

CITY OF GROTON, CONNECTICUT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

CITY OF GROTON, CONNECTICUT

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022**

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

Keith Hedrick, Mayor

Introductory Section

CITY OF GROTON, CONNECTICUT
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CITY OF GROTON

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Department of Finance

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June 30, 2023

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 Annual Comprehensive Financial Report (ACFR) of the City of Groton, Connecticut (City) for the year ended June 30, 2022. 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, 2022, 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, 2022, 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.

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% 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 2021-2022, 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, 2016 and 2022 Electric Bond Program calls for continued infrastructure improvements to the Buddington Road substations along with a major upgrade 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 and 2022 Water Bond Fund calls for the replacement of the Brandege Ave standpipe and meter replacements. The \$54 million Water Treatment Plant Upgrade was completed 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. The 2022 Sewer Bond Fund calls for the upgrades to the Waste Water Treatment Facility and the collection system.

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 9.5% and 20%; however, certain employees electing dental coverage must contribute between 12% 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

Elected Officials

Term of Office – May 2021 to May 2023

Keith Hedrick – Mayor

Gweneviere Depot (Deputy Mayor)	Councilor
Rashad Carter	Councilor
Lisa McCabe	Councilor
Christine Piazza	Councilor
Paul Norris	Councilor
Stephen Sheffield	Councilor
Edward Jacome	City Clerk

Appointed Officials

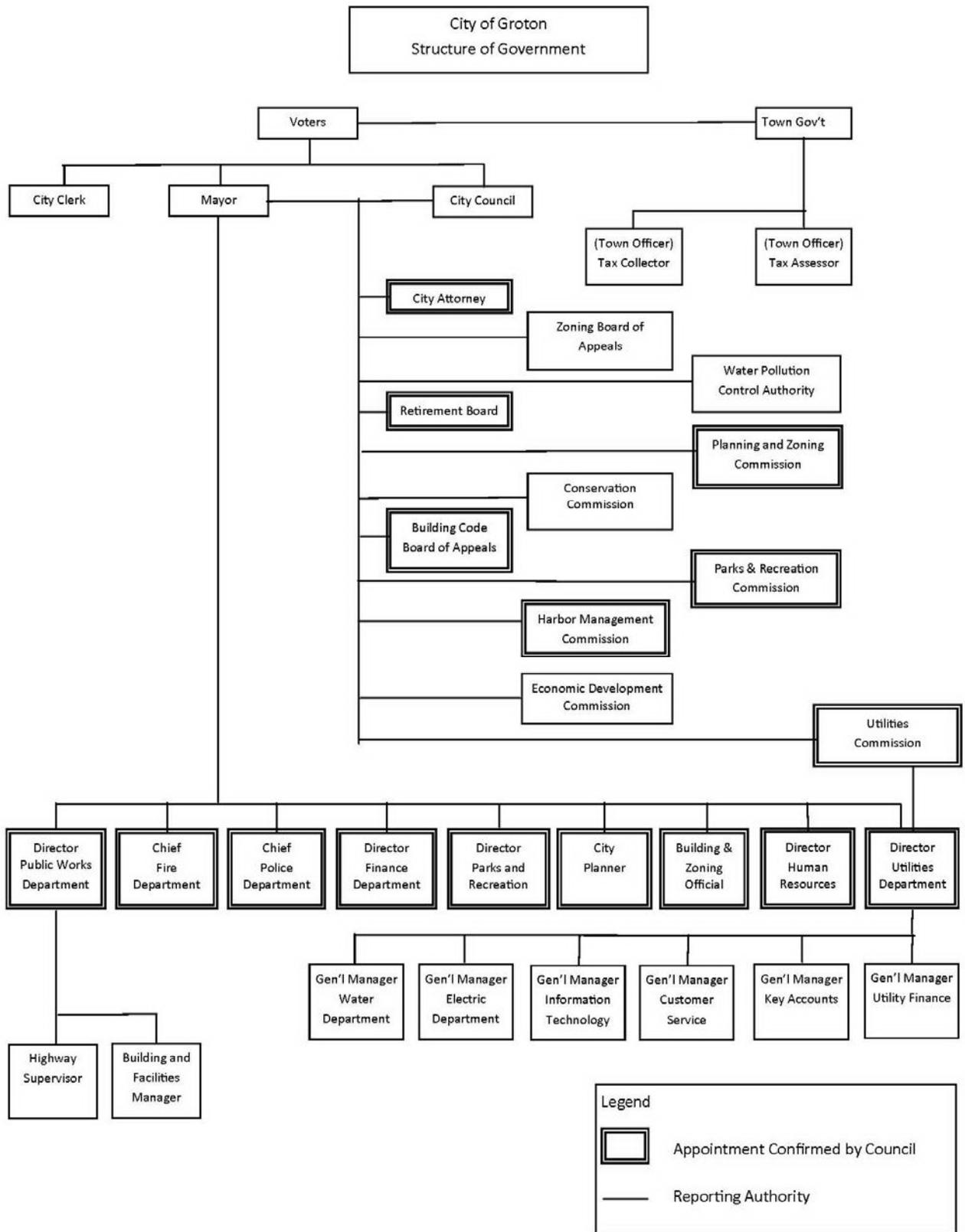
Term of Office -Indefinite

Eric Jenkins – Civil Preparedness Coordinator

Department Heads

Term of Office – Indefinite

Director of Finance	Ronald Yuhas, Jr.
Director of Utilities	Ronald Gaudet
Director of Public Works	William Robarge
Chief of Police	Eric Jenkins
Director of Parks & Recreation	Mary K. Hill
Building & Zoning Official	Joseph Summers
Planner	Leslie Creane
Fire Chief	Robert Tompkins



Financial Section



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
City Council
City of Groton, Connecticut

Report on the Financial Statements

Opinions

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Honorable Mayor and Members
City Council
City of Groton

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023 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

CliftonLarsonAllen LLP

West Hartford, Connecticut
June 30, 2023



CITY OF GROTON

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MANAGEMENT DISCUSSION AND ANALYSIS – Unaudited FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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 \$124,260,257 (net position). Of this amount, \$61,561,648 (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 \$11,395,928 for the fiscal year, with a \$2,408,109 increase in the government activities and an \$8,987,819 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 \$18,776,944 an increase of \$1,495,722 in comparison with the prior year.
\$6,534,263 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 \$6,557,916 or 37.5% of total General Fund expenditures and other financing uses.

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 \$124.2 million at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
			Primary Government			
	2022	2021	2022	2021	2022	2021
Current assets	\$ 30,405,779	\$ 26,559,293	\$ 97,079,855	\$ 72,453,383	\$ 127,485,634	\$ 99,012,676
Capital assets, net of accumulated depreciation	20,766,179	20,287,027	141,457,907	129,497,048	162,224,086	149,784,075
Total assets	<u>51,171,958</u>	<u>46,846,320</u>	<u>238,537,762</u>	<u>201,950,431</u>	<u>289,709,720</u>	<u>248,796,751</u>
Deferred outflows of resources	7,549,237	2,335,791	9,165,569	3,151,232	16,714,806	5,487,023
Current liabilities	8,061,204	4,670,203	38,736,415	36,151,341	46,797,619	40,821,544
Long-term liabilities outstanding	8,550,877	5,997,919	119,910,758	79,952,466	128,461,635	85,950,385
Total liabilities	<u>16,612,081</u>	<u>10,668,122</u>	<u>158,647,173</u>	<u>116,103,807</u>	<u>175,259,254</u>	<u>126,771,929</u>
Deferred inflows of resources	542,053	6,729,065	2,432,444	7,918,451	2,974,497	14,647,516
Net Position:						
Net investments in capital assets	18,526,538	17,765,146	43,025,256	49,723,718	61,551,794	67,488,864
Restricted	1,080,075	1,052,905			1,080,075	1,052,905
Unrestricted	<u>23,489,140</u>	<u>12,966,873</u>	<u>47,041,968</u>	<u>31,355,687</u>	<u>70,531,108</u>	<u>44,322,560</u>
Total Net Position	\$ <u>43,095,753</u>	\$ <u>31,784,924</u>	\$ <u>90,067,224</u>	\$ <u>81,079,405</u>	\$ <u>133,162,977</u>	\$ <u>112,864,329</u>

By far the largest portion of the City's net position (49.6%) 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 \$61.6 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased \$11.4 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 \$2.4 million, and business-type activities increased net position by \$9.0 million.

	Governmental Activities		Business-Type Activities		Total	
			Primary Government			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 4,931,414	\$ 4,639,953	\$ 75,034,251	\$ 74,303,602	\$ 79,965,665	\$ 78,943,555
Operating grants and contributions	5,530,204	4,762,099			5,530,204	4,762,099
Capital grants and contributions	994,946	184,549	999,942	2,035,067	1,994,888	2,219,616
General revenues:						
Property taxes	5,058,186	5,020,529			5,058,186	5,020,529
Grants not restricted to specific programs	131,822	48,812			131,822	48,812
Investment income	5,429	185,974	318,103	397,278	323,532	583,252
Total revenues	<u>16,652,001</u>	<u>14,841,916</u>	<u>76,352,296</u>	<u>76,735,947</u>	<u>93,004,297</u>	<u>91,577,863</u>
Expenses:						
General government	774,271	3,496,780			774,271	3,496,780
Public safety	3,828,684	7,631,198			3,828,684	7,631,198
Public works	3,638,067	2,666,779			3,638,067	2,666,779
Recreation	1,101,053	1,091,877			1,101,053	1,091,877
Interest and fiscal charges	70,237	83,103			70,237	83,103
Water			10,667,771	10,497,504	10,667,771	10,497,504
Electric			49,165,926	48,223,895	49,165,926	48,223,895
Sewer			3,459,640	3,012,431	3,459,640	3,012,431
Total expenses	<u>9,412,312</u>	<u>14,969,737</u>	<u>63,293,337</u>	<u>61,733,830</u>	<u>72,705,649</u>	<u>76,703,567</u>
Change in net position before transfers	7,239,689	(127,821)	13,058,959	15,002,117	20,298,648	14,874,296
Transfers	4,071,140	4,071,140	(4,071,140)	(4,071,140)	-	-
Change in net position	<u>11,310,829</u>	<u>3,943,319</u>	<u>8,987,819</u>	<u>10,930,977</u>	<u>20,298,648</u>	<u>14,874,296</u>
Net Position at Beginning of Year	<u>31,784,924</u>	<u>27,841,605</u>	<u>81,079,405</u>	<u>70,148,428</u>	<u>112,864,329</u>	<u>97,990,033</u>
Net Position at End of Year	<u>\$ 43,095,753</u>	<u>\$ 31,784,924</u>	<u>\$ 90,067,224</u>	<u>\$ 81,079,405</u>	<u>\$ 133,162,977</u>	<u>\$ 112,864,329</u>

Expenses and Program Revenues – Governmental Activities

Revenues

Governmental activities' revenues totaled \$16.7 million for fiscal year 2022. Property taxes are the largest revenue source for the City and represent 30.4% of the governmental revenues. Current tax collections were 99.4% of the adjusted tax levy. Operating grants and contributions are the City's second largest revenue for the governmental activities and represent 33.2% 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 29.6% and capital grants and contributions represent 6.0%. Investment income and miscellaneous revenue represent 0.8% of governmental revenues.

Expenses

Governmental expenses totaled \$18.3 million for the fiscal year. Of the expenditures, 50.7% or \$9.3 million is related to public safety. Public works expenses amounted to \$4.5 million, or 24.5%. Recreation expenses amounted to \$1.3 million or 7.4%. General government and interest expenses were \$3.2 million or 17.4%.

The general government expenses decreased and the public works expense increased based on capital outlay in the previous year.

Business-type activities. Business-type activities represent 72.5% of the City's net position and account for a large portion of the expenditures in the City.

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 \$18.8 million, an increase of \$1.5 million in comparison with the prior year. Approximately 34.8% of this total amount, \$6.5 million 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 \$6.6 million, while total fund balance was \$9.4 million. 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 37.5% of total General Fund expenditures. Total fund balance represents 53.9% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$42,666 during the current fiscal year due to revenues increasing, while expenditures remaining relatively consistent with prior year.

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 \$31.0 million, the unrestricted net position of the Water operation amounted to \$10.2 million and the unrestricted net position of the Sewer operation amounted to \$4.3 million. The increase in net position for the Electric Fund was \$7.1 million, the increase in net position for the Water Fund was \$1.7 million and the increase in net position for the Sewer Fund was \$198,631 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, 2022, amounts to approximately \$162.3 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.

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

- The Water Treatment Plant Upgrade project.
- Various governmental, electric, water and sewer projects took place during the year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
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	634,036	12,528	11,947,433	62,630,776	12,581,469	62,643,304
Land improvements	891,956	851,314			891,956	851,314
Buildings and improvements	4,431,814	4,354,263	40,189,531	9,661,228	44,621,345	14,015,491
Distribution systems			82,970,274	50,612,785	82,970,274	50,612,785
Machinery and equipment	153,565	174,219	2,215,500	2,155,340	2,369,065	2,329,559
Vehicles	1,924,751	1,877,793	728,971	963,978	2,653,722	2,841,771
Infrastructure	9,573,255	9,860,107			9,573,255	9,860,107
Total	\$ 20,766,180	\$ 20,287,027	\$ 141,524,650	\$ 129,497,048	\$ 162,290,830	\$ 149,784,075

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 \$107.3 million. Of this amount, \$2.1 million comprises debt backed by the full faith and credit of the City and \$105.2 million 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 2022**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	Primary Government		2022	2021
General obligation bonds	\$ 2,105,000	\$ 2,375,000	\$ 64,425,000	\$ 40,800,000	\$ 66,530,000	\$ 43,175,000
Note payable	-	-	1,795,600	1,996,000	1,795,600	1,996,000
DWSRF Interim Loan	-	-	39,000,000	36,063,363	39,000,000	36,063,363
	<u>\$ 2,105,000</u>	<u>\$ 2,375,000</u>	<u>\$ 105,220,600</u>	<u>\$ 78,859,363</u>	<u>\$ 107,325,600</u>	<u>\$ 81,234,363</u>

The City’s total bonded debt increased by \$26.1 million (32.1%) 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 \$35.1 million.

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

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, 2022**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozrah Light and Power Company
Assets:				
Cash and cash equivalents	\$ 29,696,977	\$ 55,888,862	\$ 85,585,839	\$ 3,912,380
Investments	629,753	-	629,753	
Receivables, net				
Property taxes	25,351	-	25,351	
Use charges		6,672,313	6,672,313	1,990,938
Unbilled utility revenue		1,358,145	1,358,145	
Intergovernmental and other	25,914		25,914	3,181,422
Inventory and prepaid items	5,111	2,860,939	2,866,050	9,308
Internal balances	22,673	(22,673)	-	
Due from component units		5,832,136	5,832,136	
Amount held at CMEEC		16,868,007	16,868,007	4,042,413
Restricted cash			-	57,911
Equity investment in component unit		7,622,126	7,622,126	
Capital assets, nondepreciable	3,954,279	15,420,374	19,374,653	194,433
Capital assets, net of accumulated depreciation	16,811,900	126,037,533	142,849,433	10,156,635
Total assets	<u>51,171,958</u>	<u>238,537,762</u>	<u>289,709,720</u>	<u>23,545,440</u>
Deferred Outflows of Resources:				
Deferred charge on refunding		279,536	279,536	
Deferred outflows related to pension	6,178,597	7,277,018	13,455,615	
Deferred outflows related to OPEB	1,370,640	1,609,015	2,979,655	-
Total deferred outflows of resources	<u>7,549,237</u>	<u>9,165,569</u>	<u>16,714,806</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued liabilities	3,813,827	14,031,675	17,845,502	3,923,583
Accrued interest payable	29,616	610,923	640,539	
Unearned revenue	3,685,855	3,303,654	6,989,509	147,536
Noncurrent liabilities:				
Due to primary government			-	170,437
Rate stabilization		14,619,763	14,619,763	4,140,460
Due within one year	531,906	6,170,400	6,702,306	452,400
Due in more than one year	8,550,877	119,910,758	128,461,635	7,088,897
Total liabilities	<u>16,612,081</u>	<u>158,647,173</u>	<u>175,259,254</u>	<u>15,923,313</u>
Deferred Inflows of Resources:				
Deferred inflows related to pension	372,186	438,352	810,538	
Deferred inflows related to OPEB	169,867	1,994,092	2,163,959	-
Total deferred inflows of resources	<u>542,053</u>	<u>2,432,444</u>	<u>2,974,497</u>	<u>-</u>
Net Position:				
Net investment in capital assets	18,526,538	43,025,256	61,551,794	4,250,945
Restricted for:				
Endowment	60,000		60,000	
Other purposes	1,020,075		1,020,075	
Unrestricted	23,489,140	47,041,968	70,531,108	3,371,182
Total Net Position	<u>\$ 43,095,753</u>	<u>\$ 90,067,224</u>	<u>\$ 133,162,977</u>	<u>\$ 7,622,127</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, 2022**

