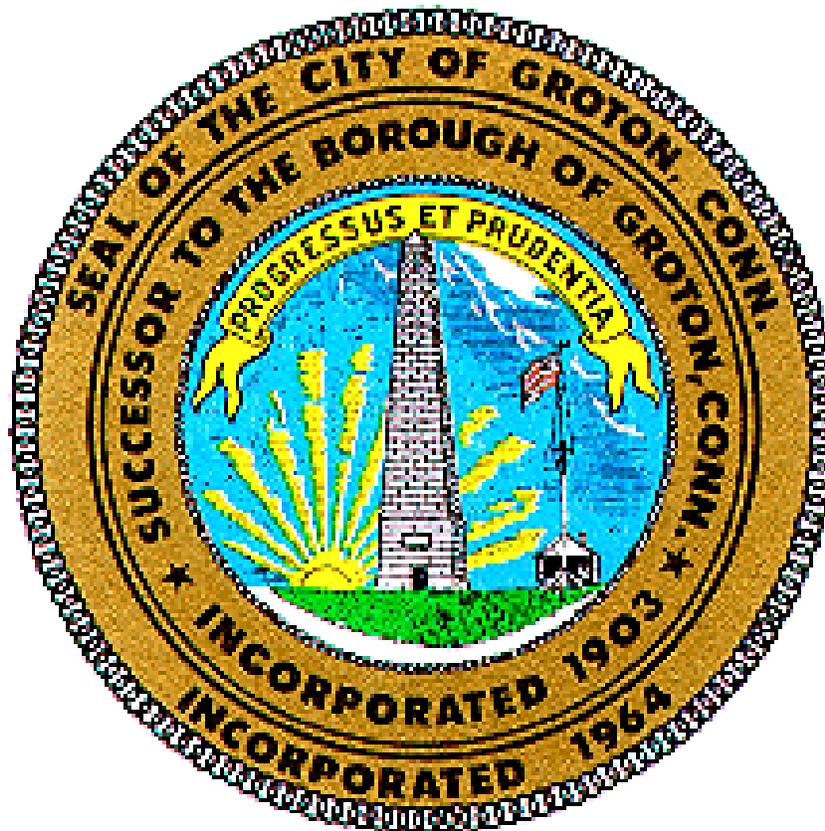


# CITY OF GROTON, CONNECTICUT COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2019  
DEPARTMENT OF FINANCE  
CITY OF GROTON, CONNECTICUT



# CITY OF GROTON, CONNECTICUT



## Comprehensive Annual Financial Report

For the Year Ended June 30, 2019

PREPARED BY:

RONALD YUHAS, JR.  
DIRECTOR OF FINANCE

KEITH HEDRICK, MAYOR



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## **Introductory Section**





# CITY OF GROTON

295 Meridian Street  
Groton, Connecticut 06340-4040

## *Department of Finance*

Telephone (860) 446-4110

Fax (860) 446-4113

February 27, 2020

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

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Groton, Connecticut (City) for the year ended June 30, 2019. 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.

RSM US 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, 2019, 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, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

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

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

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

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

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

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

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

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

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

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

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

### **Factors Affecting Financial Condition**

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

Property taxes, which account for approximately 32.4% 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**

Fiscal Year 2018-2019 marked another major milestone in the history of Groton Utilities as we continue the service of 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 Freeman in the form of the Electric Bond Funds. The 2012 and 2016 Electric Bond Program calls for continued infrastructure improvements of two substations – Pleasant Valley and Buddington Road stations along with continued voltage improvements to our main transmission lines.

In order to meet our customers' demand for power and to provide the highest level of reliability, the distribution voltage throughout our service area will be increased from the present voltage of 8.32 kV to 13.8 kV. By increasing the voltage of the distribution system, primary conductors will be capable of distributing more power, more efficiency.

## Water

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

## Sewer

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

## Risk Management

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

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

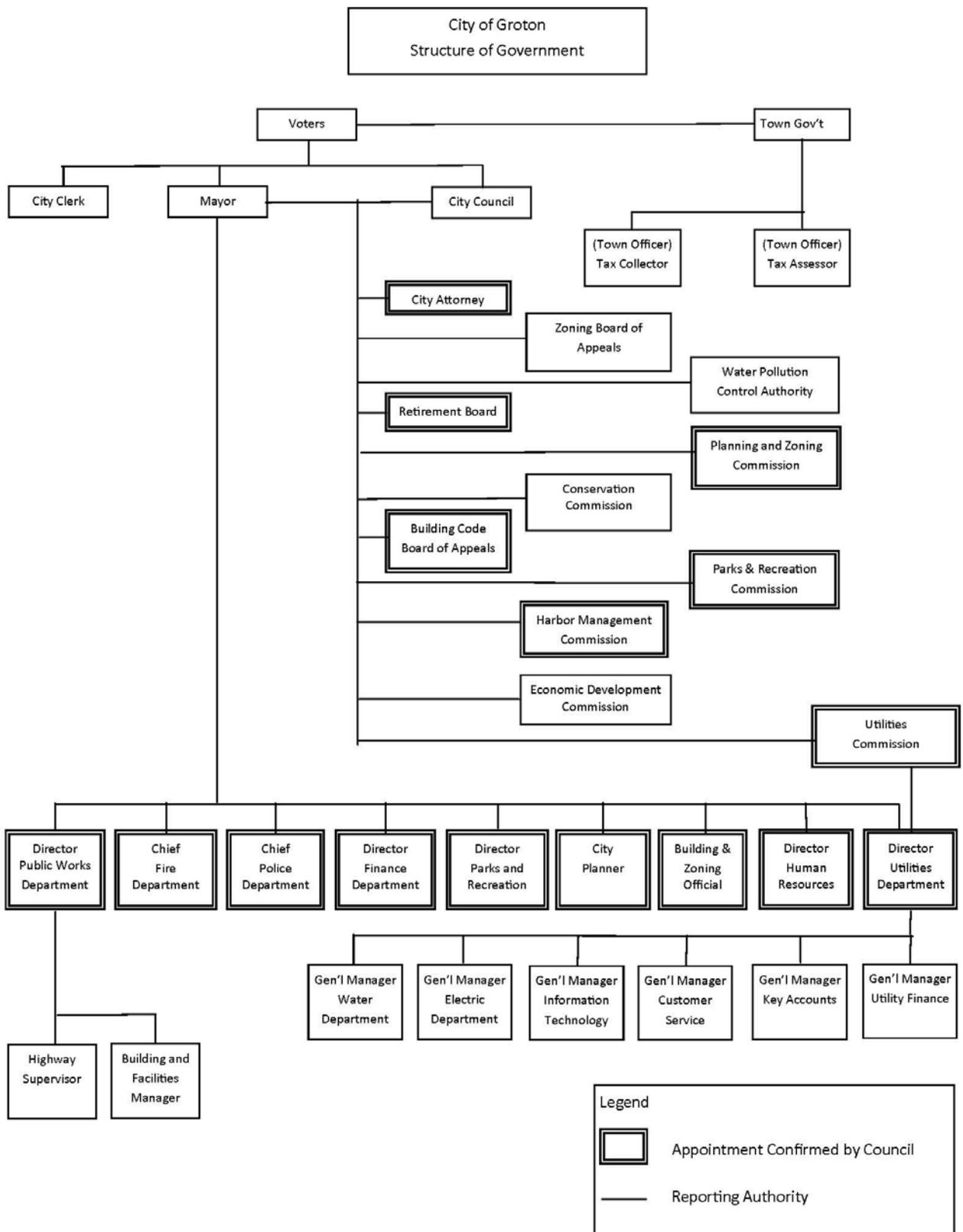
The individual stop-loss coverage protects the City from claims in excess of \$100,000 for hospitalization and in excess of \$100,000 for major medical, per eligible employee and each eligible dependent.

