

CITY OF GROTON, CONNECTICUT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

CITY OF GROTON, CONNECTICUT

**Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

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

Keith Hedrick, Mayor

**CITY OF GROTON, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	i
LIST OF ELECTED AND APPOINTED OFFICIALS	vi
ORGANIZATION CHART	vii

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5

BASIC FINANCIAL STATEMENTS

EXHIBITS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	I	14
STATEMENT OF ACTIVITIES	II	15

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BALANCE SHEET	III	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	IV	18

PROPRIETARY FUNDS

STATEMENT OF NET POSITION	V	20
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	VI	21
STATEMENT OF CASH FLOWS	VII	22

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION	VIII	23
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	IX	24

NOTES TO FINANCIAL STATEMENTS	25
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**CITY OF GROTON, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) — BUDGET AND ACTUAL — BUDGETARY BASIS	RSI-1	69
--	--------------	-----------

PENSION TRUST FUND

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	RSI-2	70
SCHEDULE OF EMPLOYER CONTRIBUTIONS	RSI-3	71
SCHEDULE OF INVESTMENT RETURNS	RSI-4	72

OTHER POSTEMPLOYMENT BENEFITS TRUST FUND

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS	RSI-5	73
SCHEDULE OF EMPLOYER CONTRIBUTIONS	RSI-6	74
SCHEDULE OF INVESTMENT RETURNS	RSI-7	75

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

COMPARATIVE BALANCE SHEETS	A-1	78
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES — BUDGETARY BASIS — BUDGET AND ACTUAL	A-2	79
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES — BUDGETARY BASIS — BUDGET AND ACTUAL	A-3	81
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED, AND OUTSTANDING	A-4	83

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	B-1	86
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	B-2	87

PROPRIETARY FUNDS

ELECTRIC DEPARTMENT

COMPARATIVE STATEMENTS OF NET POSITION	C-1	89
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**CITY OF GROTON, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	C-2	91
COMPARATIVE STATEMENTS OF CASH FLOWS	C-3	92
COMPARATIVE SCHEDULES OF REVENUES	C-4	94
COMPARATIVE SCHEDULES OF EXPENSES	C-5	95
WATER DEPARTMENT		
COMPARATIVE STATEMENTS OF NET POSITION	D-1	96
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	D-2	98
COMPARATIVE STATEMENTS OF CASH FLOWS	D-3	99
COMPARATIVE SCHEDULES OF REVENUES	D-4	101
COMPARATIVE SCHEDULES OF EXPENSES	D-5	102
INTERNAL SERVICE FUNDS		
COMBINING STATEMENT OF NET POSITION	E-1	103
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	E-2	104
COMBINING STATEMENT OF CASH FLOWS	E-3	105
 STATISTICAL SECTION		
	TABLES	
FINANCIAL TRENDS		
NET POSITION BY COMPONENT	1	108
CHANGES IN NET POSITION	2	109
FUND BALANCES — GOVERNMENTAL FUNDS	3	111
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS	4	112
REVENUE CAPACITY		
ASSESSED VALUE AND ESTIMATED ACTUAL OF TAXABLE PROPERTY	5	113
PROPERTY TAX RATES — DIRECT AND OVERLAPPING GOVERNMENTS	6	114
PRINCIPAL PROPERTY TAXPAYERS	7	115

**CITY OF GROTON, CONNECTICUT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

PROPERTY TAX LEVIES AND COLLECTIONS	8	116
DEBT CAPACITY		
RATIOS OF OUTSTANDING DEBT TYPE	9	117
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA	10	118
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT	11	119
SCHEDULE OF DEBT LIMITATION	12	120
SCHEDULE OF STATUTORY DEBT LIMITATION	13	121
DEMOGRAPHIC AND ECONOMIC STATISTICS		
DEMOGRAPHIC AND ECONOMIC STATISTICS	14	122
PRINCIPAL EMPLOYERS	15	123
OPERATING INFORMATION		
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM	16	124
OPERATING INDICATORS BY FUNCTION/PROGRAM	17	125
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM	18	126

INTRODUCTORY SECTION



CITY OF GROTON

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Department of Finance

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June 28, 2024

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, 2023. 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, 2023, 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, 2023, 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 29% 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% of the adjusted tax levy.

Groton Utilities

During fiscal Year 2022-2023, 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 Brandegee 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 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,



Ronald Yuhas, Jr.
Finance Director

THE CITY OF GROTON PRINCIPAL MUNICIPAL OFFICIALS

Elected Officials

Term of Office – May 2021 to November 2023

Keith Hedrick – Mayor

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

Appointed Officials

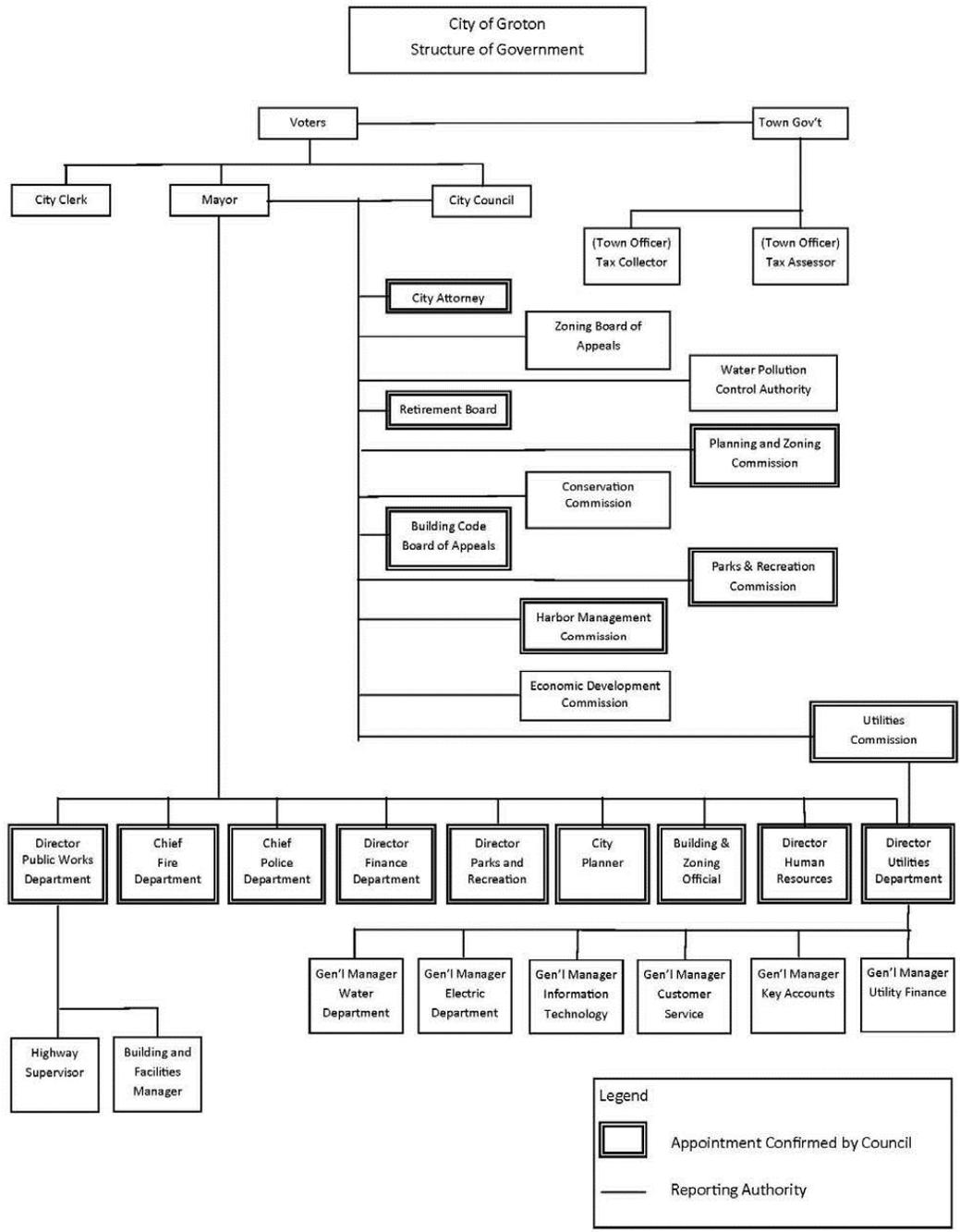
Term of Office -Indefinite

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
Director of Human Resources	Linda Avedisian
Chief of Police	Eric Jenkins
Director of Parks & Recreation	Mary K. Hill
Building & Zoning Official	Joseph Summers
Planner	Leslie Creane



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
City Council
City of Groton, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Groton, Connecticut, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing

Honorable Mayor and Members
City Council
City of Groton, Connecticut

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit for the year ended June 30, 2023 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 schedule of property taxes levied, collected and outstanding, and combining and individual fund financial statements and schedules for the year ended June 30, 2023 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 for the year ended June 30, 2023 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 schedule of property taxes levied, collected and outstanding, and combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2023.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Groton, Connecticut as of and for the year ended June 30, 2022, (not presented herein), and have issued our report thereon dated June 30, 2023 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying financial statements of the General Fund, Electric Department, Water Department and Internal Service Funds for the year ended June 30, 2022 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 related directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying financial statements of the General Fund, Electric Department, Water Department and Internal Service Funds is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

Other Information

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

Honorable Mayor and Members
City Council
City of Groton, Connecticut

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 28, 2024, 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 City of Groton, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
June 28, 2024



CITY OF GROTON

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Department of Finance

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2023

As management of the City of Groton, Connecticut (the 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, 2023. 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 \$131,476,143 (net position). Of this amount, \$48,284,101 (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 \$7,215,886 for the fiscal year, with a \$2,074,857 increase in the government activities and an \$5,141,029 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 \$18,793,061 an increase of \$16,117 in comparison with the prior year.
- \$6,347,715 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 \$6,371,368 or 35.2% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

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.

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

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

General Fund
Miscellaneous Grants
Equipment Replacement Fund
Submarine Memorial Fund

Nonmajor Governmental Funds

State Aid Road Bridge Street Forfeiture Grant

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 pages 14 through 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 nonmajor 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 pages 18 through 20 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

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 pages 23 and 24 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 pages 25 through 67 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 nonmajor 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 \$131.4 million at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	Primary Government		2023	2022
	2023	2022	2023	2022	2023	2022
Assets:						
Current Assets	\$ 28,316,309	\$ 30,405,779	\$ 77,794,083	\$ 97,079,855	\$ 106,110,392	\$ 127,485,634
Capital Assets, Net of Accumulated Depreciation	22,258,940	20,766,180	152,131,064	141,524,646	174,390,004	162,290,826
Total Assets	50,575,249	51,171,959	229,925,147	238,604,501	280,500,396	289,776,460
Deferred Outflows of Resources	4,879,280	7,549,237	5,900,079	9,165,569	10,779,359	16,714,806
Liabilities:						
Current Liabilities	4,778,628	8,073,444	33,138,190	38,736,415	37,916,818	46,809,859
Long-Term Liabilities Outstanding	12,460,234	14,383,862	102,967,474	116,533,987	115,427,708	130,917,849
Total liabilities	17,238,862	22,457,306	136,105,664	155,270,402	153,344,526	177,727,708
Deferred Inflows of Resources	1,947,777	2,070,857	4,511,309	2,432,444	6,459,086	4,503,301
Net Position						
Net Investments in Capital Assets	20,189,538	18,526,539	61,826,980	43,091,995	82,016,518	61,618,534
Restricted	1,068,293	1,080,075	-	-	1,068,293	1,080,075
Unrestricted	15,010,059	14,586,419	33,381,273	46,975,229	48,391,332	61,561,648
Total Net Position	\$ 36,267,890	\$ 34,193,033	\$ 95,208,253	\$ 90,067,224	\$ 131,476,143	\$ 124,260,257

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

By far the largest portion of the City's net position (62%) 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 \$48.2 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased \$7.2 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 increased the City's net position by \$2.1 million, and business-type activities increased net position by \$5.1 million.

	Governmental Activities		Business-Type Activities		Total	
			Primary Government			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,464,038	\$ 4,931,414	\$ 83,404,822	\$ 75,034,251	\$ 85,868,860	\$ 79,965,665
Operating Grants and Contributions	5,651,760	5,530,204	-	-	5,651,760	5,530,204
Capital Grants and Contributions	1,895,128	994,946	-	999,942	1,895,128	1,994,888
General Revenues:						
Property Taxes	5,000,802	5,058,186	-	-	5,000,802	5,058,186
Grants Not Restricted to Specific Programs	131,753	131,822	-	-	131,753	131,822
Investment Income	175,458	5,429	633,124	318,103	808,582	323,532
Total Revenues	<u>15,318,939</u>	<u>16,652,001</u>	<u>84,037,946</u>	<u>76,352,296</u>	<u>99,356,885</u>	<u>93,004,297</u>
Expenses:						
General Government	2,117,564	3,119,725	-	-	2,117,564	3,119,725
Public Safety	9,887,004	9,284,324	-	-	9,887,004	9,284,324
Public Works	3,702,202	4,493,614	-	-	3,702,202	4,493,614
Recreation	1,571,527	1,347,132	-	-	1,571,527	1,347,132
Interest and Fiscal Charges	36,925	70,237	-	-	36,925	70,237
Water	-	-	13,277,268	10,667,771	13,277,268	10,667,771
Electric	-	-	57,682,828	49,165,926	57,682,828	49,165,926
Sewer	-	-	3,865,681	3,459,640	3,865,681	3,459,640
Total Expenses	<u>17,315,222</u>	<u>18,315,032</u>	<u>74,825,777</u>	<u>63,293,337</u>	<u>92,140,999</u>	<u>81,608,369</u>
Change in Net Position Before Transfers						
	(1,996,283)	(1,663,031)	9,212,169	13,058,959	7,215,886	11,395,928
Transfers	<u>4,071,140</u>	<u>4,071,140</u>	<u>(4,071,140)</u>	<u>(4,071,140)</u>	<u>-</u>	<u>-</u>
Change in Net Position	2,074,857	2,408,109	5,141,029	8,987,819	7,215,886	11,395,928
Net Position - Beginning of Year	<u>34,193,033</u>	<u>31,784,924</u>	<u>90,067,224</u>	<u>81,079,405</u>	<u>124,260,257</u>	<u>112,864,329</u>
Net Position - End of Year	<u>\$ 36,267,890</u>	<u>\$ 34,193,033</u>	<u>\$ 95,208,253</u>	<u>\$ 90,067,224</u>	<u>\$ 131,476,143</u>	<u>\$ 124,260,257</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023

Revenues

Governmental activities' revenues totaled \$15.3 million for fiscal year 2023. Operating grants and contributions are the City's largest revenue source for the City and represent 37% 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. Property taxes are the second largest revenue source for the governmental activities and represent 33% of the governmental revenues. Current tax collections were 99.4% of the adjusted tax levy. Charges for services represents 16% and capital grants and contributions represent 12%. Investment income and miscellaneous revenue represent 2% of governmental revenues.

Expenses

Governmental expenses totaled \$17.3 million for the fiscal year. Of the expenditures, 57% or \$9.9 million is related to public safety. Public works expenses amounted to \$3.7 million, or 21%. Recreation expenses amounted to \$1.6 million or 9%. General government and interest expenses were \$2.1 million or 12%.