Function/Program Activities	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position			Component Unit Bozrah Light and Power Company
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
General government	\$ (774,271)	\$ 4,215,514	\$	\$	\$ 3,424,084	\$ 3,424,084	\$
Public safety	(3,828,684)	469,118	2,688,256		(671,310)	(671,310)	
Public works	(3,638,067)	1,039	2,859,107	994,946	217,025	217,025	
Parks and recreation	(1,101,053)	245,743			(855,310)	(855,310)	
Interest expense	(70,237)				(70,237)	(70,237)	
Total governmental activities	<u>(9,412,312)</u>	<u>4,931,414</u>	<u>5,530,204</u>	<u>994,946</u>	<u>2,044,252</u>	<u>-</u>	<u>-</u>
Business-type activities:							
Electric	(49,165,926)	59,394,004			10,228,078	10,228,078	
Water	(10,667,771)	11,814,044		999,942	2,146,215	2,146,215	
Sewer	(3,459,640)	3,826,203			366,563	366,563	
Total business-type activities	<u>(63,293,337)</u>	<u>75,034,251</u>	<u>-</u>	<u>999,942</u>	<u>-</u>	<u>12,740,856</u>	<u>-</u>
Total Primary Government	<u>\$ (72,705,649)</u>	<u>\$ 79,965,665</u>	<u>\$ 5,530,204</u>	<u>\$ 1,994,888</u>	<u>2,044,252</u>	<u>12,740,856</u>	<u>14,785,108</u>
Component unit:							
Bozrah Light and Power Company	<u>\$ (23,794,608)</u>	<u>\$ 24,791,411</u>	<u>\$ -</u>	<u>\$ -</u>		<u>-</u>	<u>996,803</u>
General revenues:							
Property taxes					5,058,186	5,058,186	
Grants and contributions not restricted to specific programs					131,822	131,822	
Investment income					5,429	318,103	323,532
Transfers					4,071,140	(4,071,140)	-
Total general revenues and transfers					<u>9,266,577</u>	<u>(3,753,037)</u>	<u>5,513,540</u>
Change in net position					11,310,829	8,987,819	20,298,648
Net Position at Beginning of Year					<u>31,784,924</u>	<u>81,079,405</u>	<u>112,864,329</u>
Net Position at End of Year					<u>\$ 43,095,753</u>	<u>\$ 90,067,224</u>	<u>\$ 133,162,977</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 19,501,381	\$ 4,011,023	\$ 23,512,404
Investments		629,753	629,753
Receivables:			-
Property taxes receivable, net	25,351		25,351
Intergovernmental and other	25,914	-	25,914
Due from other funds	286,824	9,412,249	9,699,073
Inventory of supplies, at cost	5,111		5,111
Total Assets	<u>\$ 19,844,581</u>	<u>\$ 14,053,025</u>	<u>\$ 33,897,606</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 571,839	\$ 715,891	\$ 1,287,730
Due to other funds	9,820,086	299,775	10,119,861
Unearned revenue		3,685,856	3,685,856
Total liabilities	<u>10,391,925</u>	<u>4,701,522</u>	<u>15,093,447</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	27,215		27,215
Total deferred inflows of resources	<u>27,215</u>	<u>-</u>	<u>27,215</u>
Fund balances:			
Nonspendable	-		-
Restricted		1,080,075	1,080,075
Committed	267,525	8,295,081	8,562,606
Assigned	2,600,000		2,600,000
Unassigned	6,557,916	(23,653)	6,534,263
Total fund balances	<u>9,425,441</u>	<u>9,351,503</u>	<u>18,776,944</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,844,581</u>	<u>\$ 14,053,025</u>	<u>\$ 33,897,606</u>

(Continued on next page)

CITY OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 18,776,944
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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	\$ 40,627,888	
Less accumulated depreciation	<u>(19,861,708)</u>	
Net capital assets		20,766,180

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	27,215
Deferred outflows related to pension	6,178,597
Deferred outflows related to OPEB	1,370,640

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

4,691,574

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	(2,105,000)
Teamsters pension plan withdrawal liability	(589,636)
Unamortized premium on bonds payable	(134,641)
Interest payable on bonds	(29,616)
Compensated absences	(1,255,848)
Net pension liability	(2,417,267)
Net OPEB liability	(3,170,027)
Deferred inflows related to pension	(372,186)
Deferred inflows related to OPEB	<u>(169,867)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>41,567,062</u></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, 2022

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 5,060,654	\$	\$ 5,060,654
Intergovernmental revenues	5,797,581	859,391	6,656,972
Charges for services	3,165,472		3,165,472
Income from investments	5,035	395	5,430
Other	1,696,675	74,433	1,771,108
Total revenues	<u>15,725,417</u>	<u>934,219</u>	<u>16,659,636</u>
Expenditures:			
Current:			
General government	2,468,344	1,249	2,469,593
Public safety	8,929,607	14,250	8,943,857
Public works	4,174,088		4,174,088
Parks and recreation	1,312,322		1,312,322
Debt service:			
Principal retirement	270,000		270,000
Interest and other charges	85,838		85,838
Capital outlay	257,245	1,722,111	1,979,356
Total expenditures	<u>17,497,444</u>	<u>1,737,610</u>	<u>19,235,054</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,772,027)</u>	<u>(803,391)</u>	<u>(2,575,418)</u>
Other Financing Sources (Uses):			
Transfers in from other funds	4,086,140	2,271,447	6,357,587
Transfers out to other funds	<u>(2,271,447)</u>	<u>(15,000)</u>	<u>(2,286,447)</u>
Total other financing sources	<u>1,814,693</u>	<u>2,256,447</u>	<u>4,071,140</u>
Net Change in Fund Balances	42,666	1,453,056	1,495,722
Fund Balances at Beginning of Year	<u>9,382,775</u>	<u>7,898,447</u>	<u>17,281,222</u>
Fund Balances at End of Year	<u>\$ 9,425,441</u>	<u>\$ 9,351,503</u>	<u>\$ 18,776,944</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, 2022

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,495,722
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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	1,345,003
Depreciation expense	(865,850)

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

Net pension assets	
Property taxes collected after 60 days	(2,468)
Deferred outflows related to Pension	6,178,597
Deferred outflows related to OPEB	1,370,640

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	270,000
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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	3,361
Change in long-term compensated absences	(17,154)
Change in net pension liability	(8,262,492)
Change in net OPEB liability	(414,944)
Deferred inflows related to pension	1,320,618
Deferred inflows related to OPEB	85,331

The net revenue of the internal service funds is reported with governmental activities.	<u>(110,495)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 2,408,109</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, 2022**

	Business-Type Activities				Governmental Activities
	Major Funds		Non-Major Fund	Total Enterprise Funds	Internal Service Fund
	Electric Department	Water Department	Sewer Department		
Assets:					
Current assets:					
Cash and cash equivalents	\$ 39,584,109	\$ 10,372,147	\$ 5,932,606	\$ 55,888,862	\$ 6,184,573
Accounts receivable, net	5,594,876	911,752	165,685	6,672,313	
Unbilled utility revenue	1,358,145			1,358,145	
Due from other funds	65,858	2,811,422	3,419,229	6,296,509	377,603
Prepaid items	135,653	129,872	13,278	278,803	
Inventory	2,083,490	468,779	19,571	2,571,840	
Other current assets	10,296			10,296	
Total current assets	48,832,427	14,693,972	9,550,369	73,076,768	6,562,176
Noncurrent assets:					
Amounts held at CMEEC	16,868,007			16,868,007	
Equity in joint venture investments	7,622,126			7,622,126	
Due from component units	5,832,136			5,832,136	
Total noncurrent assets	30,322,269	-	-	30,322,269	-
Capital assets (net of accumulated depreciation):					
Land and land rights	704,844	2,135,644	632,454	3,472,942	
Construction in progress	8,975,483	2,315,178	656,771	11,947,432	
Buildings and improvements	452,255	33,512,245	6,225,030	40,189,530	
Station equipment	7,327,306			7,327,306	
Electric distribution system	21,857,530			21,857,530	
Plant and pumping stations		30,578,808	435,095	31,013,903	
Water distribution system		22,704,795		22,704,795	
Machinery and equipment	1,521,083	627,090	67,325	2,215,498	
Vehicles	494,337	112,818	121,816	728,971	
Total capital assets, net	41,332,838	91,986,578	8,138,491	141,457,907	-
Total noncurrent and capital assets	71,655,107	91,986,578	8,138,491	171,780,176	-
Deferred Outflows of Resources:					
Deferred charge on refunding	226,276	53,260		279,536	
Deferred outflows related to pension	4,366,210	2,183,105	727,703	7,277,018	
Deferred outflows related to OPEB	983,287	476,745	148,983	1,609,015	
Total deferred outflows of resources	5,575,773	2,713,110	876,686	9,165,569	-
Total assets and deferred outflows of resources	126,063,307	109,393,660	18,565,546	254,022,513	6,562,176
Liabilities:					
Current liabilities:					
Accounts payable	8,637,137	1,749,647	705,543	11,092,327	400,999
Accrued payroll and compensated absences	552,310	336,695	92,261	981,266	
Accrued taxes	429,887	38,349	48,819	517,055	
Accrued interest payable	280,337	330,586		610,923	
Accrued expenses	2,969,668	5,301	1,519	2,976,488	
Unearned revenue		5,500	-	5,500	
Due to other funds	6,203,046	27,400	22,878	6,253,324	
G.O. bonds and BANs, current portion	4,713,400	887,000	570,000	6,170,400	
Customer deposits payable	3,298,154			3,298,154	
Total current liabilities	27,083,939	3,380,478	1,441,020	31,905,437	400,999
Noncurrent liabilities:					
Rate stabilization	14,619,763			14,619,763	
G.O. bonds and notes payable, net of premium and deferred amounts	39,880,200	49,710,000	9,460,000	99,050,200	
Unamortized premium	2,504,756	821,892	704,415	4,031,063	
Net pension liability	5,838,830	2,919,415	973,140	9,731,385	
Net OPEB liability	2,274,152	1,102,619	344,568	3,721,339	
Total noncurrent liabilities	65,117,701	54,553,926	11,482,123	131,153,750	-
Total liabilities	92,201,640	57,934,404	12,923,143	163,059,187	400,999
Deferred Inflows of Resources:					
Deferred outflows related to pension	263,011	131,506	43,835	438,352	
Deferred outflows related to OPEB	1,218,612	590,842	184,638	1,994,092	
Total deferred outflows of resources	1,481,623	722,348	228,473	2,432,444	-
Net Position:					
Investment in capital assets	1,368,494	40,567,686	1,089,076	43,025,256	
Unrestricted	31,011,550	10,169,222	4,391,593	45,572,365	6,161,177
Total Net Position	\$ 32,380,044	\$ 50,736,908	\$ 5,480,669	\$ 88,597,621	\$ 6,161,177
Adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				1,469,603	
Net position of business-type activities				\$ 90,067,224	

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, 2022**

	Business-Type Activities			Governmental	
	Major Funds		Non-Major Fund	Activities	
	Electric Department	Water Department	Sewer Department	Total Enterprise Funds	
				Internal Service Fund	
Operating Revenues	\$ 59,394,004	\$ 11,814,044	\$ 3,826,203	\$ 75,034,251	\$ 5,921,268
Operating Expenses:					
Direct expenses:					
Purchased power	33,366,138			33,366,138	
Other	3,828,268	3,978,091	2,949,080	10,755,439	
Overhead expenses:					
Customer account	2,164,867	583,651	157,267	2,905,785	
Administrative and general	5,578,958	4,106,702		9,685,660	
Claims and administration					5,189,146
Taxes	2,049,148	373,331	81,449	2,503,928	
Depreciation	2,178,547	1,625,996	271,844	4,076,387	
Total operating expenses	49,165,926	10,667,771	3,459,640	63,293,337	5,189,146
Operating Income (Loss)	10,228,078	1,146,273	366,563	11,740,914	732,122
Nonoperating Revenues (Expenses):					
Capital grant		999,942		999,942	
Investment income	379,479	5,823	541	385,843	1,172
Interest expense	(832,215)	(485,539)	(168,473)	(1,486,227)	
Equity in learnings (losses) on investments	1,418,487			1,418,487	
Total nonoperating revenues (expenses)	965,751	520,226	(167,932)	1,318,045	1,172
Income Before Transfers	11,193,829	1,666,499	198,631	13,058,959	733,294
Transfers In				-	
Transfers Out	(4,071,140)			(4,071,140)	
Change in Net Position	7,122,689	1,666,499	198,631	8,987,819	733,294
Net Position at Beginning of Year	25,257,355	49,070,409	5,282,038	79,609,802	5,427,883
Net Position at End of Year	\$ 32,380,044	\$ 50,736,908	\$ 5,480,669	\$ 88,597,621	\$ 6,161,177
Prior year adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				625,814	
Current year adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				843,789	
Total adjustment to reflect the consolidation of internal service fund activities related to proprietary funds:				1,469,603	
Change in net position of business-type activities				\$ 90,067,224	

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, 2022**

	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	\$ 54,286,396	\$ 11,785,609	\$ 3,875,105	\$ 69,947,110	\$
Payments to suppliers for goods and services	(39,746,532)	(6,883,611)	(2,164,773)	(48,794,916)	
Payments to employees for services	2,278,329	(3,449,548)	(561,205)	(1,732,424)	
Cash received from premiums				-	5,921,268
Cash paid for claims				-	(4,211,703)
Payments for interfund services used				-	(963,351)
Net cash provided by (used in) operating activities	<u>16,818,193</u>	<u>1,452,450</u>	<u>1,149,127</u>	<u>19,419,770</u>	<u>746,214</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans	5,741,365	(5,736,778)	3,572	8,159	
Amount held at CMEEC	2,657,607			2,657,607	
Transfers out to other funds	(4,071,140)			(4,071,140)	
Net cash provided by (used in) noncapital financing activities	<u>4,327,832</u>	<u>(5,736,778)</u>	<u>3,572</u>	<u>(1,405,374)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	5,657,313	(75,758)	4,599,351	10,180,906	
Payments Bozrah Light and Power	(2,734,293)			(2,734,293)	
Repayment of CMEEC loan	(200,400)			(200,400)	
Net proceeds/loans to/from Bozrah Light and Power				-	
Capital grants		999,942		999,942	
Principal paid on general obligation bonds and equipment contracts	(3,598,000)	(647,000)	(325,000)	(4,570,000)	
Debt proceeds		2,936,637		2,936,637	
Interest paid on general obligation bonds, BANs and equipment contracts	(832,215)	(485,539)	(168,473)	(1,486,227)	
Additions to property, plant and equipment				-	
Net cash provided by (used in) capital and related financing activities	<u>(1,707,595)</u>	<u>2,728,282</u>	<u>4,105,878</u>	<u>5,126,565</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>379,479</u>	<u>5,823</u>	<u>541</u>	<u>385,843</u>	<u>1,172</u>
Net cash provided by (used in) investing activities	<u>379,479</u>	<u>5,823</u>	<u>541</u>	<u>385,843</u>	<u>1,172</u>
Net Increase (Decrease) in Cash and Cash Equivalents	19,817,909	(1,550,223)	5,259,118	23,526,804	747,386
Cash and Cash Equivalents at Beginning of Year	<u>19,766,200</u>	<u>11,922,370</u>	<u>673,488</u>	<u>32,362,058</u>	<u>5,437,187</u>
Cash and Cash Equivalents at End of Year	<u>\$ 39,584,109</u>	<u>\$ 10,372,147</u>	<u>\$ 5,932,606</u>	<u>\$ 55,888,862</u>	<u>\$ 6,184,573</u>
Schedule of noncash, noncapital and related financing activities:					
Equity earnings/loss in joint venture investments	<u>\$ 1,418,487</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,418,487</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	<u>\$ 10,228,078</u>	<u>\$ 1,146,273</u>	<u>\$ 366,563</u>	<u>\$ 11,740,914</u>	<u>\$ 732,122</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	2,178,547	1,625,996	271,844	4,076,387	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,407,807)	(33,935)	48,902	(1,392,840)	
(Increase) decrease in due from other governments				-	
(Increase) decrease in inventory	(360,606)	(268,789)		(629,395)	
(Increase) decrease in prepaid items	(34,548)	(445)	(4,397)	(39,390)	
(Increase) decrease in net pension asset		474,109	-	474,109	
Increase (decrease) in due from other funds				-	(123,907)
Increase (decrease) Deferred outflows/inflows related to pension/OPEB	401,800	(3,482,202)	(1,153,128)	(4,233,530)	
(Increase) decrease in unbilled utility revenue	(164,444)			(164,444)	
Increase (decrease) in unearned revenue	(598,753)	5,500	-	(593,253)	
Increase (decrease) in accounts payable and accrued items	3,376,023	(1,077,801)	601,101	2,899,323	
Increase (decrease) in due to other funds				-	
Increase (decrease) rate stabilization	(2,936,604)			(2,936,604)	
Increase (decrease) net pension liability	5,838,830	2,919,415	973,140	9,731,385	
Increase (decrease) net OPEB obligation	297,677	144,329	45,102	487,108	
Increase (decrease) in claims payable				-	137,999
Total adjustments	<u>6,590,115</u>	<u>306,177</u>	<u>782,564</u>	<u>7,678,856</u>	<u>14,092</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 16,818,193</u>	<u>\$ 1,452,450</u>	<u>\$ 1,149,127</u>	<u>\$ 19,419,770</u>	<u>\$ 746,214</u>