**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 RSM US LLP, also contributed significantly to its production.

Respectfully submitted,



Ronald Yuhas, Jr.  
Finance Director



# THE CITY OF GROTON PRINCIPAL MUNICIPAL OFFICIALS

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## Elected Officials Term of Office – May 2019 to May 2021

Keith Hedrick – Mayor

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

## Appointed Officials Term of Office – Indefinite

Michael Spellman – Civil Preparedness Coordinator

## Department Heads Term of Office – Indefinite

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

**Financial Section**



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Groton, Connecticut (the City), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with GAAP.

## **Other Matters**

### Required Supplementary Information

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

### Supplementary and Other Information

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

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

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

Prior-Year Comparative information

We also previously audited, in accordance with GAAS, the basic financial statements of the City as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated February 27, 2019, which contained unmodified opinions on the respective financial statements of governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying General Fund Balance Sheet and Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows for the Electric and Water Departments and Internal Service Funds as of and for the year ended June 30, 2018 (the "2018 Statements") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 financial statements. The 2018 Statements have been subjected to the auditing procedures applied in the audit of the 2018 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, 2018 Statements are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020 on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*RSM US LLP*

New Haven, Connecticut  
February 27, 2020

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# CITY OF GROTON

295 Meridian Street  
Groton, Connecticut 06340-4040

## *Department of Finance*

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

### **MANAGEMENT DISCUSSION AND ANALYSIS – Unaudited FOR THE YEAR ENDED JUNE 30, 2019**

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As management of the City of Groton, Connecticut (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2019. 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 \$87,682,420 (net position). Of this amount, \$13,622,036 (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 \$12,591,482 for the fiscal year, with a slight decrease in the government activities and an 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 \$12,097,249 an increase of \$1,206,989 in comparison with the prior year. \$5,611,133 of the total amount of \$12,097,249 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,634,786 or 36.8% of total General Fund expenditures and other financing uses.
- The City's total long-term obligations increased by \$10,026,253 during the current fiscal year due to proceeds of the Drinking Water State Revolving Fund (DWSRF) loan from the State of Connecticut for the Water Treatment Plant Upgrade.

## **Overview of the Financial Statement**

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

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

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

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

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

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

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

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

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

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

**Major Governmental Funds**

General Fund

**Non-major Governmental Funds**

State Aid Road  
 Bridge Street  
 Forfeiture Grant  
 Miscellaneous Grants  
 Equipment Replacement Fund  
 Submarine Memorial Fund

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

The basic governmental fund financial statements can be found on Page 15 through Page 17 of this report.

**Proprietary funds.** The City operates two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water and Sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insured medical benefits and property and general liability claims. These services benefit both governmental and business-type activities and therefore the operations have been recorded in proportion in the respective financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Department and for the Water Department, both of which are considered to be major funds of the City. The Sewer Department is considered and included in other non-major enterprise funds. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on Page 18 through Page 22 of this report.

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

The basic fiduciary fund financial statements can be found on Page 23 and Page 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 Page 25 to Page 64 of this report.

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

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

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$87.7 million at the close of the most recent fiscal year.

**City of Groton, Connecticut  
Statement of Net Position**

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 16,210,549	\$ 62,289,470	\$ 78,500,019	\$ 14,719,511	\$ 63,113,180	\$ 77,832,691
Capital assets	22,098,956	108,421,757	130,520,713	30,750,302	75,820,426	106,570,728
<b>Total assets</b>	<b>38,309,505</b>	<b>170,711,227</b>	<b>209,020,732</b>	<b>45,469,813</b>	<b>138,933,606</b>	<b>184,403,419</b>
Deferred pension related items	1,567,924	1,846,667	3,414,591	1,580,648	1,534,966	3,115,614
Deferred OPEB items	460,768	542,682	1,003,450	567,609	551,205	1,118,814
Deferred amounts on refunding	-	646,196	646,196	-	768,416	768,416
<b>Total deferred outflows of resources</b>	<b>2,028,692</b>	<b>3,035,545</b>	<b>5,064,237</b>	<b>2,148,257</b>	<b>2,854,587</b>	<b>5,002,844</b>
Current liabilities	1,201,155	13,785,714	14,986,869	1,657,108	13,098,635	14,755,743
Long-term liabilities outstanding	11,857,722	97,801,444	109,659,166	18,115,512	79,906,274	98,021,786
<b>Total liabilities</b>	<b>13,058,877</b>	<b>111,587,158</b>	<b>124,646,035</b>	<b>19,772,620</b>	<b>93,004,909</b>	<b>112,777,529</b>
Deferred pension credit	518,688	610,900	1,129,588	650,984	632,171	1,283,155
Deferred OPEB credit	287,874	339,052	626,926	129,188	125,453	254,641
<b>Total deferred inflows of resources</b>	<b>806,562</b>	<b>949,952</b>	<b>1,756,514</b>	<b>780,172</b>	<b>757,624</b>	<b>1,537,796</b>
Net position:						
Net investment in capital assets	17,575,130	56,602,644	74,177,774	18,940,538	44,049,096	62,989,634
Restricted	60,000	-	60,000	60,000	-	60,000
Unrestricted	8,837,628	4,607,018	13,444,646	8,064,740	3,976,564	12,041,304
<b>Total net position</b>	<b>\$ 26,472,758</b>	<b>\$ 61,209,662</b>	<b>\$ 87,682,420</b>	<b>\$ 27,065,278</b>	<b>\$ 48,025,660</b>	<b>\$ 75,090,938</b>

By far the largest portion of the City's net position (84.4%) 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 \$13.6 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased \$12.6 million during the current fiscal year. The increase was due primarily to increased revenue in the Electric, Water and Sewer Departments ahead of expenses and the relocation of the Sewer Department out of the General Fund and into an enterprise fund.

**Governmental activities.** Governmental activities decreased the City's net position by \$0.6 million, and business-type activities increased net position by \$13.2 million.

