4,960,463)	(4,960,463)	-
Administrative expenses		(34,907)	34,907
Net changes	<u>3,455,944</u>	<u>(1,041,754)</u>	<u>4,497,698</u>
Balances as of June 30, 2020	<u>\$ 94,913,863</u>	<u>\$ 84,356,009</u>	<u>\$ 10,557,854</u>

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

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City'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, as noted below:

	1% Decrease 6.00%	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ 21,651,026	\$ 10,557,854	\$ 1,224,310

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

For the year ended June 30, 2020, the City recognized pension expense of \$3,516,038.

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At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Total</b>
Differences between expected and actual experience	\$ 290,839	\$ 854,455	\$ (563,616)
Changes of assumptions	1,883,112		1,883,112
Net difference between projected and actual earning on pension plan investments	<u>3,768,379</u>		<u>3,768,379</u>
Total	<u>\$ 5,942,330</u>	<u>\$ 854,455</u>	<u>\$ 5,087,875</u>

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

**Year Ending June 30**

2021	\$ 1,071,679
2022	1,496,110
2023	1,263,852
2024	1,176,441
2025	77,223
Thereafter	2,570

**10. OTHER POST-EMPLOYMENT BENEFITS**

The City administers one single-employer, defined benefit post-retirement healthcare plan, for the City's OPEB. The plan provides medical benefits and life insurance to eligible retirees and their spouses. The Plan does not issue a separate financial report.

The number of participants as of July 1, 2019 was as follows:

	<b><u>City</u></b>	<b><u>Police</u></b>	<b><u>Fire</u></b>	<b><u>Utilities</u></b>	<b><u>Total</u></b>
Retirees and beneficiaries	19	16	8	23	66
Active participants	<u>50</u>	<u>26</u>	<u>14</u>	<u>112</u>	<u>202</u>
	<u>69</u>	<u>42</u>	<u>22</u>	<u>135</u>	<u>268</u>

**CITY OF GROTON, CONNECTICUT  
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**Benefit Provisions**

The City plan provides for medical and life insurance benefits for all eligible City retirees. Employees are fully vested after five (5) years of service, except police are vested after ten (10) years of service. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

**Funding Policy**

The City continues the commitment to meet its obligations for post-employment benefits for retirees entitled to receive benefits through the annual General Fund budget process. The obligations of the plan members are established pursuant to applicable collective bargaining and employment agreements. The City currently contributes to the plan on a pay-as-you-go basis to satisfy current obligations and, when able, contributes to future benefits. The costs of administering the plan are paid by the City.

**Investment Policy**

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

**Money-Weighted Rate of Return**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.02%.

**Net OPEB Liability of the City**

The City’s net OPEB liability was measured as of June 30, 2020. The components of the net OPEB liability of the City at June 30, 2020, were as follows:

Total OPEB liability	\$ 15,627,871
Plan fiduciary net position	<u>7,754,564</u>
Net OPEB Liability	<u>\$ 7,873,307</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.62%
Covered payroll	\$ 15,667,298
Net OPEB liability as a % of covered payroll	50.25%

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**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	July 1, 2019
Actuarial cost method:	Entry Age Normal Cost
Amortization method:	30 years, level dollar, open
Asset valuation method:	Fair value
Actuarial assumptions:	
Investment rate of return:	7.0%
Salary increases:	3.25% to 11.25%
Discount rate:	7.0%
Inflation rate:	2.75%
Healthcare cost trend rates:	6.5% decreasing to 4.75%

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2000 through July 1, 2006 updated to reflect experience from 2007 to 2013.

**Change in Assumptions**

The valuation reflects changes in the assumptions from the previous valuation.

Inflation prior 2.60%, current 2.75%

Healthcare cost trend rates - prior 7.6% to final 4.6%, current 6.5% decreasing to 4.6%.

**Rate of Return**

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 class included in the OPEB plan's target asset allocation as of June 30, 2020, and the final investment return assumption, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>		<u>Weighting</u>	
U.S. Large Cap Core Equity	23.00	%	4.55	%	1.05	%
U.S. Mid Cap Core Equity	7.00		5.05		0.35	
U.S. Small Cap Core Equity	7.00		5.55		0.39	
Developed International Equity	14.00		5.55		0.78	
Emerging Market International	8.00		9.05		0.72	
US REITs	6.00		5.95		0.36	
Intermediate Taxable Fixed In	33.00		1.75		0.58	
Cash Equivalents	2.00		0.55		0.01	
Total	<u>100.00</u>	%			4.24	
Long-Term Inflation Expectation					<u>2.75</u>	
Long-Term Expected Nominal Return					<u>6.99</u>	%

**CITY OF GROTON, CONNECTICUT  
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**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.0%. 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 City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Also, based on the net position of the plans and contribution policies, it was assumed the plan's projected fiduciary net position would be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2019	\$ 17,137,353	\$ 7,085,048	\$ 10,052,305
Changes for the year:			
Service cost	574,321		574,321
Interest on total pension liability	1,219,283		1,219,283
Differences between expected and actual experience	(2,840,480)		(2,840,480)
Changes in assumptions	169,095		169,095
Changes in benefit terms	(34,920)		(34,920)
Employer contributions		1,123,201	(1,123,201)
Net investment income		143,096	(143,096)
Benefit payments, including refund to employee contributions	(596,781)	(596,781)	-
Administrative expenses			-
Net changes	<u>(1,509,482)</u>	<u>669,516</u>	<u>(2,178,998)</u>
Balances as of June 30, 2020	\$ <u>15,627,871</u>	\$ <u>7,754,564</u>	\$ <u>7,873,307</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ <u>9,516,718</u>	\$ <u>7,873,307</u>	\$ <u>6,467,201</u>

**CITY OF GROTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability, as well as what the 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ <u>6,359,463</u>	\$ <u>7,873,307</u>	\$ <u>9,682,924</u>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$1,117,706 for the City Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,005,282	\$ 3,129,044
Changes in assumptions	1,005,282	
Net difference between projected and actual earnings on OPEB plan investments	<u>326,783</u>	
Total	<u>\$ 1,332,065</u>	<u>\$ 3,129,044</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>	
2021	\$ (126,912)
2022	(126,912)
2023	(140,228)
2024	(141,353)
2025	(215,547)
Thereafter	(1,046,027)

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NOTES TO FINANCIAL STATEMENTS  
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The following schedule presents the net position held in trust for pension and OPEB benefits at June 30, 2020 and the changes in net position for the year ended June 30, 2020:

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Pension and OPEB Funds</u>
<b>Assets</b>			
Cash	\$ 5,306,242	\$ 674,710	\$ 5,980,952
Investments, at fair value:			
U.S. government bonds	7,979,377		7,979,377
Mortgage backed securities	5,545,813		5,545,813
Collateralized mortgage obligations	1,938,528		1,938,528
Fixed Income - non-profit	108,256		108,256
Partnerships	2,124,693		2,124,693
Corporate bonds	4,941,529		4,941,529
Foreign bonds	1,203,453		1,203,453
Common stocks	462,132		462,132
Foreign stocks	521,896		521,896
Mutual funds			
Equities and related securities	51,349,096	4,611,891	55,960,987
Fixed income	3,182,460	2,480,326	5,662,786
Total investments	<u>79,357,233</u>	<u>7,092,217</u>	<u>86,449,450</u>
Accrued interest	<u>106,867</u>		<u>106,867</u>
Total assets	<u>84,770,342</u>	<u>7,766,927</u>	<u>92,537,269</u>
<b>Liabilities</b>			
Pending purchases	<u>414,333</u>	<u>12,363</u>	<u>426,696</u>
Total liabilities	<u>414,333</u>	<u>12,363</u>	<u>426,696</u>
Net position - restricted for pension benefits and other	<u>\$ 84,356,009</u>	<u>\$ 7,754,564</u>	<u>\$ 92,110,573</u>

**CITY OF GROTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
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	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total Pension and OPEB Funds</b>
<b>Additions:</b>			
<b>Contributions:</b>			
Employer	\$ 1,821,212	\$ 1,123,201	\$ 2,944,413
Plan members	912,910		912,910
Total contributions	<u>2,734,122</u>	<u>1,123,201</u>	<u>3,857,323</u>
<b>Investment income:</b>			
Change in fair value of investments	(1,331,299)	(42,092)	(1,373,391)
Interest and dividends	2,608,774	195,057	2,803,831
Total investment income	<u>1,277,475</u>	<u>152,965</u>	<u>1,430,440</u>
Less investment expenses	<u>57,981</u>	<u>6,097</u>	<u>64,078</u>
Net investment income	<u>1,219,494</u>	<u>146,868</u>	<u>1,366,362</u>
Total additions	<u>3,953,616</u>	<u>1,270,069</u>	<u>5,223,685</u>
<b>Deductions:</b>			
Benefits	4,960,463	596,781	5,557,244
Administration	34,907	3,772	38,679
Total deductions	<u>4,995,370</u>	<u>600,553</u>	<u>5,595,923</u>
Change in net position	(1,041,754)	669,516	(372,238)
<b>Net position:</b>			
Beginning of year	<u>85,397,763</u>	<u>7,085,048</u>	<u>92,482,811</u>
End of year	<u>\$ 84,356,009</u>	<u>\$ 7,754,564</u>	<u>\$ 92,110,573</u>

## **11. CONTINGENCIES, COMMITMENTS AND RISK MANAGEMENT**

### **A. Litigation**

The City, its officers and employees, are defendants in various lawsuits including personal injury, property damage, civil rights violations and other miscellaneous claims. The City is insured for damages (see section C. below). Judgments or settlements for less than the deductible are paid from the General Fund. Corporation Counsel expects that none of the cases currently in litigation, if adversely decided would have a material negative impact on the finances of the City. The City has recorded \$2.5 million in the government-wide financial statement to cover probable claims.

### **B. Contingencies**

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

### **C. Contractual Commitments**

On July 1, 2017, the City extended an existing service agreement with the Materials Innovation and Recycling Authority (MIRA), for which there is an estimated service fee of \$2.1 million per year for ten years of solid waste processing. The service fee is subject to annual revision based on the net cost of operating the facility.

### **D. Risk Management**

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to or illness of employees, natural disasters, and owners and contractors protective liability.

The City established as an internal service fund, the Health Insurance Fund, to account for and finance the retained risk of loss for City employee medical benefits coverage. A third party administers the plan for which the fund pays a fee, The Health Insurance Fund provides coverage for all eligible full-time employees.

The City has purchased a stop loss policy for individual claims exceeding \$125,000.

In addition, the City has established an internal service fund to reduce the cost of commercial insurance by raising the deductibles on the policies purchased. The City charges its departments premiums based on historical data.

Health insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance claims and estimates for administration. The claims liability reported in the fund, is based upon the requirements of GASB Statements No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and 30, *Risk Financing Omnibus - an amendment of GASB Statement No. 10*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim,

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which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses. Changes in the Fund's claims liability amount in fiscal years 2020 and 2019 were:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2018-19	\$ 367,000	\$ 4,101,870	\$ 4,152,870	\$ 316,000
2019-20	316,000	3,729,181	3,793,181	252,000

Such amounts are reported as a component of accounts payable and accrued liabilities in the statement of net position.

The City purchases commercial insurance for all other risks of loss, including blanket and umbrella Policies. Settled claims have not exceeded commercial coverage in any of the past three years. There have not been any significant reductions in insurance coverage from the amounts held in prior years.

**12. RELATED PARTY TRANSACTIONS**

The Board of Directors of the Electric Department's present wholesale electric supplier, CMEEC, consists of two representatives from each of the municipalities which created CMEEC. The representatives for the City of Groton are the Electric Department's Director/Utility Commissioner and another member of the Utility Commission. The amount of power purchased from the wholesale supplier for the fiscal year ended June 30, 2020 is \$31,910,806.

As part of the City's contract with CMEEC, the members agreed to proportionally share in the benefits and detriments resulting from the changes in load from the base assumptions set forth in the contract as a single integrated participant in the New England Power Pool. Amounts are computed annually, based upon nonfuel revenues, less any direct and assigned nonfuel expenses.

In March of 2003, the Board of Directors of CMEEC formed a Municipal Competitive Trust for the purpose to accumulate funds to be applied to fixed cost obligations (debt defeasance) and rate stabilization (rate support) to ensure competitive margins in rates and to mitigate any negative impacts to customers as a result of the restructuring of the electric industry in Connecticut and restructuring of power supply markets. Rate stabilization funds are held with CMEEC and are deferred revenue to be applied against future power costs unless changed by regulators. The rates and amortization of the deferred revenue are included in the rate setting policies approved by regulators. Each beneficiary (member) has an account and sub accounts within the trust, and no beneficiary shall have any interest in any account or sub account of any other beneficiary.