The accompanying notes are an integral part of the financial statements

**CITY OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022**

	Pension and OPEB Trust Funds
Assets:	
Cash	\$ 10,372,170
Investments, at fair value:	
U.S. government bonds	14,913,842
Mortgage backed securities	3,924,984
Collateralized mortgage obligations	693,828
Fixed Income - non-profit	77,523
Partnerships	2,982,846
Corporate bonds	4,413,975
Foreign bonds	939,339
Common stocks	9,579,929
Foreign stocks	-
Mutual funds:	
Equities and related securities	45,269,784
Fixed income	6,702,150
Total investments	<u>89,498,200</u>
Due from other funds	-
Accrued interest	<u>107,721</u>
Total assets	99,978,091
Liabilities:	
Pending purchases	<u>4,625,696</u>
Net Position:	
Restricted for Pension and OPEB Benefits	<u>\$ 95,352,395</u>

**CITY OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Pension and OPEB Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 3,345,420
Plan members	1,051,668
Total contributions	<u>4,397,088</u>
Investment earnings:	
Net change in fair value of investments	(20,950,170)
Interest and dividends	3,616,796
Total investment earnings	<u>(17,333,374)</u>
Less investment expenses:	
Investment management fees	95,067
Net investment earnings	<u>(17,428,441)</u>
Total additions	<u>(13,031,353)</u>
Deductions:	
Benefits	6,151,221
Administrative expense	25,943
Total deductions	<u>6,177,164</u>
Change in Net Position	(19,208,517)
Net Position at Beginning of Year	<u>114,560,912</u>
Net Position at End of Year	<u>\$ 95,352,395</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America (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, 2022. 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

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Additionally, the City reports the following other fund types:

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

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, 2022**

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 uncollectible of approximately \$7,000, \$150,000 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

**CITY OF GROTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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).

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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, 2022, 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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."

**CITY OF GROTON, CONNECTICUT
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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 June 30, 2023.

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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, 2022	\$ 18,253,086	\$ 18,240,203	\$ 12,883
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	<u>(45,000)</u>	<u>(74,783)</u>	<u>29,783</u>
Balance, GAAP basis, for year ended June 30, 2022	<u>\$ 18,208,086</u>	<u>\$ 18,165,420</u>	<u>\$ 42,666</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, 2022, 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

C. Expenditures in Excess of Appropriations

At June 30, 2022, the City over expended the following line items in their budget:

	<u>Final Appropriations</u>	<u>Expenditures, Encumbrances and Other Financing Uses</u>	<u>Balance Overexpended</u>
General Government			
Mayor's office	\$ 465,781	\$ 406,390	\$ (59,391)
Human Resources	359,184	344,039	(15,145)
Civil preparedness	11,459		(4,358)
Public Safety			
Supervision	231,784	220,394	(11,390)
Criminal investigation	373,566	327,532	(46,034)
Criminal investigation	4,825,313	4,938,291	112,978
Police training	82,500	93,460	10,960
Public Works			
Snow removal	103,678	109,999	6,321
Parks and Recreation			
Supervision and general expenditures	319,505	313,122	(6,383)

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
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

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* \$94,461,228 of the City's bank balance of \$95,836,623 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 84,890,105
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>9,571,123</u>
Total Amount Subject to Custodial Risk	<u>\$ 94,461,228</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, 2022 and 2021, \$3,730,000 and approximately \$2,090,000 of the Company's bank balance of \$3,980,000 and approximately \$2,340,000 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, 2022, the cash equivalent amounted to \$4,627,268. 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 & Poor's</u>
State of Connecticut Short-Term Investment Fund (STIF)	AAAm
Wells Fargo	*

* Not Rated

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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	\$ 15,023,583	\$ 89,906	\$ 12,237,810	\$ 2,695,867
Mortgage Backed Securities	3,924,984	-	57,780	3,867,204
Collateralized Mortgage Obligations	693,828		265,382	428,446
Corporate Bonds	<u>4,453,306</u>	<u>6,156</u>	<u>2,805,202</u>	<u>1,641,948</u>
Total	24,095,701	<u>\$ 96,062</u>	<u>\$ 15,366,174</u>	<u>\$ 8,633,465</u>
Other investments:				
Mutual Funds	\$ 52,042,318			
Common Stock	9,990,226			
Foreign Stock	939,339			
Fixed Income - Non Profit	77,523			
Partnerships	<u>2,982,846</u>			
Total Investments	<u>\$ 90,127,953</u>			

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

<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>
Aaa	\$ 171,238	\$ 15,023,583		\$ 279,677	\$
Aa1				118,184	
Aa2	6,216				
Aa3					
A1					
A2	934,403				
A3	846,974				
Baa1	513,664				
Baa2	749,105				
Baa3	951,994				
B1	40,120				
Unrated	239,592		3,924,984	295,967	77,523
	<u>\$ 4,453,306</u>	<u>\$ 15,023,583</u>	<u>\$ 3,924,984</u>	<u>\$ 693,828</u>	<u>\$ 77,523</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 4% 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, 2022:

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

	<u>June 30, 2022</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government Bonds	\$ 15,023,583	\$	\$ 15,023,583	\$
Corporate Bonds	4,453,306		4,453,306	
Fixed Income - Non Profit	77,523		77,523	
Collateralized Mortgage Obligations	693,828	693,828		
Mortgage Backed Securities	3,924,984		3,924,984	
Foreign Stock	939,339	939,339		
Common Stock	9,990,226	9,990,226		
Mutual Funds	52,042,318	52,042,318		
Total Investments by Fair Value Level	\$ <u>87,145,107</u>	\$ <u>63,665,711</u>	\$ <u>23,479,396</u>	\$ <u>-</u>
Investments Measured at Net Asset Value (NAV):				
Partnerships	<u>2,982,846</u>			
Total Investments	\$ <u>90,127,953</u>			

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, 2022 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:

	<u>General</u>	<u>Electric Department</u>	<u>Water Department</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Accounts receivable	\$	\$ 5,744,876	\$ 914,205	\$ 165,685	\$ 6,824,766
Property taxes	32,351				32,351
Other receivables	25,914	1,358,145			1,384,059
Less allowance for uncollectible accounts	<u>(7,000)</u>	<u>(150,000)</u>	<u>(2,453)</u>		<u>(159,453)</u>
Net Accounts Receivable	\$ <u>51,265</u>	\$ <u>6,953,021</u>	\$ <u>911,752</u>	\$ <u>165,685</u>	\$ <u>8,081,723</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The balances reflected as due from/to other funds at June 30, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Enterprise Fund	\$ 14,951
General Fund	Non-Major Governmental Funds	264,151
General Fund	Electric Department	5,148
General Fund	Water Department	2,574
Electric Department	Water Department	-
Electric Department	General Fund	65,857
Water Department	Non-Major Enterprise Fund	7,927
Water Department	Electric Department	2,803,495
Non-Major Enterprise Fund	Electric Department	3,394,403
Non-Major Enterprise Fund	Water Department	24,826
Internal Service Fund	General Fund	377,603
Pension and OPEB Trust Funds	General Fund	-
Non-Major Governmental Funds	General Fund	<u>9,412,249</u>
Total		\$ <u>16,373,184</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	\$	\$ 2,271,447	\$ 2,271,447
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>2,271,447</u>	\$ <u>6,357,587</u>

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

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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	12,528	784,948		(163,440)	634,036
Total capital assets not being depreciated	<u>3,169,331</u>	<u>784,948</u>	<u>-</u>	<u>(163,440)</u>	<u>3,790,839</u>
Capital assets being depreciated:					
Land improvements	1,508,258	84,625			1,592,883
Buildings and improvements	8,857,436	136,687		163,440	9,157,563
Machinery and equipment	1,572,646				1,572,646
Vehicles	5,992,972	338,743			6,331,715
Infrastructure	18,182,242				18,182,242
Total capital assets being depreciated	<u>36,113,554</u>	<u>560,055</u>	<u>-</u>	<u>163,440</u>	<u>36,837,049</u>
Less accumulated depreciation for:					
Land improvements	656,944	43,983			700,927
Buildings and improvements	4,503,173	222,576			4,725,749
Machinery and equipment	1,398,427	20,654			1,419,081
Vehicles	4,115,179	291,785			4,406,964
Infrastructure	8,322,135	286,852			8,608,987
Total accumulated depreciation	<u>18,995,858</u>	<u>865,850</u>	<u>-</u>	<u>-</u>	<u>19,861,708</u>
Total capital assets being depreciated, net	<u>17,117,696</u>	<u>(305,795)</u>	<u>-</u>	<u>163,440</u>	<u>16,975,341</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,287,027</u>	<u>\$ 479,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,766,180</u>
	<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	62,630,776	24,178,910	74,862,253		11,947,433
Total capital assets not being depreciated	<u>66,103,717</u>	<u>24,178,910</u>	<u>74,862,253</u>	<u>-</u>	<u>15,420,374</u>
Capital assets being depreciated:					
Buildings and improvements	19,803,361	31,126,282			50,929,643
Station equipment	22,836,691	293,885			23,130,576
Electric distribution system	45,673,807	2,006,000	153,826		47,525,981
Plant and pumping stations	13,521,090	28,354,891			41,875,981
Water distribution system	29,935,914	4,515,074	34,500		34,416,488
Machinery and equipment	9,757,183	456,926			10,214,109
Vehicles	4,848,034	66,445	39,307		4,875,172
Total capital assets being depreciated	<u>146,376,080</u>	<u>66,819,503</u>	<u>227,633</u>	<u>-</u>	<u>212,967,950</u>
Less accumulated depreciation for:					
Buildings and improvements	10,142,133	597,979			10,740,112
Station equipment	15,354,840	448,430			15,803,270
Electric distribution system	24,566,085	1,224,023	121,655		25,668,453
Plant and pumping stations	10,322,322	539,756			10,862,078
Water distribution system	11,111,470	567,981	34,500		11,644,951
Machinery and equipment	7,601,843	396,766			7,998,609
Vehicles	3,884,056	301,452	39,307		4,146,201
Total accumulated depreciation	<u>82,982,749</u>	<u>4,076,387</u>	<u>195,462</u>	<u>-</u>	<u>86,863,674</u>
Total capital assets being depreciated, net	<u>63,393,331</u>	<u>62,743,116</u>	<u>32,171</u>	<u>-</u>	<u>126,104,276</u>
Business-Type Activities Capital Assets, Net	<u>\$ 129,497,048</u>	<u>\$ 86,922,026</u>	<u>\$ 74,894,424</u>	<u>\$ -</u>	<u>\$ 141,524,650</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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

General government	\$ 103,082
Public safety	182,839
Public works	485,093
Recreation	<u>94,836</u>
Total Depreciation Expense - Governmental Activities	\$ <u><u>865,850</u></u>
Business-type activities:	
Electric department	\$ 2,178,547
Water system	1,625,996
Sewer system	<u>271,844</u>
Total Depreciation Expense - Business-Type Activities	\$ <u><u>4,076,387</u></u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Discretely Presented Component Unit

Activity for Bozrah Light and Power Company for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land and land rights	\$ 67,706	\$	\$	\$	\$ 67,706
Intangibles	4,711				4,711
Construction in progress	380,160	565,252	823,395		122,017
Total capital assets not being depreciated	<u>452,577</u>	<u>565,252</u>	<u>823,395</u>	<u>-</u>	<u>194,434</u>
Capital assets being depreciated:					
Buildings and improvements	390,615				390,615
Electric distribution system	18,375,730	672,097	43,422		19,004,405
Machinery and equipment	485,050				485,050
Vehicles	706,153				706,153
Total capital assets being depreciated	<u>19,957,548</u>	<u>672,097</u>	<u>43,422</u>	<u>-</u>	<u>20,586,223</u>
Less accumulated depreciation for:					
Buildings and improvements	317,540	7,489			325,029
Electric distribution system	8,616,015	568,020	43,422		9,140,613
Machinery and equipment	437,254	8,496			445,750
Vehicles	471,253	46,944			518,197
Total accumulated depreciation	<u>9,842,062</u>	<u>630,949</u>	<u>43,422</u>	<u>-</u>	<u>10,429,589</u>
Total capital assets being depreciated, net	<u>10,115,486</u>	<u>41,148</u>	<u>-</u>	<u>-</u>	<u>10,156,634</u>
Total Capital Assets, Net	<u>\$ 10,568,063</u>	<u>\$ 606,400</u>	<u>\$ 823,395</u>	<u>\$ -</u>	<u>\$ 10,351,068</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, 2022:

	<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%	\$ 460,000	\$	\$ 115,000	\$ 345,000	\$ 115,000
General	3,115,000	4/18/13	4/1/33	3.00-5.00%	1,915,000		155,000	1,760,000	160,000
Total					<u>2,375,000</u>	<u>-</u>	<u>270,000</u>	<u>2,105,000</u>	<u>275,000</u>
Premiums					146,881		12,240	134,641	12,240
Total bonds payable					<u>2,521,881</u>	<u>-</u>	<u>282,240</u>	<u>2,239,641</u>	<u>287,240</u>
Compensated absences					1,238,694	933,129	915,975	1,255,848	256,906
Net pension liability					-	8,262,492		8,262,492	
Net OPEB liability					2,755,083	414,944		3,170,027	
Heart and Hypertension					-			-	
Total Governmental Activities Long-Term Liabilities					<u>\$ 6,515,658</u>	<u>\$ 9,610,565</u>	<u>\$ 1,198,215</u>	<u>\$ 14,928,008</u>	<u>\$ 544,146</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Business-Type Activities

The following table summarizes changes in the City's business-type activities' long-term liabilities for the year ended June 30, 2022:

	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Electric:									
Bonds payable:									
Electric bonds	\$ 5,640,000	10/8/09	\$ 7/15/22	\$ 1.75-5.00%	\$ 965,000	\$	\$ 485,000	\$ 480,000	\$ 480,000
Electric bonds	5,800,000	10/1/09	10/1/29	1.75-5.00%	2,610,000		290,000	2,320,000	290,000
Electric bonds	1,845,000	4/18/13	4/1/33	3.00-5.00%	1,085,000		90,000	995,000	90,000
Electric bonds	4,300,000	7/9/14	10/1/27	1.00-5.00%	2,325,000		405,000	1,920,000	405,000
Electric bonds	9,158,000	10/4/17	10/1/37	2.25-5.00%	7,784,500		458,500	7,326,000	458,500
Electric bonds	15,200,000	6/30/22	4/1/42	4.00-5.00%	-	15,200,000		15,200,000	760,000
Electric bonds BLP	1,284,000	10/4/17	10/1/37	2.25-5.00%	1,091,500		64,500	1,027,000	64,500
Electric bonds BLP	3,000,000	6/30/22	4/1/42	4.00-5.00%	-	3,000,000		3,000,000	150,000
Telecommunication	13,875,000	4/18/13	2/1/29	3.00-5.00%	7,835,000		950,000	6,885,000	975,000
Telecommunication	5,520,000	7/9/14	10/1/27	1.00-5.00%	3,400,000		480,000	2,920,000	475,000
Telecommunication	3,595,000	7/9/14	10/1/27	1.00-5.00%	1,100,000		375,000	725,000	365,000
Total					28,196,000	18,200,000	3,598,000	42,798,000	4,513,000
Premiums					1,715,305	1,030,748	241,297	2,504,756	
Total bonds payable					29,911,305	19,230,748	3,839,297	45,302,756	4,513,000
Note payable					1,996,000		200,400	1,795,600	200,400
Net pension liability					-	5,838,830		5,838,830	
Net OPEB liability					1,976,475	297,677		2,274,152	
Total Electric Long-Term Liabilities					33,883,780	25,367,255	4,039,697	55,211,338	4,713,400
Water:									
Bonds payable:									
Water bonds	1,656,000	10/8/09	7/15/22	1.75-5.00%	140,000		70,000	70,000	70,000
Water bonds	2,460,000	4/18/13	4/1/33	3.00-5.00%	1,460,000		125,000	1,335,000	120,000
Water bonds	1,755,000	7/9/14	10/1/27	1.00-5.00%	950,000		175,000	775,000	170,000
Water bonds	5,525,000	10/4/17	10/1/37	2.25-5.00%	4,694,000		277,000	4,417,000	277,000
Water bonds	1,500,000	6/30/22	4/1/42	4.00-5.00%	-	1,500,000		1,500,000	75,000
Water bonds	3,500,000	6/30/22	4/1/42	4.00-5.00%	-	3,500,000		3,500,000	175,000
Total					7,244,000	5,000,000	647,000	11,597,000	887,000
Premiums					524,855	339,062	42,025	821,892	
Total bonds payable					7,768,855	5,339,062	689,025	12,418,892	887,000
Net pension liability					-	2,919,415		2,919,415	
Net OPEB liability					958,290	144,329		1,102,619	
DWSRF Interim Loan					36,063,363	2,936,637		39,000,000	
Total Water Long-Term Liabilities					44,790,508	11,339,443	689,025	55,440,926	887,000
Sewer:									
Bonds payable:									
Sewer	460,000	4/18/13	4/1/33	3.00-5.00%	260,000		25,000	235,000	25,000
Sewer treatment	5,998,000	10/4/17	10/1/37	2.25-5.00%	5,100,000		300,000	4,800,000	300,000
Sewer treatment	4,995,000	6/30/22	4/1/42	4.00-5.00%	-	4,995,000		4,995,000	245,000
Total					5,360,000	4,995,000	325,000	10,030,000	570,000
Premiums					389,112	338,724	23,421	704,415	
Total bonds payable					5,749,112	5,333,724	348,421	10,734,415	570,000
Net pension liability					-	973,140		973,140	