**City of Groton, Connecticut  
Statement of Activities**

	Year Ended					
	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,516,116	\$ 71,456,209	\$ 73,972,325	\$ 2,628,273	\$ 66,324,626	\$ 68,952,899
Operating grants and contributions	4,572,283	-	4,572,283	4,846,353	-	4,846,353
Capital grants and contributions	210,203	5,822,439	6,032,642	612,146	2,252,788	2,864,934
General revenues:						
Property taxes	5,272,795	-	5,272,795	6,239,400	-	6,239,400
Grants and contributions not restricted to specific programs	47,004	-	47,004	109,320	-	109,320
Other	87,071	512,402	599,473	39,059	496,287	535,346
<b>Total revenues</b>	<b>12,705,472</b>	<b>77,791,050</b>	<b>90,496,522</b>	<b>14,474,551</b>	<b>69,073,701</b>	<b>83,548,252</b>
<b>Expenses:</b>						
General government	2,147,448	-	2,147,448	2,254,789	-	2,254,789
Public safety	8,194,303	-	8,194,303	7,719,552	-	7,719,552
Public works	4,092,661	-	4,092,661	5,654,738	-	5,654,738
Recreation	1,218,268	-	1,218,268	1,145,844	-	1,145,844
Interest on long-term debt	86,959	-	86,959	272,674	-	272,674
Water	-	10,021,150	10,021,150	-	9,183,824	9,183,824
Electric	-	49,359,048	49,359,048	-	48,517,562	48,517,562
Sewer	-	2,785,203	2,785,203	-	-	-
<b>Total expenses</b>	<b>15,739,639</b>	<b>62,165,401</b>	<b>77,905,040</b>	<b>17,047,597</b>	<b>57,701,386</b>	<b>74,748,983</b>
<b>Change in net position before transfers</b>	<b>(3,034,167)</b>	<b>15,625,649</b>	<b>12,591,482</b>	<b>(2,573,046)</b>	<b>11,372,315</b>	<b>8,799,269</b>
Transfers	2,441,647	(2,441,647)	-	4,071,162	(4,071,162)	-
<b>Change in net position</b>	<b>(592,520)</b>	<b>13,184,002</b>	<b>12,591,482</b>	<b>1,498,116</b>	<b>7,301,153</b>	<b>8,799,269</b>
Net position, beginning	27,065,278	48,025,660	75,090,938	25,567,162	40,724,507	66,291,669
Net position, ending	\$ 26,472,758	\$ 61,209,662	\$ 87,682,420	\$ 27,065,278	\$ 48,025,660	\$ 75,090,938

**Expenses and Program Revenues – Governmental Activities**

**Revenues**

Governmental activities' revenues totaled \$12.7 million for fiscal year 2019. Property taxes are the largest revenue source for the City and represent 41.5% of the governmental revenues. Current tax collections were 99% of the adjusted tax levy. Operating grants and contributions are the City's second largest revenue for the governmental activities and represent 36.0% of the governmental revenues. In operating grants and contributions, revenues include the Town of Groton's contribution for Police and Highway Department operation and State of Connecticut grants. Charges for services represents 19.8% and capital grants and contributions represent 1.7%. Investment income and miscellaneous revenue represent 1.0% of governmental revenues.

Capital grants and contributions decreased by \$401,943 due to less capital improvement grants being expended in the current year. Charges for services decreased \$112,157 due to a decrease in fines, fees and permits. Property taxes decreased by \$966,605 due to relocation of the Sewer Department from the General Fund to an Enterprise Fund.

### **Expenses**

Governmental expenses totaled \$15,739,639 for the fiscal year. Of the expenditures, 52.1% or \$8,194,303 is related to public safety. Public works expenses amounted to \$4,092,661, or 26.0%. Recreation expenses amounted to \$1,218,268 or 7.7%. Interest expense was \$86,959 or 0.6%. General government expenses were \$2,147,448 or 13.6%.

Public safety and recreation have slightly increased while, general government, and public works expenses decreased from the previous year due to the relocation of the Sewer Department.

**Business-type activities.** Business-type activities represent 69.8% of the City's net position and account for a large portion of the expenditures in the City. Key elements of the activity are as follows:

- Charges for services and other for business-type activities increased by \$8,717,349 while expenses increased by \$4,464,015 over the prior year.

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

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,097,249, an increase of \$1,206,989 in comparison with the prior year. Approximately 46.4% of this total amount, \$5,611,133 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,634,786, while total fund balance was \$6,674,075. 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 36.8% of total General Fund expenditures. Total fund balance represents 43.6% of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$1,000,293 during the current fiscal year due to revenues being slightly better than expenses.

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

The unrestricted net position of the Electric operation at the end of the year amounted to \$(907,508), the unrestricted net position of the Water operation amounted to \$3,295,229 and the unrestricted net position of the Sewer operation amounted to \$1,902,036. The increase in net position for the Electric Fund was \$2,826,598, the increase in net position for the Water Fund was \$6,699,311 and the increase in net position for the Sewer Fund was \$3,163,442 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 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, 2019, amounts to approximately \$130.5 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, distribution systems, machinery and equipment, park facilities, sewer lines and roads. The total increase in the City's investment in capital assets for the current fiscal year was 22.5% (28.1% decrease for governmental activities and an increase of 43.0% for business-type activities).

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

- The relocation of the Sewer Department capital assets from the Governmental Activities to the Business-type Activities
- Construction began on various governmental, electric and water projects; construction in progress as of the close of the fiscal year had reached \$40,413,209.

### City of Groton, Connecticut Capital Assets (Net of Depreciation)

	June 30, 2019			June 30, 2018		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land and land rights	\$ 3,156,803	\$ 3,472,941	\$ 6,629,744	\$ 3,789,257	\$ 2,840,487	\$ 6,629,744
Construction in progress	772,061	40,413,290	41,185,351	1,354,288	16,742,028	18,096,316
Land improvements	910,880	-	910,880	1,075,226	-	1,075,226
Buildings and improvements	4,529,421	10,224,441	14,753,862	10,850,981	3,532,411	14,383,392
Distribution systems	-	51,753,305	51,753,305	-	50,424,181	50,424,181
Machinery and equipment	201,933	1,648,439	1,850,372	529,241	1,529,240	2,058,481
Vehicles	2,188,317	909,341	3,097,658	2,513,987	752,079	3,266,066
Infrastructure	10,339,541	-	10,339,541	10,637,322	-	10,637,322
<b>Total</b>	<b>\$ 22,098,956</b>	<b>\$ 108,421,757</b>	<b>\$ 130,520,713</b>	<b>\$ 30,750,302</b>	<b>\$ 75,820,426</b>	<b>\$ 106,570,728</b>

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

**Long-term debt.** At the end of the current fiscal year, the City had total net bonded debt and note payable outstanding of \$76,055,813. Of this amount, \$2,905,000 comprises debt backed by the full faith and credit of the City and \$73,150,813 is Electric, Water and Sewer debt for which the City is liable in the event of default by the Electric, Water and Sewer Departments.

**City of Groton, Connecticut**

**Changes in Bonded Debt and Note Payable During Fiscal 2019**

	<u>Bonds and Notes Payable</u>
Outstanding at June 30, 2018	\$ 66,029,560
Debt issued	15,066,653
Bond principal payments	<u>(5,040,400)</u>
Outstanding at June 30, 2019	<u>\$ 76,055,813</u>

The City’s total bonded debt increased by \$10,026,253 (15.2%) 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 \$43,894,760.

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

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

- The unemployment rate for the City is currently 3.6%. This compares favorably to the state’s average unemployment rate of 3.8% and the national average rate of 3.7%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City’s budget for the 2019 fiscal year.