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

Business-Type Activities

Business-type activities represent 72.4% 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 \$16,117 in comparison with the prior year. Approximately 33.8% of this total amount, \$6.3 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 \$6.4 million, while total fund balance was \$8.7 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 30.8% of total General Fund expenditures. Total fund balance represents 42.2% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$686,548 during the current fiscal year due to revenues decreasing, while expenditures remaining relatively consistent with prior year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

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 \$24.2 million, the unrestricted net position of the Water operation amounted to \$4.2 million, and the unrestricted net position of the Sewer operation amounted to \$2.6 million. The increase in net position for the Electric Fund was \$5.4 million, the decrease in net position for the Water Fund was \$898,058 and the decrease in net position for the Sewer Fund was \$49,353, 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, 2023, amounts to approximately \$174.4 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:

- Various governmental, electric, water, and sewer projects took place during the year.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Land Rights	\$ 3,448,593	\$ 3,156,803	\$ 3,472,941	\$ 3,472,941	\$ 6,921,534	\$ 6,629,744
Construction in Progress	77,499	634,036	15,381,869	11,947,433	15,459,368	12,581,469
Land Improvements	836,680	891,956	-	-	836,680	891,956
Buildings and Improvements	4,344,907	4,431,814	39,692,677	40,189,531	44,037,584	44,621,345
Distribution Systems	-	-	89,454,529	82,970,274	89,454,529	82,970,274
Machinery and Equipment	234,654	153,565	2,854,582	2,215,500	3,089,236	2,369,065
Vehicles	1,851,442	1,924,751	1,274,466	728,971	3,125,908	2,653,722
Infrastructure	11,465,165	9,573,255	-	-	11,465,165	9,573,255
Total	\$ 22,258,940	\$ 20,766,180	\$ 152,131,064	\$ 141,524,650	\$ 174,390,004	\$ 162,290,830

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 \$97.3 million. Of this amount, \$1.8 million comprises debt backed by the full faith and credit of the City and \$95.5 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.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2023**

Changes in bonded debt and note payable during fiscal 2023:

	Governmental Activities		Business-Type Activities		Total	
			Primary Government			
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	\$ 1,830,000	\$ 2,105,000	\$ 58,450,000	\$ 64,425,000	\$ 60,280,000	\$ 66,530,000
Note Payable	-	-	1,595,200	1,795,600	1,595,200	1,795,600
DWSRF Interim Loan	-	-	35,425,000	39,000,000	35,425,000	39,000,000
Total	<u>\$ 1,830,000</u>	<u>\$ 2,105,000</u>	<u>\$ 95,470,200</u>	<u>\$ 105,220,600</u>	<u>\$ 97,300,200</u>	<u>\$ 107,325,600</u>

The City’s total bonded debt decreased by \$10 million (-9.3%) 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, 2023**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozrah Light and Power Company
ASSETS				
Cash and Cash Equivalents	\$ 29,821,247	\$ 34,032,016	\$ 63,853,263	\$ 2,642,789
Investments	694,200	-	694,200	-
Receivables, Net:				
Property Taxes	41,589	-	41,589	-
Use Charges	-	6,700,545	6,700,545	1,936,607
Unbilled Utility Revenue	-	1,456,703	1,456,703	-
Intergovernmental and Other	18,329	-	18,329	3,833
Leases Receivable	-	2,282,520	2,282,520	-
Inventory and Prepaid Items	-	2,760,811	2,760,811	10,594
Internal Balances	(2,259,056)	2,259,056	-	-
Due from Component Unit	-	5,416,430	5,416,430	-
Amount Held at CMEEC	-	15,228,748	15,228,748	4,309,190
Restricted Cash	-	-	-	2,624,669
Equity Investment in Component Unit	-	7,657,254	7,657,254	-
Capital Assets, Nondepreciable	3,526,092	18,854,810	22,380,902	1,186,117
Capital Assets, Net of Accumulated Depreciation	18,732,848	133,276,254	152,009,102	9,971,375
Total Assets	<u>50,575,249</u>	<u>229,925,147</u>	<u>280,500,396</u>	<u>22,685,174</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	-	157,316	157,316	-
Deferred Outflows Related to Pension	3,857,720	4,543,539	8,401,259	-
Deferred Outflows Related to OPEB	1,021,560	1,199,224	2,220,784	-
Total Deferred Outflows of Resources	<u>4,879,280</u>	<u>5,900,079</u>	<u>10,779,359</u>	<u>-</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	736,580	8,726,281	9,462,861	3,403,891
Accrued Interest Payable	5,006	557,432	562,438	36,094
Unearned Revenue	3,480,247	5,300	3,485,547	137,530
Customer Deposits	-	3,097,086	3,097,086	-
Noncurrent Liabilities:				
Due to Primary Government	-	-	-	5,416,430
Rate Stabilization	-	13,176,691	13,176,691	4,482,586
Due Within One Year	556,795	7,575,400	8,132,195	-
Due In More Than One Year	12,460,234	102,967,474	115,427,708	1,551,389
Total Liabilities	<u>17,238,862</u>	<u>136,105,664</u>	<u>153,344,526</u>	<u>15,027,920</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Related to Pension	434,947	512,271	947,218	-
Deferred Inflows Related to OPEB	1,512,830	1,775,931	3,288,761	-
Deferred Inflows Related to Leases	-	2,223,107	2,223,107	-
Total Deferred Inflows of Resources	<u>1,947,777</u>	<u>4,511,309</u>	<u>6,459,086</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	20,189,538	61,826,980	82,016,518	8,112,098
Restricted for:				
Permanent Fund	50,000	-	50,000	-
Other Purposes	1,018,293	-	1,018,293	-
Unrestricted	15,010,059	33,381,273	48,391,332	(454,844)
Total Net Position	<u>\$ 36,267,890</u>	<u>\$ 95,208,253</u>	<u>\$ 131,476,143</u>	<u>\$ 7,657,254</u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Function/Program Activities	Net Revenue (Expense) and Changes in Net Position							Component Unit Bozrah Light and Power Company
	Expenses	Program Revenues			Primary Government			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ (2,117,564)	\$ 1,637,377	\$ 1,500	\$ -	\$ (478,687)	\$ -	\$ (478,687)	\$ -
Public Safety	(9,887,004)	520,926	2,916,779	-	(6,449,299)	-	(6,449,299)	-
Public Works	(3,702,202)	-	2,733,481	1,895,128	926,407	-	926,407	-
Parks and Recreation	(1,571,527)	305,735	-	-	(1,265,792)	-	(1,265,792)	-
Interest Expense	(36,925)	-	-	-	(36,925)	-	(36,925)	-
Total Governmental Activities	(17,315,222)	2,464,038	5,651,760	1,895,128	(7,304,296)	-	(7,304,296)	-
Business-Type Activities:								
Electric	(57,682,828)	67,009,178	-	-	-	9,326,350	9,326,350	-
Water	(13,277,268)	12,571,224	-	-	-	(706,044)	(706,044)	-
Sewer	(3,865,681)	3,824,420	-	-	-	(41,261)	(41,261)	-
Total Business-Type Activities	(74,825,777)	83,404,822	-	-	-	8,579,045	8,579,045	-
Total Primary Government	<u>\$ (92,140,999)</u>	<u>\$ 85,868,860</u>	<u>\$ 5,651,760</u>	<u>\$ 1,895,128</u>	(7,304,296)	8,579,045	1,274,749	-
COMPONENT UNIT								
Bozrah Light and Power Company	<u>\$ (27,344,036)</u>	<u>\$ 27,379,163</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	-	35,127
GENERAL REVENUES								
Property Taxes					5,000,802	-	5,000,802	-
Grants and Contributions Not Restricted to Specific Programs					131,753	-	131,753	-
Investment Income					175,458	633,124	808,582	-
Transfers					4,071,140	(4,071,140)	-	-
Total General Revenues and Transfers					<u>9,379,153</u>	<u>(3,438,016)</u>	<u>5,941,137</u>	-
CHANGE IN NET POSITION								
					2,074,857	5,141,029	7,215,886	35,127
Net Position - Beginning of Year					<u>34,193,033</u>	<u>90,067,224</u>	<u>124,260,257</u>	<u>7,622,127</u>
NET POSITION - END OF YEAR								
					<u>\$ 36,267,890</u>	<u>\$ 95,208,253</u>	<u>\$ 131,476,143</u>	<u>\$ 7,657,254</u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 19,367,984	\$ 3,495,035	\$ 22,863,019
Investments	-	694,200	694,200
Receivables:			-
Property Taxes Receivable, Net	41,589	-	41,589
Intergovernmental and Other	18,229	100	18,329
Due from Other Funds	293,322	9,752,584	10,045,906
	<u>293,322</u>	<u>9,752,584</u>	<u>10,045,906</u>
Total Assets	<u>\$ 19,721,124</u>	<u>\$ 13,941,919</u>	<u>\$ 33,663,043</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 357,227	\$ 128,353	\$ 485,580
Due to Other Funds	10,591,601	279,151	10,870,752
Unearned Revenue	-	3,480,247	3,480,247
Total Liabilities	<u>10,948,828</u>	<u>3,887,751</u>	<u>14,836,579</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	33,403	-	33,403
Total Deferred Inflows of Resources	<u>33,403</u>	<u>-</u>	<u>33,403</u>
FUND BALANCES			
Nonspendable	-	50,000	50,000
Restricted	-	1,068,293	1,068,293
Committed	267,525	8,959,528	9,227,053
Assigned	2,100,000	-	2,100,000
Unassigned	6,371,368	(23,653)	6,347,715
Total Fund Balances	<u>8,738,893</u>	<u>10,054,168</u>	<u>18,793,061</u>
	<u>\$ 19,721,124</u>	<u>\$ 13,941,919</u>	<u>\$ 33,663,043</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,721,124</u>	<u>\$ 13,941,919</u>	<u>\$ 33,663,043</u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 18,793,061
<p>Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>	
Governmental Capital Assets	43,006,645
Less: Accumulated Depreciation	(20,747,705)
Net Capital Assets	22,258,940
<p>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:</p>	
Property Tax Receivables Greater Than 60 Days	33,403
<p>Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.</p>	
Deferred Outflows Related to Pension	3,857,720
Deferred Outflows Related to OPEB	1,021,560
Deferred Inflows Related to Pension	(434,947)
Deferred Inflows Related to OPEB	(1,512,830)
<p>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.</p>	
	5,273,018
<p>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:</p>	
Bonds Payable	(1,830,000)
Unamortized Premium on Bonds Payable	(122,401)
Interest Payable on Bonds	(5,006)
Compensated Absences	(1,347,775)
Net Pension Liability	(6,996,110)
Net OPEB Liability	(2,720,743)
Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	\$ 36,267,890

See accompanying Notes to Financial Statements.

CITY OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 4,994,614	\$ -	\$ 4,994,614
Intergovernmental Revenues	5,835,997	1,842,643	7,678,640
Charges for Services	2,324,497	-	2,324,497
Income from Investments	82,853	90,836	173,689
Other	80,682	58,859	139,541
Total Revenues	<u>13,318,643</u>	<u>1,992,338</u>	<u>15,310,981</u>
EXPENDITURES			
Current:			
General Government	2,670,790	55,921	2,726,711
Public Safety	9,108,826	2,143	9,110,969
Public Works	3,178,367	-	3,178,367
Parks and Recreation	1,441,062	-	1,441,062
Debt Service:			
Principal Retirement	275,000	-	275,000
Interest and Other Charges	73,775	-	73,775
Capital Outlay	-	2,560,120	2,560,120
Total Expenditures	<u>16,747,820</u>	<u>2,618,184</u>	<u>19,366,004</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,429,177)	(625,846)	(4,055,023)
OTHER FINANCING SOURCES (USES)			
Transfers In	4,086,140	1,343,511	5,429,651
Transfers Out	(1,343,511)	(15,000)	(1,358,511)
Total Other Financing Sources (Uses)	<u>2,742,629</u>	<u>1,328,511</u>	<u>4,071,140</u>
NET CHANGE IN FUND BALANCES	(686,548)	702,665	16,117
Fund Balances - Beginning of Year	<u>9,425,441</u>	<u>9,351,503</u>	<u>18,776,944</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,738,893</u>	<u>\$ 10,054,168</u>	<u>\$ 18,793,061</u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ 16,117

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

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	2,378,757
Depreciation Expense	(885,997)

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

Property Taxes Collected After 60 Days	6,188
Deferred Outflows Related to Pension	(2,320,877)
Deferred Outflows Related to OPEB	(349,080)

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	275,000
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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	24,610
Change in Heart and Hypertension	589,636
Change in Long-Term Compensated Absences	(91,927)
Change in Net Pension Liability	1,266,382
Change in Net OPEB Liability	449,284
Deferred Inflows Related to Pension	(62,761)
Deferred Inflows Related to OPEB	185,841

The net revenue of the internal service funds is reported with governmental activities.	581,444
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 2,074,857
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See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Business-Type Activities				Governmental
	Major Funds			Nonmajor Fund	Activities
	Electric Department	Water Department	Sewer Department	Total Enterprise Funds	Internal Service Fund
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 26,432,408	\$ 3,414,975	\$ 4,184,633	\$ 34,032,016	\$ 6,958,228
Accounts Receivable, Net	5,240,940	1,187,533	272,072	6,700,545	-
Unbilled Utility Revenue	1,456,703	-	-	1,456,703	-
Due from Other Funds	65,858	4,152,957	3,440,917	7,659,732	773,159
Prepaid Items	133,677	127,304	8,833	269,814	-
Inventory	2,001,456	451,339	38,202	2,490,997	-
Lease Receivable	-	198,119	-	198,119	-
Total Current Assets	35,331,042	9,532,227	7,944,657	52,807,926	7,731,387
Noncurrent Assets:					
Amounts Held at CMEEC	15,228,748	-	-	15,228,748	-
Equity Investment in Component Unit	7,657,254	-	-	7,657,254	-
Lease Receivable	-	2,084,401	-	2,084,401	-
Due from Component Units	5,416,430	-	-	5,416,430	-
Total Noncurrent Assets	28,302,432	2,084,401	-	30,386,833	-
Capital Assets (Net of Accumulated Depreciation):					
Land and Land Rights	704,844	2,135,644	632,454	3,472,942	-
Construction in Progress	13,667,624	840,166	874,078	15,381,868	-
Buildings and Improvements	471,018	33,183,680	6,037,978	39,692,676	-
Station Equipment	7,286,559	-	-	7,286,559	-
Electric Distribution System	27,829,089	-	-	27,829,089	-
Plant and Pumping Stations	-	29,942,105	452,015	30,394,120	-
Water Distribution System	-	23,539,523	405,239	23,944,762	-
Machinery and Equipment	1,578,862	961,233	314,487	2,854,582	-
Vehicles	980,212	199,456	94,798	1,274,466	-
Total Capital Assets, Net	52,518,208	90,801,807	8,811,049	152,131,064	-
Total Noncurrent and Capital Assets	80,820,640	92,886,208	8,811,049	182,517,897	-
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Charge on Refunding	114,201	43,115	-	157,316	-
Deferred Outflows Related to Pension	2,726,123	1,363,061	454,355	4,543,539	-
Deferred Outflows Related to OPEB	732,860	355,325	111,039	1,199,224	-
Total Deferred Outflows of Resources	3,573,184	1,761,501	565,394	5,900,079	-
Total Assets and Deferred Outflows of Resources	119,724,866	104,179,936	17,321,100	241,225,902	7,731,387
LIABILITIES					
Current Liabilities:					
Accounts Payable	6,639,984	696,999	162,849	7,499,832	-
Accrued Payroll and Compensated Absences	330,128	226,077	54,565	610,770	-
Accrued Taxes	457,251	38,349	100,831	596,431	-
Accrued Interest Payable	438,519	118,913	-	557,432	-
Accrued Expenses	9,129	9,025	1,094	19,248	-
Claims Payable	-	-	-	-	251,000
Unearned Revenue	-	5,300	-	5,300	-
Due to Other Funds	7,469,828	27,216	111,001	7,608,045	-
Bonds, Notes and Loans Payable, Current Portion	4,244,400	2,756,000	575,000	7,575,400	-
Customer Deposits Payable	3,097,086	-	-	3,097,086	-
Total Current Liabilities	22,686,325	3,877,879	1,005,340	27,569,544	251,000
Noncurrent Liabilities:					
Rate Stabilization	13,176,691	-	-	13,176,691	-
Bonds, Notes and Loans Payable, Net	37,842,720	44,141,912	9,549,058	91,533,690	-
Net Pension Liability	4,943,920	2,471,960	823,988	8,239,868	-
Net OPEB Liability	1,951,838	946,345	295,733	3,193,916	-
Total Noncurrent Liabilities	57,915,169	47,560,217	10,668,779	116,144,165	-
Total Liabilities	80,601,494	51,438,096	11,674,119	143,713,709	251,000
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pension	307,363	153,681	51,227	512,271	-
Deferred Inflows Related to OPEB	1,085,291	526,202	164,438	1,775,931	-
Deferred Inflows Related to Leases	-	2,223,107	-	2,223,107	-
Total Deferred Outflows of Resources	1,392,654	2,902,990	215,665	4,511,309	-
NET POSITION					
Net Investment in Capital Assets	13,452,014	45,607,329	2,767,637	61,826,980	-
Unrestricted	24,278,704	4,231,521	2,663,679	31,173,904	7,480,387
Total Net Position	\$ 37,730,718	\$ 49,838,850	\$ 5,431,316	93,000,884	\$ 7,480,387
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Proprietary Funds				2,207,369	
Net Position of Business-Type Activities				\$ 95,208,253	

See accompanying Notes to Financial Statements.