### **13. MAJOR TAXPAYERS/CUSTOMERS**

The City's two major taxpayers account for approximately 51.65% of the October 1, 2018 Grand List.

Three customers account for approximately 40.0% of the Electric Department revenues and approximately 27.2% of the Water Department revenues.

Two customers account for 60.9% of the Sewer Department Revenue.

### **14. CONTINGENCIES AND COMMITMENTS**

There are several personal injury and negligence lawsuits pending against the City. The City's management, based upon consultation with legal counsel, estimates that potential claims against the City resulting from such litigation would not have a material adverse effect on the financial position of the City.

The City Council authorized and directed either the Chairman of the Utility Commission or Director of Utilities to execute and deliver a "Power Sales Contract for the Supply of Electric Power and Energy Cooperative". Such a contract was entered into on December 1, 1979. The contract contains at least the following provisions:

1. Term of the contract - 50 years commencing with date executed.
2. "Participant" shall not, after the date of the contract, execute or adopt any instrument securing bonds, notes or other indebtedness payable from and secured by a lien on the net revenues derived from the ownership or operation of its electric system unless such instrument provides that any payments to be made under the contract shall be payable as operating expenses of such electric system.

The Company has a power purchase agreement with CMEEC for interruptible power to supply a major customer, Airgas Merchant Gases, Inc. The agreement, which runs through December 31, 2020, is based on customer usage. The Company has contracted with CMEEC to purchase its full requirements for electric capacity and energy from CMEEC.

### **15. CORONAVIRUS (COVID-19)**

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a state of emergency to combat a novel coronavirus disease (COVID-19).

The City derives a significant portion of its revenues from property taxes. While the City has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the City's health care costs, changes in interest rates, investment valuation and future federal or state fiscal relief.

### **16. RECLASSIFICATIONS**

Certain reclassifications have been made to the 2019 financial statements to conform with the 2020 presentation.

# **Required Supplementary Information**

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 5,001,963	\$ 5,001,963	\$ 5,073,605	\$ 71,642
Intergovernmental	4,758,236	4,758,236	4,751,971	(6,265)
Charges for Services	4,697,110	4,697,110	4,010,938	(686,172)
Miscellaneous Revenues	74,000	74,000	178,969	104,969
Investment income and other sources	10,000	10,000	30,269	20,269
Total revenues	<u>14,541,309</u>	<u>14,541,309</u>	<u>14,045,752</u>	<u>(495,557)</u>
Expenditures:				
Current:				
General government	3,670,421	3,670,421	2,330,209	1,340,212
Public safety	8,504,262	8,504,262	8,401,999	102,263
Public works	3,163,349	3,163,349	3,250,752	(87,403)
Parks and recreation	1,339,517	1,339,517	1,282,860	56,657
Non-departmental	260,000	260,000	117,586	142,414
Contingency	2,115,000	2,115,000	2,000,000	115,000
Debt service:				
Bond principal	265,000	265,000	265,000	-
Bond and note interest	109,900	109,900	109,400	500
Total expenditures	<u>19,427,449</u>	<u>19,427,449</u>	<u>17,757,806</u>	<u>1,669,643</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,886,140)</u>	<u>(4,886,140)</u>	<u>(3,712,054)</u>	<u>(2,165,200)</u>
Other Financing Sources (Uses):				
Transfers in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	800,000	800,000		(800,000)
Total other financing sources (uses)	<u>4,886,140</u>	<u>4,886,140</u>	<u>4,086,140</u>	<u>(800,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	374,086	<u>\$ (2,965,200)</u>
Fund Balance, Beginning of Year			5,634,786	
Change in budget expenditures not recognized for GAAP purposes, inventories and prepaids			(571,020)	
Fund Balance, End of Year			<u>\$ 5,063,766</u>	

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
LAST SEVEN FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:							
Interest	\$ 6,360,875	\$ 6,236,332	\$ 6,099,703	\$ 5,963,408	\$ 5,650,092	\$ 5,414,289	\$ 5,201,190
Service cost	1,850,019	1,755,274	1,712,955	1,609,260	1,581,277	1,548,634	1,496,265
Differences between expected and actual experience	(6,405)	(126,921)	(1,360,984)	775,575	(260,729)	(2,856)	
Change in assumptions	162,995	1,725,010	25,042	614,842	1,450,755		
Benefit payments, including refunds of member contributions	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)	(3,886,877)
Changes in benefit terms	48,923			22,710		226,193	
Net change in total pension liability	3,455,944	4,882,292	1,912,616	4,613,580	4,246,382	3,207,978	2,810,578
Total pension liability - beginning	91,457,919	86,575,627	84,663,011	80,049,431	75,803,049	72,595,071	69,784,493
Total pension liability - ending	94,913,863	91,457,919	86,575,627	84,663,011	80,049,431	75,803,049	72,595,071
Plan fiduciary net position:							
Contributions - employer	1,821,212	1,625,175	1,346,461	1,147,616	1,213,572	1,479,095	1,362,750
Contributions - member	912,910	872,990	851,739	826,649	900,394	886,610	643,617
Net investment income	1,219,494	5,043,631	5,617,560	8,024,806	747,797	942,516	10,500,769
Benefit payments, including refunds of member contributions	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)	(3,886,877)
Administrative expense	(34,907)	(25,584)	(61,445)	(45,000)	(48,210)	(24,676)	(39,131)
Net change in plan fiduciary net position	(1,041,754)	2,808,809	3,190,215	5,581,856	(1,361,460)	(694,737)	8,581,128
Plan fiduciary net position - beginning	85,397,763	82,588,954	79,398,739	73,816,883	75,178,343	75,873,080	67,291,952
Plan fiduciary net position - ending	84,356,009	85,397,763	82,588,954	79,398,739	73,816,883	75,178,343	75,873,080
Net Pension Liability - Ending	\$ <u>10,557,854</u>	\$ <u>6,060,156</u>	\$ <u>3,986,673</u>	\$ <u>5,264,272</u>	\$ <u>6,232,548</u>	\$ <u>624,706</u>	\$ <u>(3,278,009)</u>
Plan fiduciary net position as a percentage of the total pension liability	88.88%	93.37%	95.40%	93.78%	92.21%	99.18%	104.52%
Covered payroll	\$ 15,930,969	\$ 15,216,820	\$ 14,763,245	\$ 14,714,020	\$ 14,851,967	\$ 15,356,366	\$ 15,121,066
Net pension liability as a percentage of covered payroll	66.27%	39.83%	27.00%	35.78%	41.96%	4.07%	-21.68%

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

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN  
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,675,400	\$ 1,347,400	\$ 1,407,000	\$ 1,117,900	\$ 1,054,700	\$ 1,166,100	\$ 2,313,700	\$ 2,026,400	\$ 2,016,200	\$ 1,818,700
Contributions in relation to the actuarially determined contribution	<u>1,821,212</u>	<u>1,625,175</u>	<u>1,346,461</u>	<u>1,147,616</u>	<u>1,213,572</u>	<u>1,479,095</u>	<u>1,362,750</u>	<u>1,726,093</u>	<u>1,790,134</u>	<u>1,779,312</u>
Contribution Deficiency (Excess)	\$ <u>(145,812)</u>	\$ <u>(277,775)</u>	\$ <u>60,539</u>	\$ <u>(29,716)</u>	\$ <u>(158,872)</u>	\$ <u>(312,995)</u>	\$ <u>950,950</u>	\$ <u>300,307</u>	\$ <u>226,066</u>	\$ <u>39,388</u>
Covered payroll	\$ 15,930,969	\$ 15,216,820	\$ 14,763,245	\$ 14,714,020	\$ 14,851,967	\$ 15,356,366	\$ 15,121,066	\$ 15,121,066	\$ 16,321,691	\$ 15,891,574
Contributions as a percentage of covered payroll	11.43%	10.68%	9.12%	7.80%	8.17%	9.63%	9.01%	11.42%	10.97%	11.20%

**Notes to Schedule:**

Valuation date: July 1, 2019  
 Measurement date: June 30, 2020  
 Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	Market value
Inflation	2.8%
Investment rate of return	7.0%, Prior Valuation:6.5%
Retirement age	Varies
Mortality (healthy participants)	RP-2006 Total Employees and Healthy Annuity Tables, projected with Scale MP-2018 for males and females Prior Valuation: RP-2006 Total Employees and Healthy Annuity Tables, projected with Scale MP-2017 for males and females
Mortality (disabled participants)	RP-2006 Disability Mortality Table, projected with Scale MP-2018 for males and females Prior Valuation: RP-2006 Disability Mortality Table, projected with Scale MP-2017 for males and females

**CITY OF GROTON, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS  
 PENSION PLAN  
 LAST SEVEN FISCAL YEARS\***

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	1.45%	6.18%	7.17%	11.08%	1.01%	1.26%	14.97%

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

**CITY OF GROTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST FOUR FISCAL YEARS\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost	\$ 574,321	\$ 547,493	\$ 501,305	\$ 489,066
Changes of benefit terms	(34,920)		(948,932)	
Interest	1,219,283	1,164,433	1,165,580	1,099,164
Differences between expected and actual experience	(2,840,480)	(437,524)	(280,105)	(124,086)
Changes of assumptions	169,095		1,172,114	
Benefit payments, including refunds of member contributions	<u>(596,781)</u>	<u>(441,130)</u>	<u>(679,006)</u>	<u>(625,491)</u>
Net change in total OPEB liability	(1,509,482)	833,272	930,956	838,653
Total OPEB liability - beginning	<u>17,137,353</u>	<u>16,304,081</u>	<u>15,373,125</u>	<u>14,534,472</u>
Total OPEB liability - ending	<u>\$ 15,627,871</u>	<u>\$ 17,137,353</u>	<u>\$ 16,304,081</u>	<u>\$ 15,373,125</u>
Plan fiduciary net position:				
Contributions - employer	\$ 1,123,201	\$ 967,550	\$ 1,265,889	\$ 1,221,385
Net investment income	143,096	440,734	344,062	467,233
Benefit payments, including refunds of member contributions	(596,781)	(441,130)	(679,006)	(625,491)
Administrative expense				
Net change in plan fiduciary net position	<u>669,516</u>	<u>967,154</u>	<u>930,945</u>	<u>1,063,127</u>
Plan fiduciary net position - beginning	<u>7,085,048</u>	<u>6,117,894</u>	<u>5,186,949</u>	<u>4,123,822</u>
Plan fiduciary net position - ending	<u>7,754,564</u>	<u>7,085,048</u>	<u>6,117,894</u>	<u>5,186,949</u>
Net OPEB Liability - Ending	<u>\$ 7,873,307</u>	<u>\$ 10,052,305</u>	<u>\$ 10,186,187</u>	<u>\$ 10,186,176</u>
Fiduciary net position as a % of total OPEB liability	49.62%	41.34%	37.52%	33.74%
Covered payroll	\$ 15,667,298	\$ 16,733,495	\$ 16,246,112	\$ 13,060,714
Total OPEB liability as a percentage of covered payroll	50.25%	60.07%	62.70%	77.99%

**Notes to Schedule:**

Changes in benefit terms  
Changes of assumptions

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

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB PLAN  
LAST FOUR FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,389,564	\$ 1,363,512	\$ 1,362,210	\$ 1,344,451
Contributions in relation to the actuarially determined contribution	<u>1,123,201</u>	<u>967,550</u>	<u>1,265,889</u>	<u>1,221,385</u>
Contribution Deficiency (Excess)	<u>\$ 266,363</u>	<u>\$ 395,962</u>	<u>\$ 96,321</u>	<u>\$ 123,066</u>
Covered payroll	\$ 15,667,298	\$ 16,733,495	\$ 16,246,112	\$ 13,060,714
Contributions as a percentage of covered payroll	7.17%	5.78%	7.79%	9.35%

**Notes to Schedule:**

Valuation date: July 1, 2019

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated based on actuarial valuation as of July 1 of the beginning of each fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Asset valuation method	Market value
Inflation	2.75%
Investment rate of return	7.0%, Prior Valuation:6.5%
Retirement age	Varies

Mortality (healthy participants) RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2019.

RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018

Mortality (disabled participants) RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2019.

RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018

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

**CITY OF GROTON, CONNECTICUT  
 SCHEDULE OF INVESTMENT RETURNS  
 OPEB PLAN  
 LAST FOUR FISCAL YEARS\***

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	2.02%	7.01%	6.63%	11.00%

\* 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 Other Schedules**

# General Fund

## **GENERAL FUND**

The General Fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City (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 funds.