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

The annual requirements to amortize all bonded debt outstanding as of June 30, 2022 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities Enterprise Funds</u>						<u>Total Payments</u>	
	<u>General Fund</u>		<u>Electric</u>		<u>Water</u>		<u>Sewer</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>		
2023	\$ 275,000	\$ 73,775	\$ 4,513,000	\$ 1,391,614	\$ 887,000	\$ 418,293	\$ 570,000	\$ 360,817	\$ 6,245,000	\$ 2,244,499
2024	275,000	62,325	4,049,000	1,387,803	806,000	436,250	575,000	391,075	5,705,000	2,277,453
2025	275,000	51,900	3,679,000	1,223,343	806,000	397,150	575,000	362,575	5,335,000	2,034,968
2026	160,000	43,200	3,679,000	1,069,255	816,000	358,750	570,000	334,075	5,225,000	1,805,280
2027	160,000	36,800	3,464,000	927,918	711,000	323,250	570,000	305,775	4,905,000	1,593,743
2028-2032	800,000	104,200	11,115,000	3,124,990	3,295,000	1,199,045	2,850,000	1,163,325	18,060,000	5,591,560
2033-2037	160,000	5,200	8,450,000	1,621,113	2,750,000	603,650	2,770,000	613,150	14,130,000	2,843,113
2038-2042			3,849,000	478,228	1,526,000	159,625	1,550,000	160,000	6,925,000	797,853
	<u>\$ 2,105,000</u>	<u>\$ 377,400</u>	<u>\$ 42,798,000</u>	<u>\$ 11,224,263</u>	<u>\$ 11,597,000</u>	<u>\$ 3,896,013</u>	<u>\$ 10,030,000</u>	<u>\$ 3,690,792</u>	<u>\$ 66,530,000</u>	<u>\$ 19,188,468</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 \$1,996,000. 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, 2022 was as follows:

<u>Date Issued</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
9/29/2017	2.00%	\$ 36,063,363	\$ 2,936,637	\$	\$ 39,000,000

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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	\$ 11,292,021	\$ 2,959,189	\$ 8,332,832
Sewers	18,820,035	10,030,000	8,790,035

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$35,515,235.

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, 2022, the City had authorized but unissued debt as follows:

<u>Description:</u>	<u>Bonds Authorized</u>	<u>Cumulative Bonded Rescinded 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

FUND BALANCE

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

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Inventory	\$ 0	\$	\$ 0
Restricted for:			
Public safety		81,298	81,298
Public works		937,107	937,107
Capital outlay		61,670	61,670
	<u>-</u>	<u>1,080,075</u>	<u>1,080,075</u>
Committed to:			
General government	267,525		267,525
Public works		8,295,081	8,295,081
	<u>267,525</u>	<u>8,295,081</u>	<u>8,562,606</u>
Assigned to:			
Subsequent year's budget	<u>2,600,000</u>		<u>2,600,000</u>
Unassigned			
General government	6,557,916		6,557,916
Public works		(23,653)	(23,653)
	<u>6,557,916</u>	<u>(23,653)</u>	<u>6,534,263</u>
Total Fund Balances	<u>\$ 9,425,441</u>	<u>\$ 9,351,503</u>	<u>\$ 18,776,944</u>

8. 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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	40	30	15	70	155
Inactive employees entitled to, but not yet receiving benefits	7	6	3	17	33
Active employees	43	25	14	120	202
Total Participants	<u>90</u>	<u>61</u>	<u>32</u>	<u>207</u>	<u>390</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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JUNE 30, 2022**

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, 2022, and the final investment return assumption, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
U.S. Large Cap Core Equity	20.50 %	5.00 %	1.03 %
U.S. Mid Cap Core Equity	7.50	5.30	0.40
U.S. Small Cap Core Equity	6.00	5.30	0.32
Non-US Developed Large Cap Equity	13.00	6.40	0.83
Emerging Market Equity	9.00	7.70	0.69
US Real Estate	5.00	4.90	0.25
MLPs	3.00	3.30	0.10
Infrastructure Core	3.00	1.80	0.05
Intermediate Taxable Fixed Income	27.50	2.30	0.63
High-Yield Taxable Fixed Income	3.50	4.05	0.14
Cash Equivalents	2.00	0.05	-
Total	<u>100.00 %</u>		4.44 %
Long-Term Inflation Expectation			<u>2.40 %</u>
Long-Term Expected Nominal Return			<u>6.84 %</u>

Money-Weighted Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 26.71%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changes in amounts actually invested.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Discount Rate Calculation

The discount rate used to measure the total pension liability at June 30, 2022 was 6.75%. 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, 2022, are as follows:

Total pension liability	\$	104,189,738
Plan fiduciary net position		<u>86,195,861</u>
Net pension liability	\$	<u><u>17,993,877</u></u>
Plan fiduciary net position as a percentage of the total pension liability		82.73%
Covered payroll	\$	16,191,514
Net pension liability as a % of covered payroll		111.13%

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2021	\$ 101,275,697	\$ 104,197,881	\$ (2,922,184)
Changes for the year:			
Service cost	2,105,980		2,105,980
Interest on total pension liability	6,793,207		6,793,207
Differences between expected and actual experience	(382,846)		(382,846)
Changes in assumptions	173,726		173,726
Changes in benefit terms	(201,846)		(201,846)
Employer contributions		2,197,219	(2,197,219)
Member contributions		1,051,668	(1,051,668)
Net investment income		(15,656,727)	15,656,727
Benefit payments, including refund to employee contributions	(5,574,180)	(5,574,180)	-
Administrative expenses		(20,000)	20,000
Net changes	<u>2,914,041</u>	<u>(18,002,020)</u>	<u>20,916,061</u>
Balances as of June 30, 2022	<u>\$ 104,189,738</u>	<u>\$ 86,195,861</u>	<u>\$ 17,993,877</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 (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability (Asset)	\$ 30,398,312	\$ 17,993,877	\$ 7,587,149

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

For the year ended June 30, 2022, the City recognized pension expense of \$62,594.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience	\$ 48,471	\$ (810,538)	\$ (762,067)
Changes of assumptions	3,127,914		3,127,914
Net difference between projected and actual earning on pension plan investments	<u>10,279,230</u>	<u>-</u>	<u>10,279,230</u>
Total	<u>\$ 13,455,615</u>	<u>\$ (810,538)</u>	<u>\$ 12,645,077</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

2023	\$ 2,959,315
2024	2,871,904
2025	1,772,686
2026	4,983,254
2027	64,664
Thereafter	(6,746)

9. 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:

	<u>City</u>	<u>Police</u>	<u>Fire</u>	<u>Utilities</u>	<u>Total</u>
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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 26.78%.

Net OPEB Liability of the City

The City’s net OPEB liability was measured as of June 30, 2022. The components of the net OPEB liability of the City at June 30, 2022, were as follows:

Total OPEB liability	\$ 16,047,901
Plan fiduciary net position	<u>9,156,535</u>
Net OPEB Liability	<u>\$ 6,891,366</u>
Plan fiduciary net position as a percentage of the total OPEB liability	57.06%
Covered payroll	\$ 16,791,082
Net OPEB liability as a % of covered payroll	41.04%

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022, 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	21.50	%	5.00	%	1.08	%
U.S. Mid Cap Core Equity	8.00		5.30		0.42	
U.S. Small Cap Core Equity	6.50		5.30		0.34	
Developed International Equity	15.00		6.40		0.96	
Emerging Market International Equity	9.00		7.70		0.69	
US REITs	5.00		4.90		0.25	
Intermediate Corporate Fixed Income	15.50		2.30		0.36	
Intermediate Government Fixed Income	15.50		1.80		0.28	
High Yield Bonds	4.00		4.05		0.16	
Total	100.00	%			4.54	
Long-Term Inflation Expectation					2.75	
Long-Term Expected Nominal Return					7.29	%

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2021	\$ 16,352,345	\$ 10,363,031	\$ 5,989,314
Changes for the year:			
Service cost	549,202		549,202
Interest on total pension liability	1,148,005		1,148,005
Differences between expected and actual experience	(1,241,950)		(1,241,950)
Changes in assumptions	1,048,373		1,048,373
Changes in benefit terms	(787,888)		(787,888)
Employer contributions		1,591,346	(1,591,346)
Net investment income		(1,777,656)	1,777,656
Benefit payments, including refund to employee contributions	(1,020,186)	(1,020,186)	-
Administrative expenses			-
Net changes	<u>(304,444)</u>	<u>(1,206,496)</u>	<u>902,052</u>
Balances as of June 30, 2022	\$ <u>16,047,901</u>	\$ <u>9,156,535</u>	\$ <u>6,891,366</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 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Net OPEB Liability	\$ <u>8,643,598</u>	\$ <u>6,891,366</u>	\$ <u>5,399,524</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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>5,317,185</u>	\$ <u>6,891,366</u>	\$ <u>8,783,481</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$624,961 for the City Plan. At June 30, 2022, 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	\$ 1,721,383	\$ (3,692,764)
Changes in assumptions	1,258,272	-
Net difference between projected and actual earnings on OPEB plan investments	<u>1,258,272</u>	<u>-</u>
Total	<u>\$ 2,979,655</u>	<u>\$ (3,692,764)</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>	
2023	\$ 33,139
2024	32,014
2025	(42,180)
2026	260,959
2027	(243,585)
Thereafter	(753,456)

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

The following schedule presents the net position held in trust for pension and OPEB benefits at June 30, 2021 and the changes in net position for the year ended June 30, 2021:

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Pension and OPEB Funds</u>
Assets			
Cash	\$ 9,213,232	\$ 1,158,938	\$ 10,372,170
Investments, at fair value:			
U.S. government bonds	14,913,842		14,913,842
Mortgage backed securities	3,924,984		3,924,984
Collateralized mortgage obligations	693,828		693,828
Fixed Income - non-profit	77,523		77,523
Partnerships	2,982,846		2,982,846
Corporate bonds	4,413,975		4,413,975
Foreign bonds	939,339		939,339
Common stocks	9,579,929		9,579,929
Foreign stocks	0		-
Mutual funds			
Equities and related securities	39,959,633	5,310,151	45,269,784
Fixed income	3,429,914	3,272,236	6,702,150
Total investments	<u>80,915,813</u>	<u>8,582,387</u>	<u>89,498,200</u>
Due from other funds	0		-
Accrued interest	107,721		107,721
Total assets	<u>90,236,766</u>	<u>9,741,325</u>	<u>99,978,091</u>
Liabilities			
Pending purchases	<u>4,040,905</u>	<u>584,791</u>	<u>4,625,696</u>
Total liabilities	<u>4,040,905</u>	<u>584,791</u>	<u>4,625,696</u>
Net position - restricted for pension benefits and other	\$ <u>86,195,861</u>	\$ <u>9,156,534</u>	\$ <u>95,352,395</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

	Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Funds
Additions:			
Contributions:			
Employer	\$ 2,197,219	\$ 1,148,201	\$ 3,345,420
Plan members	1,051,668		1,051,668
Total contributions	<u>3,248,887</u>	<u>1,148,201</u>	<u>4,397,088</u>
Investment income:			
Change in fair value of investments	(18,856,185)	(2,093,985)	(20,950,170)
Interest and dividends	3,287,432	329,364	3,616,796
Total investment income	<u>(15,568,753)</u>	<u>(1,764,621)</u>	<u>(17,333,374)</u>
Less investment expenses	<u>87,975</u>	<u>7,092</u>	<u>95,067</u>
Net investment income	<u>(15,656,728)</u>	<u>(1,771,713)</u>	<u>(17,428,441)</u>
Total additions	<u>(12,407,841)</u>	<u>(623,512)</u>	<u>(13,031,353)</u>
Deductions:			
Benefits	5,574,180	577,041	6,151,221
Administration	20,000	5,943	25,943
Total deductions	<u>5,594,180</u>	<u>582,984</u>	<u>6,177,164</u>
Change in net position	(18,002,021)	(1,206,496)	(19,208,517)
Net position:			
Beginning of year	<u>104,197,882</u>	<u>10,363,030</u>	<u>114,560,912</u>
End of year	<u>\$ 86,195,861</u>	<u>\$ 9,156,534</u>	<u>\$ 95,352,395</u>

10. 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,

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

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 2022 and 2021 were:

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>
2020-21	\$ 252,000	\$ 3,757,330	\$ 3,746,330	\$ 263,000
2021-22	263,000	4,339,742	4,201,743	400,999

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.

11. 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, 2022 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.

12. MAJOR TAXPAYERS/CUSTOMERS

The City's two major taxpayers account for approximately 53.4% of the October 1, 2020 Grand List.

Three customers account for approximately 41.2% of the Electric Department revenues and approximately 28.3% of the Water Department revenues.

Two customers account for 59.8% of the Sewer Department Revenue.

13. 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, 2022 is based on customer usage. The Company has contracted with CMEEC to purchase its full requirements for electric capacity and energy from CMEEC.