CITY OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities			Governmental	
	Major Funds		Nonmajor	Activities	
	Electric Department	Water Department	Sewer Department	Total Enterprise Funds	
				Internal Service Fund	
OPERATING REVENUES	\$ 66,974,050	\$ 12,571,224	\$ 3,824,420	\$ 83,369,694	\$ 6,183,240
OPERATING EXPENSES					
Direct Expenses:					
Purchased Power	40,316,258	-	-	40,316,258	-
Other	3,515,657	4,413,337	3,030,912	10,959,906	-
Overhead Expenses:					
Customer Account	2,258,048	547,635	161,313	2,966,996	-
Administrative and General	6,108,245	4,416,945	-	10,525,190	-
Claims and Administration	-	-	-	-	4,865,799
Taxes	2,164,941	353,787	87,760	2,606,488	-
Depreciation	2,393,176	2,704,605	279,095	5,376,876	-
Total Operating Expenses	<u>56,756,325</u>	<u>12,436,309</u>	<u>3,559,080</u>	<u>72,751,714</u>	<u>4,865,799</u>
OPERATING INCOME	10,217,725	134,915	265,340	10,617,980	1,317,441
NONOPERATING REVENUES (EXPENSES)					
Investment Income	530,220	45,125	57,779	633,124	1,769
Interest Expense	(1,361,259)	(1,078,098)	(372,472)	(2,811,829)	-
Equity Gains on Investments	35,128	-	-	35,128	-
Total Nonoperating Revenues (Expenses)	<u>(795,911)</u>	<u>(1,032,973)</u>	<u>(314,693)</u>	<u>(2,143,577)</u>	<u>1,769</u>
INCOME BEFORE TRANSFERS	9,421,814	(898,058)	(49,353)	8,474,403	1,319,210
Transfers Out	<u>(4,071,140)</u>	-	-	<u>(4,071,140)</u>	-
CHANGE IN NET POSITION	5,350,674	(898,058)	(49,353)	4,403,263	1,319,210
Net Position - Beginning of Year	<u>32,380,044</u>	<u>50,736,908</u>	<u>5,480,669</u>	<u>88,597,621</u>	<u>6,161,177</u>
NET POSITION - END OF YEAR	37,730,718	49,838,850	5,431,316	93,000,884	<u>\$ 7,480,387</u>
Prior Year Accumulated Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Proprietary Funds	876,604	464,085	128,914	1,469,603	
Current Year Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Proprietary Funds	<u>434,756</u>	<u>237,139</u>	<u>65,871</u>	<u>737,766</u>	
Total Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Proprietary Funds	<u>1,311,360</u>	<u>701,224</u>	<u>194,785</u>	<u>2,207,369</u>	
Net Position - End of Year after Consolidation of Internal Service	<u>\$ 39,042,078</u>	<u>\$ 50,540,074</u>	<u>\$ 5,626,101</u>	<u>\$ 95,208,253</u>	

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities				Governmental
	Major Funds			Nonmajor Fund	Activities
	Electric Department	Water Department	Sewer Department	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 65,585,288	\$ 10,012,723	\$ 3,718,033	\$ 79,316,044	\$ -
Payments to Suppliers for Goods and Services	(52,180,567)	(7,657,704)	(3,315,258)	(63,153,529)	-
Payments to Employees for Services	(7,318,772)	(5,218,062)	(388,163)	(12,924,997)	-
Cash Received from Premiums	-	-	-	-	6,183,240
Cash Paid for Claims	-	-	-	-	(4,365,668)
Payments for Interfund Services Used	-	-	-	-	(1,045,686)
Net Cash Provided (Used) by Operating Activities	6,085,949	(2,863,043)	14,612	3,237,518	771,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund Loans	1,266,782	(1,341,719)	66,435	(8,502)	-
Amount Held at CMEEC	1,639,259	-	-	1,639,259	-
Transfers Out to Other Funds	(4,071,140)	-	-	(4,071,140)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(1,165,099)	(1,341,719)	66,435	(2,440,383)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(12,938,818)	(832,437)	(944,327)	(14,715,582)	-
Payments to Bozrah Light and Power	415,706	-	-	415,706	-
Repayment of CMEEC Loan	(200,400)	-	-	(200,400)	-
Principal Paid on General Obligation Bonds and Equipment Contracts	(4,518,000)	(887,000)	(570,000)	(5,975,000)	-
Interest Paid on General Obligation Bonds, BANs and Equipment Contracts	(1,361,259)	(1,078,098)	(372,472)	(2,811,829)	-
Net Cash Provided (Used) by Capital And Related Financing Activities	(18,602,771)	(2,797,535)	(1,886,799)	(23,287,105)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	530,220	45,125	57,779	633,124	1,769
Net Cash Provided (Used) by Investing Activities	530,220	45,125	57,779	633,124	1,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,151,701)	(6,957,172)	(1,747,973)	(21,856,846)	773,655
Cash and Cash Equivalents - Beginning of Year	39,584,109	10,372,147	5,932,606	55,888,862	6,184,573
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 26,432,408</u>	<u>\$ 3,414,975</u>	<u>\$ 4,184,633</u>	<u>\$ 34,032,016</u>	<u>\$ 6,958,228</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH, NONCAPITAL, AND RELATED FINANCING ACTIVITIES					
Equity Earnings/Loss in Equity Investment in Component Unit	\$ 35,128	\$ -	\$ -	\$ 35,128	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 10,217,725	\$ 134,915	\$ 265,340	\$ 10,617,980	\$ 1,317,441
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	2,393,176	2,704,605	279,095	5,376,876	-
Change in Assets and Liabilities:					
(Increase) Decrease in:					
Accounts Receivable	353,936	(275,781)	(106,387)	(28,232)	-
Lease Receivable	-	(2,282,520)	-	(2,282,520)	-
Inventory	82,034	17,440	-	99,474	-
Prepaid Items	12,272	2,568	4,445	19,285	-
Net Pension Asset	-	(2,084,401)	-	(2,084,401)	-
Due from Other Funds	-	-	-	-	(395,556)
Deferred Outflows/Inflows Related to Pension/OPEB	(1,979,483)	898,999	298,484	(782,000)	-
Unbilled Utility Revenue	(98,558)	-	-	(98,558)	-
Increase (Decrease) in:					
Unearned Revenue	(201,068)	(200)	-	(201,268)	-
Accounts Payable and Accrued Items	(2,033,789)	(1,374,939)	(528,378)	(3,937,106)	-
Rate Stabilization	(1,443,072)	-	-	(1,443,072)	-
Net Pension Liability	(894,910)	(447,455)	(149,152)	(1,491,517)	-
Net OPEB Obligation	(322,314)	(156,274)	(48,835)	(527,423)	-
Claims Payable	-	-	-	-	(149,999)
Total Adjustments	(4,131,776)	(2,997,958)	(250,728)	(7,380,462)	(545,555)
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,085,949</u>	<u>\$ (2,863,043)</u>	<u>\$ 14,612</u>	<u>\$ 3,237,518</u>	<u>\$ 771,886</u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	<u>Pension and OPEB Trust Funds</u>
ASSETS	
Cash	\$ 19,377,233
Investments, at Fair Value:	
U.S. Government Bonds	10,617,898
Mortgage-Backed Securities	6,871,572
Collateralized Mortgage Obligations	1,770,145
Fixed Income - Nonprofit	75,427
Partnerships	4,324,966
Corporate Bonds	4,288,635
Foreign Bonds	958,604
Common Stocks	9,691,694
Mutual Funds:	
Equities and Related Securities	45,568,382
Fixed Income	6,597,988
Total Investments	<u>90,765,311</u>
Accrued Interest	138,322
Due from Brokers	23,030
Total Receivables	<u>161,352</u>
Total Assets	110,303,896
LIABILITIES	
Pending Purchases	<u>8,108,218</u>
NET POSITION	
Restricted for Pension Benefits	91,479,535
Restricted for OPEB Benefits	<u>10,716,143</u>
Total Net Position	<u><u>\$ 102,195,678</u></u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Pension and OPEB Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 2,993,509
Plan Members	<u>1,122,101</u>
Total Contributions	<u>4,115,610</u>
Investment Earnings:	
Net Change in Fair Value of Investments	6,215,015
Interest and Dividends	<u>2,767,620</u>
Total Investment Earnings	<u>8,982,635</u>
Less: Investment Expenses:	
Investment Management Fees	<u>80,593</u>
Net Investment Earnings	<u>8,902,042</u>
Total Additions	13,017,652
DEDUCTIONS	
Benefits	6,144,873
Administrative Expense	<u>29,497</u>
Total Deductions	<u>6,174,370</u>
CHANGE IN NET POSITION	6,843,282
Net Position - Beginning of Year	<u>95,352,396</u>
NET POSITION - END OF YEAR	<u><u>\$ 102,195,678</u></u>

See accompanying Notes to Financial Statements.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 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 5% to 8%. Any excess revenues may be used for capital expansion, economic development, or to affect a rate reduction for electric consumers. 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.

Fiduciary Component Unit

The City has established one single-employer Public Retirement System (PERS) plan and one postretirement health care benefits (OPEB) plan to provide retirement benefits and post-retirement health care benefits primary to employees and their beneficiaries. The City is required to make contributions to the pension and OPEB plans.

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

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Financial Statements

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 postemployment 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 leases are reported as other financing sources.

The City reports the following major governmental fund:

General 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:

Electric Department

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

Water Department

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

Additionally, the City reports the following other fund types:

Internal Service Funds

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

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pension and Other Postemployment Benefit (OPEB) Trust Funds

The Pension and Other Postemployment 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 nonoperating 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits, Investments, and Risk Disclosure (Continued)

Investments (Continued)

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.

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 \$7,000, \$150,000 and \$2,453, 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental (or business-type activities) columns in the government-wide financial statements and in the proprietary funds' financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements, and \$100,000 for infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

Buildings	25 to 67 Years
Improvements	17 to 100 Years
Vehicles and Equipment	5 to 33 Years
Roads	50 Years
Sewer Plant	30 to 40 Years
Sewer Distribution System	40 to 50 Years
Station Equipment	20 Years
Electrical Distribution System	17 to 25 Years
Plant and Pumping Stations	50 Years
Water Distribution System	40 to 50 Years

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements.

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 assets 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).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

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). The statement of net position and the business type activities and proprietary funds also report a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

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 property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

I. Compensated Absences

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, 2023, 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.

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, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Obligations (Continued)

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. 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 or other liabilities, 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity (Continued)

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”.

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Equity (Continued)

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.

NOTE 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

Budgets and Budgetary Accounting (Continued)

- 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.

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:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	Change in Fund Balance
Balance, Budgetary Basis, for Year Ended June 30, 2023	\$ 17,454,809	\$ 18,098,011	\$ (643,202)
Changes in Reserves for Encumbrances, Continued Appropriations, and Liquidation of Encumbrances	(50,026)	(6,680)	(43,346)
Balance, GAAP Basis, for Year Ended June 30, 2023	\$ 17,404,783	\$ 18,091,331	\$ (686,548)

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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, 2023, the City reported deficit fund balance/net position for the following fund:

Nonmajor Governmental Fund:	
Bridge Street Fund	<u>\$ 23,653</u>

The Bridge Street Fund deficit will be covered through future charges for services from the General Fund.

C. Expenditures in Excess of Appropriations

At June 30, 2023, 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:			
Civil Preparedness	11,459	57,903	46,444
Public Safety:			
Supervision	2,775,483	2,805,603	30,120
Criminal Investigation	379,983	387,050	7,067
Assembly Safety	27,500	34,759	7,259
Harbor Patrol	5,029	5,246	217
Traffic Control	21,096	21,616	520
Outside charges	-	31,870	31,870
Parks and Recreation:			
Supervision and General Expenditures	94,346	107,989	13,643
Beach and Park Maintenance	904,165	963,925	59,760

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The 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.

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 OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Deposits (Continued)

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*, \$82,265,854 of the City's bank balance of \$83,667,175 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 73,914,268
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the City's Name	8,351,586
Total Amount Subject to Custodial Risk	\$ 82,265,854

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, 2023 \$4,841,181 of the Company's bank balance of \$5,341,181 was exposed to custodial credit risk.

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, 2023, the cash equivalent amounted to \$2,562,694. 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.

	Standard & Poor's
Fidelity Investments Money Market Fund	*

* Not Rated

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Investments (Continued)

Interest Rate Risk (Continued)

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	\$ 10,726,411	\$ 9,722	\$ 8,681,753	\$ 2,034,936
Mortgage-Backed Securities	6,871,571	-	-	6,871,571
Collateralized Mortgage Obligations	1,770,145	-	352,326	1,417,819
Fixed Income - Nonprofit	75,427	-	-	75,427
Corporate Bonds	4,327,270	272,425	2,170,095	1,884,750
Total Interest-Bearing Investments	23,770,824	<u>\$ 282,147</u>	<u>\$ 11,204,174</u>	<u>\$ 12,284,503</u>
Other Investments:				
Mutual Funds	52,238,111			
Common Stock	10,167,006			
Foreign Stock	958,604			
Partnerships	4,324,966			
Total Other Investments	<u>67,688,687</u>			
Total Investments	<u>\$ 91,459,511</u>			

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Investments (Continued)

Interest Rate Risk (Continued)

Presented below is the minimum rating as required for each debt type investment as of June 30, 2023:

<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 - Nonprofit</u>
Aaa	\$ 107,021	\$ 10,726,411	\$ -	\$ 461,027	\$ -
Aa1	-	-	-	98,945	-
Aa2	5,954	-	-	-	-
Aa3	-	-	-	-	-
A1	19,321	-	-	-	-
A2	669,480	-	-	-	-
A3	746,908	-	-	-	-
Baa1	538,500	-	-	-	-
Baa2	971,103	-	-	-	-
Baa3	909,721	-	-	-	-
B1	62,833	-	-	-	-
Unrated	296,429	-	6,871,571	1,210,173	75,427
Total	<u>\$ 4,327,270</u>	<u>\$ 10,726,411</u>	<u>\$ 6,871,571</u>	<u>\$ 1,770,145</u>	<u>\$ 75,427</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 8% 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).

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Investments (Continued)

Fair Value (Continued)

The City and its fiduciary funds have the following recurring fair value measurements as of June 30, 2023:

	June 30, 2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government Bonds	\$ 10,726,411	\$ -	\$ 10,726,411	\$ -
Corporate Bonds	4,327,270	-	4,327,270	-
Fixed Income - Nonprofit Collateralized Mortgage Obligations	75,427	75,427	-	-
Mortgage-Backed Securities	1,770,145	1,770,145	-	-
Foreign Stock	6,871,571	-	6,871,571	-
Common Stock	958,604	958,604	-	-
Mutual Funds	10,167,006	10,167,006	-	-
	52,238,111	52,238,111	-	-
Total Investments by Fair Value Level	87,134,545	\$ 65,209,293	\$ 21,925,252	\$ -
Investments Measured at Net Asset Value (Nav)	4,324,966			
Total Investments	\$ 91,459,511			

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.

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

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Investments Measured using NAV: Partnerships	2,302,247	-	N/A	N/A

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

Investments (Continued)

Fair Value (Continued)

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.

NOTE 4 RECEIVABLES

Receivables for each individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, excluding lease receivable at June 30, 2023, including the applicable allowances for doubtful accounts, consisted of the following:

	General	Electric Department	Water Department	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Total
Accounts Receivable	\$ -	\$ 5,390,940	\$ 1,189,986	\$ 272,072	\$ -	\$ 6,852,998
Property Taxes	48,589	-	-	-	-	48,589
Other Receivables	18,229	1,456,703	-	-	100	1,475,032
Less: Allowance for Uncollectible Accounts	(7,000)	(150,000)	(2,453)	-	-	(159,453)
Net Accounts Receivable	<u>\$ 59,818</u>	<u>\$ 6,697,643</u>	<u>\$ 1,187,533</u>	<u>\$ 272,072</u>	<u>\$ 100</u>	<u>\$ 8,217,166</u>

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The balances reflected as due from/to other funds at June 30, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Fund	\$ 7,000
General Fund	Nonmajor Governmental Funds	279,151
General Fund	Electric Department	4,781
General Fund	Water Department	2,390
Electric Department	General Fund	65,858
Water Department	Nonmajor Enterprise Fund	104,001
Water Department	Electric Department	4,048,956
Nonmajor Enterprise Fund	Electric Department	3,416,091
Nonmajor Enterprise Fund	Water Department	24,826
Internal Service Fund	General Fund	773,159
Nonmajor Governmental Funds	General Fund	9,752,584
Total		<u>\$ 18,478,797</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

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.