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash	\$ 13,977,442	\$ 10,957,968
Receivables:		
Property taxes	29,269	40,360
Intergovernmental and other	22,785	5,446
Due from other funds	205,933	8,384
Inventory of supplies, at cost	<u>10,359</u>	<u>25,926</u>
<b>Total Assets</b>	<b><u>\$ 14,245,788</u></b>	<b><u>\$ 11,038,084</u></b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 466,025	\$ 317,651
Due to other funds	<u>6,612,817</u>	<u>4,015,751</u>
Total liabilities	<u>7,078,842</u>	<u>4,333,402</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>29,458</u>	<u>30,607</u>
Fund balance:		
Nonspendable	10,359	25,926
Committed	213,363	213,363
Assigned	1,850,000	800,000
Unassigned	<u>5,063,766</u>	<u>5,634,786</u>
Total fund balance	<u>7,137,488</u>	<u>6,674,075</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b><u>\$ 14,245,788</u></b>	<b><u>\$ 11,038,084</u></b>

**CITY OF GROTON, CONNECTICUT**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Taxes				
Current levy	\$ 4,970,463	\$ 4,970,463	\$ 5,045,892	\$ 75,429
Interest on taxes	30,000	30,000	26,873	(3,127)
Lien fees on taxes	1,500	1,500	840	(660)
Total taxes	<u>5,001,963</u>	<u>5,001,963</u>	<u>5,073,605</u>	<u>71,642</u>
Intergovernmental				
Town of Groton:				
Highway grant	1,999,982	1,999,982	1,999,982	-
Highway grant - Prior Year				-
Police grant	2,564,443	2,564,443	2,564,443	-
Health District				-
PILOT program	37,707	37,707	37,705	(2)
State of Connecticut:				
Civil preparedness				-
Town Aid Road	113,531	113,531	113,140	(391)
Total disabled				-
Elderly property	125	125	110	(15)
Telephone access line	12,848	12,848		(12,848)
Miscellaneous grants	29,600	29,600	36,591	6,991
State nitrogen credits				-
Total intergovernmental revenue	<u>4,758,236</u>	<u>4,758,236</u>	<u>4,751,971</u>	<u>(6,265)</u>
Charges for Services and Facilities				
Municipal building rental:				
Electric Department	81,029	81,029	81,029	-
Water Department	40,514	40,514	40,514	-
Sewer Department	13,505	13,505	13,505	-
Finance Department Services:				
Electric Department	214,485	214,485	214,485	-
Water Department	107,243	107,243	107,243	-
Sewer Department	35,748	35,748	35,748	-
Human Resources Department Services:				
Electric Department	151,791	151,791	151,791	-
Water Department	75,896	75,896	75,896	-
Sewer Department	25,299	25,299	25,299	-
Building Maintenance:				
Electric Department	28,200	28,200	28,200	-
Water Department	14,100	14,100	14,100	-
Sewer Department	4,700	4,700	4,700	-
Highway Department sales	1,000	1,000		(1,000)
Sewer use				-
Public beach receipts	120,000	120,000	120,274	274
Recreation receipts	62,000	62,000	35,204	(26,796)
Parks receipts	13,000	13,000	4,761	(8,239)
Gravel sales	27,000	27,000	11,890	(15,110)
Recycling/Bulky waste	11,500	11,500	9,359	(2,141)
Lease of City Land				-

(Continued)

**CITY OF GROTON, CONNECTICUT  
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for Service and Facilities, Continued				
Fire protection:				
West Pleasant Valley Fire District	\$ 325,000	\$ 325,000	\$ 350,690	\$ 25,690
Outside services - police	15,500	15,500	15,948	448
Rent	27,000	27,000	24,532	(2,468)
Fines and forfeits	20,000	20,000	22,910	2,910
Licenses and permits	3,282,600	3,282,600	2,622,860	(659,740)
Total	<u>4,697,110</u>	<u>4,697,110</u>	<u>4,010,938</u>	<u>(686,172)</u>
Miscellaneous Revenues				
Investment income	10,000	10,000	30,269	20,269
Other revenue	74,000	74,000	178,969	104,969
Total miscellaneous revenues	<u>84,000</u>	<u>84,000</u>	<u>209,238</u>	<u>125,238</u>
Total revenues	<u>14,541,309</u>	<u>14,541,309</u>	<u>14,045,752</u>	<u>(495,557)</u>
Other Financing Sources				
Transfer in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	800,000	800,000		(800,000)
Total other financing sources	<u>4,886,140</u>	<u>4,886,140</u>	<u>4,086,140</u>	<u>(800,000)</u>
Total Revenues and Other Financing Sources	<u>\$ 19,427,449</u>	<u>\$ 19,427,449</u>	<u>\$ 18,131,892</u>	<u>\$ (1,295,557)</u>

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u>
General Government				
Mayor's office	\$ 415,115	\$ 415,115	\$ 404,150	\$ 10,965
Human Resources	308,518	308,518	308,436	82
Finance Department	714,946	714,946	628,720	86,226
Building, Planning and Zoning	2,008,302	2,008,302	824,378	1,183,924
Municipal building operation	175,581	175,581	137,229	38,352
Civil preparedness	11,459	11,459		11,459
Unallocated	36,500	36,500	27,296	9,204
Total general government	<u>3,670,421</u>	<u>3,670,421</u>	<u>2,330,209</u>	<u>1,340,212</u>
Public Safety				
Police Department:				
Supervision	225,533	225,533	219,790	5,743
Criminal investigation	358,160	358,160	374,785	(16,625)
Uniformed patrol	4,606,111	4,606,111	4,612,458	(6,347)
Harbor patrol	3,979	3,979	7,793	(3,814)
Traffic control	19,407	19,407	19,268	139
Police training	74,000	74,000	63,729	10,271
DWI project	2,435	2,435	654	1,781
Outside charges			11,604	(11,604)
Total police department	<u>5,289,625</u>	<u>5,289,625</u>	<u>5,310,081</u>	<u>(20,456)</u>
Fire Department	<u>3,214,637</u>	<u>3,214,637</u>	<u>3,091,918</u>	<u>122,719</u>
Total public safety	<u>8,504,262</u>	<u>8,504,262</u>	<u>8,401,999</u>	<u>102,263</u>
Public Works				
Highway Department:				
Highway maintenance	1,999,152	1,999,152	2,084,756	(85,604)
Sanitation	1,048,836	1,048,836	1,067,501	(18,665)
Snow removal	115,361	115,361	98,495	16,866
Total highway department	<u>3,163,349</u>	<u>3,163,349</u>	<u>3,250,752</u>	<u>(87,403)</u>
Total public works	<u>3,163,349</u>	<u>3,163,349</u>	<u>3,250,752</u>	<u>(87,403)</u>

(Continued)

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -  
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
Parks and Recreation:				
Supervision and general expenditures	\$ 181,874	\$ 181,874	\$ 186,876	\$ (5,002)
Summer recreation	168,627	168,627	161,300	7,327
Beach activities	135,793	135,793	112,183	23,610
Winter recreation	57,200	57,200	35,562	21,638
Beach and park maintenance	796,023	796,023	786,939	9,084
Total parks and recreation	<u>1,339,517</u>	<u>1,339,517</u>	<u>1,282,860</u>	<u>56,657</u>
Non-Departmental:				
General insurance	110,000	110,000	117,586	(7,586)
Pay adjustment	150,000	150,000		150,000
Total non-departmental	<u>260,000</u>	<u>260,000</u>	<u>117,586</u>	<u>142,414</u>
Contingency	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,000,000</u>	<u>115,000</u>
Debt Service:				
Bonded principal:				
Public improvements	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Total bonded principal	<u>265,000</u>	<u>265,000</u>	<u>265,000</u>	<u>-</u>
Bond and Note Interest:				
Public improvements	<u>109,900</u>	<u>109,900</u>	<u>109,400</u>	<u>500</u>
Total bond and note interest	<u>109,900</u>	<u>109,900</u>	<u>109,400</u>	<u>500</u>
Total debt service	<u>374,900</u>	<u>374,900</u>	<u>374,400</u>	<u>500</u>
Total Expenditures and Other Financing Uses	\$ <u>19,427,449</u>	\$ <u>19,427,449</u>	\$ <u>17,757,806</u>	\$ <u>1,669,643</u>

**CITY OF GROTON, CONNECTICUT  
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING  
FOR THE YEAR ENDED JUNE 30, 2020**

Grand List of October 1,	Uncollected Taxes July 01, 2019	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Tax Levy	Collections				Uncollected Taxes June 30, 2020	
			Additions	Deletions			Taxes	Interest	Liens	Total		
2018	\$	\$ 5,053,309	\$ 2,157	\$ 7,699	\$ 7,534	\$ 5,040,233	\$ 5,011,076	\$ 9,820	\$ 180	\$ 5,021,076	\$ 29,157	
2017		30,468	422	6,641	2,291	21,958	15,786	6,614	3,300	25,700	6,172	
2016		6,210	4,902	61	928	10,123	9,271	4,525	1,283	15,079	852	
2015		8,777			305	8,472	8,434	1,629	1,225	11,288	38	
2014		1,301	44		9	1,336	1,286	2,730	2,156	6,172	50	
2013		312			6	306	306	597	297	1,200		
2012		292				292	292	512	142	946		
2011								171	126	297		
2010								130	83	213		
2009								155	91	246		
2008								99	51	150		
2007								127	61	188		
2006								50	55	105		
2005								315	172	487		
2004								239	90	329		
<b>Total</b>	<b>\$</b>	<b>47,360</b>	<b>\$ 5,053,309</b>	<b>\$ 7,525</b>	<b>\$ 14,401</b>	<b>\$ 11,073</b>	<b>\$ 5,082,720</b>	<b>\$ 5,046,451</b>	<b>\$ 27,713</b>	<b>\$ 9,312</b>	<b>\$ 5,083,476</b>	<b>\$ 36,269</b>

# **Nonmajor Governmental Funds**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

#### **State Aid Road**

This fund is used to account for State grants to maintain roads.

#### **Bridge Street**

This fund is used to account for Federal grants to maintain roads.

#### **Forfeiture Grant**

This fund is used to account for a State grant dealing with drug investigations.

#### **Miscellaneous Grants**

This fund is used to account for various grants and donations principally for drug awareness and drunk driving.

### **Capital Project Funds**

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

#### **Equipment Replacement Fund**

This fund is used to account for capital assets acquisition and construction from general government resources.

#### **Permanent Fund**

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

#### **Submarine Memorial Fund**

This fund will be used to maintain the Wall of Honor for Submarine Veterans of World War II.

CITY OF GROTON, CONNECTICUT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2020

	Special Revenue Funds				Capital Project Fund	Permanent Fund	Total
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund	
<b>ASSETS</b>							
Cash	\$ 125,311	\$	\$ 59,709	\$ 569,163	\$ 438,667	\$ 61,568	\$ 1,254,418
Investments					585,185		585,185
Receivables	52,999			100			53,099
Due from other funds	302,514		13,240	41,043	6,014,983		6,371,780
Total Assets	<u>\$ 480,824</u>	<u>\$ -</u>	<u>\$ 72,949</u>	<u>\$ 610,306</u>	<u>\$ 7,038,835</u>	<u>\$ 61,568</u>	<u>\$ 8,264,482</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 65,103	\$	\$	\$ 65,103
Due to other funds		23,653		60,000	21,487		105,140
Unearned revenue	58,799				500,860		559,659
Total liabilities	<u>58,799</u>	<u>23,653</u>	<u>-</u>	<u>125,103</u>	<u>522,347</u>	<u>-</u>	<u>729,902</u>
Fund Balances:							
Restricted	422,025		72,949	485,203		61,568	1,041,745
Committed					6,516,488		6,516,488
Unassigned		(23,653)					(23,653)
Total fund balances	<u>422,025</u>	<u>(23,653)</u>	<u>72,949</u>	<u>485,203</u>	<u>6,516,488</u>	<u>61,568</u>	<u>7,534,580</u>
Total Liabilities and Fund Balances	<u>\$ 480,824</u>	<u>\$ -</u>	<u>\$ 72,949</u>	<u>\$ 610,306</u>	<u>\$ 7,038,835</u>	<u>\$ 61,568</u>	<u>\$ 8,264,482</u>

**CITY OF GROTON, CONNECTICUT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds				Capital Project Fund	Permanent Fund	Total
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund	
Revenues:							
Intergovernmental revenues	\$	\$	\$ 3,083	\$	\$	\$	\$ 3,083
Income from investments				1,689	56,075	241	58,005
Other revenue				96,149	1,188	2,176	99,513
Total revenues	<u>-</u>	<u>-</u>	<u>3,083</u>	<u>97,838</u>	<u>57,263</u>	<u>2,417</u>	<u>160,601</u>
Expenditures:							
General government				44,145		2,175	46,320
Public safety				5,775			5,775
Capital outlay					122,680		122,680
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,920</u>	<u>122,680</u>	<u>2,175</u>	<u>174,775</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	3,083	47,918	(65,417)	242	(14,174)
Other Financing Sources:							
Transfers in					2,140,580		2,140,580
Transfers out				(15,000)			(15,000)
Net Change in Fund Balances	-	-	3,083	32,918	2,075,163	242	2,111,406
Fund Balances at Beginning of Year	<u>422,025</u>	<u>(23,653)</u>	<u>69,866</u>	<u>452,285</u>	<u>4,441,325</u>	<u>61,326</u>	<u>5,423,174</u>
Fund Balances at End of Year	<u>\$ 422,025</u>	<u>\$ (23,653)</u>	<u>\$ 72,949</u>	<u>\$ 485,203</u>	<u>\$ 6,516,488</u>	<u>\$ 61,568</u>	<u>\$ 7,534,580</u>

# Enterprise Funds

## **ENTERPRISE FUNDS**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City's Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City's council has decided that periodic determination of net income is appropriate for accountability purposes.