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, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,938,625	\$ 4,938,625	\$ 5,105,654	\$ 167,029
Intergovernmental	5,737,483	5,737,483	5,797,581	60,098
Charges for Services	2,529,841	2,529,841	3,165,472	635,631
Miscellaneous Revenues	79,000	79,000	93,204	14,204
Investment income and other sources	20,000	20,000	5,035	(14,965)
Total revenues	<u>13,304,949</u>	<u>13,304,949</u>	<u>14,166,946</u>	<u>861,997</u>
Expenditures:				
Current:				
General government	3,583,132	3,583,132	2,383,116	1,200,016
Public safety	9,013,625	9,013,625	8,929,610	84,015
Public works	4,457,978	4,457,978	4,173,627	284,351
Parks and recreation	1,430,094	1,430,094	1,312,322	117,772
Non-departmental	140,000	140,000	85,690	54,310
Contingency	1,115,000	1,115,000	1,000,000	115,000
Debt service:				
Bond principal	270,000	270,000	270,000	-
Bond and note interest	85,838	85,838	85,838	-
Total expenditures	<u>20,095,667</u>	<u>20,095,667</u>	<u>18,240,203</u>	<u>1,855,464</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(6,790,718)</u>	<u>(6,790,718)</u>	<u>(4,073,257)</u>	<u>(993,467)</u>
Other Financing Sources (Uses):				
Transfers in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	2,600,000	2,600,000		(2,600,000)
Total other financing sources (uses)	<u>6,686,140</u>	<u>6,686,140</u>	<u>4,086,140</u>	<u>(2,600,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ (104,578)</u>	<u>\$ (104,578)</u>	12,883	<u>\$ (3,593,467)</u>
Fund Balance, Beginning of Year			6,480,088	
Change in budget expenditures not recognized for GAAP purposes, inventories and prepaids			<u>77,828</u>	
Fund Balance, End of Year			<u>\$ 6,557,916</u>	

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:								
Interest	\$ 6,793,207	\$ 6,600,783	\$ 6,360,875	\$ 6,236,332	\$ 6,099,703	\$ 5,963,408	\$ 5,650,092	\$ 5,414,289
Service cost	2,105,980	1,966,359	1,850,019	1,755,274	1,712,955	1,609,260	1,581,277	1,548,634
Differences between expected and actual experience	(382,846)	(262,371)	(6,405)	(126,921)	(1,360,984)	775,575	(260,729)	(2,856)
Change in assumptions	173,726	3,312,566	162,995	1,725,010	25,042	614,842	1,450,755	
Benefit payments, including refunds of member contributions	(5,574,180)	(5,255,503)	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)
Changes in benefit terms	(201,846)		48,923			22,710		226,193
Net change in total pension liability	2,914,041	6,361,834	3,455,944	4,882,292	1,912,616	4,613,580	4,246,382	3,207,978
Total pension liability - beginning	101,275,697	94,913,863	91,457,919	86,575,627	84,663,011	80,049,431	75,803,049	72,595,071
Total pension liability - ending	<u>104,189,738</u>	<u>101,275,697</u>	<u>94,913,863</u>	<u>91,457,919</u>	<u>86,575,627</u>	<u>84,663,011</u>	<u>80,049,431</u>	<u>75,803,049</u>
Plan fiduciary net position:								
Contributions - employer	2,197,219	1,888,305	1,821,212	1,625,175	1,346,461	1,147,616	1,213,572	1,479,095
Contributions - member	1,051,668	986,630	912,910	872,990	851,739	826,649	900,394	886,610
Net investment income	(15,656,727)	22,248,218	1,219,494	5,043,631	5,617,560	8,024,806	747,797	942,516
Benefit payments, including refunds of member contributions	(5,574,180)	(5,255,503)	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)
Administrative expense	(20,000)	(25,778)	(34,907)	(25,584)	(61,445)	(45,000)	(48,210)	(24,676)
Net change in plan fiduciary net position	(18,002,020)	19,841,872	(1,041,754)	2,808,809	3,190,215	5,581,856	(1,361,460)	(694,737)
Plan fiduciary net position - beginning	104,197,881	84,356,009	85,397,763	82,588,954	79,398,739	73,816,883	75,178,343	75,873,080
Plan fiduciary net position - ending	<u>86,195,861</u>	<u>104,197,881</u>	<u>84,356,009</u>	<u>85,397,763</u>	<u>82,588,954</u>	<u>79,398,739</u>	<u>73,816,883</u>	<u>75,178,343</u>
Net Pension Liability - Ending	\$ <u>17,993,877</u>	\$ <u>(2,922,184)</u>	\$ <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>
Plan fiduciary net position as a percentage of the total pension liability	82.73%	102.89%	88.88%	93.37%	95.40%	93.78%	92.21%	99.18%
Covered payroll	\$ 16,191,514	\$ 16,304,495	\$ 15,930,969	\$ 15,216,820	\$ 14,763,245	\$ 14,714,020	\$ 14,851,967	\$ 15,356,366
Net pension liability as a percentage of covered payroll	111.13%	-17.92%	66.27%	39.83%	27.00%	35.78%	41.96%	4.07%

* 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 2,273,700	\$ 1,936,300	\$ 1,675,400	\$ 1,347,400	\$ 1,407,000	\$ 1,117,900	\$ 1,054,700	\$ 1,166,100	\$ 2,313,700	\$ 2,026,400
Contributions in relation to the actuarially determined contribution	<u>2,197,219</u>	<u>1,888,305</u>	<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>
Contribution Deficiency (Excess)	\$ <u>76,481</u>	\$ <u>47,995</u>	\$ <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>
Covered payroll	\$ 16,191,514	\$ 16,304,495	\$ 15,930,969	\$ 15,216,820	\$ 14,763,245	\$ 14,714,020	\$ 14,851,967	\$ 15,356,366	\$ 15,121,066	\$ 15,121,066
Contributions as a percentage of covered payroll	13.57%	11.58%	11.43%	10.68%	9.12%	7.80%	8.17%	9.63%	9.01%	11.42%

Notes to Schedule:

Valuation date: July 31, 2020
Measurement date: June 30, 2021
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	2.4%
Investment rate of return	6.75%
Retirement age	Varies
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021 Prior: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2020

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-15.19%	26.71%	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 SIX FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:						
Service cost	\$ 549,202	\$ 524,298	\$ 574,321	\$ 547,493	\$ 501,305	\$ 489,066
Changes of benefit terms	(787,888)		(34,920)		(948,932)	
Interest	1,148,005	1,103,866	1,219,283	1,164,433	1,165,580	1,099,164
Differences between expected and actual experience	(1,241,950)	(125,214)	(2,840,480)	(437,524)	(280,105)	(124,086)
Changes of assumptions	1,048,373		169,095		1,172,114	
Benefit payments, including refunds of member contributions	<u>(1,020,186)</u>	<u>(778,476)</u>	<u>(596,781)</u>	<u>(441,130)</u>	<u>(679,006)</u>	<u>(625,491)</u>
Net change in total OPEB liability	(304,444)	724,474	(1,509,482)	833,272	930,956	838,653
Total OPEB liability - beginning	<u>16,352,345</u>	<u>15,627,871</u>	<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>\$ 16,047,901</u>	<u>\$ 16,352,345</u>	<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	\$ 1,591,346	\$ 1,310,136	\$ 1,123,201	\$ 967,550	\$ 1,265,889	\$ 1,221,385
Net investment income	(1,777,656)	2,076,807	143,096	440,734	344,062	467,233
Benefit payments, including refunds of member contributions	(1,020,186)	(778,476)	(596,781)	(441,130)	(679,006)	(625,491)
Administrative expense						
Net change in plan fiduciary net position	<u>(1,206,496)</u>	<u>2,608,467</u>	<u>669,516</u>	<u>967,154</u>	<u>930,945</u>	<u>1,063,127</u>
Plan fiduciary net position - beginning	<u>10,363,031</u>	<u>7,754,564</u>	<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>9,156,535</u>	<u>10,363,031</u>	<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>\$ 6,891,366</u>	<u>\$ 5,989,314</u>	<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	57.06%	63.37%	49.62%	41.34%	37.52%	33.74%
Covered payroll	\$ 16,791,082	\$ 16,137,317	\$ 15,667,298	\$ 16,733,495	\$ 16,246,112	\$ 13,060,714
Total OPEB liability as a percentage of covered payroll	41.04%	37.11%	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 FIVE FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,189,003	\$ 1,138,649	\$ 1,389,564	\$ 1,363,512	\$ 1,362,210
Contributions in relation to the actuarially determined contribution	<u>1,591,346</u>	<u>1,310,136</u>	<u>1,123,201</u>	<u>967,550</u>	<u>1,265,889</u>
Contribution Deficiency (Excess)	<u>\$ (402,343)</u>	<u>\$ (171,487)</u>	<u>\$ 266,363</u>	<u>\$ 395,962</u>	<u>\$ 96,321</u>
Covered payroll	\$ 16,791,082	\$ 16,137,317	\$ 15,667,298	\$ 16,733,495	\$ 16,246,112
Contributions as a percentage of covered payroll	9.48%	8.12%	7.17%	5.78%	7.79%

Notes to Schedule:

Valuation date: July 1, 2019
Measurement date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal (level percentage of salary)
Amortization method	Level dollar, closed
Asset valuation method	Market value
Inflation	2.75%
Investment rate of return	6.75%, Prior: 7.00%
Retirement age	Varies

Mortality

Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees and Public Safety), projected to the valuation date with Scale MP-2021.

Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale Mp-2019.

* 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 FIVE FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	-17.15%	26.78%	2.02%	7.01%	6.63%

* 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

**CITY OF GROTON, CONNECTICUT
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 19,501,381	\$ 17,697,163
Receivables:		
Property taxes	25,351	31,096
Intergovernmental and other	25,914	18,039
Due from other funds	286,824	263,664
Inventory of supplies, at cost	<u>5,111</u>	<u>5,111</u>
Total Assets	<u>\$ 19,844,581</u>	<u>\$ 18,015,073</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 571,839	\$ 508,033
Due to other funds	<u>9,820,086</u>	<u>8,094,582</u>
Total liabilities	<u>10,391,925</u>	<u>8,602,615</u>
Deferred inflows of resources:		
Unavailable revenue - property taxes	<u>27,215</u>	<u>29,683</u>
Fund balance:		
Nonspendable	0	109,943
Committed	267,525	192,744
Assigned	2,600,000	2,600,000
Unassigned	<u>6,557,916</u>	<u>6,480,088</u>
Total fund balance	<u>9,425,441</u>	<u>9,382,775</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 19,844,581</u>	<u>\$ 18,015,073</u>

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Taxes				
Current levy	\$ 4,907,125	\$ 4,907,125	\$ 5,083,770	\$ 176,645
Interest on taxes	30,000	30,000	21,212	(8,788)
Lien fees on taxes	1,500	1,500	672	(828)
Total taxes	<u>4,938,625</u>	<u>4,938,625</u>	<u>5,105,654</u>	<u>167,029</u>
Intergovernmental				
Town of Groton:				
Highway grant	2,859,107	2,859,107	2,859,107	-
Highway grant - Prior Year				-
Police grant	2,688,256	2,688,256	2,688,256	-
Health District				-
PILOT program	37,707	37,707	37,705	(2)
State of Connecticut:				
Civil preparedness	4,600			(4,600)
Town Aid Road	112,613	112,613	111,979	(634)
Totally disabled				(100)
Elderly property	100	100	122	22
Telephone access line	10,000	10,000	6,295	(3,705)
Miscellaneous grants	25,000	25,000	94,117	69,117
State nitrogen credits				-
Total intergovernmental revenue	<u>5,737,483</u>	<u>5,737,483</u>	<u>5,797,581</u>	<u>60,098</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	223,297	223,297	223,297	-
Water Department	111,649	111,649	111,649	-
Sewer Department	37,216	37,216	37,216	-
Human Resources Department Services:				
Electric Department	176,719	176,719	176,719	-
Water Department	88,359	88,359	88,359	-
Sewer Department	29,453	29,453	29,453	-
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	1,039	39
Sewer use				-
Public beach receipts	120,000	120,000	145,579	25,579
Recreation receipts	62,000	62,000	86,717	24,717
Parks receipts	13,000	13,000	13,447	447
Gravel sales	20,000	20,000	-	(20,000)
Recycling/Bulky waste	10,000	10,000	11,511	1,511
Lease of City Land				-

(Continued)

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Charges for Service and Facilities, Continued				
Fire protection:				
West Pleasant Valley Fire District	\$ 375,000	\$ 375,000	\$ 383,449	\$ 8,449
Outside services - police	15,500	15,500	48,759	33,259
Rent	27,000	27,000	28,713	1,713
Fines and forfeits	30,000	30,000	27,151	(2,849)
Licenses and permits	1,007,600	1,007,600	1,570,366	562,766
Total	<u>2,529,841</u>	<u>2,529,841</u>	<u>3,165,472</u>	<u>635,631</u>
Miscellaneous Revenues				
Investment income	20,000	20,000	5,035	(14,965)
Other revenue	79,000	79,000	93,204	14,204
Total miscellaneous revenues	<u>99,000</u>	<u>99,000</u>	<u>98,239</u>	<u>(761)</u>
Total revenues	<u>13,304,949</u>	<u>13,304,949</u>	<u>14,166,946</u>	<u>861,997</u>
Other Financing Sources				
Transfer in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	2,600,000	2,600,000		(2,600,000)
Total other financing sources	<u>6,686,140</u>	<u>6,686,140</u>	<u>4,086,140</u>	<u>(2,600,000)</u>
Total Revenues and Other Financing Sources	\$ <u>19,991,089</u>	\$ <u>19,991,089</u>	\$ <u>18,253,086</u>	\$ <u>(1,738,003)</u>

**CITY OF GROTON, CONNECTICUT
 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
General Government				
Mayor's office	\$ 465,781	\$ 465,781	\$ 406,390	\$ 59,391
Human Resources	359,184	359,184	344,039	15,145
Finance Department	744,324	744,324	619,018	125,306
Building, Planning, EDC and Zoning	1,765,821	1,765,821	855,847	909,974
Municipal building operation	180,013	180,013	109,079	70,934
Civil preparedness	11,459	11,459	7,101	4,358
Unallocated	56,550	56,550	41,642	14,908
Total general government	<u>3,583,132</u>	<u>3,583,132</u>	<u>2,383,116</u>	<u>1,200,016</u>
Public Safety				
Police Department:				
Supervision	231,784	231,784	220,394	11,390
Criminal investigation	373,566	373,566	327,532	46,034
Uniformed patrol	4,825,313	4,825,313	4,938,291	(112,978)
Harbor patrol	4,029	4,029	3,199	830
Traffic control	20,675	20,675	22,969	(2,294)
Police training	82,500	82,500	93,460	(10,960)
DWI project	2,435	2,435		2,435
Outside charges				-
Total police department	<u>5,540,302</u>	<u>5,540,302</u>	<u>5,605,845</u>	<u>(65,543)</u>
Fire Department	<u>3,473,323</u>	<u>3,473,323</u>	<u>3,323,765</u>	<u>149,558</u>
Total public safety	<u>9,013,625</u>	<u>9,013,625</u>	<u>8,929,610</u>	<u>84,015</u>
Public Works				
Highway Department:				
Highway maintenance	2,972,720	2,972,720	2,714,319	258,401
Sanitation	1,381,580	1,381,580	1,349,309	32,271
Snow removal	103,678	103,678	109,999	(6,321)
Total highway department	<u>4,457,978</u>	<u>4,457,978</u>	<u>4,173,627</u>	<u>284,351</u>
Total public works	<u>4,457,978</u>	<u>4,457,978</u>	<u>4,173,627</u>	<u>284,351</u>

(Continued)

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u>
Parks and Recreation:				
Supervision and general expenditures	\$ 319,505	\$ 319,505	\$ 313,122	\$ 6,383
Summer recreation	177,425	177,425	151,808	25,617
Beach activities	145,097	145,097	87,160	57,937
Programs and Events	75,594	75,594	34,049	41,545
Beach and park maintenance	712,473	712,473	726,183	(13,710)
Total parks and recreation	<u>1,430,094</u>	<u>1,430,094</u>	<u>1,312,322</u>	<u>117,772</u>
Non-Departmental:				
General insurance	115,000	115,000	85,690	29,310
Pay adjustment	25,000	25,000		25,000
Total non-departmental	<u>140,000</u>	<u>140,000</u>	<u>85,690</u>	<u>54,310</u>
Contingency	<u>1,115,000</u>	<u>1,115,000</u>	<u>1,000,000</u>	<u>115,000</u>
Debt Service:				
Bonded principal:				
Public improvements	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total bonded principal	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Bond and Note Interest:				
Public improvements	<u>85,838</u>	<u>85,838</u>	<u>85,838</u>	<u>-</u>
Total bond and note interest	<u>85,838</u>	<u>85,838</u>	<u>85,838</u>	<u>-</u>
Total debt service	<u>355,838</u>	<u>355,838</u>	<u>355,838</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>20,095,667</u>	\$ <u>20,095,667</u>	\$ <u>18,240,203</u>	\$ <u>1,855,464</u>

**CITY OF GROTON, CONNECTICUT
PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2022**

Grand List of October 1,	Uncollected Taxes July 01, 2021	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Tax Levy	Collections				Uncollected Taxes June 30, 2022
			Additions	Deletions			Taxes	Interest	Liens	Total	
2020	\$	\$ 5,051,679	\$ 7,447	\$ 15,140	\$ 9,229	\$ 5,034,757	\$ 5,008,980	\$ 9,993	\$ -	\$ 5,018,973	\$ 25,777
2019	31,315		1,414	1,510	2,642	28,577	23,556	6,366	1,906	31,828	5,021
2018	5,808			118	823	4,867	3,817	2,044	781	6,642	1,050
2017	460				308	152	121	362	482	965	31
2016	487				15	472		365	544	909	472
2015	26				26			163	173	336	
2014								479	414	893	
2013								469	355	824	
2012								366	247	613	
2011								634	379	1,013	
2010								68	36	104	
2009								32	15	47	
2008								109	50	159	
2007								131	55	186	
2006								304	119	423	
Total	\$ 38,096	\$ 5,051,679	\$ 8,861	\$ 16,768	\$ 13,043	\$ 5,068,825	\$ 5,036,474	\$ 21,885	\$ 5,556	\$ 5,063,915	\$ 32,351

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, 2022**

	Special Revenue Funds				Capital Project Fund	Permanent Fund	Total
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund	
ASSETS							
Cash	\$ 329,512	\$	\$ 68,058	\$ 1,923,388	\$ 1,628,395	\$ 61,670	\$ 4,011,023
Investments					629,753		629,753
Due from other funds	302,514		13,240	46,593	9,049,902		9,412,249
Total Assets	\$ 632,026	\$ -	\$ 81,298	\$ 1,969,981	\$ 11,308,050	\$ 61,670	\$ 14,053,025
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$ 61,006	\$ 654,885	\$	\$ 715,891
Due to other funds		23,653		90,000	21,487		299,775
Unearned revenue	58,800			1,290,459	2,336,597		3,685,856
Total liabilities	223,435	23,653	-	1,441,465	3,012,969	-	4,701,522
Fund Balances:							
Nonspendable							-
Restricted	408,591		81,298	528,516		61,670	1,080,075
Committed					8,295,081		8,295,081
Assigned							-
Unassigned		(23,653)					(23,653)
Total fund balances	408,591	(23,653)	81,298	528,516	8,295,081	61,670	9,351,503
Total Liabilities and Fund Balances	\$ 632,026	\$ -	\$ 81,298	\$ 1,969,981	\$ 11,308,050	\$ 61,670	\$ 14,053,025