During the current fiscal year, fund balance in the General Fund increased by \$1,000,293. The City has appropriated \$800,000 of the 2019 fiscal year fund balance for spending in the 2020 fiscal year budget. It is intended that this use of available fund balance will avoid the need to additionally raise taxes or charges during the 2020 fiscal year.

**Requests for Information**

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

## **Basic Financial Statements**



City of Groton, Connecticut

Statement of Net Position  
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozrah Light and Power Company
<b>Assets</b>				
Cash and cash equivalents	\$ 14,972,072	\$ 30,700,046	\$ 45,672,118	\$ 1,725,617
Investments	543,175	-	543,175	-
Receivables, net of allowances for collection losses:				
Property taxes	40,360	-	40,360	-
Use charges	-	4,955,481	4,955,481	1,199,117
Accrued utility revenue	-	1,166,954	1,166,954	-
Intergovernmental and other	531,688	63,257	594,945	13,441
Inventory and prepayments	25,926	1,814,575	1,840,501	5,720
Internal balances	37,328	(37,328)	-	-
Due from component units	-	3,628,749	3,628,749	-
Amount held at Connecticut Municipal Electric Energy Cooperative	-	14,033,178	14,033,178	1,849,556
Restricted cash	60,000	-	60,000	181,842
Other noncurrent assets	-	-	-	-
Equity investment in component unit	-	5,957,317	5,957,317	-
Net Other Post-Employment Benefit asset	-	7,241	7,241	-
Capital assets, not being depreciated	3,928,864	43,886,231	47,815,095	521,439
Capital assets, net of accumulated depreciation	18,170,092	64,535,526	82,705,618	10,409,689
<b>Total assets</b>	<b>38,309,505</b>	<b>170,711,227</b>	<b>209,020,732</b>	<b>15,906,421</b>
Deferred outflows of resources:				
Deferred pension amounts	1,567,924	1,846,667	3,414,591	-
Deferred OPEB amounts	460,768	542,682	1,003,450	83,112
Deferred charge on refunding	-	646,196	646,196	-
<b>Total deferred outflows of resources</b>	<b>2,028,692</b>	<b>3,035,545</b>	<b>5,064,237</b>	<b>83,112</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	765,219	12,887,482	13,652,701	757,011
Accrued interest payable	40,911	898,232	939,143	-
Unearned revenue - performance	395,025	-	395,025	-
Noncurrent liabilities:				
Due to primary government	-	-	-	3,628,749
Rate stabilization	-	12,874,668	12,874,668	1,938,024
Due within one year	516,146	4,705,400	5,221,546	264,400
Due in more than one year	11,341,576	80,221,376	91,562,952	3,441,060
<b>Total liabilities</b>	<b>13,058,877</b>	<b>111,587,158</b>	<b>124,646,035</b>	<b>10,029,244</b>
Deferred inflows of resources:				
Deferred pension amounts	518,688	610,900	1,129,588	-
Deferred OPEB amounts	287,874	339,052	626,926	2,972
<b>Total deferred inflows of resources</b>	<b>806,562</b>	<b>949,952</b>	<b>1,756,514</b>	<b>2,972</b>
Net position:				
Net investment in capital assets	17,575,130	56,602,644	74,177,774	7,347,561
Restricted for:				
Endowments - expendable	60,000	-	60,000	-
Unrestricted	8,837,628	4,607,018	13,444,646	(1,390,244)
<b>Total net position</b>	<b>\$ 26,472,758</b>	<b>\$ 61,209,662</b>	<b>\$ 87,682,420</b>	<b>\$ 5,957,317</b>

See notes to financial statements.

City of Groton, Connecticut

Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Bozrah Light and Power Company
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ (2,147,448)	\$ 1,646,366	\$ 37,707	\$ -	\$ (463,375)	\$ -	\$ (463,375)	\$ -
Public safety	(8,194,303)	619,377	2,483,713	-	(5,091,213)	-	(5,091,213)	-
Public works	(4,092,661)	17,592	2,050,863	210,203	(1,814,003)	-	(1,814,003)	-
Parks and recreation	(1,218,268)	232,781	-	-	(985,487)	-	(985,487)	-
Interest expense	(86,959)	-	-	-	(86,959)	-	(86,959)	-
<b>Total governmental activities</b>	<b>(15,739,639)</b>	<b>2,516,116</b>	<b>4,572,283</b>	<b>210,203</b>	<b>(8,441,037)</b>	<b>-</b>	<b>(8,441,037)</b>	<b>-</b>
Business-type activities:								
Electric department	(49,359,048)	56,303,526	-	-	-	6,944,478	6,944,478	-
Water department	(10,021,150)	10,838,056	-	5,822,439	-	6,639,345	6,639,345	-
Sewer department	(2,785,203)	4,314,627	-	-	-	1,529,424	1,529,424	-
<b>Total business-type activities</b>	<b>(62,165,401)</b>	<b>71,456,209</b>	<b>-</b>	<b>5,822,439</b>	<b>-</b>	<b>15,113,247</b>	<b>15,113,247</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ (77,905,040)</b>	<b>\$ 73,972,325</b>	<b>\$ 4,572,283</b>	<b>\$ 6,032,642</b>	<b>(8,441,037)</b>	<b>15,113,247</b>	<b>6,672,210</b>	<b>-</b>
Component unit:								
Bozrah Light and Power Company								
<b>Total component unit</b>	<b>\$ (20,546,212)</b>	<b>\$ 20,517,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,166)</b>
General revenues:								
Property taxes					5,272,795	-	5,272,795	-
Grants and contributions not restricted to specific programs					47,004	-	47,004	-
Investment income					87,071	512,402	599,473	-
Transfers					2,441,647	(2,441,647)	-	-
<b>Total general revenues and transfers</b>					<b>7,848,517</b>	<b>(1,929,245)</b>	<b>5,919,272</b>	<b>-</b>
<b>Change in net position</b>					<b>(592,520)</b>	<b>13,184,002</b>	<b>12,591,482</b>	<b>(29,166)</b>
Net position - beginning					27,065,278	48,025,660	75,090,938	5,986,483
Net position - ending					<b>\$ 26,472,758</b>	<b>\$ 61,209,662</b>	<b>\$ 87,682,420</b>	<b>\$ 5,957,317</b>

See notes to financial statements.