### **Electric Department**

This fund is used to account for the activities of the City's electric system.

### **Water System**

This fund is used to account for the activities of the City's water system.

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF NET POSITION  
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash	\$ 18,005,703	\$ 19,016,098
Receivables:		
Use charges (net of allowance for uncollectibles of \$150,000 and \$75,000, respectively)	4,294,573	3,873,938
Unbilled utility revenue	1,177,698	1,166,954
Due from other funds	2,655,966	920,045
Prepaid expenses	53,720	111,084
Inventory	1,656,584	1,361,061
Other current assets	314	
Total current assets	<u>27,844,558</u>	<u>26,449,180</u>
Noncurrent assets:		
Amount held at CMEEC	17,640,443	14,033,178
Equity in joint venture investments	6,203,639	5,957,317
Due from component unit	3,363,549	3,628,749
Total noncurrent assets	<u>27,207,631</u>	<u>23,619,244</u>
Capital assets (net of accumulated depreciation):		
Land and land rights	704,844	704,844
Construction in progress	1,589,390	2,044,971
Buildings and improvements	379,248	372,994
Station equipment	7,834,241	8,158,723
Electric distribution system	21,104,502	20,853,836
Machinery and equipment	1,457,141	1,081,988
Vehicles	594,290	520,404
Total capital assets (net of accumulated depreciation)	<u>33,663,656</u>	<u>33,737,760</u>
Total noncurrent assets	<u>60,871,287</u>	<u>57,357,004</u>
Total assets	<u>88,715,845</u>	<u>83,806,184</u>
Deferred outflows of resources:		
Deferred outflows related to pension	1,928,225	1,108,000
Deferred outflows related to OPEB	439,582	325,609
Deferred amount on bond refunding	450,426	562,501
Total deferred outflows of resources	<u>2,818,233</u>	<u>1,996,110</u>

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**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)  
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 5,323,711	\$ 5,108,035
Accrued payroll and compensated absences	425,640	360,151
Accrued taxes	368,870	374,929
Accrued interest payable	385,645	428,644
General obligation bonds/BAN payable - current portion	3,772,400	3,736,400
Customer deposits payable	3,352,996	3,087,868
Due to other funds	2,394,651	1,058,011
Total current liabilities	<u>16,023,913</u>	<u>14,154,038</u>
Noncurrent liabilities:		
Rate stabilization	16,208,903	12,874,668
General obligation bonds and notes payable - net of premium and deferred amount on refunding	30,192,000	33,964,400
Unamortized premium	1,956,602	2,197,896
Net pension liability	3,425,916	2,054,975
Net OPEB liability	2,598,192	3,645,920
Total noncurrent liabilities	<u>54,381,613</u>	<u>54,737,859</u>
Total liabilities	<u>70,405,526</u>	<u>68,891,897</u>
Deferred inflows of resources:		
Deferred outflows related to OPEB	1,032,585	203,431
Deferred outflows related to pension	277,262	366,540
Total deferred inflows of resources	<u>1,309,847</u>	<u>569,971</u>
Net investment in capital assets	(3,726,660)	17,247,934
Unrestricted	<u>23,545,365</u>	<u>(907,508)</u>
Total Net Position	<u>\$ 19,818,705</u>	<u>\$ 16,340,426</u>

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**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:	\$ 54,825,998	\$ 56,303,526
Operating expenses:		
Direct expenses:		
Purchased power	31,910,806	33,771,883
Other	3,252,554	3,266,471
Overhead expenses:		
Customer account	1,880,590	1,925,074
Administrative and general	5,926,605	5,875,406
Taxes	1,835,596	1,787,472
Depreciation	2,013,869	1,938,727
Total operating expenses	<u>46,820,020</u>	<u>48,565,033</u>
Operating income	<u>8,005,978</u>	<u>7,738,493</u>
Nonoperating revenues (expenses):		
Investment income	428,072	447,911
Interest expense	(1,130,953)	(1,259,500)
Equity gains (losses) in investments	246,322	(29,166)
Total nonoperating revenues (expenses)	<u>(456,559)</u>	<u>(840,755)</u>
Income before transfers out	7,549,419	6,897,738
Transfers out	(4,071,140)	(4,071,140)
Changes in net position	3,478,279	2,826,598
Net position, beginning	<u>16,340,426</u>	<u>13,513,828</u>
Net Position, Ending	<u>\$ 19,818,705</u>	<u>\$ 16,340,426</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF CASH FLOWS  
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 57,993,982	\$ 57,100,555
Cash payments to suppliers for goods and services	(40,999,923)	(39,387,876)
Cash payments to employees for services	(1,815,307)	(8,905,443)
Net cash provided by operating activities	<u>15,178,752</u>	<u>8,807,236</u>
Cash flows from noncapital and related financing activities:		
Interfund loans	(399,281)	
Transfers to other funds	(4,071,140)	(4,071,140)
Amount held at CMEEC	(3,607,265)	(453,222)
Net cash used in noncapital and related	<u>(8,077,686)</u>	<u>(4,524,362)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(3,937,380)	(2,328,589)
Payments Bozrah Light and Power	265,200	290,379
Repayment from CMEEC loan	(200,400)	(200,400)
Principal paid on general obligation bond maturities and equipment contracts	(3,536,000)	(3,533,000)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(1,130,953)	(1,634,060)
Net cash used in capital and related financing activities	<u>(8,539,533)</u>	<u>(7,405,670)</u>
Cash flows from investing activities:		
Interest and dividends on investments	428,072	447,911
Net cash provided by investing activities	<u>428,072</u>	<u>447,911</u>
Net decrease in cash and cash equivalents	(1,010,395)	(2,674,885)
Cash and cash equivalents, beginning	<u>19,016,098</u>	<u>21,690,983</u>
Cash and Cash Equivalents, Ending	<u>\$ 18,005,703</u>	<u>\$ 19,016,098</u>
Schedule of Noncash, Noncapital and Related Financing Activities:		
Equity Earnings (Loss) in Joint Venture Investments	<u>\$ 246,322</u>	<u>\$ (29,166)</u>

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**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF CASH FLOWS (CONTINUED)  
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 8,005,978	\$ 7,738,493
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,013,869	1,938,727
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(420,635)	591,470
Due from other funds		(920,045)
Inventory	(295,523)	118,597
Prepaid expenses	57,050	27,054
Unbilled utility revenue	(10,744)	424,742
Deferred outflows/inflows related to pension and OPEB	1,674,074	71,265
Increase (decrease) in:		
Accounts payable	215,676	(370,705)
Accrued payroll and compensated absences	65,489	(28,186)
Accrued taxes	(6,059)	10,049
Accrued interest payable	(42,999)	
Unearned revenue	265,128	(279,453)
Due to other funds		(1,204,423)
Rate stabilization	3,334,235	60,270
Net pension liability	1,370,941	672,824
Net OPEB liability	<u>(1,047,728)</u>	<u>(43,443)</u>
Net Cash Provided by Operating Activities	<u>\$ 15,178,752</u>	<u>\$ 8,807,236</u>

**CITY OF GROTON, CONNECTICUT  
 COMPARATIVE SCHEDULE OF REVENUES  
 ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Electric service revenues:		
Residential	\$ 16,029,277	\$ 16,273,498
Commercial	13,434,740	14,329,718
Industrial	24,524,611	24,569,321
Private street lighting	227,158	225,524
Public street lighting	320,116	327,558
Unbilled revenue adjustment	10,744	
Total electric service revenues	<u>54,546,646</u>	<u>55,725,619</u>
Other electric revenue:		
Miscellaneous - rents, scrap, jobbing sales, etc.	<u>279,352</u>	<u>577,907</u>
Total Operating Revenues	<u>\$ 54,825,998</u>	<u>\$ 56,303,526</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE SCHEDULES OF EXPENSES  
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Direct expenses:		
Purchased power	\$ 31,910,806	\$ 33,771,883
Other expenses:		
Transmission expenses:		
Station expenses	31,219	36,190
Maintenance:		
Station equipment	75,587	55,544
Overhead conductors and devices	9,551	11,957
Total transmission expenses	<u>116,357</u>	<u>103,691</u>
Distribution expenses:		
Supervision and engineering	599,945	585,283
Station expenses	70,238	85,854
Line expenses	111,314	80,327
Street lighting and signal system expenses	29,228	39,474
Meter expenses	85,777	113,381
Customer installation expenses	27,853	22,769
Maintenance:		
Supervision and engineering	270,836	179,849
Station expenses	578,468	659,147
Overhead lines	1,085,923	1,038,275
Services	140,653	190,518
Underground lines	8,495	6,148
Line transformers	455	957
Signal lights and fire alarms	16,895	39,767
Meters	110,117	121,031
Total distribution expenses	<u>3,136,197</u>	<u>3,162,780</u>
Total other expenses	<u>3,252,554</u>	<u>3,266,471</u>
Customer account expenses:		
Meter reading	205,460	218,722
Customer records and collection	457,327	464,066
Uncollectible accounts	112,151	30,900
Miscellaneous	1,105,652	1,211,386
Total customer account expenses	<u>1,880,590</u>	<u>1,925,074</u>
Administrative and general expenses:		
Administrative and general salaries	1,382,446	1,154,406
General office supplies and expenses	269,751	251,537
Outside services employed	667,194	694,254
Injuries and damages	491,272	538,847
Employee welfare and benefits	2,594,421	2,827,811
Miscellaneous general expenses	138,691	158,909
Rent	81,029	81,029
Maintenance:		
General plant	879,214	779,035
Miscellaneous	325,104	330,686
	<u>6,829,122</u>	<u>6,816,514</u>
Deduct: expenses transferred for transportation and administrative	<u>(902,517)</u>	<u>(941,108)</u>
Total Administrative and General Expenses	<u>\$ 5,926,605</u>	<u>\$ 5,875,406</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF NET POSITION  
ENTERPRISE FUNDS - WATER DEPARTMENT  
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash	\$ 11,408,215	\$ 10,536,052
Receivables (net of allowance for uncollectibles of \$2,453)	971,912	771,360
Due from other funds	4,561	3,568
Prepaid expenses	81,642	134,226
Inventory	212,868	197,950
Total current assets	<u>12,679,198</u>	<u>11,643,156</u>
Capital assets (net of accumulated depreciation):		
Land and land rights	2,135,643	2,135,643
Construction in progress	52,441,355	38,341,216
Buildings and improvements	3,105,184	3,227,161
Plant and pumping stations	2,851,357	3,042,833
Water distribution system	19,210,674	19,317,012
Machinery and equipment	575,405	640,635
Vehicles	202,165	250,717
Total capital assets (net of accumulated depreciation)	<u>80,521,783</u>	<u>66,955,217</u>
Total noncurrent assets	<u>80,521,783</u>	<u>66,955,217</u>
Total assets	<u>93,200,981</u>	<u>78,598,373</u>
Deferred outflows of resources:		
Deferred outflows related to pension	964,113	554,000
Deferred outflows related to OPEB	213,130	162,805
Deferred amounts on bond refunding	73,550	83,695
Total deferred outflows of resources	<u>1,250,793</u>	<u>800,500</u>
Liabilities		
Current liabilities:		
Accounts payable	1,821,494	3,479,746
Accrued payroll and compensated absences	310,324	291,018
Accrued taxes	36,806	33,847
Accrued interest payable	943,796	408,801
General obligation bonds/BAN payable - current portion	648,000	646,000
Due to other funds	2,687,176	920,045
Unearned revenue	216,452	
Total current liabilities	<u>6,664,048</u>	<u>5,779,457</u>
Noncurrent liabilities:		
General obligation bonds and notes payable - net of premium	38,059,817	28,796,013
Unamortized premium	566,880	608,906
Net pension liability	1,712,958	918,370
Net OPEB liability	1,259,729	1,799,998
Total non-current liabilities	<u>41,599,384</u>	<u>32,123,287</u>
Total liabilities	<u>48,263,432</u>	<u>37,902,744</u>
Deferred inflows of resources:		
Deferred outflows related to pension	138,631	183,270
Deferred outflows related to OPEB	500,647	101,716
Total deferred inflows of resources	<u>639,278</u>	<u>284,986</u>
Net position:		
Net investment in capital assets	41,247,086	38,093,304
Unrestricted	4,301,978	3,117,839
Total Net Position	<u>\$ 45,549,064</u>	<u>\$ 41,211,143</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - ENTERPRISE FUNDS - WATER DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:	\$ 11,011,708	\$ 10,838,056
Operating expenses:		
Direct expenses:		
Other	4,107,781	3,936,417
Overhead expenses:		
Customer account	496,853	458,248
Administrative and general	4,347,516	4,042,388
Taxes	368,082	352,823
Depreciation	951,636	922,154
Total operating expenses	<u>10,271,868</u>	<u>9,712,030</u>
Operating income	<u>739,840</u>	<u>1,126,026</u>
Nonoperating revenues (expenses):		
Grant	3,839,054	5,822,439
Investment income	47,651	59,966
Interest expense	<u>(288,624)</u>	<u>(309,120)</u>
Net nonoperating revenue (expenses)	<u>3,598,081</u>	<u>5,573,285</u>
Changes in net position	4,337,921	6,699,311
Net position, beginning	<u>41,211,143</u>	<u>34,511,832</u>
Net Position, Ending	<u>\$ 45,549,064</u>	<u>\$ 41,211,143</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE STATEMENTS OF CASH FLOWS  
ENTERPRISE FUNDS - WATER DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 11,027,608	\$ 10,922,215
Cash payments to suppliers for goods and services	(6,737,566)	(828,763)
Cash payments to employees for services	(3,497,819)	(3,654,119)
Net cash provided by operating activities	<u>792,223</u>	<u>6,439,333</u>
Cash flows from noncapital and related financing activities:		
Interfund loans	<u>1,766,138</u>	
Net cash provided by capital and related financing activities	<u>1,766,138</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(14,550,083)	(25,404,843)
Capital grants	3,839,054	5,822,439
Principal paid on general obligation bond maturities and equipment contracts	(646,000)	(717,000)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(288,624)	(194,362)
Debt proceeds	<u>9,911,804</u>	<u>15,066,653</u>
Net cash used in capital and related financing activities	<u>(1,733,849)</u>	<u>(5,427,113)</u>
Cash flows from investing activities:		
Interest and dividends	<u>47,651</u>	<u>59,966</u>
Net cash provided by investing activities	<u>47,651</u>	<u>59,966</u>
Net increase in cash and cash equivalents	872,163	1,072,186
Cash and cash equivalents, beginning	<u>10,536,052</u>	<u>9,463,866</u>
Cash and Cash Equivalents, Ending	<u>\$ 11,408,215</u>	<u>\$ 10,536,052</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 739,840	\$ 1,126,026
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	951,636	922,154
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(200,552)	84,159
Inventory	(14,918)	5,320
Prepaid expenses	52,584	30,111
Due from other funds		2,258,346
Deferred outflows/inflows related to pension/OPEB	(106,146)	(38,175)
Increase (decrease) in:		
Accounts payable	(1,658,252)	813,877
Accrued payroll and compensated absences	19,306	920,045
Accrued taxes	2,959	
Accrued interest	534,995	2,780
Due to other funds		
Unearned revenue	216,452	
Net pension liability	794,588	336,412
Net OPEB obligation	<u>(540,269)</u>	<u>(21,722)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 792,223</u>	<u>\$ 6,439,333</u>