	Transfers In		Total Transfers Out
	General Fund	Nonmajor Governmental Funds	
Transfers Out:			
General Fund	\$ -	1,343,511	\$ 1,343,511
Nonmajor Governmental Funds	15,000	-	15,000
Electric Fund	4,071,140	-	4,071,140
Total Transfers In	\$ 4,086,140	\$ 1,343,511	\$ 5,429,651

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

NOTE 6 LEASE RECEIVABLES

The City acting as lessor, leases cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2043 and provide for renewal options ranging from three months to five years. During the year ended June 30, 2023, the City recognized \$240,716 and \$75,355 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2024	\$ 198,119	\$ 69,632
2025	192,923	63,629
2026	171,978	58,278
2027	180,055	52,923
2028	151,563	47,715
2028 - 2033	534,174	185,761
2033 - 2038	534,785	99,096
2038 - 2043	318,923	19,416
Totals	\$ 2,282,520	\$ 596,450

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 CAPITAL ASSETS

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

	Restated* Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 3,156,803	\$ 291,790	\$ -	\$ -	\$ 3,448,593
Construction in Progress	634,036	1,751,711	-	(2,308,248)	77,499
Total Capital Assets Not Being Depreciated	3,790,839	2,043,501	-	(2,308,248)	3,526,092
Capital Assets Being Depreciated:					
Land Improvements	1,592,883	-	-	-	1,592,883
Buildings and Improvements	9,182,082	117,000	-	-	9,299,082
Machinery and Equipment	1,613,470	65,144	-	-	1,678,614
Vehicles	6,376,845	153,112	-	-	6,529,957
Infrastructure	18,071,769	-	-	2,308,248	20,380,017
Total Capital Assets Being Depreciated	36,837,049	335,256	-	2,308,248	39,480,553
Less: Accumulated Depreciation for:					
Land Improvements	700,927	55,276	-	-	756,203
Buildings and Improvements	4,725,749	228,426	-	-	4,954,175
Machinery and Equipment	1,419,081	24,879	-	-	1,443,960
Vehicles	4,406,964	271,551	-	-	4,678,515
Infrastructure	8,608,987	305,865	-	-	8,914,852
Total Accumulated Depreciation	19,861,708	885,997	-	-	20,747,705
Total Capital Assets Being Depreciated, Net	16,975,341	(550,741)	-	2,308,248	18,732,848
Governmental Activities Capital Assets, Net	<u>\$ 20,766,180</u>	<u>\$ 1,492,760</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,258,940</u>

*Beginning balance amounts were reclassified resulting in no effect on total beginning balance

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 3,472,941	\$ -	\$ -	\$ -	\$ 3,472,941
Construction in Progress	11,947,433	15,714,325	12,279,889	-	15,381,869
Total Capital Assets Not Being Depreciated	15,420,374	15,714,325	12,279,889	-	18,854,810
Capital Assets Being Depreciated:					
Buildings and Improvements	50,929,643	512,096	-	-	51,441,739
Station Equipment	23,130,576	454,366	-	-	23,584,942
Electric Distribution System	47,525,981	7,792,150	488,005	-	54,830,126
Plant and Pumping Stations	41,875,981	560,362	-	-	42,436,343
Water Distribution System	34,416,488	1,732,821	-	-	36,149,309
Machinery and Equipment	10,214,109	1,102,365	-	-	11,316,474
Vehicles	4,875,172	819,412	246,758	-	5,447,826
Total Capital Assets Being Depreciated	212,967,950	12,973,572	734,763	-	225,206,759
Less: Accumulated Depreciation for:					
Buildings and Improvements	10,740,112	1,008,950	-	-	11,749,062
Station Equipment	15,803,270	495,113	-	-	16,298,383
Electric Distribution System	25,668,453	1,395,873	63,287	-	27,001,039
Plant and Pumping Stations	10,862,078	1,180,146	-	-	12,042,224
Water Distribution System	11,644,951	559,594	-	-	12,204,545
Machinery and Equipment	7,998,609	463,283	-	-	8,461,892
Vehicles	4,146,201	273,917	246,758	-	4,173,360
Total Accumulated Depreciation	86,863,674	5,376,876	310,045	-	91,930,505
Total Capital Assets Being Depreciated, Net	126,104,276	7,596,696	424,718	-	133,276,254
Business-Type Activities Capital Assets, Net	<u>\$ 141,524,650</u>	<u>\$ 23,311,021</u>	<u>\$ 12,704,607</u>	<u>\$ -</u>	<u>\$ 152,131,064</u>

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

General Government	\$ 102,508
Public Safety	181,432
Public Works	491,670
Recreation	110,387
Total Depreciation Expense - Governmental Activities	<u>\$ 885,997</u>
Electric Department	\$ 2,393,176
Water System	2,704,605
Sewer System	279,095
Total Depreciation Expense - Business-Type Activities	<u>\$ 5,376,876</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Activity for Bozrah Light and Power Company for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land and Land Rights	\$ 67,706	\$ -	\$ -	\$ -	\$ 67,706
Intangibles	4,711	-	-	-	4,711
Construction in Progress	122,016	1,686,076	694,392	-	1,113,700
Total Capital Assets Not Being Depreciated	194,433	1,686,076	694,392	-	1,186,117
Capital Assets Being Depreciated:					
Buildings and Improvements	390,615	-	-	-	390,615
Electric Distribution System	19,004,406	461,388	32,244	-	19,433,550
Machinery and Equipment	485,050	-	-	-	485,050
Vehicles	706,153	-	-	-	706,153
Total Capital Assets Being Depreciated	20,586,224	461,388	32,244	-	21,015,368
Less: Accumulated Depreciation for:					
Buildings and Improvements	325,028	7,483	-	-	332,511
Electric Distribution System	9,140,734	586,188	32,244	-	9,694,678
Machinery and Equipment	445,631	7,985	-	-	453,616
Vehicles	518,196	44,992	-	-	563,188
Total Accumulated Depreciation	10,429,589	646,648	32,244	-	11,043,993
Total Capital Assets Being Depreciated, Net	10,156,635	(185,260)	-	-	9,971,375
Total Capital Assets, Net	<u>\$ 10,351,068</u>	<u>\$ 1,500,816</u>	<u>\$ 694,392</u>	<u>\$ -</u>	<u>\$ 11,157,492</u>

NOTE 8 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, 2023:

	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable:									
General	\$ 1,725,000	10/1/2009	10/1/2029	1.75-5.00%	\$ 345,000	\$ -	\$ 115,000	\$ 230,000	\$ 115,000
General	3,115,000	4/18/2013	4/1/1933	3.00-5.00%	1,760,000	-	160,000	1,600,000	160,000
Total					2,105,000	-	275,000	1,830,000	275,000
Premiums					134,641	-	12,240	122,401	12,240
Total Bonds Payable					2,239,641	-	287,240	1,952,401	287,240
Compensated Absences					1,255,848	746,043	654,116	1,347,775	269,555
Net Pension Liability					8,262,492	-	1,266,382	6,996,110	-
Net OPEB Liability					3,170,027	-	449,284	2,720,743	-
Total Governmental Activities Long- Term Liabilities					<u>\$ 14,928,008</u>	<u>\$ 746,043</u>	<u>\$ 2,657,022</u>	<u>\$ 13,017,029</u>	<u>\$ 556,795</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

Business-Type Activities

The following table summarizes changes in the City's business-type activities' long-term liabilities for the year ended June 30, 2023:

	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	10/8/2009	7/15/2022	1.75-5.00%	\$ 480,000	\$ -	\$ 480,000	\$ -	\$ -
Electric Bonds	5,800,000	10/1/2009	10/1/2029	1.75-5.00%	2,320,000	-	290,000	2,030,000	290,000
Electric Bonds	1,845,000	4/18/2013	4/1/1933	3.00-5.00%	995,000	-	90,000	905,000	90,000
Electric Bonds	4,300,000	7/9/2014	10/1/2027	1.00-5.00%	1,920,000	-	405,000	1,515,000	405,000
Electric Bonds	9,158,000	10/4/2017	10/1/1937	2.25-5.00%	7,326,000	-	458,500	6,867,500	459,500
Electric Bonds	15,200,000	6/30/2022	4/1/1942	4.00-5.00%	15,200,000	-	765,000	14,435,000	760,000
Electric Bonds BLP	1,284,000	10/4/2017	10/1/2037	2.25-5.00%	1,027,000	-	64,500	962,500	64,500
Electric Bonds BLP	3,000,000	6/30/2022	4/1/1942	4.00-5.00%	3,000,000	-	150,000	2,850,000	150,000
Telecommunication	13,875,000	4/18/2013	2/1/2029	3.00-5.00%	6,885,000	-	975,000	5,910,000	985,000
Telecommunication	5,520,000	7/9/2014	10/1/2027	1.00-5.00%	2,920,000	-	475,000	2,445,000	480,000
Telecommunication	3,595,000	7/9/2014	10/1/2027	1.00-5.00%	725,000	-	365,000	360,000	360,000
Total					42,798,000	-	4,518,000	38,280,000	4,044,000
Premiums					2,504,756	-	292,836	2,211,920	-
Total Bonds Payable					45,302,756	-	4,810,836	40,491,920	4,044,000
Note Payable					1,795,600	-	200,400	1,595,200	200,400
Net Pension Liability					5,838,830	-	894,910	4,943,920	-
Net OPEB Liability					2,274,152	-	322,314	1,951,838	-
Total Electric Long-Term Liabilities					55,211,338	-	6,228,460	48,982,878	4,244,400
Water:									
Bonds Payable:									
Water Bonds	1,656,000	10/8/2009	7/15/2022	1.75-5.00%	70,000	-	70,000	-	-
Water Bonds	2,460,000	4/18/2013	4/1/1933	3.00-5.00%	1,335,000	-	120,000	1,215,000	120,000
Water Bonds	1,755,000	7/9/2014	10/1/2027	1.00-5.00%	775,000	-	170,000	605,000	160,000
Water Bonds	5,525,000	10/4/2017	10/1/1937	2.25-5.00%	4,417,000	-	277,000	4,140,000	276,000
Water Bonds	1,500,000	6/30/2022	4/1/1942	4.00-5.00%	1,500,000	-	75,000	1,425,000	75,000
Water Bonds	3,500,000	6/30/2022	4/1/1942	4.00-5.00%	3,500,000	-	175,000	3,325,000	175,000
Total					11,597,000	-	887,000	10,710,000	806,000
Premiums					821,892	-	58,980	762,912	-
Total Bonds Payable					12,418,892	-	945,980	11,472,912	806,000
Net Pension Liability					2,919,415	-	447,455	2,471,960	-
Net OPEB Liability					1,102,619	-	156,274	946,345	-
DWSRF Interim Loan					39,000,000	-	3,575,000	35,425,000	1,950,000
Total Water Long-Term Liabilities					55,440,926	-	5,124,709	50,316,217	2,756,000
Sewer:									
Bonds Payable:									
Sewer	460,000	4/18/2013	4/1/1933	3.00-5.00%	235,000	-	25,000	210,000	25,000
Sewer Treatment	5,998,000	10/4/2017	10/1/1937	2.25-5.00%	4,800,000	-	300,000	4,500,000	300,000
Sewer Treatment	4,995,000	6/30/2022	4/1/2042	4.00-5.00%	4,995,000	-	245,000	4,750,000	250,000
Total					10,030,000	-	570,000	9,460,000	575,000
Premiums					704,415	-	40,357	664,058	-
Total Bonds Payable					10,734,415	-	610,357	10,124,058	575,000
Net Pension Liability					973,140	-	149,152	823,988	-
Net OPEB Liability					299,466	-	3,733	295,733	-
Total Sewer Long-Term Liabilities					12,007,021	-	763,242	11,243,779	575,000
Total Business-Type Long-Term Liabilities					\$ 122,659,285	\$ -	\$ 12,116,411	\$ 110,542,874	\$ 7,575,400

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

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

The annual requirements to amortize all bonded debt outstanding as of June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities Enterprise Funds							
	General Fund		Electric		Water		Sewer		Total Payments	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 275,000	\$ 62,325	\$ 4,044,000	\$ 1,391,614	\$ 806,000	\$ 436,250	\$ 575,000	\$ 391,075	\$ 5,700,000	\$ 2,281,264
2025	275,000	51,900	3,679,000	1,387,803	806,000	397,150	575,000	362,575	5,335,000	2,199,428
2026	160,000	43,200	3,679,000	1,223,343	816,000	358,750	570,000	334,075	5,225,000	1,959,368
2027	160,000	36,800	3,464,000	1,069,255	711,000	323,250	570,000	305,775	4,905,000	1,735,080
2028	160,000	32,000	3,449,000	927,918	711,000	292,780	570,000	279,175	4,890,000	1,531,873
2029-2033	800,000	77,400	9,185,000	3,124,990	3,230,000	1,071,675	2,850,000	1,050,300	16,065,000	5,324,365
2034-2038	-	-	7,145,000	1,621,113	2,630,000	495,678	2,750,000	504,813	12,525,000	2,621,604
2039-2043	-	-	3,635,000	478,228	1,000,000	102,188	1,000,000	102,188	5,635,000	682,604
Total	\$ 1,830,000	\$ 303,625	\$ 38,280,000	\$ 11,224,263	\$ 10,710,000	\$ 3,477,721	\$ 9,460,000	\$ 3,329,976	\$ 60,280,000	\$ 18,335,585

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 Bozrah Light & Power 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 at June 30, 2023 is \$1,595,200. 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. Interim funding activity for the year ended June 30, 2023 was as follows:

Date Issued	Interest Rate (%)	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
9/29/2017	2.00%	\$ 39,000,000	\$ -	\$ (3,575,000)	\$ 35,425,000

Discretely Presented Component Unit

The following table summarizes changes in Bozrah Light and Power Company's long-term liabilities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Premiums	\$ 277,523	\$ -	\$ 15,160	\$ 262,363	\$ -
Total OPEB Liability	1,441,174	-	152,148	1,289,026	-
Total Long-Term Liabilities	\$ 1,718,697	\$ -	\$ 167,308	\$ 1,551,389	\$ -

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 LONG-TERM OBLIGATIONS (CONTINUED)

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:

Category	Debt Limit	Net Indebtedness	Balance
General Purpose	\$ 11,393,809	\$ 1,830,000	\$ 9,563,809
Sewers	18,989,681	9,460,000	9,529,681

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, or \$35,447,405.

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, 2023, the City had authorized but unissued debt as follows:

Description	Bonds Authorized	Cumulative Bonded Rescinded or Paid	Bonds Unissued
Systems:			
Water	\$ 7,470,000	\$ 3,500,000	\$ 3,970,000
Electric	4,250,000	3,000,000	1,250,000
Total	<u>\$ 11,720,000</u>	<u>\$ 6,500,000</u>	<u>\$ 5,220,000</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 FUND BALANCE

The components of fund balance for the governmental funds as of June 30, 2023, are as follows:

	General Fund	Nonmajor Governmental Funds	Total
Fund Balances:			
Nonspendable:			
Permanent Fund	\$ -	\$ 50,000	\$ 50,000
Restricted:			
Public Safety	-	90,263	90,263
Public Works	-	966,302	966,302
US Submarine Memorial	-	11,728	11,728
Total Restricted	-	1,068,293	1,068,293
Committed:			
General Government	267,525	-	267,525
Public Works	-	8,959,528	8,959,528
Total Committed	267,525	8,959,528	9,227,053
Assigned:			
Subsequent Year's Budget	2,100,000	-	2,100,000
Unassigned:			
General Government	6,371,368	-	6,371,368
Public Works	-	(23,653)	(23,653)
Total Unassigned	6,371,368	(23,653)	6,347,715
Total Fund Balances	\$ 8,738,893	\$ 10,054,168	\$ 18,793,061

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Benefit Pension Plans

A. 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.

Based on the actuarial valuation date, July 1, 2022, 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	44	31	15	72	162
Inactive Employees Entitled to, but Not Yet Receiving Benefits	10	6	3	18	37
Active Employees	44	27	16	126	213
Total Participants	<u>98</u>	<u>64</u>	<u>34</u>	<u>216</u>	<u>412</u>

B. 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.

C. 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

C. Benefit Provisions (Continued)

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.

D. 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.

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)

E. Investments

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, 2023, and the final investment return assumption, are summarized in the following table:

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Investments (Continued)

Rate of Return (Continued)

<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	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-U.S. Developed Large Cap Equity	13.00	6.40	0.83
Emerging Market Equity	9.00	7.70	0.69
U.S. 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changes in amounts actually invested.

Discount Rate Calculation

The discount rate used to measure the total pension liability at June 30, 2023 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

E. Investments (Continued)

Discount Rate Calculation (Continued)

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.

F. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2023 are as follows:

Total Pension Liability	\$ 106,715,513
Plan Fiduciary Net Position	<u>91,479,535</u>
Net Pension Liability	<u><u>\$ 15,235,978</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.72%
Covered Payroll	\$ 16,725,420
Net Pension Liability as a Percentage of Covered Payroll	91.09%

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

F. Net Pension Liability of the City (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2022	\$ 104,189,738	\$ 86,195,861	\$ 17,993,877
Changes for the Year:			
Service Cost	2,256,466	-	2,256,466
Interest on Total Pension Liability	6,981,300	-	6,981,300
Differences Between Expected and Actual Experience	(572,684)	-	(572,684)
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Employer Contributions	-	2,409,330	(2,409,330)
Member Contributions	-	1,122,101	(1,122,101)
Net Investment Income	-	7,918,183	(7,918,183)
Benefit Payments, Including Refund to Employee Contributions	(6,139,307)	(6,139,307)	-
Administrative Expenses	-	(26,633)	26,633
Net Changes	<u>2,525,775</u>	<u>5,283,674</u>	<u>(2,757,899)</u>
Balances - June 30, 2023	<u>\$ 106,715,513</u>	<u>\$ 91,479,535</u>	<u>\$ 15,235,978</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)	\$ 27,935,082	\$ 15,235,978	\$ 4,578,673

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

For the year ended June 30, 2023, the City recognized pension expense of \$4,842,467.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Defined Benefit Pension Plans (Continued)

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (947,218)
Changes of Assumptions	2,218,195	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	6,183,064	-
Total	\$ 8,401,259	\$ (947,218)

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	Amount
2024	\$ 2,343,517
2025	1,244,299
2026	4,454,867
2027	(463,722)
2028	(97,648)
Thereafter	(27,272)
Total	\$ 7,454,041

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

A. Description of Plan

The City administers one single employer, defined benefit postretirement 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, 2021 was as follows:

	City	Police	Fire	Utilities	Total
Retirees and Beneficiaries	11	9	8	16	44
Active Participants	46	26	15	116	203
Total Participants	57	35	23	132	247

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. 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.