**City of Groton, Connecticut**

**Balance Sheet - Governmental Funds  
June 30, 2019**

	Major Fund	Non-Major Funds	Total
	General Fund	Governmental Funds	Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 10,957,968	\$ 1,339,121	\$ 12,297,089
Receivables:			
Property taxes, net	40,360	-	40,360
Intergovernmental and other	5,446	164,635	170,081
Investments	-	543,175	543,175
Due from other funds	8,384	4,040,025	4,048,409
Inventory of supplies, at cost	25,926	-	25,926
<b>Total assets</b>	<b>\$ 11,038,084</b>	<b>\$ 6,086,956</b>	<b>\$ 17,125,040</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 317,651	\$ 178,617	\$ 496,268
Due to other funds	4,015,751	90,140	4,105,891
Unearned revenue	-	395,025	395,025
<b>Total liabilities</b>	<b>4,333,402</b>	<b>663,782</b>	<b>4,997,184</b>
Deferred inflows of resources:			
Unavailable revenue	30,607	-	30,607
Fund balances:			
Nonspendable	25,926	-	25,926
Restricted	-	1,005,502	1,005,502
Committed	213,363	4,441,325	4,654,688
Assigned	800,000	-	800,000
Unassigned	5,634,786	(23,653)	5,611,133
<b>Total fund balances</b>	<b>6,674,075</b>	<b>5,423,174</b>	<b>12,097,249</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,038,084</b>	<b>\$ 6,086,956</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets purchased by governmental funds are reported as expenditures, however, the Statement of Net Position includes those capital assets among the assets of the City as a whole.	22,098,956
Deferred outflows of resources-pension/opeb related items	2,028,692
Deferred inflows of resources-pension/opeb related items	(806,562)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.	30,607
Internal service funds are used by management to charge the costs of health insurance. Certain assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,922,449
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(11,857,722)
Accrued interest payable not recorded in funds.	(40,911)

Net position of governmental activities \$ 26,472,758

See notes to financial statements.

City of Groton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds  
 For the Year Ended June 30, 2019

	Major Fund		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 5,290,265	\$ -	\$ 5,290,265
Intergovernmental	4,650,138	179,352	4,829,490
Charges for services	2,005,992	-	2,005,992
Income from investments	39,084	47,987	87,071
Other	234,200	275,924	510,124
<b>Total revenues</b>	<b>12,219,679</b>	<b>503,263</b>	<b>12,722,942</b>
Expenditures:			
Current:			
General government	1,499,487	23,939	1,523,426
Public safety	7,891,251	11,698	7,902,949
Public works	2,854,175	-	2,854,175
Parks and recreation	1,165,922	-	1,165,922
Non-departmental	84,357	-	84,357
Capital outlay	686,305	321,325	1,007,630
Debt service:			
Bond principal	265,000	-	265,000
Bond and note interest	118,706	-	118,706
<b>Total expenditures</b>	<b>14,565,203</b>	<b>356,962</b>	<b>14,922,165</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,345,524)</b>	<b>146,301</b>	<b>(2,199,223)</b>
Other financing sources:			
Transfers in	4,086,140	740,323	4,826,463
Transfers out	(740,323)	(679,928)	(1,420,251)
<b>Total other financing sources</b>	<b>3,345,817</b>	<b>60,395</b>	<b>3,406,212</b>
<b>Net change in fund balances</b>	<b>1,000,293</b>	<b>206,696</b>	<b>1,206,989</b>
Fund balances, beginning	5,673,782	5,216,478	10,890,260
Fund balances, ending	<b>\$ 6,674,075</b>	<b>\$ 5,423,174</b>	<b>\$ 12,097,249</b>

See notes to financial statements.

**City of Groton, Connecticut**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ 1,206,989
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. This is the amount by which depreciation exceeded capital outlays in the current period.	(8,651,346)
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(17,470)
Change in net pension/opeb liability deferred outflows/inflows	(145,955)
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 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.	7,074,885
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.	(641,140)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>581,517</u>
Change in net position of governmental activities	<u><u>\$ (592,520)</u></u>

See notes to financial statements.

City of Groton, Connecticut

Statement of Net Position - Proprietary Funds  
June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Electric Department	Water Department	Other Nonmajor Enterprise Fund	Total	Internal Service Fund
<b>Assets</b>					
Current assets:					
Cash	\$19,016,098	\$10,536,052	\$ 669,453	\$30,221,603	\$ 3,213,426
Receivables:					
Use charges (net of allowance for uncollectibles of \$75,000 and \$2,500, respectively)	3,873,938	771,360	310,183	4,955,481	424,864
Accrued utility revenue	1,166,954	-	-	1,166,954	-
Due from other funds	920,045	3,568	1,052,694	1,976,307	94,810
Prepaid expenses	111,084	134,226	10,254	255,564	-
Inventory	1,361,061	197,950	-	1,559,011	-
<b>Total current assets</b>	<b>26,449,180</b>	<b>11,643,156</b>	<b>2,042,584</b>	<b>40,134,920</b>	<b>3,733,100</b>
Noncurrent assets:					
Amount held at CMEEC	14,033,178	-	-	14,033,178	-
Equity in joint venture investments	5,957,317	-	-	5,957,317	-
Due from component units	3,628,749	-	-	3,628,749	-
Net OPEB asset	-	-	7,241	7,241	-
<b>Total noncurrent assets</b>	<b>23,619,244</b>	<b>-</b>	<b>7,241</b>	<b>23,626,485</b>	<b>-</b>
Capital assets (net of accumulated depreciation):					
Land and land rights	704,844	2,135,643	632,454	3,472,941	-
Construction in progress	2,044,971	38,341,216	27,103	40,413,290	-
Buildings and improvements	372,994	3,227,161	6,624,286	10,224,441	-
Plant and pumping stations	-	3,332,714	287,463	3,620,177	-
Station equipment	8,158,723	-	-	8,158,723	-
Electric distribution system	20,867,081	-	-	20,867,081	-
Water distribution system	-	19,107,324	-	19,107,324	-
Machinery and equipment	1,068,743	560,442	19,254	1,648,439	-
Vehicles	520,404	250,717	138,220	909,341	-
<b>Total capital assets (net of     accumulated depreciation)</b>	<b>33,737,760</b>	<b>66,955,217</b>	<b>7,728,780</b>	<b>108,421,757</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>57,357,004</b>	<b>66,955,217</b>	<b>7,736,021</b>	<b>132,048,242</b>	<b>-</b>
Deferred outflows of resources:					
Deferred pension amounts	1,108,000	554,000	184,667	1,846,667	-
Deferred OPEB amounts	325,609	162,805	54,268	542,682	-
Deferred charges on refundings	562,501	83,695	-	646,196	-
<b>Total deferred outflows of resources</b>	<b>1,996,110</b>	<b>800,500</b>	<b>238,935</b>	<b>3,035,545</b>	<b>-</b>
<b>Total assets and deferred outflows     of resources</b>	<b>85,802,294</b>	<b>79,398,873</b>	<b>10,017,540</b>	<b>175,218,707</b>	<b>3,733,100</b>

See notes to financial statements.