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

EXHIBIT B-2

	Special Revenue Funds				Capital Project Fund	Permanent Fund	Total
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund	
Revenues:							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 876,550	\$ -	\$ 859,391
Income from investments				345	-	50	395
Other revenue			4,707	69,726	-	-	74,433
Total revenues	<u>-</u>	<u>-</u>	<u>4,707</u>	<u>52,912</u>	<u>876,550</u>	<u>50</u>	<u>934,219</u>
Expenditures:							
General government				1,249		-	1,249
Public safety			-	14,250			14,250
Capital outlay					1,722,111		1,722,111
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,499</u>	<u>1,722,111</u>	<u>-</u>	<u>1,737,610</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	4,707	37,413	(845,561)	50	(803,391)
Other Financing Sources:							
Transfers in					2,271,447		2,271,447
Transfers out				(15,000)			(15,000)
Net Change in Fund Balances	-	-	4,707	22,413	1,425,886	50	1,453,056
Fund Balances at Beginning of Year	<u>408,591</u>	<u>(23,653)</u>	<u>76,591</u>	<u>506,103</u>	<u>6,869,195</u>	<u>61,620</u>	<u>7,898,447</u>
Fund Balances at End of Year	<u>\$ 408,591</u>	<u>\$ (23,653)</u>	<u>\$ 81,298</u>	<u>\$ 528,516</u>	<u>\$ 8,295,081</u>	<u>\$ 61,670</u>	<u>\$ 9,351,503</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash	\$ 39,584,109	\$ 19,766,200
Receivables:		
Use charges (net of allowance for uncollectibles of \$150,000 and \$75,000, respectively)	5,594,876	4,187,069
Unbilled utility revenue	1,358,145	1,193,701
Due from other funds	65,858	2,999,519
Prepaid expenses	135,653	107,623
Inventory	2,083,490	1,722,884
Other current assets	10,296	3,778
Total current assets	<u>48,832,427</u>	<u>29,980,774</u>
Noncurrent assets:		
Amount held at CMEEC	16,868,007	19,525,614
Equity in joint venture investments	7,622,126	6,203,639
Net pension asset	-	948,219
Due from component unit	5,832,136	3,097,843
Total noncurrent assets	<u>30,322,269</u>	<u>29,775,315</u>
Capital assets (net of accumulated depreciation):		
Land and land rights	704,844	704,844
Construction in progress	8,975,483	1,735,006
Buildings and improvements	452,255	396,059
Station equipment	7,327,306	7,481,853
Electric distribution system	21,857,530	21,107,722
Machinery and equipment	1,521,083	1,540,281
Vehicles	494,337	614,235
Total capital assets (net of accumulated depreciation)	<u>41,332,838</u>	<u>33,580,000</u>
Total noncurrent assets	<u>71,655,107</u>	<u>63,355,315</u>
Total assets	<u>120,487,534</u>	<u>93,336,089</u>
Deferred outflows of resources:		
Deferred outflows related to pension	4,366,210	1,363,765
Deferred outflows related to OPEB	983,287	291,215
Deferred amount on bond refunding	226,276	338,351
Total deferred outflows of resources	<u>5,575,773</u>	<u>1,993,331</u>

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**CITY OF GROTON, CONNECTICUT
 COMPARATIVE STATEMENTS OF NET POSITION (CONTINUED)
 ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
 JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 8,637,137	\$ 5,322,906
Accrued payroll and compensated absences	552,310	468,495
Accrued taxes	429,887	399,461
Accrued interest payable	280,337	332,786
Accrued expenses	2,969,668	41,681
General obligation bonds/BAN payable - current portion	4,713,400	3,798,400
Customer deposits payable	3,298,154	3,896,907
Due to other funds	6,203,046	3,395,342
Total current liabilities	<u>27,083,939</u>	<u>17,655,978</u>
Noncurrent liabilities:		
Rate stabilization	14,619,763	17,556,367
General obligation bonds and notes payable - net of premium and deferred amount on refunding	39,880,200	26,393,600
Unamortized premium	2,504,756	1,715,305
Net pension liability	5,838,830	-
Net OPEB liability	2,274,152	1,976,475
Total noncurrent liabilities	<u>65,117,701</u>	<u>47,641,747</u>
Total liabilities	<u>92,201,640</u>	<u>65,297,725</u>
Deferred inflows of resources:		
Deferred outflows related to OPEB	1,218,612	1,279,827
Deferred outflows related to pension	263,011	3,494,513
Total deferred inflows of resources	<u>1,481,623</u>	<u>4,774,340</u>
Net investment in capital assets	1,368,494	3,388,000
Unrestricted	<u>31,011,550</u>	<u>21,869,355</u>
Total Net Position	<u>\$ 32,380,044</u>	<u>\$ 25,257,355</u>

**CITY OF GROTON, CONNECTICUT
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues:	\$ 59,394,004	\$ 57,639,165
Operating expenses:		
Direct expenses:		
Purchased power	33,366,138	33,760,136
Other	3,828,268	3,218,830
Overhead expenses:		
Customer account	2,164,867	2,053,239
Administrative and general	5,578,958	4,419,923
Taxes	2,049,148	1,925,381
Depreciation	2,178,547	2,144,320
Total operating expenses	<u>49,165,926</u>	<u>47,521,829</u>
Operating income	<u>10,228,078</u>	<u>10,117,336</u>
Nonoperating revenues (expenses):		
Investment income	379,479	385,294
Interest expense	(832,215)	(992,840)
Equity gains (losses) in investments	1,418,487	-
Total nonoperating revenues (expenses)	<u>965,751</u>	<u>(607,546)</u>
Income before transfers out	11,193,829	9,509,790
Transfers out	(4,071,140)	(4,071,140)
Changes in net position	7,122,689	5,438,650
Net position, beginning	<u>25,257,355</u>	<u>19,818,705</u>
Net Position, Ending	<u>\$ 32,380,044</u>	<u>\$ 25,257,355</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 54,286,396	\$ 59,622,041
Cash payments to suppliers for goods and services	(39,746,532)	(41,338,938)
Cash payments to employees for services	2,278,329	(5,438,423)
Net cash provided by operating activities	<u>16,818,193</u>	<u>12,844,680</u>
Cash flows from noncapital and related financing activities:		
Interfund loans	5,741,365	657,138
Transfers to other funds	(4,071,140)	(4,071,140)
Amount held at CMEEC	2,657,607	(1,885,171)
Net cash used in noncapital and related	<u>4,327,832</u>	<u>(5,299,173)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	5,657,313	(1,670,770)
Payments Bozrah Light and Power	(2,734,293)	265,706
Repayment from CMEEC loan	(200,400)	(200,400)
Principal paid on general obligation bond maturities and equipment contracts	(3,598,000)	(3,572,000)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	<u>(832,215)</u>	<u>(992,840)</u>
Net cash used in capital and related financing activities	<u>(1,707,595)</u>	<u>(6,170,304)</u>
Cash flows from investing activities:		
Interest and dividends on investments	379,479	385,294
Net cash provided by investing activities	<u>379,479</u>	<u>385,294</u>
Net increase (decrease) in cash and cash equivalents	19,817,909	1,760,497
Cash and cash equivalents, beginning	<u>19,766,200</u>	<u>18,005,703</u>
Cash and Cash Equivalents, Ending	<u>\$ 39,584,109</u>	<u>\$ 19,766,200</u>
Schedule of Noncash, Noncapital and Related Financing Activities:		
Equity Earnings (Loss) in Joint Venture Investments	<u>\$ 1,418,487</u>	<u>\$ -</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income	\$ 10,228,078	\$ 10,117,336
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,178,547	2,144,320
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(1,407,807)	107,504
Due from other funds	-	-
Inventory	(360,606)	(66,300)
Prepaid expenses	(34,548)	(57,367)
Unbilled utility revenue	(164,444)	(16,003)
Deferred outflows/inflows related to pension and OPEB	401,800	2,751,666
Increase (decrease) in:		
Accounts payable	3,314,231	(805)
Accrued payroll and compensated absences	83,815	42,855
Accrued taxes	30,426	30,591
Accrued interest payable	(52,449)	(52,859)
Unearned revenue	(598,753)	543,911
Due to other funds	-	-
Rate stabilization	(2,936,604)	1,347,464
Net pension liability	5,838,830	(3,425,916)
Net OPEB liability	297,677	(621,717)
Net Cash Provided by Operating Activities	\$ <u>16,818,193</u>	\$ <u>12,844,680</u>

**CITY OF GROTON, CONNECTICUT
 COMPARATIVE SCHEDULE OF REVENUES
 ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Electric service revenues:		
Residential	\$ 17,213,867	\$ 16,859,413
Commercial	13,783,883	13,071,334
Industrial	27,036,015	26,568,793
Private street lighting	230,303	228,496
Public street lighting	329,057	319,973
Unbilled revenue adjustment	164,443	
Total electric service revenues	<u>58,757,568</u>	<u>57,064,012</u>
Other electric revenue:		
Miscellaneous - rents, scrap, jobbing sales, etc.	<u>636,436</u>	<u>575,153</u>
Total Operating Revenues	<u>\$ 59,394,004</u>	<u>\$ 57,639,165</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF EXPENSES
ENTERPRISE FUNDS - ELECTRIC DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Direct expenses:		
Purchased power	\$ 33,366,138	\$ 33,760,136
Other expenses:		
Transmission expenses:		
Station expenses	28,552	41,870
Maintenance:		
Station equipment	87,437	64,805
Overhead conductors and devices	4,658	1,649
Total transmission expenses	<u>120,647</u>	<u>108,324</u>
Distribution expenses:		
Supervision and engineering	563,685	484,778
Station expenses	190,142	77,549
Line expenses	88,179	61,263
Street lighting and signal system expenses	11,438	8,247
Meter expenses	111,442	115,766
Customer installation expenses	14,716	9,674
Maintenance:		
Supervision and engineering	569,840	378,782
Station expenses	646,045	557,154
Overhead lines	1,183,772	1,131,315
Services	175,630	147,683
Underground lines	4,062	9,102
Line transformers	1,897	-
Signal lights and fire alarms	41,068	32,286
Meters	105,366	96,907
Total distribution expenses	<u>3,707,282</u>	<u>3,110,506</u>
Total other expenses	<u>3,827,929</u>	<u>3,218,830</u>
Customer account expenses:		
Meter reading	229,996	201,560
Customer records and collection	559,503	534,944
Uncollectible accounts	101,852	117,504
Miscellaneous	1,273,753	1,199,231
Total customer account expenses	<u>2,165,104</u>	<u>2,053,239</u>
Administrative and general expenses:		
Administrative and general salaries	1,581,582	1,523,683
General office supplies and expenses	265,143	243,471
Outside services employed	873,901	797,155
Injuries and damages	593,584	555,145
Employee welfare and benefits	2,828,502	1,603,789
Miscellaneous general expenses	138,768	97,256
Rent	81,029	81,029
Maintenance:		
General plant	775,055	741,426
Miscellaneous	335,867	368,549
	<u>7,473,431</u>	<u>6,011,503</u>
Deduct: expenses transferred for transportation and administrative	<u>(1,894,371)</u>	<u>(1,591,580)</u>
Total Administrative and General Expenses	<u>\$ 5,579,060</u>	<u>\$ 4,419,923</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS - WATER DEPARTMENT
JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash	\$ 10,372,147	\$ 11,922,370
Receivables (net of allowance for uncollectibles of \$2,453)	911,752	877,817
Due from other funds	2,811,422	7,038
Prepaid expenses	129,872	129,427
Inventory	468,779	199,990
Total current assets	<u>14,693,972</u>	<u>13,136,642</u>
Noncurrent assets:		
Net Pension asset	-	474,109
Capital assets (net of accumulated depreciation):		
Land and land rights	2,135,644	2,135,644
Construction in progress	2,315,178	60,756,983
Buildings and improvements	33,512,245	2,966,102
Plant and pumping stations	30,578,808	2,830,363
Water distribution system	22,704,795	18,824,444
Machinery and equipment	627,090	576,541
Vehicles	112,818	200,911
Total capital assets (net of accumulated depreciation)	<u>91,986,578</u>	<u>88,290,988</u>
Total noncurrent assets	<u>91,986,578</u>	<u>88,765,097</u>
Total assets	<u>106,680,550</u>	<u>101,901,739</u>
Deferred outflows of resources:		
Deferred outflows related to pension	2,183,105	681,883
Deferred outflows related to OPEB	476,745	141,195
Deferred amounts on bond refunding	53,260	63,405
Total deferred outflows of resources	<u>2,713,110</u>	<u>886,483</u>
Liabilities		
Current liabilities:		
Accounts payable	1,749,647	1,520,698
Accrued payroll and compensated absences	336,695	338,641
Accrued taxes	38,349	38,349
Accrued interest payable	330,586	1,635,390
Accrued expenses	5,301	66,655
General obligation bonds/BAN payable - current portion	887,000	647,000
Due to other funds	27,400	2,959,794
Unearned revenue	5,500	-
Total current liabilities	<u>3,380,478</u>	<u>7,206,527</u>
Noncurrent liabilities:		
General obligation bonds and notes payable - net of premium	49,710,000	42,660,363
Unamortized premium	821,892	524,855
Net pension liability	2,919,415	-
Net OPEB liability	1,102,619	958,290
Total non-current liabilities	<u>54,553,926</u>	<u>44,143,508</u>
Total liabilities	<u>57,934,404</u>	<u>51,350,035</u>
Deferred inflows of resources:		
Deferred outflows related to pension	131,506	1,747,256
Deferred outflows related to OPEB	590,842	620,522
Total deferred inflows of resources	<u>722,348</u>	<u>2,367,778</u>
Net position:		
Net investment in capital assets	40,567,686	44,458,770
Unrestricted	10,169,222	4,611,639
Total Net Position	<u>\$ 50,736,908</u>	<u>\$ 49,070,409</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues:	\$ 11,814,044	\$ 12,126,477
Operating expenses:		
Direct expenses:		
Other	3,978,091	4,568,622
Overhead expenses:		
Customer account	583,651	530,319
Administrative and general	4,106,702	3,922,208
Taxes	373,331	403,995
Depreciation	1,625,996	970,962
Total operating expenses	<u>10,667,771</u>	<u>10,396,106</u>
Operating income	<u>1,146,273</u>	<u>1,730,371</u>
Nonoperating revenues (expenses):		
Grant	999,942	2,035,067
Investment income	5,823	11,244
Interest expense	(485,539)	(255,337)
Net nonoperating revenue (expenses)	<u>520,226</u>	<u>1,790,974</u>
Changes in net position	1,666,499	3,521,345
Net position, beginning	<u>49,070,409</u>	<u>45,549,064</u>
Net Position, Ending	<u>\$ 50,736,908</u>	<u>\$ 49,070,409</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS - WATER DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from customers	\$ 11,785,609	\$ 12,004,120
Cash payments to suppliers for goods and services	(6,883,611)	(4,899,050)
Cash payments to employees for services	(3,449,548)	(4,546,184)
Net cash provided by operating activities	<u>1,452,450</u>	<u>2,558,886</u>
Cash flows from noncapital and related financing activities:		
Interfund loans	(5,736,778)	270,141
Net cash provided by capital and related financing activities	<u>(5,736,778)</u>	<u>270,141</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,386,667)	(8,705,392)
Capital grants	999,942	2,035,067
Principal paid on general obligation bond maturities and equipment contracts	(647,000)	(648,000)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(485,539)	(255,337)
Debt proceeds	5,247,546	5,247,546
Net cash used in capital and related financing activities	<u>2,728,282</u>	<u>(2,326,116)</u>
Cash flows from investing activities:		
Interest and dividends	5,823	11,244
Net cash provided by investing activities	<u>5,823</u>	<u>11,244</u>
Net increase in cash and cash equivalents	(1,550,223)	514,155
Cash and cash equivalents, beginning	<u>11,922,370</u>	<u>11,408,215</u>
Cash and Cash Equivalents, Ending	\$ <u>10,372,147</u>	\$ <u>11,922,370</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,146,273	\$ 1,730,371
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,625,996	970,962
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(33,935)	94,095
Inventory	(268,789)	12,878
Prepaid expenses	(445)	(47,785)
Net pension asset	474,109	(474,109)
Deferred outflows/inflows related to pension/OPEB	(3,482,202)	2,082,665
Increase (decrease) in:		
Accounts payable	228,949	(300,796)
Accrued payroll and compensated absences	(1,946)	28,317
Accrued taxes	-	1,543
Accrued interest	(1,304,804)	691,594
Unearned revenue	5,500	(216,452)
Net pension liability	2,919,415	(1,712,958)
Net OPEB obligation	<u>144,329</u>	<u>(301,439)</u>
Net Cash Provided by Operating Activities	\$ <u>1,452,450</u>	\$ <u>2,558,886</u>