C. 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.

D. 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.68%.

E. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2023. The components of the net OPEB liability of the City at June 30, 2023, were as follows:

Total OPEB Liability	\$ 16,630,802
Plan Fiduciary Net Position	10,716,143
Net OPEB Liability	<u>\$ 5,914,659</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	64.44%
Covered Payroll	\$ 17,294,814
Net OPEB Liability as a Percentage of Covered Payroll	34.20%

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Net OPEB Liability of the City (Continued)

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, 2021
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 Rate	2.60% Prior, 2.75% Current
Healthcare Cost Trend Rates	7.6% Prior to Final 4.6%
	6.5% Current 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, 2023, and the final investment return assumption, are summarized in the following table:

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Net OPEB Liability of the City (Continued)

Rate of Return (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
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
U.S. 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	<u>100.00 %</u>		4.54
Long-Term Inflation Expectation			<u>2.75</u>
Long-Term Expected Nominal Return			<u>7.29 %</u>

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. 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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Net OPEB Liability of the City (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2022	\$ 16,047,901	\$ 9,156,535	\$ 6,891,366
Changes for the Year:			
Service Cost	556,476	-	556,476
Interest on Total Pension Liability	1,087,348	-	1,087,348
Differences Between Expected and Actual Experience	(53,457)	-	(53,457)
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Employer Contributions	-	1,588,844	(1,588,844)
Net Investment Income	-	978,230	(978,230)
Benefit Payments, Including Refund to Employee Contributions	(1,007,466)	(1,007,466)	-
Net Changes	582,901	1,559,608	(976,707)
Balances - June 30, 2023	<u>\$ 16,630,802</u>	<u>\$ 10,716,143</u>	<u>\$ 5,914,659</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%	Current Discount Rate 6.75%	1% Increase 7.75%
Net OPEB Liability	\$ 7,737,764	\$ 5,914,659	\$ 4,362,652

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ 4,145,270	\$ 5,914,659	\$ 8,052,412

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$967,005 for the City Plan. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (3,288,761)
Changes in Assumptions	1,511,926	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	708,858	-
Total	\$ 2,220,784	\$ (3,288,761)

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

Year Ending June 30,	Amount
2024	\$ (40,577)
2025	(114,771)
2026	188,368
2027	(316,174)
2028	(248,006)
Thereafter	(536,817)
Total	\$ (1,067,977)

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

G. Other Information

The following schedules present the net position held in trust for pension and OPEB benefits at June 30, 2023 and the changes in net position for the year ended June 30, 2023:

	Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Funds
ASSETS			
Cash	\$ 18,789,183	\$ 588,050	\$ 19,377,233
Investments, at Fair Value:			
U.S. Government Bonds	10,617,898	-	10,617,898
Mortgage-Backed Securities	6,871,572	-	6,871,572
Collateralized Mortgage Obligations	1,770,145	-	1,770,145
Fixed Income - Nonprofit	75,427	-	75,427
Partnerships	4,324,966	-	4,324,966
Corporate Bonds	4,288,635	-	4,288,635
Foreign Bonds	958,604	-	958,604
Common Stocks	9,691,694	-	9,691,694
Foreign Stocks	-	-	-
Mutual Funds:			
Equities and Related Securities	38,896,604	6,671,778	45,568,382
Fixed Income	3,136,913	3,461,075	6,597,988
Total Investments	<u>80,632,458</u>	<u>10,132,853</u>	<u>90,765,311</u>
Due from Other Funds	-	-	-
Accrued Interest	138,322	-	138,322
Due from Brokers	21,672	1,358	23,030
Total Assets	<u>99,581,635</u>	<u>10,722,261</u>	<u>110,303,896</u>
LIABILITIES			
Pending Purchases	8,102,100	6,118	8,108,218
Total Liabilities	<u>8,102,100</u>	<u>6,118</u>	<u>8,108,218</u>
NET POSITION			
Restricted for Pension Benefits and Other	<u>\$ 91,479,535</u>	<u>\$ 10,716,143</u>	<u>\$ 102,195,678</u>

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

G. Other Information (Continued)

	Pension Trust Fund	OPEB Trust Fund	Total Pension and OPEB Funds
ADDITIONS			
Contributions:			
Employer	\$ 2,409,330	\$ 584,179	\$ 2,993,509
Plan Members	1,122,101	-	1,122,101
Total Contributions	<u>3,531,431</u>	<u>584,179</u>	<u>4,115,610</u>
Investment Income:			
Change in Fair Value of Investments	5,496,729	718,286	6,215,015
Interest and Dividends	2,495,538	272,082	2,767,620
Total Investment Income	<u>7,992,267</u>	<u>990,368</u>	<u>8,982,635</u>
Less: Investment Expenses	74,084	6,509	80,593
Net Investment Income	<u>7,918,183</u>	<u>983,859</u>	<u>8,902,042</u>
Total Additions	11,449,614	1,568,038	13,017,652
DEDUCTIONS			
Benefits	6,139,307	5,566	6,144,873
Administration	26,633	2,864	29,497
Total Deductions	<u>6,165,940</u>	<u>8,430</u>	<u>6,174,370</u>
CHANGE IN NET POSITION	5,283,674	1,559,608	6,843,282
Net Position - Beginning of Year	<u>86,195,861</u>	<u>9,156,535</u>	<u>95,352,396</u>
NET POSITION - END OF YEAR	<u>\$ 91,479,535</u>	<u>\$ 10,716,143</u>	<u>\$ 102,195,678</u>

NOTE 12 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 would have a material adverse effect on the financial condition of the City.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 CONTINGENCIES, COMMITMENTS, AND RISK MANAGEMENT (CONTINUED)

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. 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 No. 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, 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 2023 and 2022 were as follows:

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 CONTINGENCIES, COMMITMENTS, AND RISK MANAGEMENT (CONTINUED)

D. Risk Management (Continued)

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2021-22	\$ 263,000	\$ 4,339,742	\$ 4,201,743	\$ 400,999
2022-23	400,999	4,207,524	4,357,523	251,000

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

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

NOTE 13 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, 2023 is \$40,316,258.

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.

**CITY OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 MAJOR TAXPAYERS/CUSTOMERS

The City's two major taxpayers account for approximately 46.6% of the October 1, 2021 Grand List.

Three customers account for approximately 49.4% of the Electric Department revenues and approximately 32.6% of the Water Department revenues.

Two customers account for 51.5% of the Sewer Department Revenue.

NOTE 15 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, 2027, 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, EXPENDITURES, AND
OTHER FINANCING SOURCES (USES) — BUDGET AND ACTUAL
BUDGETARY BASIS — GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,890,237	\$ 4,890,237	\$ 4,994,614	\$ 104,377
Intergovernmental	5,759,069	5,759,069	5,835,991	76,922
Charges for Services	2,166,188	2,166,188	2,314,752	148,564
Miscellaneous Revenues	55,000	55,000	125,459	70,459
Investment Income and Other Sources	20,000	20,000	82,853	62,853
Total Revenues	12,890,494	12,890,494	13,353,669	463,175
EXPENDITURES				
Current:				
General Government	3,211,431	3,211,431	2,438,980	772,451
Public Safety	9,465,093	9,465,093	9,278,179	186,914
Public Works	4,299,610	4,299,610	4,003,659	295,951
Parks and Recreation	1,432,321	1,432,321	1,432,816	(495)
Nondepartmental	145,000	145,000	95,602	49,398
Contingency	615,000	615,000	500,000	115,000
Debt Service:				
Bond Principal	349,275	349,275	348,775	500
Bond and Note Interest	-	-	-	-
Total Expenditures	19,517,730	19,517,730	18,098,011	1,419,719
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,627,236)	(6,627,236)	(4,744,342)	(956,544)
OTHER FINANCING SOURCES (USES)				
Transfers In	15,000	15,000	15,000	-
Appropriation of Fund Balance	2,600,000	2,600,000	4,086,140	1,486,140
Total Other Financing Sources (Uses)	2,615,000	2,615,000	4,101,140	1,486,140
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (4,012,236)</u>	<u>\$ (4,012,236)</u>	(643,202)	<u>\$ 529,596</u>
Fund Balance - Beginning of Year			9,425,441	
Change in Budget Expenditures Not Recognized for GAAP Purposes, Inventories, and Prepaids			(43,346)	
FUND BALANCE - END OF YEAR			<u>\$ 8,738,893</u>	

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Interest	\$ 6,981,300	\$ 6,793,207	\$ 6,600,783	\$ 6,360,875	\$ 6,236,332	\$ 6,099,703	\$ 5,963,408	\$ 5,650,092	\$ 5,414,289	\$ 5,201,190
Service Cost	2,256,466	2,105,980	1,966,359	1,850,019	1,755,274	1,712,955	1,609,260	1,581,277	1,548,634	1,496,265
Differences Between Expected and Actual Experience	(572,684)	(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	(6,139,307)	(5,574,180)	(5,255,503)	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)	(3,886,877)
Changes in Benefit Terms	-	(201,846)	-	48,923	-	-	22,710	-	226,193	
Net Change in Total Pension Liability	2,525,775	2,914,041	6,361,834	3,455,944	4,882,292	1,912,616	4,613,580	4,246,382	3,207,978	2,810,578
Total Pension Liability - Beginning	104,189,738	101,275,697	94,913,863	91,457,919	86,575,627	84,663,011	80,049,431	75,803,049	72,595,071	69,784,493
Total Pension Liability - Ending	106,715,513	104,189,738	101,275,697	94,913,863	91,457,919	86,575,627	84,663,011	80,049,431	75,803,049	72,595,071
Plan Fiduciary Net Position:										
Contributions - Employer	2,409,330	2,197,219	1,888,305	1,821,212	1,625,175	1,346,461	1,147,616	1,213,572	1,479,095	1,362,750
Contributions - Member	1,122,101	1,051,668	986,630	912,910	872,990	851,739	826,649	900,394	886,610	643,617
Net Investment Income	7,918,183	(15,656,727)	22,248,218	1,219,494	5,043,631	5,617,560	8,024,806	747,797	942,516	10,500,769
Benefit Payments, Including Refunds of Member Contributions	(6,139,307)	(5,574,180)	(5,255,503)	(4,960,463)	(4,707,403)	(4,564,100)	(4,372,215)	(4,175,013)	(3,978,282)	(3,886,877)
Administrative Expense	(26,633)	(20,000)	(25,778)	(34,907)	(25,584)	(61,445)	(45,000)	(48,210)	(24,676)	(39,131)
Net Change In Plan Fiduciary Net Position	5,283,674	(18,002,020)	19,841,872	(1,041,754)	2,808,809	3,190,215	5,581,856	(1,361,460)	(694,737)	8,581,128
Plan Fiduciary Net Position - Beginning	86,195,861	104,197,881	84,356,009	85,397,763	82,588,954	79,398,739	73,816,883	75,178,343	75,873,080	67,291,952
Plan Fiduciary Net Position - Ending	91,479,535	86,195,861	104,197,881	84,356,009	85,397,763	82,588,954	79,398,739	73,816,883	75,178,343	75,873,080
Net Pension Liability - Ending	<u>\$ 15,235,978</u>	<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>	<u>\$ (3,278,009)</u>
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	85.72%	82.73%	102.89%	88.88%	93.37%	95.40%	93.78%	92.21%	99.18%	104.52%
Covered Payroll	\$ 16,725,420	\$ 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
Net Pension Liability As A Percentage Of Covered Payroll	91.09%	111.13%	-17.92%	66.27%	39.83%	27.00%	35.78%	41.96%	4.07%	-21.68%

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PENSION TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<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>
Actuarially Determined Contribution	\$ 2,022,900	\$ 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
Contributions in Relation to the Actuarially Determined Contribution	<u>2,409,330</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (386,430)</u>	<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>
Covered Payroll	\$ 16,725,420	\$ 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
Contributions as a Percentage of Covered Payroll	14.41%	13.57%	11.58%	11.43%	10.68%	9.12%	7.80%	8.17%	9.63%	9.01%

Notes to Schedule:

Valuation Date July 1, 2021
 Measurement Date: June 30, 2023
 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 TRUST FUND
LAST TEN FISCAL YEARS**

	<u>2023</u>	<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	9.31%	-15.19%	26.71%	1.45%	6.18%	7.17%	11.08%	1.01%	1.26%	14.97%

CITY OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST SEVEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 556,476	\$ 549,202	\$ 524,298	\$ 574,321	\$ 547,493	\$ 501,305	\$ 489,066
Changes of Benefit Terms	-	(787,888)	-	(34,920)	-	(948,932)	-
Interest	1,087,348	1,148,005	1,103,866	1,219,283	1,164,433	1,165,580	1,099,164
Differences Between Expected and Actual Experience	(53,457)	(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	(1,007,466)	(1,020,186)	(778,476)	(596,781)	(441,130)	(679,006)	(625,491)
Net Change in Total OPEB Liability	582,901	(304,444)	724,474	(1,509,482)	833,272	930,956	838,653
Total OPEB Liability - Beginning	16,047,901	16,352,345	15,627,871	17,137,353	16,304,081	15,373,125	14,534,472
Total OPEB Liability - Ending	16,630,802	16,047,901	16,352,345	15,627,871	17,137,353	16,304,081	15,373,125
Plan Fiduciary Net Position:							
Contributions - Employer	1,588,844	1,591,346	1,310,136	1,123,201	967,550	1,265,889	1,221,385
Net Investment Income	978,230	(1,777,656)	2,076,807	143,096	440,734	344,062	467,233
Benefit Payments, Including Refunds of Member Contributions	(1,007,466)	(1,020,186)	(778,476)	(596,781)	(441,130)	(679,006)	(625,491)
Net Change in Plan Fiduciary Net Position	1,559,608	(1,206,496)	2,608,467	669,516	967,154	930,945	1,063,127
Plan Fiduciary Net Position - Beginning	9,156,535	10,363,031	7,754,564	7,085,048	6,117,894	5,186,949	4,123,822
Plan Fiduciary Net Position - Ending	10,716,143	9,156,535	10,363,031	7,754,564	7,085,048	6,117,894	5,186,949
Net OPEB Liability - Ending	\$ 5,914,659	\$ 6,891,366	\$ 5,989,314	\$ 7,873,307	\$ 10,052,305	\$ 10,186,187	\$ 10,186,176
Fiduciary Net Position as a Percentage of Total OPEB Liability	64.44%	57.06%	63.37%	49.62%	41.34%	37.52%	33.74%
Covered Payroll	\$ 17,294,814	\$ 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	34.20%	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 10 years. Additional years' information will be displayed as it becomes available.

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB TRUST FUND
LAST SIX FISCAL YEARS***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 1,011,426	\$ 1,189,003	\$ 1,138,649	\$ 1,389,564	\$ 1,363,512	\$ 1,362,210
Contributions in Relation to the Actuarially Determined Contribution	<u>1,588,844</u>	<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>\$ (577,418)</u>	<u>\$ (402,343)</u>	<u>\$ (171,487)</u>	<u>\$ 266,363</u>	<u>\$ 395,962</u>	<u>\$ 96,321</u>
Covered Payroll	\$ 17,294,814	\$ 16,791,082	\$ 16,137,317	\$ 15,667,298	\$ 16,733,495	\$ 16,246,112
Contributions as a Percentage of Covered Payroll	9.19%	9.48%	8.12%	7.17%	5.78%	7.79%

Notes to Schedule:

Valuation Date July 1, 2021
 Measurement Date June 30, 2023

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 10 years. Additional years' information will be displayed as it becomes available.