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Electric Department	Water Department	Other Nonmajor Enterprise Fund	Total	Internal Service Fund
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 5,108,035	\$ 3,479,746	\$ 58,649	\$ 8,646,430	\$ 316,000
Accrued payroll and compensated absences	360,151	291,018	46,190	697,359	-
Accrued taxes	374,929	33,847	-	408,776	-
Accrued interest payable	428,644	408,801	60,787	898,232	-
Unearned revenue	-	-	-	-	-
Due to other funds	1,058,011	920,045	35,579	2,013,635	-
General obligation bonds and BAN's - current portion	3,736,400	646,000	323,000	4,705,400	-
Customer deposits payable	3,087,868	-	-	3,087,868	-
<b>Total current liabilities</b>	<b>14,154,038</b>	<b>5,779,457</b>	<b>524,205</b>	<b>20,457,700</b>	<b>316,000</b>
Noncurrent liabilities:					
Rate stabilization	12,874,668	-	-	12,874,668	-
General obligation bonds and notes payable - net of premium and deferred amounts	33,964,400	28,796,013	5,685,000	68,445,413	-
Unamortized premium	2,197,896	608,906	437,761	3,244,563	-
Net pension liability	2,054,975	918,370	112,137	3,085,482	-
Net OPEB liability	3,645,920	1,799,998	-	5,445,918	-
<b>Total noncurrent liabilities</b>	<b>54,737,859</b>	<b>32,123,287</b>	<b>6,234,898</b>	<b>93,096,044</b>	<b>-</b>
<b>Total liabilities</b>	<b>68,891,897</b>	<b>37,902,744</b>	<b>6,759,103</b>	<b>113,553,744</b>	<b>316,000</b>
Deferred inflows of resources:					
Deferred pension amounts	366,540	183,270	61,090	610,900	-
Deferred OPEB amounts	203,431	101,716	33,905	339,052	-
<b>Total deferred inflows of resources</b>	<b>569,971</b>	<b>284,986</b>	<b>94,995</b>	<b>949,952</b>	<b>-</b>
Net position:					
Net investment in capital assets	17,247,934	38,093,304	1,261,406	56,602,644	-
Unrestricted	(907,508)	3,117,839	1,902,036	4,112,367	3,417,100
<b>Total net position</b>	<b>\$16,340,426</b>	<b>\$41,211,143</b>	<b>\$ 3,163,442</b>	<b>60,715,011</b>	<b>\$ 3,417,100</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				494,651	
Net position of business-type activities				<u>\$61,209,662</u>	

See notes to financial statements.

**City of Groton, Connecticut**

**Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds  
For the Year Ended June 30, 2019**

	Business-Type Activities				Governmental Activities
	Enterprise Funds				
	Electric Department	Water Department	Other Nonmajor Enterprise Fund	Total	
					Internal Service Fund
Operating revenues	\$ 56,303,526	\$ 10,838,056	\$ 4,314,627	\$ 71,456,209	\$ 5,328,968
Operating expenses:					
Direct expenses:					
Purchased power	33,771,883	-	-	33,771,883	-
Other	3,266,471	3,936,417	2,122,356	9,325,244	-
Overhead expenses:					
Customer account	1,925,074	458,248	128,457	2,511,779	-
Administrative and general	5,875,406	4,042,388	-	9,917,794	-
Claims and administration	-	-	-	-	4,673,106
Taxes	1,787,472	352,823	60,064	2,200,359	-
Depreciation	1,938,727	922,154	236,242	3,097,123	-
<b>Total operating expenses</b>	<b>48,565,033</b>	<b>9,712,030</b>	<b>2,547,119</b>	<b>60,824,182</b>	<b>4,673,106</b>
<b>Operating income</b>	<b>7,738,493</b>	<b>1,126,026</b>	<b>1,767,508</b>	<b>10,632,027</b>	<b>655,862</b>
Nonoperating revenues (expenses):					
Capital grant	-	5,822,439	-	5,822,439	-
Investment income	447,911	59,966	4,525	512,402	8,869
Interest expense	(1,259,500)	(309,120)	(238,084)	(1,806,704)	-
Equity in earnings/losses in investments	(29,166)	-	-	(29,166)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(840,755)</b>	<b>5,573,285</b>	<b>(233,559)</b>	<b>4,498,971</b>	<b>8,869</b>
<b>Income before transfers</b>	<b>6,897,738</b>	<b>6,699,311</b>	<b>1,533,949</b>	<b>15,130,998</b>	<b>664,731</b>
Transfers in	-	-	1,629,493	1,629,493	-
Transfers out	(4,071,140)	-	-	(4,071,140)	-
<b>Changes in net position</b>	<b>2,826,598</b>	<b>6,699,311</b>	<b>3,163,442</b>	<b>12,689,351</b>	<b>664,731</b>
Net position, beginning	13,513,828	34,511,832	-	48,025,660	2,752,369
Net position, ending	<u>\$ 16,340,426</u>	<u>\$ 41,211,143</u>	<u>\$ 3,163,442</u>	60,715,011	<u>\$ 3,417,100</u>
Adjustment to reflect the consolidation of internal service fund activities:					
Related to proprietary funds				494,651	
Change in net position of business-type activities				<u>\$ 13,184,002</u>	

See notes to financial statements.

City of Groton, Connecticut

Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Electric Department	Water Department	Other Nonmajor Enterprise Fund	Total	Internal Service Fund
Cash flows from operating activities:					
Cash received from customers	\$57,100,555	\$10,922,215	\$ 4,004,444	\$72,027,214	\$ -
Cash payments to suppliers for goods and services	(39,387,876)	(828,763)	(3,091,076)	(43,307,715)	-
Cash payments to employees for services	(8,905,443)	(3,654,119)	(181,375)	(12,740,937)	-
Cash received from premiums	-	-	-	-	5,328,968
Cash paid for claims	-	-	-	-	(4,152,870)
	-	-	-	-	(1,041,351)
<b>Net cash provided by operating activities</b>	<b>8,807,236</b>	<b>6,439,333</b>	<b>731,993</b>	<b>15,978,562</b>	<b>134,747</b>
Cash flows from investing activities:					
Interest and dividends on investments	447,911	59,966	4,525	507,877	8,869
<b>Net cash provided by investing activities</b>	<b>447,911</b>	<b>59,966</b>	<b>4,525</b>	<b>507,877</b>	<b>8,869</b>
Cash flows from noncapital and related financing activities:					
Transfers to other funds	(4,071,140)	-	664,928	(3,406,212)	-
Amount held at CMEEC	(453,222)	-	-	(453,222)	-
<b>Net cash (used in) provided by noncapital and related financing activities</b>	<b>(4,524,362)</b>	<b>-</b>	<b>664,928</b>	<b>(3,859,434)</b>	<b>-</b>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,328,589)	(25,404,843)	(46,364)	(27,779,796)	-
Repayment of CMEEC loan	(200,400)	-	-	(200,400)	-
Net Proceeds/Loans to/from Bozrah Light and Power	290,379	-	-	290,379	-
Capital grants	-	5,822,439	-	5,822,439	-
Principal paid on general obligation bond maturities and equipment contracts	(3,533,000)	(717,000)	(325,000)	(4,575,000)	-
Debt proceeds	-	15,066,653	-	15,066,653	-
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(1,634,060)	(194,362)	(360,629)	(2,189,051)	-
<b>Net cash used in capital and related financing activities</b>	<b>(7,405,670)</b>	<b>(5,427,113)</b>	<b>(731,993)</b>	<b>(12,832,783)</b>	<b>-</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,674,885)</b>	<b>1,072,186</b>	<b>669,453</b>	<b>(933,246)</b>	<b>143,616</b>
Cash and cash equivalents, beginning	21,690,983	9,463,866	-	31,154,849	3,069,810
Cash and cash equivalents, ending	<b>\$19,016,098</b>	<b>\$10,536,052</b>	<b>\$ 669,453</b>	<b>\$30,221,603</b>	<b>\$3,213,426</b>

(Continued)