**CITY OF GROTON, CONNECTICUT  
 COMPARATIVE SCHEDULES OF REVENUES  
 ENTERPRISE FUNDS - WATER DEPARTMENT  
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Water service revenues:		
Residential	\$ 3,218,125	\$ 3,094,718
Commercial	1,650,209	1,661,646
Industrial	3,275,215	3,146,049
Private fire protection	103,206	105,721
Public fire protection	286,233	286,403
Other sales to public authorities	<u>1,980,906</u>	<u>2,056,983</u>
Total water service revenues	<u>10,513,894</u>	<u>10,351,520</u>
Other water revenue:		
Miscellaneous - rents, lien fees, scrap sales, etc.	<u>497,814</u>	<u>486,536</u>
Total Operating Revenues	<u>\$ 11,011,708</u>	<u>\$ 10,838,056</u>

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE SCHEDULES OF EXPENSES  
ENTERPRISE FUNDS - WATER DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Direct expenses:		
Source of Water Supply Expenses:		
Operation labor	\$ 250,058	\$ 202,399
Supplies and expenses	53,741	67,960
Rent	10,000	10,000
Total source of water supply expenses	<u>313,799</u>	<u>280,359</u>
Pumping expenses:		
Fuel for power production	14,421	11,617
Power purchased	580,991	576,001
Operation labor	245,815	245,969
Maintenance - structure and equipment	87,816	114,057
Total pumping expenses	<u>929,043</u>	<u>947,644</u>
Water treatment expenses:		
Chemicals	165,400	169,388
Operation labor	1,160,152	1,117,608
Supplies and expenses	91,022	85,201
Total water treatment expenses	<u>1,416,574</u>	<u>1,372,197</u>
Transmission and distribution expenses:		
Supervision and engineering	132,912	92,820
Storage facilities	276	19,051
Supplies and expenses	193,109	189,583
Maintenance:		
Structures and improvements	706,024	641,103
Mains	195,213	174,774
Services	211,525	209,765
Meters	(1,008)	(1,285)
Hydrants	10,314	10,406
Total transmission and distribution expenses	<u>1,448,365</u>	<u>1,336,217</u>
Total other expenses	<u>4,107,781</u>	<u>3,936,417</u>

(Continued on next page)

**CITY OF GROTON, CONNECTICUT  
COMPARATIVE SCHEDULES OF EXPENSES (CONTINUED)  
ENTERPRISE FUNDS - WATER DEPARTMENT  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Customer account expenses:		
Meter reading	\$ 78,288	\$ 69,258
Customer records and collection	163,209	155,279
Uncollectible accounts	19,985	2,396
Miscellaneous	235,371	231,315
Total customer account expenses	<u>496,853</u>	<u>458,248</u>
Administrative and general expenses:		
Administrative and general salaries	995,144	933,756
General office supplies and expenses	153,600	135,636
Outside services employed	317,451	140,843
Insurance	114,169	124,656
Injuries and damages	440,831	492,584
Employee welfare and benefits	1,544,753	1,576,173
Miscellaneous general expenses	426,982	330,436
Rent	40,514	40,514
Maintenance:		
Office furniture and equipment	12,892	8,838
Communication equipment		992
Miscellaneous general property	301,180	257,960
Total Administrative and General Expenses	<u>\$ 4,347,516</u>	<u>\$ 4,042,388</u>

# **Nonmajor Proprietary Funds**

## **NONMAJOR PROPRIETARY FUNDS**

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

### **Self-Insurance**

This fund is used to account for losses arising from property and general liability claims.

### **Health Plan**

This fund is used to account for losses arising from medical claims of the City's employees.

**CITY OF GROTON, CONNECTICUT  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 JUNE 30, 2020 (WITH COMPARATIVE TOTALS AT JUNE 30, 2019)**

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2020</u>	<u>2019</u>
Assets				
Cash	\$ 688,772	\$ 3,660,367	\$ 4,349,139	\$ 3,213,426
Accounts/claims receivables				424,864
Due from other funds		175,180	175,180	94,810
Total current assets	<u>688,772</u>	<u>3,835,547</u>	<u>4,524,319</u>	<u>3,733,100</u>
Liabilities				
Liabilities:				
Accounts/claims payable		252,000	252,000	316,000
Total liabilities	<u>-</u>	<u>252,000</u>	<u>252,000</u>	<u>316,000</u>
Net position:				
Unrestricted	<u>\$ 688,772</u>	<u>\$ 3,583,547</u>	<u>\$ 4,272,319</u>	<u>\$ 3,417,100</u>

**CITY OF GROTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2020</u>	<u>2019</u>
Operating revenues:				
Premiums	\$ -	\$ 5,830,298	\$ 5,830,298	\$ 5,328,968
Operating expenses:				
Claims paid:				
Public safety				8,063
Public works				1,608
Water department	330		330	
Health plan		4,073,675	4,073,675	3,622,084
Administration:				
Health plan		906,885	906,885	1,041,351
Total operating expenses	<u>330</u>	<u>4,980,560</u>	<u>4,980,890</u>	<u>4,673,106</u>
Operating income (loss)	<u>(330)</u>	<u>849,738</u>	<u>849,408</u>	<u>655,862</u>
Nonoperating revenue:				
Interest income		5,811	5,811	8,869
Total nonoperating revenue	<u>-</u>	<u>5,811</u>	<u>5,811</u>	<u>8,869</u>
Change in net position	(330)	855,549	855,219	664,731
Net position, beginning	<u>689,102</u>	<u>2,727,998</u>	<u>3,417,100</u>	<u>2,752,369</u>
Net Position, Ending	<u>\$ 688,772</u>	<u>\$ 3,583,547</u>	<u>\$ 4,272,319</u>	<u>\$ 3,417,100</u>

**CITY OF GROTON, CONNECTICUT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:				
Cash received for premiums	\$	\$ 5,830,298	\$ 5,830,298	\$ 5,328,968
Cash paid to claimants		(330)	(3,793,511)	(4,152,870)
Cash paid for administration			(906,885)	(1,041,351)
Net cash provided by (used in) operating activities		<u>(330)</u>	<u>1,129,902</u>	<u>134,747</u>
Cash flows provided by investing activities:				
Interest income			<u>5,811</u>	<u>8,869</u>
Net increase (decrease) in cash and cash equivalents		(330)	1,135,713	143,616
Cash and cash equivalents, beginning		<u>689,102</u>	<u>3,213,426</u>	<u>3,069,810</u>
Cash and Cash Equivalents, Ending	\$	\$ <u>688,772</u>	\$ <u>4,349,139</u>	\$ <u>3,213,426</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$	(330)	\$ 849,408	\$ 655,862
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable			424,864	(459,096)
Increase in due from other funds			(80,370)	(80,370)
Decrease in accounts/claims payable			(64,000)	(62,019)
Net cash provided by (used in) operating activities	\$	\$ <u>(330)</u>	\$ <u>1,129,902</u>	\$ <u>134,747</u>

# **Statistical Section**

## **Statistical Section - Unaudited**

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

### **CONTENTS**

#### **Financial Trends (Tables 1-4)**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity (Tables 5-8)**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

#### **Debt Capacity (Tables 9-13)**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information (Tables 14-15)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

#### **Operating Information (Tables 16-18)**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

**CITY OF GROTON, CONNECTICUT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 18,067,917	\$ 17,575,130	\$ 18,940,538	\$ 19,349,984	\$ 21,611,939	\$ 20,466,258	\$ 18,001,407	\$ 20,912,472	\$ 20,566,312	\$ 20,204,792
Restricted:										
Endowment - expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds - expendable	61,568						427	246	246	12,398
Special revenue funds	920,177				544,000	543,091	633,791	668,551	677,811	580,192
Unrestricted	8,731,943	8,837,628	8,064,740	10,366,270	7,956,547	9,179,006	9,456,594	6,514,415	6,256,564	7,194,347
<b>Total Governmental Activities Net Position</b>	<b>\$ 27,841,605</b>	<b>\$ 26,472,758</b>	<b>\$ 27,065,278</b>	<b>\$ 29,776,254</b>	<b>\$ 30,172,486</b>	<b>\$ 30,248,355</b>	<b>\$ 28,152,219</b>	<b>\$ 28,155,684</b>	<b>\$ 27,560,933</b>	<b>\$ 28,051,729</b>
<b>Business-Type Activities:</b>										
Net investment in capital assets	\$ 39,084,560	\$ 56,602,644	\$ 44,049,096	\$ 44,049,096	\$ 39,510,537	\$ 34,891,780	\$ 32,574,605	\$ 34,198,112	\$ 38,646,385	\$ 34,724,535
Unrestricted	31,063,868	4,607,018	3,976,564	7,046,997	2,831,156	3,604,247	(2,830,813)	(10,260,873)	(26,243,049)	3,709,903
<b>Total Business-Type Activities Net Position</b>	<b>\$ 70,148,428</b>	<b>\$ 61,209,662</b>	<b>\$ 48,025,660</b>	<b>\$ 51,096,093</b>	<b>\$ 42,341,693</b>	<b>\$ 38,496,027</b>	<b>\$ 29,743,792</b>	<b>\$ 23,937,239</b>	<b>\$ 12,403,336</b>	<b>\$ 38,434,438</b>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 57,152,477	\$ 74,177,774	\$ 62,989,634	\$ 63,399,080	\$ 61,122,476	\$ 55,358,038	\$ 50,576,012	\$ 55,110,584	\$ 59,212,697	\$ 54,929,327
Restricted:										
Endowment - expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds - expendable	61,568						427	246	246	12,398
Special revenue funds	920,177				544,000	543,091	633,791	668,551	677,811	580,192
Unrestricted	39,795,811	13,444,646	12,041,304	17,413,267	10,787,703	12,783,253	6,625,781	(3,746,458)	(19,986,485)	10,904,250
<b>Total Primary Government Net Position</b>	<b>\$ 97,990,033</b>	<b>\$ 87,682,420</b>	<b>\$ 75,090,938</b>	<b>\$ 80,872,347</b>	<b>\$ 72,514,179</b>	<b>\$ 68,744,382</b>	<b>\$ 57,896,011</b>	<b>\$ 52,092,923</b>	<b>\$ 39,964,269</b>	<b>\$ 66,486,167</b>