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST SIX FISCAL YEARS***

	<u>2023</u>	<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	10.68%	-17.15%	26.78%	2.02%	7.01%	6.63%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

**CITY OF GROTON, CONNECTICUT
COMPARATIVE BALANCE SHEETS
GENERAL FUND
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 19,367,984	\$ 19,501,381
Receivables:		
Property Taxes	41,589	25,351
Intergovernmental and Other	18,229	25,914
Due from Other Funds	293,322	286,824
Inventory of Supplies, at Cost	-	5,111
Total Assets	\$ 19,721,124	\$ 19,844,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 357,227	\$ 571,839
Due to Other Funds	10,591,601	9,820,086
Total Liabilities	10,948,828	10,391,925
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	33,403	27,215
FUND BALANCE		
Nonspendable	-	5,111
Committed	267,525	267,525
Assigned	2,100,000	2,600,000
Unassigned	6,371,368	6,552,805
Total Fund Balance	8,738,893	9,425,441
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 19,721,124	\$ 19,844,581

CITY OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES — BUDGETARY BASIS
BUDGET AND ACTUAL — GENERAL FUND
YEAR ENDED JUNE 30, 2023

REVENUES	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Taxes:				
Current Levy	\$ 4,858,737	\$ 4,858,737	\$ 4,975,683	\$ 116,946
Interest on Taxes	30,000	30,000	18,403	(11,597)
Lien Fees on Taxes	1,500	1,500	528	(972)
Total Taxes	4,890,237	4,890,237	4,994,614	104,377
Intergovernmental:				
Town of Groton:				
Highway Grant	2,733,481	2,733,481	2,733,481	-
Police Grant	2,845,568	2,845,568	2,845,568	-
PILOT Program	37,707	37,707	37,705	(2)
State of Connecticut:				
Civil Preparedness	4,600	4,600	1,495	(3,105)
Town Aid Road	112,613	112,613	116,373	3,760
Totally Disabled	100	100	134	34
Elderly Property	-	-	-	-
Telephone Access Line	10,000	10,000	7,188	(2,812)
Miscellaneous Grants	15,000	15,000	94,047	79,047
Total Intergovernmental Revenue	5,759,069	5,759,069	5,835,991	76,922
Charges for Services and Facilities				
Municipal Building Rental:				
Electric Department	81,029	81,029	81,029	-
Water Department	40,514	40,514	40,514	-
Watershed Rent	10,000	10,000	10,000	-
Sewer Department	13,505	13,505	13,505	-
Finance Department Services:				
Electric Department	229,600	229,600	229,600	-
Water Department	114,800	114,800	114,800	-
Sewer Department	38,267	38,267	38,267	-
Human Resources Department Services:				
Electric Department	180,584	180,584	180,584	-
Water Department	90,292	90,292	90,292	-
Sewer Department	30,097	30,097	30,097	-
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	-

CITY OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES — BUDGETARY BASIS
BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUES (CONTINUED)				
Charges for Services and Facilities (Continued)				
Highway Department Sales	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Xerox Copies	1,000	1,000	2,191	1,191
Public Beach Receipts	120,000	120,000	197,021	77,021
Recreation Receipts	62,000	62,000	95,392	33,392
Parks Receipts	13,000	13,000	12,534	(466)
Gravel Sales	20,000	20,000	-	(20,000)
City Day	3,000	3,000	3,331	331
Recycling and Bulky Waste	11,500	11,500	19,738	8,238
Lease of City Land	-	-	-	-
Fire Protection:				
West Pleasant Valley Fire District	400,000	400,000	427,997	27,997
Outside Services - Police	15,500	15,500	53,881	38,381
Rent	17,000	17,000	23,793	6,793
Fines and Forfeits	20,000	20,000	15,179	(4,821)
Licenses and Permits	606,500	606,500	588,007	(18,493)
Total	<u>2,166,188</u>	<u>2,166,188</u>	<u>2,314,752</u>	<u>148,564</u>
MISCELLANEOUS REVENUES				
Investment Income	20,000	20,000	82,853	62,853
Insurance Claim Recoveries	30,000	30,000	45,776	15,776
Other Revenue	25,000	25,000	79,683	54,683
Total Miscellaneous Revenues	<u>75,000</u>	<u>75,000</u>	<u>208,312</u>	<u>133,312</u>
Total Revenues	12,890,494	12,890,494	13,353,669	463,175
OTHER FINANCING SOURCES				
Transfer In	15,000	15,000	15,000	-
Appropriation of Fund Balance	2,600,000	2,600,000	4,086,140	1,486,140
Total Other Financing Sources	<u>2,615,000</u>	<u>2,615,000</u>	<u>4,101,140</u>	<u>1,486,140</u>
Total Revenues and Other Financing Sources	<u>\$ 15,505,494</u>	<u>\$ 15,505,494</u>	<u>\$ 17,454,809</u>	<u>\$ 1,949,315</u>

CITY OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES — BUDGETARY BASIS
BUDGET AND ACTUAL — GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES				
General Government:				
Mayor's Office	\$ 485,041	\$ 485,041	\$ 456,977	\$ 28,064
Human Resources	367,040	367,040	351,184	15,856
Finance Department	765,334	765,334	611,105	154,229
Building, Planning, EDC, and Zoning	1,582,557	1,582,557	961,811	620,746
Health Services	-	-	-	-
Municipal Building Operation	-	-	-	-
Civil Preparedness	11,459	11,459	57,903	(46,444)
Unallocated	-	-	-	-
Total General Government	<u>3,211,431</u>	<u>3,211,431</u>	<u>2,438,980</u>	<u>772,451</u>
Public Safety:				
Police Department:				
Supervision	2,775,483	2,775,483	2,805,603	(30,120)
Criminal Investigation	379,983	379,983	387,050	(7,067)
Uniformed Patrol	2,576,792	2,576,792	2,511,441	65,351
Assembly Safety	27,500	27,500	34,759	(7,259)
Harbor Patrol	5,029	5,029	5,246	(217)
Traffic Control	21,096	21,096	21,616	(520)
Police Training	93,000	93,000	91,532	1,468
Dwi Project	2,435	2,435	-	2,435
Outside Charges	-	-	31,870	(31,870)
Total Police Department	<u>5,881,318</u>	<u>5,881,318</u>	<u>5,889,117</u>	<u>(7,799)</u>
Fire Department	<u>3,583,775</u>	<u>3,583,775</u>	<u>3,389,062</u>	<u>194,713</u>
Total Public Safety	9,465,093	9,465,093	9,278,179	186,914
Public Works:				
Highway Department:				
Highway Maintenance	2,737,187	2,737,187	2,560,657	176,530
Sanitation	1,252,784	1,252,784	1,205,858	46,926
Public Building Maintenance	199,732	199,732	171,350	28,382
Snow Removal	109,907	109,907	65,794	44,113
Total Public Works	<u>4,299,610</u>	<u>4,299,610</u>	<u>4,003,659</u>	<u>295,951</u>

CITY OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES — BUDGETARY BASIS
BUDGET AND ACTUAL — GENERAL FUND (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
EXPENDITURES (CONTINUED)				
Parks and Recreation:				
Supervision and General Expenditures	\$ 94,346	\$ 94,346	\$ 107,989	\$ (13,643)
Summer Recreation	194,730	194,730	177,737	16,993
Beach Activities	157,128	157,128	114,518	42,610
Programs and Events	81,952	81,952	68,647	13,305
Beach and Park Maintenance	904,165	904,165	963,925	(59,760)
Total Parks And Recreation	1,432,321	1,432,321	1,432,816	(495)
Nondepartmental:				
General Insurance	120,000	120,000	95,602	24,398
Pay Adjustment	25,000	25,000	-	25,000
Total Nondepartmental	145,000	145,000	95,602	49,398
Contingency	615,000	615,000	500,000	115,000
Debt Service:				
Bonded Principal:				
Public Improvements	349,275	349,275	348,775	500
Total Debt Service	349,275	349,275	348,775	500
Total Expenditures	\$ 19,517,730	\$ 19,517,730	\$ 18,098,011	\$ 1,419,719

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED, AND OUTSTANDING
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

Grand List of October 1,	Uncollected Taxes July 1, 2022	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Tax Levy	Collections				Uncollected Taxes June 30, 2023
			Additions	Deletions			Interest, Liens and Other Fees		Suspense Taxes		
							Taxes	Total	Collected	Total	
2021	\$ -	\$ 5,061,909	\$ 10,633	\$ 86,119	\$ 5,766	\$ 4,980,657	\$ 4,947,763	\$ 9,694	\$ 50	\$ 4,957,507	\$ 32,894
2020	25,769	-	4,260	2,935	1,725	25,369	12,343	4,474	3,513	20,330	13,026
2019	5,021	-	426	367	416	4,664	2,766	1,848	1,455	6,069	1,898
2018	1,050	-	88	6	58	1,074	829	904	592	2,325	245
2017	31	-	41	7	18	47	(7)	198	263	454	54
2016	472	-	-	8	-	464	(8)	320	330	642	472
2015	-	-	-	-	-	-	-	195	171	366	-
2014	-	-	-	-	-	-	-	144	103	247	-
2013	-	-	-	-	-	-	-	204	159	363	-
2012	-	-	-	-	-	-	-	410	284	694	-
2011	-	-	-	-	-	-	-	243	128	371	-
2010	-	-	-	-	-	-	-	135	45	180	-
2009	-	-	-	-	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-	56	22	78	-
2007	-	-	-	-	-	-	-	106	40	146	-
Total	\$ 32,343	\$ 5,061,909	\$ 15,448	\$ 89,442	\$ 7,983	\$ 5,012,275	\$ 4,963,686	\$ 18,931	\$ 7,155	\$ 4,989,772	\$ 48,589

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 Funds

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

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, 2023**

	Special Revenue Funds				Capital Project Fund	Permanent Fund	Eliminations	Total
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund		
ASSETS								
Cash	\$ 329,512	\$ -	\$ 77,023	\$ 3,026,772	\$ -	\$ 61,728		\$ 3,495,035
Investments	-	-	-	-	694,200	-		694,200
Receivables	-	-	-	100	-	-		100
Due from Other Funds	302,514	-	13,240	338,839	9,425,406	-	(327,415)	9,752,584
Total Assets	\$ 632,026	\$ -	\$ 90,263	\$ 3,365,711	\$ 10,119,606	\$ 61,728	\$ (327,415)	\$ 13,941,919
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ 11,352	\$ 117,001	\$ -		\$ 128,353
Due to Other Funds	164,635	23,653	-	105,000	313,278	-	(327,415)	279,151
Unearned Revenue	58,800	-	-	2,691,648	729,799	-		3,480,247
Total Liabilities	223,435	23,653	-	2,808,000	1,160,078	-	(327,415)	3,887,751
FUND BALANCES								
Nonspendable		-				50,000		50,000
Restricted	408,591	-	90,263	557,711	-	11,728		1,068,293
Committed	-	-	-	-	8,959,528	-		8,959,528
Unassigned	-	(23,653)	-	-	-	-		(23,653)
Total Fund Balances	408,591	(23,653)	90,263	557,711	8,959,528	61,728	-	10,054,168
Total Liabilities and Fund Balances	\$ 632,026	\$ -	\$ 90,263	\$ 3,365,711	\$ 10,119,606	\$ 61,728	\$ (327,415)	\$ 13,941,919

**CITY OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	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	\$ -	\$ -	\$ 8,965	\$ 62,245	\$ 1,771,433	\$ -	\$ 1,842,643
Income from Investments	-	-	-	405	90,373	58	90,836
Other Revenue	-	-	-	39,609	19,250	-	58,859
Total Revenues	<u>-</u>	<u>-</u>	<u>8,965</u>	<u>102,259</u>	<u>1,881,056</u>	<u>58</u>	<u>1,992,338</u>
EXPENDITURES							
General Government	-	-	-	55,921	-	-	55,921
Public Safety	-	-	-	2,143	-	-	2,143
Capital Outlay	-	-	-	-	2,560,120	-	2,560,120
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,064</u>	<u>2,560,120</u>	<u>-</u>	<u>2,618,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	8,965	44,195	(679,064)	58	(625,846)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	-	1,343,511	-	1,343,511
Transfers Out	-	-	-	(15,000)	-	-	(15,000)
Total Other Finances Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCE	-	-	8,965	29,195	664,447	58	702,665
Fund Balances - Beginning 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>
FUND BALANCE - END OF YEAR	<u>\$ 408,591</u>	<u>\$ (23,653)</u>	<u>\$ 90,263</u>	<u>\$ 557,711</u>	<u>\$ 8,959,528</u>	<u>\$ 61,728</u>	<u>\$ 10,054,168</u>

PROPRIETARY FUNDS

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets:		
Cash	\$ 26,432,408	\$ 39,584,109
Receivables:		
Use Charges (Net of Allowance for Uncollectibles of \$150,000)	5,240,940	5,594,876
Unbilled Utility Revenue	1,456,703	1,358,145
Due from Other Funds	65,858	65,858
Prepaid Expenses	133,677	135,653
Inventory	2,001,456	2,083,490
Other Current Assets	-	10,296
Total Current Assets	<u>35,331,042</u>	<u>48,832,427</u>
Noncurrent Assets:		
Amount Held at CMEEC	15,228,748	16,868,007
Equity Investment in Component Unit	7,657,254	7,622,126
Due from Component Unit	5,416,430	5,832,136
Total Noncurrent Assets	<u>28,302,432</u>	<u>30,322,269</u>
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Rights	704,844	704,844
Construction in Progress	13,667,624	8,975,483
Buildings and Improvements	471,018	452,255
Station Equipment	7,286,559	7,327,306
Electric Distribution System	27,829,089	21,857,530
Machinery and Equipment	1,578,862	1,521,083
Vehicles	980,212	494,337
Total Capital Assets (Net of Accumulated Depreciation)	<u>52,518,208</u>	<u>41,332,838</u>
Total Noncurrent Assets	<u>80,820,640</u>	<u>71,655,107</u>
Total Assets	116,151,682	120,487,534
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	2,726,123	4,366,210
Deferred Outflows Related to OPEB	732,860	983,287
Deferred Amount on Bond Refunding	114,201	226,276
Total Deferred Outflows of Resources	<u>3,573,184</u>	<u>5,575,773</u>

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 6,639,984	\$ 8,637,137
Accrued Payroll and Compensated Absences	330,128	552,310
Accrued Taxes	457,251	429,887
Accrued Interest Payable	438,519	280,337
Accrued Expenses	9,129	2,969,668
Bonds, Notes and Loans Payable, Current Portion	4,244,400	4,713,400
Customer Deposits Payable	3,097,086	3,298,154
Due to Other Funds	7,469,828	6,203,046
Total Current Liabilities	22,686,325	27,083,939
Noncurrent Liabilities:		
Rate Stabilization	13,176,691	14,619,763
Bonds, Notes and Loans Payable, Net	37,842,720	42,384,956
Net Pension Liability	4,943,920	5,838,830
Net OPEB Liability	1,951,838	2,274,152
Total Noncurrent Liabilities	57,915,169	65,117,701
Total Liabilities	80,601,494	92,201,640
DEFERRED INFLOWS OF RESOURCES		
Deferred Outflows Related to OPEB	1,085,291	1,218,612
Deferred Outflows Related to Pension	307,363	263,011
Total Deferred Inflows of Resources	1,392,654	1,481,623
NET POSITION		
Net Investment in Capital Assets	13,452,014	14,021,782
Unrestricted	24,278,704	18,358,262
Total Net Position	\$ 37,730,718	\$ 32,380,044

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION — ENTERPRISE FUNDS — ELECTRIC DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	\$ 66,974,050	\$ 59,394,004
OPERATING EXPENSES		
Direct Expenses:		
Purchased Power	40,316,258	33,366,138
Other	3,515,657	3,828,268
Overhead Expenses:		
Customer Account	2,258,048	2,164,867
Administrative and General	6,108,245	5,578,958
Taxes	2,164,941	2,049,148
Depreciation	2,393,176	2,178,547
Total Operating Expenses	<u>56,756,325</u>	<u>49,165,926</u>
OPERATING INCOME	10,217,725	10,228,078
NONOPERATING REVENUES (EXPENSES)		
Investment Income	530,220	379,479
Interest Expense	(1,361,259)	(832,215)
Equity Gains (Losses) in Investments	35,128	1,418,487
Total Nonoperating Revenues (Expenses)	<u>(795,911)</u>	<u>965,751</u>
INCOME BEFORE TRANSFERS OUT	9,421,814	11,193,829
Transfers Out	<u>(4,071,140)</u>	<u>(4,071,140)</u>
CHANGES IN NET POSITION	5,350,674	7,122,689
Net Position - Beginning of Year	<u>32,380,044</u>	<u>25,257,355</u>
NET POSITION - END OF YEAR	<u>\$ 37,730,718</u>	<u>\$ 32,380,044</u>

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 65,585,288	\$ 54,286,396
Cash Payments to Suppliers for Goods and Services	(52,180,567)	(39,746,532)
Cash Payments to Employees for Services	(7,318,772)	2,278,329
Net Cash Provided (Used) by Operating Activities	6,085,949	16,818,193
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Interfund Loans	1,266,782	5,741,365
Transfers to Other Funds	(4,071,140)	(4,071,140)
Amount Held at CMEEC	1,639,259	2,657,607
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(1,165,099)	4,327,832
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(12,938,818)	5,657,313
Payments Bozrah Light and Power	415,706	(2,734,293)
Repayment from CMEEC Loan	(200,400)	(200,400)
Principal Paid on General Obligation Bond Maturities and Equipment Contracts	(4,518,000)	(3,598,000)
Interest Paid on General Obligation Bonds, Bond Anticipation Notes, and Equipment Contracts	(1,361,259)	(832,215)
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,602,771)	(1,707,595)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	530,220	379,479
Net Cash Provided (Used) by Investing Activities	530,220	379,479
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,151,701)	19,817,909
Cash and Cash Equivalents - Beginning of Year	39,584,109	19,766,200
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 26,432,408	\$ 39,584,109
SUPPLEMENTAL DISCLOSURE OF NONCASH AND NONCAPITAL RELATED FINANCING ACTIVITIES		
Equity Earnings/Loss in Equity Investment in Component Unit	\$ 35,128	\$ 1,418,487

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)**

	2023	2022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 10,217,725	\$ 10,228,078
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,393,176	2,178,547
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	353,936	(1,407,807)
Inventory	82,034	(360,606)
Prepaid Expenses	12,272	(34,548)
Unbilled Utility Revenue	(98,558)	(164,444)
Deferred Outflows/Inflows Related to Pension and OPEB	(1,979,483)	401,800
Increase (Decrease) in:		
Accounts Payable	(1,997,153)	3,314,231
Accrued Payroll and Compensated Absences	(222,182)	83,815
Accrued Taxes	27,364	30,426
Accrued Interest Payable	158,182	(52,449)
Unearned Revenue	(201,068)	(598,753)
Rate Stabilization	(1,443,072)	(2,936,604)
Net Pension Liability	(894,910)	5,838,830
Net OPEB Liability	(322,314)	297,677
	\$ 6,085,949	\$ 16,818,193

**CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF REVENUES
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
ELECTRIC SERVICE REVENUES		
Residential	\$ 19,976,673	\$ 17,213,867
Commercial	16,340,271	13,783,883
Industrial	29,247,597	27,036,015
Private Street Lighting	238,324	230,303
Public Street Lighting	352,336	329,057
Unbilled Revenue Adjustment	98,558	164,443
Total Electric Service Revenues	<u>66,253,759</u>	<u>58,757,568</u>
OTHER ELECTRIC REVENUE		
Miscellaneous - Rents, Scrap, Jobbing Sales, etc.	<u>720,291</u>	<u>636,436</u>
Total Operating Revenues	<u><u>\$ 66,974,050</u></u>	<u><u>\$ 59,394,004</u></u>

CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF EXPENSES
ENTERPRISE FUNDS — ELECTRIC DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
DIRECT EXPENSES		
Purchased Power	\$ 40,316,258	\$ 33,366,138
OTHER EXPENSES		
Transmission Expenses:		
Station Expenses	19,877	28,552
Maintenance:		
Station Equipment	94,388	87,437
Overhead Conductors and Devices	-	4,658
Total Transmission Expenses	114,265	120,647
Distribution Expenses:		
Supervision and Engineering	734,054	563,685
Station Expenses	128,990	190,142
Line Expenses	91,432	88,179
Street Lighting and Signal System Expenses	6,259	11,438
Meter Expenses	63,535	111,442
Customer Installation Expenses	50,169	14,716
Maintenance:		
Supervision and Engineering	414,069	569,840
Station Expenses	408,353	646,045
Overhead Lines	1,213,111	1,183,772
Services	190,789	175,630
Underground Lines	118	4,062
Line Transformers	6,955	1,897
Signal Lights and Fire Alarms	13,842	41,068
Meters	79,716	105,366
Total Distribution Expenses	3,401,392	3,707,282
Total Other Expenses	3,515,657	3,827,929
CUSTOMER ACCOUNT EXPENSES		
Meter Reading	209,992	229,996
Customer Records and Collection	514,936	559,503
Uncollectible Accounts	183,975	101,852
Miscellaneous	1,349,145	1,273,753
Total Customer Account Expenses	2,258,048	2,165,104
ADMINISTRATIVE AND GENERAL EXPENSES		
Administrative and General Salaries	1,551,996	1,581,582
General Office Supplies and Expenses	353,924	265,143
Outside Services Employed	790,184	873,901
Injuries and Damages	605,181	593,584
Employee Welfare and Benefits	3,404,300	2,828,502
Miscellaneous General Expenses	170,442	138,768
Rent	81,029	81,029
Maintenance:		
General Plant	889,297	775,055
Miscellaneous	329,689	335,867
Total	8,176,042	7,473,431
Less: Expenses Transferred for Transportation and Administrative	(2,067,797)	(1,894,371)
Total Administrative and General Expenses	6,108,245	5,579,060
Total Expenses	\$ 52,198,208	\$ 44,938,231

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS — WATER DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 3,414,975	\$ 10,372,147
Receivables (Net of Allowance for Uncollectibles of \$2,453)	1,187,533	911,752
Due from Other Funds	4,152,957	2,811,422
Prepaid Expenses	127,304	129,872
Inventory	451,339	468,779
Lease Receivable	198,119	-
Total Current Assets	9,532,227	14,693,972
Noncurrent Assets:		
Lease Receivable	2,084,401	-
Capital Assets (Net of Accumulated Depreciation):		
Land and Land Rights	2,135,644	2,135,644
Construction in Progress	840,166	2,315,178
Buildings and Improvements	33,183,680	33,512,245
Plant and Pumping Stations	29,942,105	30,578,808
Water Distribution System	23,539,523	22,704,795
Machinery and Equipment	961,233	627,090
Vehicles	199,456	112,818
Total Capital Assets (Net of Accumulated Depreciation)	90,801,807	91,986,578
Total Noncurrent Assets	92,886,208	91,986,578
Total Assets	102,418,435	106,680,550
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pension	1,363,061	2,183,105
Deferred Outflows Related to OPEB	355,325	476,745
Deferred Amounts on Bond Refunding	43,115	53,260
Total Deferred Outflows of Resources	1,761,501	2,713,110
LIABILITIES		
Current Liabilities:		
Accounts Payable	696,999	1,749,647
Accrued Payroll and Compensated Absences	226,077	336,695
Accrued Taxes	38,349	38,349
Accrued Interest Payable	118,913	330,586
Accrued Expenses	9,025	5,301
Bonds, Notes and Loans Payable, Current Portion	2,756,000	887,000
Due to Other Funds	27,216	27,400
Unearned Revenue	5,300	5,500
Total Current Liabilities	3,877,879	3,380,478

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF NET POSITION
ENTERPRISE FUNDS — WATER DEPARTMENT (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)**

	2023	2022
LIABILITIES (CONTINUED)		
Noncurrent Liabilities:		
Bonds, Notes and Loans Payable, Net	44,141,912	50,531,892
Net Pension Liability	2,471,960	2,919,415
Net OPEB Liability	946,345	1,102,619
Total Noncurrent Liabilities	47,560,217	54,553,926
Total Liabilities	51,438,096	57,934,404
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pension	153,681	131,506
Deferred Inflows Related to OPEB	526,202	590,842
Deferred Inflows Related to Leases	2,223,107	
Total Deferred Inflows of Resources	2,902,990	722,348
NET POSITION		
Net Investment in Capital Assets	45,607,329	43,212,464
Unrestricted	4,231,521	7,524,444
Total Net Position	\$ 49,838,850	\$ 50,736,908

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS — WATER DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES	\$ 12,571,224	\$ 11,814,044
OPERATING EXPENSES		
Direct Expenses:		
Other	4,413,337	3,978,091
Overhead Expenses:		
Customer Account	547,635	583,651
Administrative and General	4,416,945	4,106,702
Taxes	353,787	373,331
Depreciation	2,704,605	1,625,996
Total Operating Expenses	<u>12,436,309</u>	<u>10,667,771</u>
OPERATING INCOME	134,915	1,146,273
NONOPERATING REVENUES (EXPENSES)		
Grant	-	999,942
Investment Income	45,125	5,823
Interest Expense	<u>(1,078,098)</u>	<u>(485,539)</u>
Net Nonoperating Revenue (Expenses)	<u>(1,032,973)</u>	<u>520,226</u>
CHANGES IN NET POSITION	(898,058)	1,666,499
Net Position, Beginning	<u>50,736,908</u>	<u>49,070,409</u>
NET POSITION - END OF YEAR	<u>\$ 49,838,850</u>	<u>\$ 50,736,908</u>

CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS — WATER DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 10,012,723	\$ 11,785,609
Cash Payments to Suppliers for Goods and Services	(7,657,704)	(6,883,611)
Cash Payments to Employees for Services	(5,218,062)	(3,449,548)
Net Cash Provided (Used) by Operating Activities	(2,863,043)	1,452,450
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Interfund Loans	(1,341,719)	(5,736,778)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,341,719)	(5,736,778)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(832,437)	(2,386,667)
Capital Grants	-	999,942
Principal Paid on General Obligation Bond Maturities and Equipment Contracts	(887,000)	(647,000)
Interest Paid on General Obligation Bonds, Bond Anticipation Notes, and Equipment Contracts	(1,078,098)	(485,539)
Debt Proceeds	-	5,247,546
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,797,535)	2,728,282
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends	45,125	5,823
Net Cash Provided (Used) by Investing Activities	45,125	5,823
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,957,172)	(1,550,223)
Cash and Cash Equivalents - Beginning of Year	10,372,147	11,922,370
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,414,975	\$ 10,372,147

**CITY OF GROTON, CONNECTICUT
COMPARATIVE STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS — WATER DEPARTMENT (CONTINUED)
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)**

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 134,915	\$ 1,146,273
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,704,605	1,625,996
Change in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(275,781)	(33,935)
Lease Receivable	(2,282,520)	
Inventory	17,440	(268,789)
Prepaid Expenses	2,568	(445)
Net Pension Asset	(2,084,401)	474,109
Deferred Outflows/Inflows Related to Pension and OPEB	898,999	(3,482,202)
Increase (Decrease) in:		
Accounts Payable	(1,052,648)	228,949
Accrued Payroll and Compensated Absences	(110,618)	(1,946)
Accrued Taxes	-	-
Accrued Interest	(211,673)	(1,304,804)
Unearned Revenue	(200)	5,500
Net Pension Liability	(447,455)	2,919,415
Net OPEB Obligation	(156,274)	144,329
	<u>\$ (2,863,043)</u>	<u>\$ 1,452,450</u>

**CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF REVENUES
ENTERPRISE FUNDS — WATER DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)**

	<u>2023</u>	<u>2022</u>
WATER SERVICE REVENUES		
Residential	\$ 3,557,523	\$ 3,421,213
Commercial	1,994,349	1,825,513
Industrial	3,831,750	3,481,549
Private Fire Protection	107,126	108,594
Public Fire Protection	291,644	291,154
Other Sales to Public Authorities	<u>2,443,696</u>	<u>2,110,103</u>
Total Water Service Revenues	12,226,088	11,238,126
 OTHER WATER REVENUE		
Miscellaneous - Rents, Lien Fees, Scrap Sales, etc.	<u>345,136</u>	<u>575,918</u>
 Total Operating Revenues	<u><u>\$ 12,571,224</u></u>	<u><u>\$ 11,814,044</u></u>

CITY OF GROTON, CONNECTICUT
COMPARATIVE SCHEDULES OF EXPENSES
ENTERPRISE FUNDS — WATER DEPARTMENT
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	2023	2022
DIRECT EXPENSES		
Source of Water Supply Expenses:		
Operation Labor	\$ 160,033	\$ 171,694
Supplies and Expenses	80,719	82,956
Rent	10,000	10,000
Total Source of Water Supply Expenses	250,752	264,650
Pumping Expenses:		
Fuel for Power Production	643	1,640
Power Purchased	730,515	544,726
Operation Labor	6,215	2,035
Maintenance - Structure and Equipment	134,805	130,093
Total Pumping Expenses	872,178	678,494
Water Treatment Expenses:		
Chemicals	470,285	232,995
Operation Labor	1,272,663	1,304,722
Supplies and Expenses	104,124	94,476
Total Water Treatment Expenses	1,847,072	1,632,193
Transmission and Distribution Expenses:		
Supervision and Engineering	215,779	204,849
Storage Facilities	14,827	7,795
Supplies and Expenses	49,995	57,957
Maintenance:		
Structures and Improvements	856,634	820,101
Mains	66,964	107,172
Services	200,708	186,067
Hydrants	38,428	18,518
Total Transmission and Distribution Expenses	1,443,335	1,402,459
Total Direct Expenses	4,413,337	3,977,796
CUSTOMER ACCOUNT EXPENSES		
Meter Reading	74,031	73,949
Customer Records and Collection	202,097	219,176
Uncollectible Accounts	10,251	6,945
Miscellaneous	261,256	283,581
Total Customer Account Expenses	547,635	583,651
ADMINISTRATIVE AND GENERAL EXPENSES		
Administrative and General Salaries	1,002,460	1,154,911
General Office Supplies and Expenses	194,179	143,804
Outside Services Employed	190,798	222,937
Insurance	106,097	153,481
Injuries and Damages	444,802	393,340
Employee Welfare and Benefits	1,957,656	1,663,317
Miscellaneous General Expenses	98,305	70,413
Rent	40,514	40,514
Maintenance:		
Office Furniture and Equipment	16,184	5,815
Communication Equipment	23	734
Miscellaneous General Property	365,927	257,742
Total Administrative and General Expenses	4,416,945	4,107,008
Total Expenses	\$ 9,377,917	\$ 8,668,455

CITY OF GROTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS AT JUNE 30, 2022)

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2023</u>	<u>2022</u>
ASSETS				
Cash	\$ 673,751	\$ 6,284,477	\$ 6,958,228	\$ 6,184,573
Due from Other Funds	-	773,159	773,159	377,603
Total Current Assets	<u>673,751</u>	<u>7,057,636</u>	<u>7,731,387</u>	<u>6,562,176</u>
LIABILITIES				
Claims Payable	-	251,000	251,000	400,999
Total Liabilities	<u>-</u>	<u>251,000</u>	<u>251,000</u>	<u>400,999</u>
NET POSITION				
Unrestricted	<u>\$ 673,751</u>	<u>\$ 6,806,636</u>	<u>\$ 7,480,387</u>	<u>\$ 6,161,177</u>

CITY OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>Self-Insurance</u>	<u>Health Plan</u>	<u>2023</u>	<u>2022</u>
OPERATING REVENUES				
Premiums	\$ -	\$ 6,183,240	\$ 6,183,240	\$ 5,921,268
OPERATING EXPENSES				
Claims Paid:				
Public Safety	724	-	724	-
Electric Department	7,421	-	7,421	9,960
Health Plan	-	3,811,968	3,811,968	4,215,835
Administration:				
Health Plan	-	1,045,686	1,045,686	963,351
Total Operating Expenses	<u>8,145</u>	<u>4,857,654</u>	<u>4,865,799</u>	<u>5,189,146</u>
OPERATING INCOME (LOSS)	(8,145)	1,325,586	1,317,441	732,122
NONOPERATING REVENUE				
Interest Income	-	1,769	1,769	1,172
Total Nonoperating Revenue	<u>-</u>	<u>1,769</u>	<u>1,769</u>	<u>1,172</u>
CHANGE IN NET POSITION	(8,145)	1,327,355	1,319,210	733,294
Net Position, Beginning	<u>681,896</u>	<u>5,479,281</u>	<u>6,161,177</u>	<u>5,427,883</u>
NET POSITION - END OF YEAR	<u>\$ 673,751</u>	<u>\$ 6,806,636</u>	<u>\$ 7,480,387</u>	<u>\$ 6,161,177</u>

CITY OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	Self-Insurance	Health Plan	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received for Premiums	\$ -	\$ 6,183,240	\$ 6,183,240	\$ 5,921,268
Cash Paid to Claimants	(8,145)	(4,357,523)	(4,365,668)	(4,211,703)
Cash Paid for Administration	-	(1,045,686)	(1,045,686)	(963,351)
Net Cash Provided (Used) by Operating Activities	(8,145)	780,031	771,886	746,214
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	-	1,769	1,769	1,172
Net Cash Provided (Used) by Investing Activities	-	1,769	1,769	1,172
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,145)	781,800	773,655	747,386
Cash and Cash Equivalents - Beginning of Year	681,896	5,502,677	6,184,573	5,437,187
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 673,751</u>	<u>\$ 6,284,477</u>	<u>\$ 6,958,228</u>	<u>\$ 6,184,573</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (8,145)	\$ 1,325,586	\$ 1,317,441	\$ 732,122
Adjustment To Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
Increase in Due from Other Funds	-	(395,556)	(395,556)	(123,907)
Decrease in Accounts and Claims Payable	-	(149,999)	(149,999)	137,999
Net Cash Provided (Used) by Operating Activities	<u>\$ (8,145)</u>	<u>\$ 780,031</u>	<u>\$ 771,886</u>	<u>\$ 746,214</u>

STATISTICAL SECTION

STATISTICAL SECTION INFORMATION

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 20,189,538	\$ 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
Restricted:										
Endowment - Expendable	50,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent Funds - Expendable	11,728	61,670	61,620	61,568	-	-	-	-	-	427
Special Revenue Funds	1,006,565	958,405	931,285	920,177	-	-	-	544,000	543,091	633,791
Unrestricted	15,010,059	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
Total Governmental Activities										
Net Position	<u>\$ 36,267,890</u>	<u>\$ 43,095,753</u>	<u>\$ 31,784,924</u>	<u>\$ 27,841,605</u>	<u>\$ 26,472,758</u>	<u>\$ 27,065,278</u>	<u>\$ 29,776,254</u>	<u>\$ 30,172,486</u>	<u>\$ 30,248,355</u>	<u>\$ 28,152,219</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 61,826,980	\$ 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
Unrestricted	33,381,273	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)
Total Business-Type Activities										
Net Position	<u>\$ 95,208,253</u>	<u>\$ 90,000,485</u>	<u>\$ 81,079,405</u>	<u>\$ 70,148,428</u>	<u>\$ 61,209,662</u>	<u>\$ 48,025,660</u>	<u>\$ 51,096,093</u>	<u>\$ 42,341,693</u>	<u>\$ 38,496,027</u>	<u>\$ 29,743,792</u>
Primary Government:										
Net Investment in Capital Assets	\$ 82,016,518	\$ 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
Restricted:										
Endowment - Expendable	50,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent Funds - Expendable	11,728	61,670	61,620	61,568	-	-	-	-	-	427
Special Revenue Funds	1,006,565	958,405	931,285	920,177	-	-	-	544,000	543,091	633,791
Unrestricted	48,391,332	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
Total Primary Government										
Net Position	<u>\$ 131,476,143</u>	<u>\$ 133,096,238</u>	<u>\$ 112,864,329</u>	<u>\$ 97,990,033</u>	<u>\$ 87,682,420</u>	<u>\$ 75,090,938</u>	<u>\$ 80,872,347</u>	<u>\$ 72,514,179</u>	<u>\$ 68,744,382</u>	<u>\$ 57,896,011</u>