City of Groton, Connecticut

Statement of Cash Flows - Proprietary Funds (Continued)  
For the Year Ended June 30, 2019

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	Electric Department	Water Department	Other Nonmajor Enterprise Fund	Total	Internal Service Fund
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income	\$ 7,738,493	\$ 1,126,026	\$ 1,767,508	\$ 10,632,027	\$ 655,862
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,938,727	922,154	236,242	3,097,123	-
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	591,470	84,159	(310,183)	365,446	(459,096)
Inventory	118,597	5,320	-	123,917	-
Prepaid expenses	27,054	30,111	(10,254)	46,911	-
Due from other funds	(920,045)	2,258,346	(1,052,694)	285,607	-
Customer deposits	424,742	-	-	424,742	-
Deferred outflows/inflows related to pension and OPEB	71,265	(38,175)	(143,940)	(110,850)	-
Increase (decrease) in:					
Accounts payable	(370,705)	813,877	58,649	501,821	(62,019)
Accrued payroll and compensated absences	(28,186)	2,780	46,190	20,784	-
Due to other funds	(1,204,423)	920,045	35,579	(248,799)	-
Accrued taxes	10,049	-	-	10,049	-
Rate stabilization	60,270	-	-	60,270	-
Unearned revenue	(279,453)	-	-	(279,453)	-
Net pension liability	672,824	336,412	112,137	1,121,373	-
Net OPEB liability	(43,443)	(21,722)	(7,241)	(72,406)	-
<b>Net cash provided by operating activities</b>	<b>\$ 8,807,236</b>	<b>\$ 6,439,333</b>	<b>\$ 731,993</b>	<b>\$ 15,978,562</b>	<b>\$ 134,747</b>
<b>Schedule of non-cash capital and related financing activities:</b>					
Contributions of capital assets	\$ -	\$ -	\$ 7,918,656	\$ 7,918,656	\$ -
Transfer of long-term debt, related premium and accrued interest	\$ -	\$ -	\$ (6,954,093)	\$ (6,954,093)	\$ -

See notes to financial statements.

City of Groton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds  
June 30, 2019

	Trust Funds
<b>Assets</b>	
Cash	\$ 3,748,370
Investments	
U.S. government bonds	9,655,599
Mortgage backed securities	4,151,221
Collateralized mortgage obligations	3,502,760
Fixed Income - non-profit	94,609
Partnerships	2,683,171
Corporate bonds	4,317,126
Foreign bonds	1,215,476
Common stocks	660,681
Foreign stocks	176,295
Mutual funds:	
Equities and related securities	56,532,145
Fixed income	5,698,661
<b>Total investments</b>	<u>88,687,744</u>
Accrued interest	118,654
<b>Total assets</b>	<u>92,554,768</u>
<b>Liabilities</b>	
Pending purchases	<u>71,957</u>
Net position - restricted for pension and other post-retirement benefits	<u>\$ 92,482,811</u>

See notes to financial statements.

City of Groton, Connecticut

Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the Year Ended June 30, 2019

	Trust Funds
Additions:	
Contributions:	
Employer	\$ 2,592,725
Plan members	872,990
<b>Total contributions</b>	<u>3,465,715</u>
Investment income:	
Change in fair value of investments	2,791,824
Interest and dividends	2,768,959
<b>Total investment income</b>	<u>5,560,783</u>
Less investment expenses	<u>71,993</u>
<b>Net investment income</b>	<u>5,488,790</u>
<b>Total additions</b>	<u>8,954,505</u>
Deductions:	
Benefits	5,148,533
Administration	30,009
<b>Total deductions</b>	<u>5,178,542</u>
<b>Change in net position</b>	3,775,963
Net position restricted for pension and other post-retirement benefits:	
Beginning of year	<u>88,706,848</u>
End of year	<u>\$ 92,482,811</u>

See notes to financial statements.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

**Reporting entity:** 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.

Accounting principles generally accepted in the United States of America (GAAP) require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

**Discretely presented component unit:** The Company is wholly owned by the City. The Company operates as an electric utility, purchasing power and selling it to consumers. It owns and maintains electric distribution facilities for the purpose of delivering electricity to others. The Company is subject to requirements of Chapter 101 of the Connecticut General Statutes (the Statutes), which sets forth the regulatory structure applicable to municipal electric utilities. Under Chapter 101, the City is permitted to realize an average rate of return on its investment of five to eight percent. Any excess revenues may be used for capital expansion, economic development or to effect a rate reduction for electric consumers. The information presented for the Company is for the year ended June 30, 2019.

#### Accounting standards adopted in the current year:

Governmental Accounting Standards Board ("GASB") Statement No. 83, *Certain Asset Retirement Obligations*, was effective for the City beginning with its year ending June 30, 2019. The objective of this Statement is to set guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to asset retirement obligations. The adoption of this statement did not impact the City's financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was effective for the City beginning with its year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statement related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 did not impact the City's financial position or results of operations.

**Note 1. Significant Accounting Policies (Continued)**

**Government-wide and fund financial statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *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 activities demonstrates the degree to which the 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, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (i.e., measurable and available) and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

The **General Fund** is the City's primary operating fund. It accounts for and reports all financial resources of the general government not accounted for and reported in other funds.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### **Note 1. Summary of Significant Accounting Policies (Continued)**

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following other fund types:

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

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

The **Trust Funds** account for the activities of the City of Groton Employees Retirement System and the OPEB, which accumulates resources for pension and OPEB benefit payments 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 all taxes.

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

#### **Assets, liabilities, deferred outflows/inflows of resources and net position or equity:**

##### ***Deposits and investments:***

**Cash and cash equivalents:** The City's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

**Fair value:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The City's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The three categories within the hierarchy are as follows:

**Level 1:** Quoted prices in active markets for identical assets and liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, credit spreads, and market-corroborated inputs.

**Level 3:** Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment.

See Note 3 for additional information regarding fair value.

**Investments measured at the net asset value (NAV):** Investments valued using the net asset value per share (or its equivalent) as a practical expedient are considered “alternative investments” and, unlike traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The City values these investments based on the partnerships’ audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is determined from the most recently available valuation taking into account subsequent calls and distributions.

#### ***Receivables and payables:***

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

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

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

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 City 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

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**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.

**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.

**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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Deferred outflows/inflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs.

These amounts are deferred and included in pension and OPEB expenses in a systematic and rational manner. The governmental funds report unavailable revenues from property taxes, interest on property taxes, and sewer use charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

**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 and only for employees other than utility employees. As of June 30, 2019, 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.

**Long-term obligations:** In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

**Net pension liability (asset):** The net pension liability (asset) 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 (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.

**Net OPEB liability:** The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total OPEB liability). The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. The net OPEB liability is reported in the statement of net position. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

**Fund equity and net position:** In the government-wide financial statements, net position is classified in the following categories:

**Net investment in capital assets:** This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

**Restricted net position:** These amounts are restricted to specific purposes when constraints 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 legislations.

**Unrestricted net position (deficits):** This category represents the net position of the City, which are not restricted for any project or other purpose.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

In the fund financial statements, the City reported the following governmental fund balances:

***Nonspendable fund balance:*** These amounts cannot be spent because they are not in spendable form.

***Restricted fund balance:*** These amounts are restricted to specific purposes when constraints 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 legislations.