**CITY OF GROTON, CONNECTICUT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
<b>Governmental activities:</b>										
General government	\$ 3,202,982	\$ 2,147,448	\$ 2,254,789	\$ 2,602,416	\$ 2,564,351	\$ 2,353,876	\$ 2,471,659	\$ 2,070,702	\$ 2,103,355	\$ 1,905,884
Public safety	8,910,917	8,194,303	7,719,552	8,410,924	7,873,997	8,107,091	7,926,207	7,462,297	7,921,386	8,236,685
Public works	3,385,670	4,092,661	5,654,738	4,945,304	5,319,979	5,744,427	5,363,235	5,730,214	5,084,289	5,869,143
Parks and recreation	1,235,151	1,218,268	1,145,844	1,254,836	1,183,923	1,323,902	1,357,588	1,330,321	1,148,723	1,230,512
Interest expense	92,683	86,959	272,674	83,240	201,986	172,874	219,652	106,801	125,814	137,112
Total governmental activities expenses	<u>16,827,403</u>	<u>15,739,639</u>	<u>17,047,597</u>	<u>17,296,720</u>	<u>17,144,236</u>	<u>17,702,170</u>	<u>17,338,341</u>	<u>16,700,335</u>	<u>16,383,567</u>	<u>17,379,336</u>
<b>Business-type activities:</b>										
Electric department	47,413,877	49,359,048	48,517,562	49,793,760	50,892,927	54,018,154	56,354,668	59,384,748	86,423,334	61,548,644
Water department	10,406,553	10,021,150	9,183,824	9,394,789	8,622,052	8,226,487	8,694,227	8,235,438	7,984,553	8,140,017
Sewer department	3,587,725	2,785,203								
Total business-type activities expenses	<u>61,408,155</u>	<u>62,165,401</u>	<u>57,701,386</u>	<u>59,188,549</u>	<u>59,514,979</u>	<u>62,244,641</u>	<u>65,048,895</u>	<u>67,620,186</u>	<u>94,407,887</u>	<u>69,688,661</u>
<b>Total Primary Government Expenses</b>	<b>\$ <u>78,235,558</u></b>	<b>\$ <u>77,905,040</u></b>	<b>\$ <u>74,748,983</u></b>	<b>\$ <u>76,485,269</u></b>	<b>\$ <u>76,659,215</u></b>	<b>\$ <u>79,946,811</u></b>	<b>\$ <u>82,387,236</u></b>	<b>\$ <u>84,320,521</u></b>	<b>\$ <u>110,791,454</u></b>	<b>\$ <u>87,067,997</u></b>
<b>Program Revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 3,639,128	\$ 1,646,366	\$ 1,332,466	\$ 1,415,868	\$ 1,346,842	\$ 1,029,699	\$ 1,196,809	\$ 313,397	\$ 1,179,037	\$ 1,009,264
Public safety	397,614	619,377	1,005,689	480,227	426,712	394,490	358,433	328,811	508,484	259,705
Public works	11,890	17,592	81,754	56,639	38,161	45,563	39,364	59,995	60,212	55,799
Parks and recreation	160,694	232,781	208,364	213,081	215,108	171,091	172,502	146,755	130,635	113,709
Operating grants and contributions	4,571,582	4,572,283	4,846,353	4,182,825	3,447,538	4,278,561	4,639,990	5,131,028	4,273,734	4,388,296
Capital grants and contributions	113,250	210,203	612,146	386,950	657,177	2,127,673	1,316,601	759,986	519,122	1,712,368
Total governmental activities program revenues	<u>8,894,158</u>	<u>7,298,602</u>	<u>8,086,772</u>	<u>6,735,590</u>	<u>6,131,538</u>	<u>8,047,077</u>	<u>7,723,699</u>	<u>6,739,972</u>	<u>6,671,224</u>	<u>7,539,141</u>
<b>Business-type activities:</b>										
Electric department	54,825,998	56,303,526	56,323,195	55,883,773	56,482,331	61,853,220	63,494,427	64,892,454	60,553,199	63,134,404
Water department	14,850,762	16,660,495	12,254,219	10,696,461	10,256,269	9,743,591	9,858,947	9,603,898	9,708,205	9,893,954
Sewer department	4,262,283	4,314,627								
Total business-type activities program revenues	<u>73,939,043</u>	<u>77,278,648</u>	<u>68,577,414</u>	<u>66,580,234</u>	<u>66,738,600</u>	<u>71,596,811</u>	<u>73,353,374</u>	<u>74,496,352</u>	<u>70,261,404</u>	<u>73,028,358</u>
<b>Total Primary Government Program Revenues</b>	<b>\$ <u>82,833,201</u></b>	<b>\$ <u>84,577,250</u></b>	<b>\$ <u>76,664,186</u></b>	<b>\$ <u>73,315,824</u></b>	<b>\$ <u>72,870,138</u></b>	<b>\$ <u>79,643,888</u></b>	<b>\$ <u>81,077,073</u></b>	<b>\$ <u>81,236,324</u></b>	<b>\$ <u>76,932,628</u></b>	<b>\$ <u>80,567,499</u></b>
<b>Net revenues (expenses):</b>										
Governmental activities	\$ (7,933,245)	\$ (8,441,037)	\$ (8,960,825)	\$ (10,561,130)	\$ (11,012,698)	\$ (9,655,093)	\$ (9,614,642)	\$ (9,960,363)	\$ (9,712,343)	\$ (9,840,195)
Business-type activities	<u>12,530,888</u>	<u>15,113,247</u>	<u>10,876,028</u>	<u>7,391,685</u>	<u>7,223,621</u>	<u>9,352,170</u>	<u>8,304,479</u>	<u>6,876,166</u>	<u>(24,146,483)</u>	<u>3,339,697</u>
<b>Total Primary Government Net Expense</b>	<b>\$ <u>4,597,643</u></b>	<b>\$ <u>6,672,210</u></b>	<b>\$ <u>1,915,203</u></b>	<b>\$ <u>(3,169,445)</u></b>	<b>\$ <u>(3,789,077)</u></b>	<b>\$ <u>(302,923)</u></b>	<b>\$ <u>(1,310,163)</u></b>	<b>\$ <u>(3,084,197)</u></b>	<b>\$ <u>(33,858,826)</u></b>	<b>\$ <u>(6,500,498)</u></b>
<b>General Revenues and Other</b>										
<b>Changes in Net Position:</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 5,072,456	\$ 5,272,795	\$ 6,239,400	\$ 6,428,808	\$ 7,041,746	\$ 6,261,303	\$ 6,143,075	\$ 6,419,394	\$ 5,615,381	\$ 6,144,038
Grants and contributions not restricted to specific programs	70,222	47,004	109,320	134,700	96,432	249,464	130,053	132,174	19,088	77,264
Unrestricted investment earnings	88,274	87,071	39,059	61,249	5,045	31,911	218,553	230,423	383,372	305,794
Miscellaneous					206,194	170,215		53,627	102,082	85,892
Transfers	4,071,140	2,441,647	4,071,162	3,540,141	3,587,412	3,119,496	3,119,496	3,119,496	3,101,624	3,101,624
Total governmental activities	<u>9,302,092</u>	<u>7,848,517</u>	<u>10,458,941</u>	<u>10,164,898</u>	<u>10,936,829</u>	<u>9,832,389</u>	<u>9,611,177</u>	<u>9,955,114</u>	<u>9,221,547</u>	<u>9,714,612</u>
<b>Business-type activities:</b>										
Unrestricted investment earnings	479,018	512,402	496,287	281,576	209,457	593,358	621,570	893,174	1,217,005	1,323,989
Transfers	(4,071,140)	(2,441,647)	(4,071,162)	(3,540,141)	(3,587,412)	(3,119,496)	(3,119,496)	(3,119,496)	(3,101,624)	(3,101,624)
Total business-type activities	<u>(3,592,122)</u>	<u>(1,929,245)</u>	<u>(3,574,875)</u>	<u>(3,258,565)</u>	<u>(3,377,955)</u>	<u>(2,526,138)</u>	<u>(2,497,926)</u>	<u>(2,226,322)</u>	<u>(1,884,619)</u>	<u>(1,777,635)</u>
<b>Total Primary Government</b>	<b>\$ <u>5,709,970</u></b>	<b>\$ <u>5,919,272</u></b>	<b>\$ <u>6,884,066</u></b>	<b>\$ <u>6,906,333</u></b>	<b>\$ <u>7,558,874</u></b>	<b>\$ <u>7,306,251</u></b>	<b>\$ <u>7,113,251</u></b>	<b>\$ <u>7,728,792</u></b>	<b>\$ <u>7,336,928</u></b>	<b>\$ <u>7,936,977</u></b>
<b>Change in Net Position:</b>										
Governmental activities	\$ 1,368,847	\$ (592,520)	\$ 1,498,116	\$ (396,232)	\$ (75,869)	\$ 177,296	\$ (3,465)	\$ (5,249)	\$ (490,796)	\$ (125,583)
Business-type activities	<u>8,938,766</u>	<u>13,184,002</u>	<u>7,301,153</u>	<u>4,133,120</u>	<u>3,845,666</u>	<u>6,826,032</u>	<u>5,806,553</u>	<u>4,649,844</u>	<u>(26,031,102)</u>	<u>1,562,062</u>
<b>Total Primary Government</b>	<b>\$ <u>10,307,613</u></b>	<b>\$ <u>12,591,482</u></b>	<b>\$ <u>8,799,269</u></b>	<b>\$ <u>3,736,888</u></b>	<b>\$ <u>3,769,797</u></b>	<b>\$ <u>7,003,328</u></b>	<b>\$ <u>5,803,088</u></b>	<b>\$ <u>4,644,595</u></b>	<b>\$ <u>(26,521,898)</u></b>	<b>\$ <u>1,436,479</u></b>

**CITY OF GROTON, CONNECTICUT  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund:										
Nonspendable	\$ 10,359	\$ 25,926	\$ 11,725	\$ 9,035	\$ 34,814	\$ 33,017	\$ 9,750	\$ 49,908	\$ 17,138	\$ 16,768
Restricted										
Committed	213,363	213,363	201,474	468,052						
Assigned	1,850,000	800,000	400,000	451,000	400,000	720,172	819,652	703,263	704,798	1,115,054
Unassigned	5,063,766	5,634,786	5,060,583	3,951,759	3,463,375	2,718,163	3,324,488	3,899,210	3,484,919	3,070,485
Total General Fund	7,137,488	6,674,075	5,673,782	4,879,846	3,898,189	3,471,352	4,153,890	4,652,381	4,206,855	4,202,307
All other governmental funds:										
Nonspendable										
Restricted	1,041,745	1,005,502	893,256	4,719,753	867,024	1,083,303	633,791	6,084,045	737,811	640,192
Committed	6,516,488	4,441,325	4,346,875		41,869	3,710,682	5,283,346	246	1,505,291	1,596,000
Assigned										
Unassigned	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(702,888)	(467,357)	(310,208)
Total All Other Governmental Funds	7,534,580	5,423,174	5,216,478	4,696,100	885,240	4,770,332	5,893,484	5,381,403	1,775,745	1,925,984
Total Fund Balances Governmental Funds	\$ 14,672,068	\$ 12,097,249	\$ 10,890,260	\$ 9,575,946	\$ 4,783,429	\$ 8,241,684	\$ 10,047,374	\$ 10,033,784	\$ 5,982,600	\$ 6,128,291

**CITY OF GROTON, CONNECTICUT**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**  
**(Modified Accrual Basis of Accounting)**