**CITY OF GROTON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental Activities:										
General Government	\$ 2,117,564	\$ 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
Public Safety	9,887,004	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
Public Works	3,702,202	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
Parks and Recreation	1,571,527	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
Interest Expense	36,925	70,237	83,103	92,683	86,959	272,674	83,240	201,986	172,874	219,652
Total Governmental Activities Expenses	<u>17,315,222</u>	<u>9,412,312</u>	<u>14,969,737</u>	<u>16,827,403</u>	<u>15,739,639</u>	<u>17,047,597</u>	<u>17,296,720</u>	<u>17,144,236</u>	<u>17,702,170</u>	<u>17,338,341</u>
Business-Type Activities:										
Electric Department	57,682,828	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
Water Department	13,277,268	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
Sewer Department	3,865,681	3,526,379	3,012,431	3,587,725	2,785,203	-	-	-	-	-
Total Business-Type Activities Expenses	<u>74,825,777</u>	<u>63,360,076</u>	<u>61,733,830</u>	<u>61,408,155</u>	<u>62,165,401</u>	<u>57,701,386</u>	<u>59,188,549</u>	<u>59,514,979</u>	<u>62,244,641</u>	<u>65,048,895</u>
Total Primary Government Expenses	92,140,999	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
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Government	1,637,377	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
Public Safety	520,926	469,118	444,253	397,614	619,377	1,005,689	480,227	426,712	394,490	358,433
Public Works	-	1,039	33,214	11,890	17,592	81,754	56,639	38,161	45,563	39,364
Parks and Recreation	305,735	245,743	171,185	160,694	232,781	208,364	213,081	215,108	171,091	172,502
Operating Grants and Contributions	5,651,760	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
Capital Grants and Contributions	1,895,128	994,946	184,549	113,250	210,203	612,146	386,950	657,177	2,127,673	1,316,601
Total Governmental Activities Program Revenues	<u>10,010,926</u>	<u>11,456,564</u>	<u>9,586,601</u>	<u>8,894,158</u>	<u>7,298,602</u>	<u>8,086,772</u>	<u>6,735,590</u>	<u>6,131,538</u>	<u>8,047,077</u>	<u>7,723,699</u>
Business-Type Activities:										
Electric Department	67,009,178	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
Water Department	12,571,224	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
Sewer Department	3,824,420	3,826,203	4,537,960	4,262,283	4,314,627	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>83,404,822</u>	<u>76,034,193</u>	<u>76,338,669</u>	<u>73,939,043</u>	<u>77,278,648</u>	<u>68,577,414</u>	<u>66,580,234</u>	<u>66,738,600</u>	<u>71,596,811</u>	<u>73,353,374</u>
Total Primary Government Program Revenues	93,415,748	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

**TABLE 2
(CONTINUED)**

**CITY OF GROTON, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NET REVENUES (EXPENSES)										
Governmental Activities	\$ (7,304,296)	\$ 2,044,252	\$ (5,383,136)	\$ (7,933,245)	\$ (8,441,037)	\$ (8,960,825)	#####	#####	\$ (9,655,093)	\$ (9,614,642)
Business-Type Activities	8,579,045	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
Total Primary Government Net Expense	1,274,749	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)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes	5,000,802	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
Grants and Contributions Not Restricted to Specific Programs	131,753	131,822	48,812	70,222	47,004	109,320	134,700	96,432	249,464	130,053
Unrestricted Investment Earnings	175,458	5,429	185,974	88,274	87,071	39,059	61,249	5,045	31,911	218,553
Miscellaneous	-	-	-	-	-	-	-	206,194	170,215	-
Transfers	4,071,140	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
Total Governmental Activities	9,379,153	9,266,577	9,326,455	9,302,092	7,848,517	10,458,941	10,164,898	10,936,829	9,832,389	9,611,177
Business-Type Activities:										
Unrestricted Investment Earnings	633,124	318,103	397,278	479,018	512,402	496,287	281,576	209,457	593,358	621,570
Transfers	(4,071,140)	(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)
Total Business-Type Activities	(3,438,016)	(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)
Total Primary Government	5,941,137	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
CHANGE IN NET POSITION										
Governmental Activities	2,074,857	11,310,829	3,943,319	1,368,847	(592,520)	1,498,116	(396,232)	(75,869)	177,296	(3,465)
Business-Type Activities	5,141,029	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
Total Primary Government	\$ 7,215,886	\$ 20,231,909	\$ 14,874,296	\$ 10,307,613	\$ 12,591,482	\$ 8,799,269	\$ 3,736,888	\$ 3,769,797	\$ 7,003,328	\$ 5,803,088

**CITY OF GROTON, CONNECTICUT
FUND BALANCES — GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund:										
Nonspendable	\$ -	\$ -	\$ 109,943	\$ 10,359	\$ 25,926	\$ 11,725	\$ 9,035	\$ 34,814	\$ 33,017	\$ 9,750
Committed	267,525	267,525	192,744	213,363	213,363	201,474	468,052	-	-	-
Assigned	2,100,000	2,600,000	2,600,000	1,850,000	800,000	400,000	451,000	400,000	720,172	819,652
Unassigned	6,371,368	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
Total General Fund	<u>8,738,893</u>	<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>
All Other Governmental Funds:										
Nonspendable	50,000									
Restricted	1,068,293	1,080,075	1,052,905	1,041,745	1,005,502	893,256	4,719,753	867,024	1,083,303	633,791
Committed	8,959,528	8,295,081	6,869,195	6,516,488	4,441,325	4,346,875	-	41,869	3,710,682	5,283,346
Unassigned	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)
Total All Other Governmental Funds	<u>10,054,168</u>	<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>
 Total Fund Balances Governmental Funds	 <u>\$ 18,793,061</u>	 <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>

CITY OF GROTON, CONNECTICUT
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Property Taxes	\$ 4,994,614	\$ 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
Intergovernmental Revenues	7,678,640	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
Charges for Services	2,324,497	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
Income from Investments	173,689	5,430	185,974	88,274	87,071	39,059	61,249	(24,006)	29,252	215,894
Other	139,541	1,771,108	175,013	198,388	510,124	912,060	370,291	392,977	294,811	288,284
Total Revenues	15,310,981	16,659,636	14,841,691	14,126,259	12,722,942	14,463,255	13,388,566	13,490,039	14,736,209	14,236,008
EXPENDITURES										
Current:										
General Government	2,726,711	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
Public Safety	9,110,969	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
Public Works	3,178,367	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
Parks and Recreation	1,441,062	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
Nondepartmental and Other	-	-	-	-	84,357	86,644	82,052	73,573	140,021	84,429
Capital Outlay	2,560,120	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
Debit Service:										
Principal Retirement	275,000	270,000	265,000	265,000	265,000	5,975,000	475,000	585,000	590,000	793,000
Interest	73,775	85,838	98,800	109,400	118,706	144,822	160,400	177,294	194,909	196,185
Total Expenditures	19,366,004	19,235,054	16,303,677	15,622,580	14,922,165	23,671,977	17,785,305	20,575,279	19,665,032	17,341,914
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,055,023)	(2,575,418)	(1,461,986)	(1,496,321)	(2,199,223)	(9,208,722)	(4,396,739)	(7,085,240)	(4,928,823)	(3,105,906)
OTHER FINANCING SOURCES (USES)										
Issuance of Bonds	-	-	-	-	-	5,998,000	-	-	-	-
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	-
Transfers In from Other Funds	5,429,651	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
Transfers Out to Other Funds	(1,358,511)	(2,286,447)	(613,839)	(2,155,580)	(1,420,251)	(15,000)	(15,000)	-	-	(464,533)
Total Other Financing Sources (Uses)	4,071,140	4,071,140	4,071,140	4,071,140	3,406,212	10,523,036	9,189,256	3,626,985	3,123,133	3,119,496
NET CHANGE IN FUND BALANCES	\$ 16,117	\$ 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
Debit Service as a Percentage to Noncapital Expenditures	1.64%	1.56%	1.68%	1.71%	2.61%	3.92%	4.19%	4.87%	4.98%	6.45%

**CITY OF GROTON, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL 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		
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
2023	2021	1,148,491,940	1,640,702,771	222,556,827	317,938,324	1,371,048,767	1,958,641,096	70.00	3.67

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

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

Year	Grand List of October 1,	City of Groton			Town of Groton			Total Mill Rate
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total Town Millage	
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
2023	2021	3.59	0.08	3.67	19.56	1.72	21.28	24.95

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

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

Name	Nature of Business	Current Year			10 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	\$350,007,780	1	26.15 %	\$508,188,188	1	40.90 %
General Dynamics Corporation	Submarine	274,216,310	2	20.49	213,773,936	2	16.99
Groton Estates Colonial Manor, Inc.	Apartments	15,893,600	3	1.19	12,212,590	3	0.97
Branford Manor, Inc.	Apartments	15,698,460	4	1.17	10,982,390	4	0.87
Buckeye Terminals LLC	Oil Terminal	13,075,860	5	0.98	3,979,150	10	0.32
Groton Townhouses	Apartments	10,974,040	6	0.82	4,853,250	8	0.39
Ansonia Acquisitions, LLC	Apartments	10,776,050	7	0.81	5,534,580	7	0.44
Peppertree Realty LLC	Apartments	10,167,360	8	0.76	5,968,340	6	0.47
Avery Heights LP	Apartments	8,819,790	9	0.66	4,632,690	9	0.37
Bishops Courts Apts	Apartments	4,925,620	10	0.37	-	N/A	0.30
Total		<u>\$ 714,554,870</u>		<u>53.40 %</u>	<u>\$ 770,125,114</u>		<u>62.02 %</u>

Source: Town of Groton Assessor's Department

The total net assessment of the top 10 taxpayers for the City of Groton constitutes 53.4% of the total October 1, 2021 net taxable Grand List for the City of Groton after the BAA deliberations.

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

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
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
2023	2021	3.67	5,012,275	4,947,763	98.71	15,923	4,963,686	99.03	48,589	0.97

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			
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
2023	1,830,000	-	1,830,000	38,280,000	46,135,000	9,460,000	93,875,000	95,705,000	30.1	10,195

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

Year		Population	Assessed Value	Bonded Debt	Percentage of Net Long-Term Debt to Assessed Value	Net Long-Term Debt Per Capita
2014	**	10,389	\$ 1,297,146,935	\$ 5,635,000	0.43 %	542
2015	**	10,389	1,197,702,173	5,040,000	0.42	485
2016	**	10,389	1,167,232,309	4,455,000	0.38	429
2017	**	10,389	1,179,974,354	3,980,000	0.34	383
2018	**	10,389	1,179,217,826	9,503,000	0.81	915
2019	**	10,389	1,168,012,254	2,905,000	0.25	280
2020	**	10,389	1,153,452,837	2,640,000	0.23	254
2021	*	9,387	1,150,768,680	2,375,000	0.21	253
2022	*	9,387	1,371,048,767	2,105,000	0.15	224
2023	*	9,387	1,371,048,767	1,830,000	0.13	195

** 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, 2023**

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Application to City</u>	<u>Amount Applicable to City</u>
Jurisdiction:			
Direct:			
City of Groton	\$ 1,830,000	100.00 %	\$ 1,830,000
Overlapping:			
Town of Groton	<u>96,630,000</u>	29.02	<u>28,042,026</u>
Total	<u>\$ 98,460,000</u>		<u>\$ 29,872,026</u>

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

**CITY OF GROTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION (UNAUDITED)
YEAR ENDED JUNE 30, 2023**

Total Tax Collections, (Including Interest and Lien Fees)

For the Year Ended June 30, 2022

Taxes, Interest, and Lien Fees \$ 5,063,915

	General Purposes	Sewers	Total
Debt Limitation:			
2.25 Times Base	\$ 11,393,809	\$ -	\$ 11,393,809
3.75 Times Base	-	18,989,681	18,989,681
Total Debt Limitation	11,393,809	18,989,681	30,383,490
Indebtedness:			
Bonds Payable	1,830,000	9,460,000	11,290,000
Authorized, But Unissued Debt	-	-	-
Total Indebtedness	1,830,000	9,460,000	11,290,000
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 9,563,809</u>	<u>\$ 9,529,681</u>	<u>\$ 19,093,490</u>

Notes:

1. In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$ 35,447,405
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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Tax Collections, Including Interest and Lien Fees	\$ 5,063,915	\$ 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
Total Base	5,063,915	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
Debt Limit:										
General Purpose 2 1/4 Times Base	11,393,809	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
Sewer 3 3/4 Times Base	18,989,681	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
Total Debt Limit	30,383,490	30,112,056	30,441,630	31,517,149	37,624,080	38,442,013	42,289,573	37,410,546	37,123,944	38,475,510
Net Debt Applicable to Limit:										
General Purpose:										
Bonds Payable	1,830,000	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
Authorized But Unissued	-	854,189	854,189	-	-	-	-	-	-	-
Sewer:										
Bonds Payable	9,460,000	10,030,000	5,360,000	5,685,000	-	-	-	6,333,000	360,000	385,000
Bond Anticipation Notes	-	-	-	-	-	-	5,500,000	2,750,000	-	-
Authorized But Unissued	-	-	106,000	-	-	-	-	-	-	-
Total Net Debt Applicable to Limit	11,290,000	12,989,189	8,695,189	8,325,000	2,375,000	2,640,000	8,405,000	12,253,000	3,980,000	4,455,000
Legal Debt Limit	\$ 19,093,490	\$ 17,122,867	\$ 21,746,441	\$ 23,192,149	\$ 35,249,080	\$ 35,802,013	\$ 33,884,573	\$ 25,157,546	\$ 33,143,944	\$ 34,020,510
In No Case Shall Total Indebtedness Exceed Seven Times Annual Receipts from Taxation	\$ 35,447,405	\$ 35,130,732	\$ 35,515,235	\$ 36,770,006	\$ 43,894,760	\$ 44,849,014	\$ 49,337,834	\$ 43,645,637	\$ 43,311,268	\$ 44,888,095
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	37.16%	43.14%	28.56%	26.41%	6.31%	6.87%	19.87%	32.75%	10.72%	11.58%

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		Population ¹	Personal Income (Amounts Expressed in Thousands)	Per Capita Income ²	Median Age ³	Education Level in Years of Schooling ⁴	Unemployment Rate ¹
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
2023	*	9,387	318,473	33,927	* 34.2	N/A	3.30

(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	2023			2014		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
General Dynamics, Electric Boat Division	10,038	1	64 %	6,900	1	61 %
Pfizer's	4,503	2	29	3,500	2	31
Superintendent of Ships	300	3	2	220	5	2
Seabird Enterprises	260	4	2	N/A	-	N/A
University of Connecticut	220	5	1	230	4	2
City of Groton	217	6	1	235	3	2
Groton Board of Education	90	7	1	135	6	1
Sacred Heart School	35	8	0	38	9	0
Marine Science Magnet School	35	9	0	N/A	-	N/A
Project Oceanology	30	10	0	36	10	0
Total	15,728		100 %	11,294		100 %

Source: State Department of Labor

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	4	3	3	3	3	3	3
Other	5	5	5	5	5	3	3	3	3	3
Police:										
Officers	29	27	27	27	27	27	27	28	29	29
Civilians	7	7	7	7	7	7	7	7	7	9
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	1
Highway	19	19	19	19	19	19	19	18	19	21
Water Department	34	34	34	38	39	35	35	34	31	32
Sewer Department	8	8	8	6	5	5	5	6	6	6
Electric Department	80	85	82	77	71	66	66	71	70	70
Total	217	220	217	214	207	196	196	201	199	204

Source: Various City Departments.

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government:										
Public Safety:										
Physical Arrests	575	444	388	358	498	503	495	588	621	532
Parking Violations	1,243	528	421	741	1,599	1,484	1,568	1,331	889	1,019
Traffic Violations	2,080	1,142	711	1,154	1,920	1,558	1,630	1,606	1,341	1,865
Fire:										
Emergency Responses	1,157	1,066	1,062	976	1,118	1,111	1,061	1,127	1,055	1,085
Fires Extinguished	46	39	53	38	40	41	22	23	12	23
Public Works:										
Highways and Streets:										
Street Resurfacing (Miles)	2	1	1	1		1	2	6	7	9
Sidewalk Repaired (Feet)	1,500	1,660	1,660		619	1,420	1,134	410	175	1,901
Sanitation:										
Refuse Collected (Tons/Day)	12	12	12	12	12	11	11	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	2,665	2,608	2,646	2,191	2,496	2,448	2,179	2,125	2,092	2,052
Recreation:										
Summer Program	417	441	286	324	566	587	381	613	426	392
Fall Program	237	103	130	52	111	119	120	269	115	116
Winter Program	104	123	345	249	481	402	354	215	170	145
Business-Type Activities:										
Water Fund:										
New Connections	9	19	11	7	12	6	8	3	5	9
Water Main Breaks	14	18	11	18	13	14	16	14	16	5
Average Daily Consumption (Millions of Gallons)	5.000MGD	5.000MGD	5.000MGD	5.000MGD	5.000MGD	5.000MGD	5.500MGD	5.700MGD	5.700MGD	5.900MGD
Peak Daily Consumption (Millions of Gallons)	7.648MGD	7.648MGD	7.648MGD	7.648MGD	7.648MGD	7.648MGD	9.704MGD	9.100MGD	8.511MGD	8.250MGD

Source: Various city departments

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

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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.