**CITY OF GROTON, CONNECTICUT
 COMPARATIVE SCHEDULES OF REVENUES
 ENTERPRISE FUNDS - WATER DEPARTMENT
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Water service revenues:		
Residential	\$ 3,421,213	\$ 3,438,363
Commercial	1,825,513	1,717,377
Industrial	3,481,549	3,918,417
Private fire protection	108,594	105,069
Public fire protection	291,154	289,710
Other sales to public authorities	<u>2,110,103</u>	<u>2,098,674</u>
Total water service revenues	<u>11,238,126</u>	<u>11,567,610</u>
Other water revenue:		
Miscellaneous - rents, lien fees, scrap sales, etc.	<u>575,918</u>	<u>558,867</u>
Total Operating Revenues	<u>\$ 11,814,044</u>	<u>\$ 12,126,477</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF EXPENSES
ENTERPRISE FUNDS - WATER DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Direct expenses:		
Source of Water Supply Expenses:		
Operation labor	\$ 171,694	\$ 238,910
Supplies and expenses	82,956	75,686
Rent	10,000	10,000
Total source of water supply expenses	<u>264,650</u>	<u>324,596</u>
Pumping expenses:		
Fuel for power production	1,640	454
Power purchased	544,726	588,612
Operation labor	2,035	264,431
Maintenance - structure and equipment	130,093	217,118
Total pumping expenses	<u>678,494</u>	<u>1,070,615</u>
Water treatment expenses:		
Chemicals	232,995	224,160
Operation labor	1,304,722	1,212,866
Supplies and expenses	94,476	99,342
Total water treatment expenses	<u>1,632,193</u>	<u>1,536,368</u>
Transmission and distribution expenses:		
Supervision and engineering	204,849	112,788
Storage facilities	7,795	6,035
Supplies and expenses	57,957	184,923
Maintenance:		
Structures and improvements	820,101	871,884
Mains	107,172	160,791
Services	186,067	278,577
Meters	-	(455)
Hydrants	18,518	22,500
Total transmission and distribution expenses	<u>1,402,459</u>	<u>1,637,043</u>
Total other expenses	<u>3,977,796</u>	<u>4,568,622</u>

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**CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF EXPENSES (CONTINUED)
ENTERPRISE FUNDS - WATER DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Customer account expenses:		
Meter reading	\$ 73,949	\$ 76,756
Customer records and collection	219,176	176,583
Uncollectible accounts	6,945	3,017
Miscellaneous	283,581	273,963
Total customer account expenses	<u>583,651</u>	<u>530,319</u>
Administrative and general expenses:		
Administrative and general salaries	1,154,911	1,171,220
General office supplies and expenses	143,804	134,311
Outside services employed	222,937	653,401
Insurance	153,481	102,275
Injuries and damages	393,340	426,700
Employee welfare and benefits	1,663,317	988,471
Miscellaneous general expenses	70,413	147,642
Rent	40,514	40,514
Maintenance:		
Office furniture and equipment	5,815	2,953
Communication equipment	734	1,420
Miscellaneous general property	257,742	253,301
Total Administrative and General Expenses	<u>\$ 4,107,008</u>	<u>\$ 3,922,208</u>

**CITY OF GROTON, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2022 (WITH COMPARATIVE TOTALS AT JUNE 30, 2021)**

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2022</u>	<u>2021</u>
Assets				
Cash	\$ 681,896	\$ 5,502,677	\$ 6,184,573	\$ 5,437,187
Due from other funds	-	377,603	377,603	253,696
Total current assets	<u>681,896</u>	<u>5,880,280</u>	<u>6,562,176</u>	<u>5,690,883</u>
Liabilities				
Liabilities:				
Accounts/claims payable	-	400,999	400,999	263,000
Total liabilities	<u>-</u>	<u>400,999</u>	<u>400,999</u>	<u>263,000</u>
Net position:				
Unrestricted	<u>\$ 681,896</u>	<u>\$ 5,479,281</u>	<u>\$ 6,161,177</u>	<u>\$ 5,427,883</u>

CITY OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2022</u>	<u>2021</u>
Operating revenues:				
Premiums	\$ 3,434	\$ 5,917,834	\$ 5,921,268	\$ 5,744,127
Operating expenses:				
Claims paid:				
Electric department	9,960		9,960	350
Health plan		4,215,835	4,215,835	3,678,814
Administration:				
Health plan		963,351	963,351	910,651
Total operating expenses	<u>9,960</u>	<u>5,179,186</u>	<u>5,189,146</u>	<u>4,589,815</u>
Operating income (loss)	<u>(6,526)</u>	<u>738,648</u>	<u>732,122</u>	<u>1,154,312</u>
Nonoperating revenue:				
Interest income		1,172	1,172	1,252
Total nonoperating revenue	<u>-</u>	<u>1,172</u>	<u>1,172</u>	<u>1,252</u>
Change in net position	(6,526)	739,820	733,294	1,155,564
Net position, beginning	<u>688,422</u>	<u>4,739,461</u>	<u>5,427,883</u>	<u>4,272,319</u>
Net Position, Ending	<u>\$ 681,896</u>	<u>\$ 5,479,281</u>	<u>\$ 6,161,177</u>	<u>\$ 5,427,883</u>

**CITY OF GROTON, CONNECTICUT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:				
Cash received for premiums	\$	\$ 5,917,834	\$ 5,921,268	\$ 5,744,127
Cash paid to claimants	(9,960)	(4,201,743)	(4,211,703)	(3,746,680)
Cash paid for administration		(963,351)	(963,351)	(910,651)
Net cash provided by (used in) operating activities	<u>(6,526)</u>	<u>752,740</u>	<u>746,214</u>	<u>1,086,796</u>
Cash flows provided by investing activities:				
Interest income		1,172	1,172	1,252
Net increase (decrease) in cash and cash equivalents	(6,526)	753,912	747,386	1,088,048
Cash and cash equivalents, beginning	<u>688,422</u>	<u>4,748,765</u>	<u>5,437,187</u>	<u>4,349,139</u>
Cash and Cash Equivalents, Ending	<u>\$ 681,896</u>	<u>\$ 5,502,677</u>	<u>\$ 6,184,573</u>	<u>\$ 5,437,187</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (6,526)	\$ 738,648	\$ 732,122	\$ 1,154,312
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Increase in due from other funds		(123,907)	(123,907)	(78,516)
Decrease in accounts/claims payable		137,999	137,999	11,000
Net cash provided by (used in) operating activities	<u>\$ (6,526)</u>	<u>\$ 752,740</u>	<u>\$ 746,214</u>	<u>\$ 1,086,796</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Net investment in capital assets	\$ 18,526,538	\$ 17,765,146	\$ 18,067,917	\$ 17,575,130	\$ 18,940,538	\$ 19,349,984	\$ 21,611,939	\$ 20,466,258	\$ 18,001,407	\$ 20,912,472
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	61,670	61,620	61,568						427	246
Special revenue funds	958,405	931,285	920,177				544,000	543,091	633,791	668,551
Unrestricted	23,489,140	12,966,873	8,731,943	8,837,628	8,064,740	10,366,270	7,956,547	9,179,006	9,456,594	6,514,415
Total Governmental Activities Net Position	\$ 43,095,753	\$ 31,784,924	\$ 27,841,605	\$ 26,472,758	\$ 27,065,278	\$ 29,776,254	\$ 30,172,486	\$ 30,248,355	\$ 28,152,219	\$ 28,155,684
Business-Type Activities:										
Net investment in capital assets	\$ 43,025,256	\$ 49,723,718	\$ 39,084,560	\$ 56,602,644	\$ 44,049,096	\$ 44,049,096	\$ 39,510,537	\$ 34,891,780	\$ 32,574,605	\$ 34,198,112
Unrestricted	46,975,229	31,355,687	31,063,868	4,607,018	3,976,564	7,046,997	2,831,156	3,604,247	(2,830,813)	(10,260,873)
Total Business-Type Activities Net Position	\$ 90,000,485	\$ 81,079,405	\$ 70,148,428	\$ 61,209,662	\$ 48,025,660	\$ 51,096,093	\$ 42,341,693	\$ 38,496,027	\$ 29,743,792	\$ 23,937,239
Primary Government:										
Net investment in capital assets	\$ 61,551,794	\$ 67,488,864	\$ 57,152,477	\$ 74,177,774	\$ 62,989,634	\$ 63,399,080	\$ 61,122,476	\$ 55,358,038	\$ 50,576,012	\$ 55,110,584
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	61,670	61,620						-	427	246
Special revenue funds	958,405	931,285				-	544,000	543,091	633,791	668,551
Unrestricted	70,464,369	44,322,560	39,795,811	13,444,646	12,041,304	17,413,267	10,787,703	12,783,253	6,625,781	(3,746,458)
Total Primary Government Net Position	\$ 133,096,238	\$ 112,864,329	\$ 97,990,033	\$ 87,682,420	\$ 75,090,938	\$ 80,872,347	\$ 72,514,179	\$ 68,744,382	\$ 57,896,011	\$ 52,092,923

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

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental activities:										
General government	\$ 774,271	\$ 3,496,780	\$ 3,202,982	\$ 2,147,448	\$ 2,254,789	\$ 2,602,416	\$ 2,564,351	\$ 2,353,876	\$ 2,471,659	\$ 2,070,702
Public safety	3,828,684	7,631,198	8,910,917	8,194,303	7,719,552	8,410,924	7,873,997	8,107,091	7,926,207	7,462,297
Public works	3,638,067	2,666,779	3,385,670	4,092,661	5,654,738	4,945,304	5,319,979	5,744,427	5,363,235	5,730,214
Parks and recreation	1,101,053	1,091,877	1,235,151	1,218,268	1,145,844	1,254,836	1,183,923	1,323,902	1,357,588	1,330,321
Interest expense	70,237	83,103	92,683	86,959	272,674	83,240	201,986	172,874	219,652	106,801
Total governmental activities expenses	9,412,312	14,969,737	16,827,403	15,739,639	17,047,597	17,296,720	17,144,236	17,702,170	17,338,341	16,700,335
Business-type activities:										
Electric department	49,165,926	48,223,895	47,413,877	49,359,048	48,517,562	49,793,760	50,892,927	54,018,154	56,354,668	59,384,748
Water department	10,667,771	10,497,504	10,406,553	10,021,150	9,183,824	9,394,789	8,622,052	8,226,487	8,694,227	8,235,438
Sewer department	3,526,379	3,012,431	3,587,725	2,785,203						
Total business-type activities expenses	63,360,076	61,733,830	61,408,155	62,165,401	57,701,386	59,188,549	59,514,979	62,244,641	65,048,895	67,620,186
Total Primary Government Expenses	\$ 72,772,388	\$ 76,703,567	\$ 78,235,558	\$ 77,905,040	\$ 74,748,983	\$ 76,485,269	\$ 76,659,215	\$ 79,946,811	\$ 82,387,236	\$ 84,320,521
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 4,215,514	\$ 3,991,301	\$ 3,639,128	\$ 1,646,366	\$ 1,332,466	\$ 1,415,868	\$ 1,346,842	\$ 1,029,699	\$ 1,196,809	\$ 313,397
Public safety	469,118	444,253	397,614	619,377	1,005,689	480,227	426,712	394,490	358,433	328,811
Public works	1,039	33,214	11,890	17,592	81,754	56,639	38,161	45,563	39,364	59,995
Parks and recreation	245,743	171,185	160,694	232,781	208,364	213,081	215,108	171,091	172,502	146,755
Operating grants and contributions	5,530,204	4,762,099	4,571,582	4,572,283	4,846,353	4,182,825	3,447,538	4,278,561	4,639,990	5,131,028
Capital grants and contributions	994,946	184,549	113,250	210,203	612,146	386,950	657,177	2,127,673	1,316,601	759,986
Total governmental activities program revenues	11,456,564	9,586,601	8,894,158	7,298,602	8,086,772	6,735,590	6,131,538	8,047,077	7,723,699	6,739,972
Business-type activities:										
Electric department	59,394,004	57,639,165	54,825,998	56,303,526	56,323,195	55,883,773	56,482,331	61,853,220	63,494,427	64,892,454
Water department	12,813,986	14,161,544	14,850,762	16,660,495	12,254,219	10,696,461	10,256,269	9,743,591	9,858,947	9,603,898
Sewer department	3,826,203	4,537,960	4,262,283	4,314,627						
Total business-type activities program revenues	76,034,193	76,338,669	73,939,043	77,278,648	68,577,414	66,580,234	66,738,600	71,596,811	73,353,374	74,496,352
Total Primary Government Program Revenues	\$ 87,490,757	\$ 85,925,270	\$ 82,833,201	\$ 84,577,250	\$ 76,664,186	\$ 73,315,824	\$ 72,870,138	\$ 79,643,888	\$ 81,077,073	\$ 81,236,324
Net revenues (expenses):										
Governmental activities	\$ 2,044,252	\$ (5,383,136)	\$ (7,933,245)	\$ (8,441,037)	\$ (8,960,825)	\$ (10,561,130)	\$ (11,012,698)	\$ (9,655,093)	\$ (9,614,642)	\$ (9,960,363)
Business-type activities	12,674,117	14,604,839	12,530,888	15,113,247	10,876,028	7,391,685	7,223,621	9,352,170	8,304,479	6,876,166
Total Primary Government Net Expense	\$ 14,718,369	\$ 9,221,703	\$ 4,597,643	\$ 6,672,210	\$ 1,915,203	\$ (3,169,445)	\$ (3,789,077)	\$ (302,923)	\$ (1,310,163)	\$ (3,084,197)
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	\$ 5,058,186	\$ 5,020,529	\$ 5,072,456	\$ 5,272,795	\$ 6,239,400	\$ 6,428,808	\$ 7,041,746	\$ 6,261,303	\$ 6,143,075	\$ 6,419,394
Grants and contributions not restricted to specific programs	131,822	48,812	70,222	47,004	109,320	134,700	96,432	249,464	130,053	132,174
Unrestricted investment earnings	5,429	185,974	88,274	87,071	39,059	61,249	5,045	31,911	218,553	230,423
Miscellaneous							206,194	170,215		53,627
Transfers	4,071,140	4,071,140	4,071,140	2,441,647	4,071,162	3,540,141	3,587,412	3,119,496	3,119,496	3,119,496
Total governmental activities	9,266,577	9,326,455	9,302,092	7,848,517	10,459,941	10,164,898	10,936,829	9,832,389	9,611,177	9,955,114
Business-type activities:										
Unrestricted investment earnings	318,103	397,278	479,018	512,402	496,287	281,576	209,457	593,358	621,570	893,174
Transfers	(4,071,140)	(4,071,140)	(4,071,140)	(2,441,647)	(4,071,162)	(3,540,141)	(3,587,412)	(3,119,496)	(3,119,496)	(3,119,496)
Total business-type activities	(3,753,037)	(3,673,862)	(3,592,122)	(1,929,245)	(3,574,875)	(3,258,565)	(3,377,955)	(2,526,138)	(2,497,926)	(2,226,322)
Total Primary Government	\$ 5,513,540	\$ 5,652,593	\$ 5,709,970	\$ 5,919,272	\$ 6,884,066	\$ 6,906,333	\$ 7,558,874	\$ 7,306,251	\$ 7,113,251	\$ 7,728,792
Change in Net Position:										
Governmental activities	\$ 11,310,829	\$ 3,943,319	\$ 1,368,847	\$ (592,520)	\$ 1,498,116	\$ (396,232)	\$ (75,869)	\$ 177,296	\$ (3,465)	\$ (5,249)
Business-type activities	8,921,080	10,930,977	8,938,766	13,184,002	7,301,153	4,133,120	3,845,666	6,826,032	5,806,553	4,649,844
Total Primary Government	\$ 20,231,909	\$ 14,874,296	\$ 10,307,613	\$ 12,591,482	\$ 8,799,269	\$ 3,736,888	\$ 3,789,797	\$ 7,003,328	\$ 5,803,088	\$ 4,644,595