	FISCAL YEAR									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Property taxes	\$ 5,073,605	\$ 5,290,265	\$ 6,228,104	\$ 6,457,027	\$ 7,041,746	\$ 6,240,201	\$ 6,166,362	\$ 6,417,756	\$ 5,628,575	\$ 6,137,303
Intergovernmental revenues	4,755,054	4,829,490	5,567,819	4,704,475	4,201,147	6,655,698	6,086,644	6,055,232	4,830,557	6,177,928
Charges for services	4,010,938	2,005,992	1,716,213	1,795,524	1,878,175	1,516,247	1,478,824	1,356,688	1,740,471	1,438,477
Income from investments	88,274	87,071	39,059	61,249	(24,006)	29,252	215,894	227,439	369,356	291,858
Other	198,388	510,124	912,060	370,291	392,977	294,811	288,284	125,030	230,674	85,892
Total revenues	<u>14,126,259</u>	<u>12,722,942</u>	<u>14,463,255</u>	<u>13,388,566</u>	<u>13,490,039</u>	<u>14,736,209</u>	<u>14,236,008</u>	<u>14,182,145</u>	<u>12,799,633</u>	<u>14,131,458</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,524,384	1,523,426	2,075,390	1,966,793	2,144,414	2,141,306	2,090,838	1,676,925	1,813,522	1,706,352
Public safety	8,362,019	7,902,949	7,818,178	7,705,695	7,476,859	7,331,992	7,208,553	7,166,333	7,224,753	7,229,895
Public works	3,085,176	2,854,175	4,722,013	4,234,108	4,839,142	4,924,827	4,666,194	5,264,004	4,450,747	5,163,704
Parks and recreation	1,153,921	1,165,922	1,120,551	1,166,765	1,123,025	1,222,490	1,290,576	1,323,722	1,085,185	1,123,010
Non-departmental and other		84,357	86,644	82,052	73,573	140,021	84,429	62,407	64,922	148,211
Capital outlay	122,680	1,007,630	1,729,379	1,994,492	4,155,972	3,119,487	1,012,139	872,963	606,560	1,432,761
<b>Debit service:</b>										
Principal retirement	265,000	265,000	5,975,000	475,000	585,000	590,000	793,000	640,000	676,000	905,500
Interest	109,400	118,706	144,822	160,400	177,294	194,909	196,185	114,103	125,259	152,616
Total expenditures	<u>15,622,580</u>	<u>14,922,165</u>	<u>23,671,977</u>	<u>17,785,305</u>	<u>20,575,279</u>	<u>19,665,032</u>	<u>17,341,914</u>	<u>17,120,457</u>	<u>16,046,948</u>	<u>17,862,049</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,496,321)</u>	<u>(2,199,223)</u>	<u>(9,208,722)</u>	<u>(4,396,739)</u>	<u>(7,085,240)</u>	<u>(4,928,823)</u>	<u>(3,105,906)</u>	<u>(2,938,312)</u>	<u>(3,247,315)</u>	<u>(3,730,591)</u>
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds			5,998,000					3,575,000		
Issuance of refunding bonds						190,000				
Payment to refunded bond escrow agent						(210,251)				
Issuance of BAN				5,500,000						
Premium on bonds			453,874	49,115	39,573	23,888		295,000		
Transfers in from other funds	6,226,720	4,826,463	4,086,162	3,655,141	3,587,412	3,119,496	3,584,029	3,119,496	3,277,456	3,101,624
Transfers out to other funds	(2,155,580)	(1,420,251)	(15,000)	(15,000)			(464,533)		(175,832)	
Total other financing sources (uses)	<u>4,071,140</u>	<u>3,406,212</u>	<u>10,523,036</u>	<u>9,189,256</u>	<u>3,626,985</u>	<u>3,123,133</u>	<u>3,119,496</u>	<u>6,989,496</u>	<u>3,101,624</u>	<u>3,101,624</u>
Net Change in Fund Balances	2,574,819	1,206,989	1,314,314	4,792,517	(3,458,255)	(1,805,690)	13,590	4,051,184	(145,691)	(628,967)
Debit Service as a Percentage to Noncapital Expenditures	1.71%	2.61%	3.92%	4.19%	4.87%	4.98%	6.45%	4.87%	5.47%	6.44%

**CITY OF GROTON, CONNECTICUT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY <sup>(1)</sup>  
 LAST TEN FISCAL YEARS**

Year	Grand List of October 1,	Real Property		Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value	Total Direct City Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2011	2009	\$ 1,049,648,005	\$ 1,499,497,150	\$ 264,971,922	\$ 378,531,317	\$ 1,314,619,927	\$ 1,878,028,467	70.00%	4.14
2012	2010	1,016,705,163	1,452,435,947	316,240,195	451,771,707	1,332,945,358	1,904,207,654	70.00%	4.60
2013	2011	1,011,029,157	1,444,327,361	247,047,195	352,952,564	1,258,076,348	1,797,251,925	70.00%	4.60
2014	2012	1,043,066,050	1,490,094,357	254,071,365	362,959,093	1,297,137,415	1,853,053,450	70.00%	4.60
2015	2013	1,043,075,570	1,490,107,957	254,071,365	362,959,093	1,297,146,935	1,853,067,050	70.00%	4.82
2016	2014	968,407,882	1,383,439,831	229,294,291	327,563,273	1,197,702,173	1,711,003,104	70.00%	5.87
2017	2015	957,158,414	1,367,369,163	210,073,895	300,105,564	1,167,232,309	1,667,474,727	70.00%	5.43
2018	2016	956,015,813	1,365,736,876	223,958,541	319,940,773	1,179,974,354	1,685,677,649	70.00%	5.22
2019	2017	957,457,458	1,367,796,369	221,760,368	316,800,526	1,179,217,826	1,684,596,894	70.00%	4.58
2020	2018	957,378,716	1,367,683,880	210,633,538	300,905,054	1,168,012,254	1,668,588,934	70.00%	4.30

<sup>(1)</sup> Total assessed value based on 70 percent of estimated actual value.

**CITY OF GROTON, CONNECTICUT  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Grand List of October 1,</u>	<u>City of Groton</u>			<u>Town of Groton</u>			<u>Total Mill Rate</u>
		<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total City Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total Town Millage</u>	
2011	2009	3.88	0.26	4.14	18.12	0.77	18.89	23.03
2012	2010	4.36	0.24	4.60	19.51	0.71	20.22	24.82
2013	2011	4.37	0.21	4.58	19.60	1.09	20.69	25.27
2014	2012	4.32	0.28	4.60	19.95	0.77	20.72	25.32
2015	2013	4.59	0.23	4.82	19.27	0.86	20.13	24.95
2016	2014	5.59	0.28	5.87	20.09	0.86	20.95	26.82
2017	2015	5.22	0.21	5.43	20.83	0.90	21.73	27.16
2018	2016	5.02	0.20	5.22	22.74	0.89	23.63	28.85
2019	2017	4.46	0.12	4.58	23.12	1.05	24.17	28.75
2020	2018	4.22	0.08	4.30	22.93	1.24	24.17	28.47

Note: Data supplied by Town and City of Groton Tax Collector.

TABLE 7

**CITY OF GROTON, CONNECTICUT  
PRINCIPAL PROPERTY TAXPAYERS  
LAST TEN FISCAL YEARS**

Name	Nature of Business	Current Year			Ten Years Ago		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chas. Pfizer Company, Inc.	Pharmaceuticals	\$ 322,120,250	1	27.58%	\$ 525,648,840	1	39.98%
General Dynamics Corporation	Submarine	281,111,910	2	24.07%	193,947,406	2	14.75%
Fuelcell Energy	Equipment Leasing	19,250,000	3	1.65%		NA	0.00%
Branford Manor, Inc.	Apartments	13,340,910	4	1.14%	10,101,420	5	0.77%
Groton Estates Colonial Manor, Inc.	Apartments	12,492,800	5	1.07%	13,081,990	3	1.00%
Peppertree Realty, LLC	Apartments	7,745,080	6	0.66%	7,770,140	6	0.59%
Ansonia Acquisitions, LLC	Apartments	7,089,840	7	0.61%	5,332,560	7	0.41%
Mohawk Northeast	Construction	5,938,690	8	0.51%		NA	0.00%
Avery Heights LP	Apartments	5,635,860	9	0.48%	4,452,751	10	0.34%
Buckeye Terminals LLC	Oil Terminal	5,422,010	10	0.46%	5,050,080	8	0.38%
Total		\$ <u>680,147,350</u>		<u>58.23%</u>	\$ <u>765,385,187</u>		<u>58.22%</u>

Source: Town of Groton Assessor's Department

The total net assessment of the top ten taxpayers for the City of Groton constitutes 58.23% of the total October 1, 2018 net taxable Grand List for the City of Groton after the BAA deliberations.

**CITY OF GROTON, CONNECTICUT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Grand List of October 1,</b>	<b>Tax Rate in Mills</b>	<b>Total Adjusted Tax Levy</b>	<b>Net Current Collections</b>	<b>Percent of Levy Collected</b>	<b>Net Delinquent Taxes Collected</b>	<b>Net Total Tax Collections</b>	<b>Percentage of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Percentage of Delinquent Taxes to Total Tax Levy</b>
2011	2009	4.14	\$ 5,719,007	\$ 5,658,026	98.93%	\$ 423,274	\$ 5,658,026	98.93%	\$ 76,656	1.34%
2012	2010	4.60	5,597,114	5,443,915	97.26%	79,711	5,523,626	98.69%	73,488	1.31%
2013	2011	4.58	6,453,438	6,296,266	97.56%	90,119	6,376,385	98.81%	77,052	1.19%
2014	2012	4.60	6,185,972	5,905,522	95.47%	235,140	6,140,662	99.27%	45,310	0.73%
2015	2013	4.82	6,223,649	6,160,646	98.99%	37,033	6,197,679	99.58%	71,460	1.15%
2016	2014	5.87	7,015,745	6,958,217	99.18%	49,243	7,007,460	99.88%	73,880	1.05%
2017	2015	5.43	6,364,155	6,330,454	99.47%	37,088	6,367,542	100.05%	95,802	1.51%
2018	2016	5.22	6,295,071	6,153,259	97.75%	77,322	6,230,581	98.98%	64,490	1.02%
2019	2017	4.58	5,300,218	5,204,339	98.19%	48,519	5,252,858	99.11%	47,360	0.89%
2020	2018	4.30	5,082,720	5,011,076	98.59%	35,375	5,046,451	99.29%	36,269	0.71%

Source: Town of Groton Tax Collector's Department.

**CITY OF GROTON, CONNECTICUT  
RATIOS OF OUTSTANDING DEBT TYPE  
LAST TEN FISCAL YEARS**

Year	Governmental Activities			Business-Type Activities				Grand Total	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligations Bonds			General Obligation Bonds						
	City	Sewer	Total	Electric <sup>(2)</sup>	Water <sup>(2)</sup>	Sewer <sup>(3)</sup>	Total			
2011	\$ 3,098,000	\$ 1,071,000	\$ 4,169,000	\$ 31,383,930	\$ 5,867,070	\$	\$ 37,251,000	\$ 41,420,000	13.9%	4,138
2012	2,737,000	756,000	3,493,000	29,226,980	5,095,020		34,322,000	37,815,000	12.5%	3,733
2013	5,492,000	940,000	6,432,000	42,794,310	6,787,690		49,582,000	56,014,000	18.1%	5,391
2014	4,980,000	655,000	5,635,000	39,973,040	6,036,960		46,010,000	51,645,000	16.7%	4,971
2015	4,525,000	515,000	5,040,000	37,280,000	5,320,000		42,600,000	47,640,000	15.4%	4,586
2016	4,070,000	385,000	4,455,000	34,455,000	4,590,000		39,045,000	43,500,000	14.1%	4,187
2017	3,620,000	360,000	3,980,000	31,405,000	4,170,000		35,575,000	39,555,000	12.8%	3,807
2018	3,170,000	6,333,000	9,503,000	38,837,000	15,092,360		53,929,360	63,432,360	20.5%	6,106
2019	2,905,000		2,905,000	35,304,000	29,442,013	6,008,000	70,754,013	73,659,013	23.8%	7,090
2020	2,640,000		2,640,000	31,768,000	38,707,817	5,685,000	76,160,817	78,800,817	25.5%	7,585

Note: <sup>(1)</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
<sup>(2)</sup> Electric and Water general obligation bonds are paid by the rate payers. Only a portion of the rate payers are property owners.  
<sup>(3)</sup> Starting in FY 2019, Sewer general obligation bonds are paid by the rate payers. Only a portion of the rate payers are property owners.

**CITY OF GROTON, CONNECTICUT  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
NET GENERAL BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Bonded Debt</b>	<b>Percentage of Net Long-Term Debt to Assessed Value</b>	<b>Net Long-Term Debt Per Capita</b>
2011 **	10,389	\$ 1,314,619,927	\$ 4,169,000	0.32%	\$ 401
2012 **	10,389	1,332,945,358	3,493,000	0.26%	336
2013 **	10,389	1,258,076,348	6,432,000	0.51%	619
2014 **	10,389	1,297,137,415	5,635,000	0.43%	542
2015 **	10,389	1,297,146,935	5,040,000	0.39%	485
2016 **	10,389	1,197,702,173	4,455,000	0.37%	429
2017 **	10,389	1,167,232,309	3,980,000	0.34%	383
2018 **	10,389	1,179,974,354	9,503,000	0.81%	915
2019 **	10,389	1,179,217,826	2,905,000	0.25%	280
2020 **	10,389	1,168,012,254	2,640,000	0.23%	254

\*\* Based on 2010 Bureau of Census figure.

**CITY OF GROTON, CONNECTICUT  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2020**

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Application to City</u>	<u>Amount Applicable to City</u>
Direct:			
City of Groton	\$ 2,640,000	100.00%	\$ 2,640,000
Overlapping:			
Town of Groton	<u>75,786,420</u>	31.32%	<u>23,736,307</u>
<b>Total</b>	<b>\$ <u>78,426,420</u></b>		<b>\$ <u>26,376,307</u></b>

Note: The percentage of overlapping debt is provided by the Town of Groton.

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF DEBT LIMITATION (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2020**

Total Tax Collections, (Including Interest and Lien Fees)

For the year ended June 30, 2019

Taxes, interest and lien fees \$ 5,252,858

	<u>General Purposes</u>	<u>Sewers</u>	<u>Total</u>
Debt Limitation:			
2.25 times base	\$ 11,818,931	\$	\$ 11,818,931
3.75 times base	<u>                    </u>	<u>19,698,218</u>	<u>19,698,218</u>
Total debt limitation	<u>11,818,931</u>	<u>19,698,218</u>	<u>31,517,149</u>
Indebtedness:			
Bonds payable	2,640,000	5,685,000	8,325,000
Authorized, but unissued debt	<u>854,189</u>	<u>106,000</u>	<u>960,189</u>
Total indebtedness	<u>3,494,189</u>	<u>5,791,000</u>	<u>9,285,189</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 8,324,742</u>	<u>\$ 13,907,218</u>	<u>\$ 22,231,960</u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 36,770,006
2. There is no overlapping debt for the City of Groton

**CITY OF GROTON, CONNECTICUT  
SCHEDULE OF STATUTORY DEBT LIMITATION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total tax collections, including interest and lien fees	\$ 5,252,858	\$ 6,270,680	\$ 6,407,002	\$ 7,048,262	\$ 6,235,091	\$ 6,187,324	\$ 6,412,585	\$ 5,624,204	\$ 6,117,086	\$ 5,879,707
Reimbursement for revenue loss on:										
Total base	<u>5,252,858</u>	<u>6,270,680</u>	<u>6,407,002</u>	<u>7,048,262</u>	<u>6,235,091</u>	<u>6,187,324</u>	<u>6,412,585</u>	<u>5,624,204</u>	<u>6,117,086</u>	<u>5,879,707</u>
Debt limit:										
General purpose 2 1/4 times base	11,818,931	14,109,030	14,415,755	15,858,590	14,028,955	13,921,479	14,428,316	12,654,459	13,763,444	13,229,341
Sewer 3 3/4 times base	<u>19,698,218</u>	<u>23,515,050</u>	<u>24,026,258</u>	<u>26,430,983</u>	<u>23,381,591</u>	<u>23,202,465</u>	<u>24,047,194</u>	<u>21,090,765</u>	<u>22,939,073</u>	<u>22,048,901</u>
Total Debt Limit	<u>31,517,149</u>	<u>37,624,080</u>	<u>38,442,013</u>	<u>42,289,573</u>	<u>37,410,546</u>	<u>37,123,944</u>	<u>38,475,510</u>	<u>33,745,224</u>	<u>36,702,517</u>	<u>35,278,242</u>
Net debt applicable to limit:										
General purpose:										
Bonds payable	2,640,000	2,905,000	3,170,000	3,620,000	4,070,000	4,525,000	4,980,000	5,492,000	2,737,000	3,098,000
Authorized but inissued	854,189									
Sewer:										
Bonds payable	5,685,000		6,333,000	360,000	385,000	515,000	655,000	940,000	756,000	1,071,000
Bond anticipation notes				5,500,000	2,750,000					
Authorized but inissued	<u>106,000</u>									
Total net debt applicable to limit	<u>9,285,189</u>	<u>2,905,000</u>	<u>9,503,000</u>	<u>9,480,000</u>	<u>7,205,000</u>	<u>5,040,000</u>	<u>5,635,000</u>	<u>6,432,000</u>	<u>3,493,000</u>	<u>4,169,000</u>
Legal Debt Limit	<u>\$ 22,231,960</u>	<u>\$ 34,719,080</u>	<u>\$ 28,939,013</u>	<u>\$ 32,809,573</u>	<u>\$ 30,205,546</u>	<u>\$ 32,083,944</u>	<u>\$ 32,840,510</u>	<u>\$ 27,313,224</u>	<u>\$ 33,209,517</u>	<u>\$ 31,109,242</u>
In no case shall total indebtedness exceed seven times annual receipts from taxation	<u>\$ 36,770,006</u>	<u>\$ 43,894,760</u>	<u>\$ 44,849,014</u>	<u>\$ 49,337,834</u>	<u>\$ 43,645,637</u>	<u>\$ 43,311,268</u>	<u>\$ 44,888,095</u>	<u>\$ 39,369,428</u>	<u>\$ 42,819,602</u>	<u>\$ 41,157,949</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>29.46%</u>	<u>7.72%</u>	<u>24.72%</u>	<u>22.42%</u>	<u>19.26%</u>	<u>13.58%</u>	<u>14.65%</u>	<u>19.06%</u>	<u>9.52%</u>	<u>11.82%</u>

Notes (A) A "Schools" row is not provided in the above schedule since an educational system is provided by the Town of Groton.  
 (B) There are authorized and existing bonds of both the Electric and Water Departments. Although this debt is also a general obligation of the City, repayment is expected to come from the respective utility's operational income. Therefore, the amounts are not reflected in the schedule.

**CITY OF GROTON, CONNECTICUT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Year</u>		<u>Population<sup>1</sup></u>	<u>Personal Income (Amounts Expressed in Thousands)</u>	<u>Per Capita Income<sup>2</sup></u>	<u>Median Age<sup>3</sup></u>	<u>Education Level in Years of Schooling<sup>4</sup></u>	<u>Unemployment Rate<sup>1</sup></u>
2011	**	10,389	\$ 309,125	\$ 22,239	** 28.7	N/A	9.10%
2012	**	10,389	309,125	29,755	** 28.7	N/A	8.20%
2013	**	10,389	309,125	29,755	** 28.7	N/A	7.70%
2014	**	10,389	309,125	29,755	** 28.7	N/A	6.20%
2015	**	10,389	309,125	29,755	** 28.7	N/A	5.20%
2016	**	10,389	309,125	29,755	** 28.7	N/A	5.30%
2017	**	10,389	309,125	29,755	** 28.7	N/A	4.00%
2018	**	10,389	309,125	29,755	** 28.7	N/A	4.10%
2019	**	10,389	309,125	29,755	** 28.7	N/A	3.60%
2020	**	10,389	309,125	29,755	** 28.7	N/A	11.80%

\*\* Based on 2010 Bureau of Census figure.

(1) Based on the Connecticut Labor Department employment data.

(2) Based on 2000 U.S. Department of Commerce, Bureau of Census data.

(3) Based on 2000 Bureau of Census data.

(4) Information not available from State Department of Education.

**CITY OF GROTON, CONNECTICUT  
PRINCIPAL EMPLOYERS  
CURRENT AND NINE YEARS AGO**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
General Dynamics, Electric Boat Division	8,092	1	56%	8,133	1	61%
Pfizer's	5,399	2	37%	4,169	2	31%
Superintendent of Ships	300	3	2%	230	5	2%
University of Connecticut	230	4	2%	233	4	2%
City of Groton	214	5	1%	234	3	2%
Coast Guard Research & Development	130	6	1%	130	7	1%
Groton Board of Education	99	7	1%	135	6	1%
Sacred Heart School	38	8	0%	35	9	0%
Project Oceanology	36	9	0%	33	10	0%
Marine Science Magnet School	36	9	0%	NA	NA	NA
<b>Total</b>	<b>14,574</b>		<b>100.0%</b>	<b>13,332</b>		<b>100%</b>

Source: State Department of Labor

**CITY OF GROTON, CONNECTICUT  
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2020	2018	2018	2017	2016	2015	2014	2013	2012	2010
General government:										
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	5	5	5	5	5	5	5	5	5	5
Planning	1	1	1	1	1	1	1	1	1	1
Parks and recreation	5	5	5	5	5	5	5	5	5	5
City clerk	1	1	1	1	1	1	1	1	1	1
Building and zoning	4	3	3	3	3	3	3	3	3	3
Other	5	5	3	3	3	3	3	3	3	3
Police										
Officers	27	27	27	27	28	29	29	31	32	32
Civilians	7	7	7	7	7	7	9	12	13	13
Fire										
Firefighters and officers	17	17	17	17	17	17	17	17	17	17
Public works										
Engineering	1	1	1	1	1	1	1	2	2	2
Highway	19	19	19	19	18	19	21	20	20	20
Water department	38	39	35	35	34	31	32	34	34	34
Sewer department	6	5	5	5	6	6	6	6	6	6
Electric department	77	71	66	66	71	70	70	95	95	95
<b>Total</b>	<b>214</b>	<b>207</b>	<b>196</b>	<b>196</b>	<b>201</b>	<b>199</b>	<b>204</b>	<b>236</b>	<b>238</b>	<b>238</b>

Source: Various City Departments.

**CITY OF GROTON, CONNECTICUT  
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Public safety:										
Physical arrests	358	498	503	495	588	621	532	496	514	616
Parking violations	741	1,599	1,484	1,568	1,331	889	1,019	785	1,896	2,274
Traffic violations	1,154	1,920	1,558	1,630	1,606	1,341	1,865	1,815	2,234	2,584
Fire:										
Emergency responses	976	1,118	1,111	1,061	1,127	1,055	1,085	1,332	1,270	1,058
Fires extinguished	38	40	41	22	23	12	23	51	64	34
Public works:										
Highways and streets:										
Street resurfacing (miles)	1		1	2	6	7	9	2		
Sidewalk repaired (feet)		619	1,420	1,134	410	175	1,901	1,250	430	580
Sanitation:										
Refuse collected (tons/day)	12	12	11	11	12	12	12	12	12	12
Recyclables collected (tons/day)	3	3	3	3	3	3	3	3	3	3
Water pollution authority:										
Average daily sewage treatment (millions of gallons)	2	2	2	2	2	2	2	2	2	2
Parks and recreation:										
Beach passes issued	2,191	2,496	2,448	2,179	2,125	2,092	2,052	2,008	1,952	1,864
Recreation:										
Summer program	324	566	587	381	613	426	392	326	282	270
Fall program	52	111	119	120	269	115	116	192	194	90
Winter program	249	481	402	354	215	170	145	126	159	73
Business-type activities:										
Water fund:										
New connections	7	12	6	8	3	5	9	9	10	10
Water main breaks	18	13	14	16	14	16	5	5	5	11
Average daily consumption (millions of gallons)	5.000MGD	5.000MGD	5.000MGD	5.500MGD	5.700MGD	5.700MGD	5.900MGD	5.900MGD	5.600MGD	5.800MGD
Peak daily consumption (millions of gallons)	7.648MGD	7.648MGD	7.648MGD	9.704MGD	9.100MGD	8.511MGD	8.250MGD	8.250MGD	8.208MGD	9.597MGD

Source: Various city departments

**CITY OF GROTON, CONNECTICUT  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government:										
Parks and recreation:										
Acreage	40	40	40	40	40	40	40	40	40	40
Playgrounds	6	6	6	6	6	6	6	6	6	6
Baseball/softball diamonds	5	5	5	5	5	5	5	5	5	5
Basketball courts	3	3	3	3	3	3	3	3	3	3
Tennis courts	6	6	6	6	6	6	6	6	6	6
Public safety:										
Fire department	2	2	2	2	2	2	2	2	2	2
Police department:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	24	24	24	24	24	24
Public works:										
Highway department:										
Streets (miles)	29	29	29	29	29	29	29	29	29	29
Sidewalks (miles)	23	23	23	23	23	23	23	23	23	23
Water fund:										
Water mains (miles)	105	105	105	105	105	105	105	105	105	105
Fire hydrants	739	737	737	737	735	734	731	728	726	724
Storage capacity (thousands of gallons)	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000
Sewer fund:										
Sewer mains (miles)	35	35	35	35	35	35	35	35	35	35
Storm drainage (miles)	16	16	16	16	16	16	16	16	16	16
Treatment capacity (millions of gallons)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1

Source: Various city departments.