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

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General fund:										
Nonspendable	\$ -	\$ 109,943	\$ 10,359	\$ 25,926	\$ 11,725	\$ 9,035	\$ 34,814	\$ 33,017	\$ 9,750	\$ 49,908
Restricted										
Committed	267,525	192,744	213,363	213,363	201,474	468,052				
Assigned	2,600,000	2,600,000	1,850,000	800,000	400,000	451,000	400,000	720,172	819,652	703,263
Unassigned	6,557,916	6,480,088	5,063,766	5,634,786	5,060,583	3,951,759	3,463,375	2,718,163	3,324,488	3,899,210
Total General Fund	<u>9,425,441</u>	<u>9,382,775</u>	<u>7,137,488</u>	<u>6,674,075</u>	<u>5,673,782</u>	<u>4,879,846</u>	<u>3,898,189</u>	<u>3,471,352</u>	<u>4,153,890</u>	<u>4,652,381</u>
All other governmental funds:										
Nonspendable										
Restricted	1,080,075	1,052,905	1,041,745	1,005,502	893,256	4,719,753	867,024	1,083,303	633,791	6,084,045
Committed	8,295,081	6,869,195	6,516,488	4,441,325	4,346,875		41,869	3,710,682	5,283,346	246
Assigned										
Unassigned	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(702,888)
Total All Other Governmental Funds	<u>9,351,503</u>	<u>7,898,447</u>	<u>7,534,580</u>	<u>5,423,174</u>	<u>5,216,478</u>	<u>4,696,100</u>	<u>885,240</u>	<u>4,770,332</u>	<u>5,893,484</u>	<u>5,381,403</u>
Total Fund Balances Governmental Funds	<u>\$ 18,776,944</u>	<u>\$ 17,281,222</u>	<u>\$ 14,672,068</u>	<u>\$ 12,097,249</u>	<u>\$ 10,890,260</u>	<u>\$ 9,575,946</u>	<u>\$ 4,783,429</u>	<u>\$ 8,241,684</u>	<u>\$ 10,047,374</u>	<u>\$ 10,033,784</u>

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

	FISCAL YEAR									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Property taxes	\$ 5,060,654	\$ 5,020,304	\$ 5,073,605	\$ 5,290,265	\$ 6,228,104	\$ 6,457,027	\$ 7,041,746	\$ 6,240,201	\$ 6,166,362	\$ 6,417,756
Intergovernmental revenues	6,656,972	4,995,460	4,755,054	4,829,490	5,567,819	4,704,475	4,201,147	6,655,698	6,086,644	6,055,232
Charges for services	3,165,472	4,464,940	4,010,938	2,005,992	1,716,213	1,795,524	1,878,175	1,516,247	1,478,824	1,356,688
Income from investments	5,430	185,974	88,274	87,071	39,059	61,249	(24,006)	29,252	215,894	227,439
Other	1,771,108	175,013	198,388	510,124	912,060	370,291	392,977	294,811	288,284	125,030
Total revenues	<u>16,659,636</u>	<u>14,841,691</u>	<u>14,126,259</u>	<u>12,722,942</u>	<u>14,463,255</u>	<u>13,888,566</u>	<u>13,490,039</u>	<u>14,736,209</u>	<u>14,236,008</u>	<u>14,182,145</u>
Expenditures:										
Current:										
General government	2,469,593	2,638,446	2,524,384	1,523,426	2,075,390	1,966,793	2,144,414	2,141,306	2,090,838	1,676,925
Public safety	8,943,857	8,569,498	8,362,019	7,902,949	7,818,178	7,705,695	7,476,859	7,331,992	7,208,553	7,166,333
Public works	4,174,088	3,093,094	3,085,176	2,854,175	4,722,013	4,234,108	4,839,142	4,924,827	4,666,194	5,264,004
Parks and recreation	1,312,322	1,149,820	1,153,921	1,165,922	1,120,551	1,166,765	1,123,025	1,222,490	1,290,576	1,323,722
Non-departmental and other				84,357	86,644	82,052	73,573	140,021	84,429	62,407
Capital outlay	1,979,356	489,019	122,680	1,007,630	1,729,379	1,994,492	4,155,972	3,119,487	1,012,139	872,963
Debit service:										
Principal retirement	270,000	265,000	265,000	265,000	5,975,000	475,000	585,000	590,000	793,000	640,000
Interest	85,838	98,800	109,400	118,706	144,822	160,400	177,294	194,909	196,185	114,103
Total expenditures	<u>19,235,054</u>	<u>16,303,677</u>	<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>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,575,418)</u>	<u>(1,461,986)</u>	<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>
Other Financing Sources (Uses):										
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	6,357,587	4,684,979	6,226,720	4,826,463	4,086,162	3,655,141	3,587,412	3,119,496	3,584,029	3,119,496
Transfers out to other funds	(2,286,447)	(613,839)	(2,155,580)	(1,420,251)	(15,000)	(15,000)			(464,533)	
Total other financing sources (uses)	<u>4,071,140</u>	<u>4,071,140</u>	<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>
Net Change in Fund Balances	1,495,722	2,609,154	2,574,819	1,206,989	1,314,314	4,792,517	(3,458,255)	(1,805,690)	13,590	4,051,184
Debit Service as a Percentage to Noncapital Expenditures	1.56%	1.68%	1.71%	2.61%	3.92%	4.19%	4.87%	4.98%	6.45%	4.87%

CITY OF GROTON, CONNECTICUT
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY ⁽¹⁾
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		
2013	2011	\$1,011,029,157	\$1,452,435,947	\$ 247,047,195	\$ 451,771,707	\$1,332,945,358	\$1,904,207,654	70.00%	4.60
2014	2012	1,043,066,050	1,444,327,361	254,071,365	352,952,564	1,258,076,348	1,797,251,925	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
2021	2019	954,101,308	1,363,001,869	199,351,529	284,787,899	1,153,452,837	1,647,789,767	70.00%	4.30
2022	2020	955,083,008	1,364,404,297	195,685,672	279,550,960	1,150,768,680	1,643,955,257	70.00%	4.30

⁽¹⁾ Total assessed value based on 70 percent of estimated actual value.

TABLE 6

**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>	
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
2021	2019	4.20	0.10	4.30	23.53	1.58	25.11	29.41
2022	2020	4.22	0.08	4.30	24.31	1.67	25.98	30.28

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	\$ 306,327,210	1	26.23%	\$ 508,188,188	1	38.66%
General Dynamics Corporation	Submarine	280,411,520	2	24.01%	213,773,936	2	16.26%
Branford Manor, Inc.	Apartments	13,333,000	3	1.14%	10,982,390	4	0.84%
Fuelcell Energy	Equipment Leasing	12,530,000	4	1.07%	-	NA	0.00%
Groton Estates Colonial Manor, Inc.	Apartments	12,491,150	5	1.07%	12,212,590	3	0.93%
Peppertree Realty LLC	Apartments	8,555,407	6	0.73%	5,968,340	6	0.45%
Ansonia Acquisitions, LLC	Apartments	7,064,020	7	0.60%	5,584,580	7	0.42%
Avery Heights LP	Apartments	5,637,030	8	0.48%	4,632,690	9	0.35%
Computer Sceinces Corp	Computer Leasing	5,386,240	9	0.46%	8,301,300	5	0.63%
Buckeye Terminals LLC	Oil Terminal	5,334,670	10	0.46%	3,979,130	10	0.30%
Total		\$ 657,070,247		56.26%	\$ 773,623,144		58.85%

Source: Town of Groton Assessor's Department

The total net assessment of the top ten taxpayers for the City of Groton constitutes 58.32% of the total October 1, 2019 net taxable Grand List for the City of Groton after the BAA deliberations.

TABLE 8

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

Year	Grand List of October 1,	Tax Rate in Mills	Total Adjusted Tax Levy	Net Current Collections	Percent of Levy Collected	Net Delinquent Taxes Collected	Net Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2013	2011	4.58	\$ 6,453,438	\$ 6,296,266	97.56%	\$ 90,119	\$ 6,386,385	98.96%	\$ 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%
2021	2019	4.30	5,011,406	4,949,711	98.77%	23,599	4,973,310	99.24%	38,096	0.76%
2022	2020	4.30	5,068,825	5,008,980	98.82%	27,494	5,036,474	99.36%	32,351	0.64%

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 ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligations Bonds			General Obligation Bonds						
	City	Sewer	Total	Electric ⁽²⁾	Water ⁽²⁾	Sewer ⁽³⁾	Total			
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
2021	2,375,000		2,375,000	28,196,000	43,307,363	5,360,000	76,863,363	79,238,363	24.9%	8,441
2022	2,105,000		2,105,000	42,798,000	50,597,000	10,030,000	103,425,000	105,530,000	33.1%	11,242

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

<u>Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Bonded Debt</u>	<u>Percentage of Net Long-Term Debt to Assessed Value</u>	<u>Net Long-Term Debt Per Capita</u>
2013 **	10,389	\$1,258,076,348	\$5,635,000	0.45%	542
2014 **	10,389	1,297,146,935	5,040,000	0.39%	485
2015 **	10,389	1,197,702,173	4,455,000	0.37%	429
2016 **	10,389	1,167,232,309	3,980,000	0.34%	383
2017 **	10,389	1,179,974,354	9,503,000	0.81%	915
2018 **	10,389	1,179,217,826	2,905,000	0.25%	280
2019 **	10,389	1,168,012,254	2,640,000	0.23%	254
2020 **	10,389	1,153,452,837	2,375,000	0.21%	229
2021 *	10,389	1,150,768,680	2,105,000	0.18%	203
2022 *	9,387	1,150,768,680	2,105,000	0.18%	224

** Based on 2010 Bureau of Census figure.

* Based on 2020 Bureau of Census figure.

**CITY OF GROTON, CONNECTICUT
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2022**

<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	\$ 2,105,000	100.00%	\$ 2,105,000
Overlapping:			
Town of Groton	<u>109,481,693</u>	30.77%	<u>33,687,517</u>
Total	<u>\$ 111,586,693</u>		<u>\$ 35,792,517</u>

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, 2022**

Total Tax Collections, (Including Interest and Lien Fees)

For the year ended June 30, 2021

Taxes, interest and lien fees \$ 5,018,676

	<u>General Purposes</u>	<u>Sewers</u>	<u>Total</u>
Debt Limitation:			
2.25 times base	\$ 11,292,021	\$	\$ 11,292,021
3.75 times base	<u> </u>	<u>18,820,035</u>	<u>18,820,035</u>
 Total debt limitation	<u>11,292,021</u>	<u>18,820,035</u>	<u>30,112,056</u>
 Indebtedness:			
Bonds payable	2,105,000	10,030,000	12,135,000
Authorized, but unissued debt	<u>854,189</u>	<u>-</u>	<u>854,189</u>
 Total indebtedness	<u>2,959,189</u>	<u>10,030,000</u>	<u>12,989,189</u>
 Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 8,332,832</u>	<u>\$ 8,790,035</u>	<u>\$ 17,122,867</u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 35,130,732
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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total tax collections, including interest and lien fees	\$ 5,018,676	\$ 5,073,605	\$ 5,252,858	\$ 6,270,680	\$ 6,407,002	\$ 7,048,262	\$ 6,235,091	\$ 6,187,324	\$ 6,412,585	\$ 5,624,204
Reimbursement for revenue loss on:										
Total base	<u>5,018,676</u>	<u>5,073,605</u>	<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>
Debt limit:										
General purpose 2 1/4 times base	11,292,021	11,415,611	11,818,931	14,109,030	14,415,755	15,858,590	14,028,955	13,921,479	14,428,316	12,654,459
Sewer 3 3/4 times base	18,820,035	19,026,019	19,698,218	23,515,050	24,026,258	26,430,983	23,381,591	23,202,465	24,047,194	21,090,765
Total Debt Limit	<u>30,112,056</u>	<u>30,441,630</u>	<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>
Net debt applicable to limit:										
General purpose:										
Bonds payable	2,105,000	2,375,000	2,640,000	2,375,000	2,640,000	2,905,000	3,170,000	3,620,000	4,070,000	4,525,000
Authorized but unissued	854,189	854,189								
Sewer:										
Bonds payable	10,030,000	5,360,000	5,685,000		-	-	6,333,000	360,000	385,000	515,000
Bond anticipation notes						5,500,000	2,750,000			
Authorized but unissued	-	106,000								
Total net debt applicable to limit	<u>12,989,189</u>	<u>8,695,189</u>	<u>8,325,000</u>	<u>2,375,000</u>	<u>2,640,000</u>	<u>8,405,000</u>	<u>12,253,000</u>	<u>3,980,000</u>	<u>4,455,000</u>	<u>5,040,000</u>
Legal Debt Limit	<u>\$ 17,122,867</u>	<u>21,746,441</u>	<u>\$ 23,192,149</u>	<u>\$ 35,249,080</u>	<u>\$ 35,802,013</u>	<u>\$ 33,884,573</u>	<u>\$ 25,157,546</u>	<u>\$ 33,143,944</u>	<u>\$ 34,020,510</u>	<u>\$ 28,705,224</u>
In no case shall total indebtedness exceed seven times annual receipts from taxation	<u>\$ 35,130,732</u>	<u>35,515,235</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	<u>43.14%</u>	<u>28.56%</u>	<u>26.41%</u>	<u>6.31%</u>	<u>6.87%</u>	<u>19.87%</u>	<u>32.75%</u>	<u>10.72%</u>	<u>11.58%</u>	<u>14.94%</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**

Year		Population¹	Personal Income (Amounts Expressed in Thousands)	Per Capita Income²	Median Age³	Education Level in Years of Schooling⁴	Unemployment Rate¹
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%
2021	*	9,387	318,473	33,927	* 34.2	N/A	7.10%
2022	*	9,387	318,473	33,927	*34.2	N/A	3.90%

(1) Based on 2010 and 2020 U.S. Department of Commerce, Bureau of Census data.

** Based on 2010 Bureau of Census figure.

* Based on 2020 Bureau of Census figure.

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

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

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

Employer	2022			2013		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
General Dynamics, Electric Boat Division	9,169	1	60%	8,277	1	66%
Pfizer's	4,853	2	32%	3,400	2	27%
Superintendent of Ships	300	3	2%	220	5	2%
Seabird Enterprises	262	4	2%	N/A		N/A
University of Connecticut	223	5	1%	230	4	2%
City of Groton	220	6	1%	236	3	2%
Groton Board of Education	98	7	1%	135	6	1%
Sacred Heart School	35	8	0%	38	10	0%
Marine Science Magnet School	35	9	0%	N/A		N/A
Project Oceanology	32	10	0%	36	9	0%
Total	15,227		100.0%	12,572		100%

Source: State Department of Labor

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

TABLE 16

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	4	4	3	3	3	3	3	3	3
Other	5	5	5	5	3	3	3	3	3	3
Police										
Officers	27	27	27	27	27	27	28	29	29	31
Civilians	7	7	7	7	7	7	7	7	9	12
Fire										
Firefighters and officers	17	17	17	17	17	17	17	17	17	17
Public works										
Engineering	1	1	1	1	1	1	1	1	1	2
Highway	19	19	19	19	19	19	18	19	21	20
Water department	34	34	38	39	35	35	34	31	32	34
Sewer department	8	8	6	5	5	5	6	6	6	6
Electric department	85	82	77	71	66	66	71	70	70	95
Total	220	217	214	207	196	196	201	199	204	236

Source: Various City Departments.

**CITY OF GROTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government:										
Public safety:										
Physical arrests	444	388	358	498	503	495	588	621	532	496
Parking violations	528	421	741	1,599	1,484	1,568	1,331	889	1,019	785
Traffic violations	1,142	711	1,154	1,920	1,558	1,630	1,606	1,341	1,865	1,815
Fire:										
Emergency responses	1,066	1,062	976	1,118	1,111	1,061	1,127	1,055	1,085	1,332
Fires extinguished	39	53	38	40	41	22	23	12	23	51
Public works:										
Highways and streets:										
Street resurfacing (miles)	1	1	1		1	2	6	7	9	2
Sidewalk repaired (feet)	1,660			619	1,420	1,134	410	175	1,901	1,250
Sanitation:										
Refuse collected (tons/day)	12	12	12	12	11	11	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	2,608	2,646	2,191	2,496	2,448	2,179	2,125	2,092	2,052	2,008
Recreation:										
Summer program	441	286	324	566	587	381	613	426	392	326
Fall program	103	130	52	111	119	120	269	115	116	192
Winter program	123	345	249	481	402	354	215	170	145	126
Business-type activities:										
Water fund:										
New connections	19	11	7	12	6	8	3	5	9	9
Water main breaks	18	11	18	13	14	16	14	16	5	5
Average daily consumption (millions of gallons)	5.000MGD	5.000MGD	5.000MGD	5.000MGD	5.000MGD	5.500MGD	5.700MGD	5.700MGD	5.900MGD	5.900MGD
Peak daily consumption (millions of gallons)	7.648MGD	7.648MGD	7.648MGD	7.648MGD	7.648MGD	9.704MGD	9.100MGD	8.511MGD	8.250MGD	8.250MGD

Source: Various city departments

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

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	739	739	737	737	737	735	734	731	728
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.