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

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

**Accounting estimates:** The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### Note 2. Reconciliation of Government-Wide and Fund Financial Statements

**Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:** The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the difference are as follows:

Bonds payable	\$ 2,905,000
Premium	171,361
Compensated absences	1,177,391
Net pension liability	2,974,674
Net OPEB liability	4,613,628
Heart and hypertension	15,668
	<hr/>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 11,857,722</u>

City of Groton, Connecticut

Notes to Financial Statements

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

**Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:** The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 217,712
Depreciation expense	(882,061)
Loss on disposal	(68,341)
Transfer to Sewer Department	<u>(7,918,656)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (8,651,346)</u>

Another element of that reconciliation states that “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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:

Principal repayments:

General obligation debt	\$ 265,000
Amortization of bond premiums	17,511
Transfer to Sewer Department	<u>6,792,374</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,074,885</u>

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “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.” The details of this difference are as follows:

Changes in accrued liabilities for	
Compensated absences	\$ 57,182
Accrued interest	175,955
Net pension liability	(952,110)
Net OPEB liability	61,476
Heart and hypertension	16,357
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (641,140)</u>

#### Note 3. Cash, Cash Equivalents and Investments

**Deposits:** 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.

**Investments:** The City and the Pension Trust Funds do not have a credit risk or a custodial credit risk policy for investments. The City and the Pension Trust Funds have adopted investment policies that conform to the policies as set forth by the State. The 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 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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund (STIF). Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries. The pension and OPEB trust fund’s investment in foreign bonds and stocks is in proportion with which the investment manager shall deem appropriate.

**Interest rate risk:** 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.

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

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 3. Cash, Cash Equivalents and Investments (Continued)

##### Custodial credit risk:

**Deposits:** This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2019, approximately \$41,067,000 of the entity's approximate bank balance of \$46,910,000 was uninsured and uncollateralized.

**Investments:** This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another

Cash, cash equivalents and investments of the City consist of the following at June 30:

Cash and cash equivalents:	
Deposits with financial institutions	\$ 49,480,488
<b>Total cash and cash equivalents</b>	<b>49,480,488</b>
Investments:	
Pension and OPEB trust funds:	
U.S. government bonds	9,655,599
Mortgage backed securities	4,151,221
Collateralized mortgage obligations	3,502,760
Fixed Income - non-profit	94,609
Partnerships	2,683,171
Corporate bonds	4,317,126
Foreign bonds	1,215,476
Common stocks	660,681
Foreign stocks	176,295
Mutual funds	
Equities and related securities	56,532,145
Fixed income	5,698,661
	<b>88,687,744</b>
Other governmental funds:	
U.S. Government Bonds	129,016
Fixed Income Mutual Funds	44,214
Common Stock	313,371
Corporate Bonds	56,574
	<b>543,175</b>
Total investments	89,230,919
Total cash, cash equivalents and investments	<b>\$ 138,711,407</b>

These investments are uninsured and unregistered, with securities held by the counterparty in the City's or Pension Trust's name.

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	\$ 45,672,118
Restricted cash	60,000
Investments	543,175
Total statement of net position	46,275,293

Fiduciary funds:

Cash and cash equivalents	3,748,370
Investments	88,687,744
	92,436,114
Total cash, cash equivalents and investments	\$ 138,711,407

**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. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Over 10 Years
U.S. Government bonds	\$ 9,784,615	\$ 26,363	\$ 4,823,553	\$ 3,232,095	\$ 1,702,604
Collateralized mortgage obligations	3,502,760	-	1,475,917	658,227	1,368,616
Mortgage-backed securities	4,151,221	-	-	-	4,151,221
Fixed Income - non-profit	94,609	-	-	-	94,609
Corporate bonds	4,373,700	69,248	1,312,122	1,852,861	1,139,469
Foreign bonds	1,215,476	60,028	630,383	137,551	387,514
Total	\$ 23,122,381	\$ 155,639	\$ 8,241,975	\$ 5,880,734	\$ 8,844,033

City of Groton, Connecticut

Notes to Financial Statements

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**Credit risk:** Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment as of June 30, 2019:

Average Rating	Mortgage-Backed Securities	Collateralized Mortgage Obligation	Fixed Income - Non-profit	Corporate Bonds	Foreign Bonds
AAA	\$ -	\$ 322,936	\$ -	\$ -	\$ -
AA+	-	-	-	-	-
AA	-	-	-	-	-
AA-	-	423,266	-	-	522,999
A+	-	-	-	61,265	287,988
A	-	362,369	-	272,458	-
A-	-	82,408	-	452,495	-
BBB+	-	345,626	-	669,646	170,512
BBB	-	312,601	-	833,650	112,362
BBB-	-	-	-	1,234,883	-
BB+	-	-	-	-	61,588
Unrated	4,151,221	1,653,554	94,609	849,303	60,027
	<u>\$ 4,151,221</u>	<u>\$ 3,502,760</u>	<u>\$ 94,609</u>	<u>\$ 4,373,700</u>	<u>\$ 1,215,476</u>

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

**Fair value:** The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2019:

	Fair Value Measurements Using			
	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Observable Inputs (Level 3)
Investments by fair value level:				
Stocks	\$ 1,150,347	\$ 1,150,347	\$ -	\$ -
Mutual funds	62,275,020	62,275,020	-	-
Debt securities:				
U.S. Government Bonds	9,784,615	-	9,784,615	-
Corporate bonds	4,373,700	-	4,373,700	-
Asset and mortgage backed	4,151,221	-	4,151,221	-
Collateralized mortgage obligations	3,502,760	-	3,502,760	-
Other bonds	1,310,085	-	1,310,085	-
Total debt securities	23,122,381	62,275,020	23,122,381	-
Total investments by fair value level	86,547,748	62,275,020	23,122,381	-
Investments measured at the net asset level (NAV):				
Partnerships	2,683,171			
Total investments measured at the NAV	2,683,171			
Total investments measured at fair value	\$ 89,230,919			

**Partnerships:** These 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.

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 4. Unearned Revenue/Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and governmental activities also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue/deferred inflows of resources were as follows:

	Deferred Inflows	Unearned Revenue
General fund:		
Taxes and accrued interest on delinquent property taxes	\$ 30,607	\$ -
Other nonmajor governmental funds:	-	395,025
Intergovernmental revenue	<u>\$ 30,607</u>	<u>\$ 395,025</u>

**Note 5. Interfund Balances and Interfund Transfers**

**Interfund balances:** A summary of interfund balances as of June 30, 2019 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 8,384	\$ 4,015,751
Nonmajor governmental funds	4,040,025	90,140
Proprietary funds	2,071,117	2,013,635
Total	<u>\$ 6,119,526</u>	<u>\$ 6,119,526</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for short-term internal financing.

**Interfund transfers:** A summary of interfund transfers for the year ended June 30, 2019 is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	\$ 4,086,140	\$ 740,323
Nonmajor governmental funds	740,323	679,928
Proprietary funds	1,629,493	4,071,140
Total	<u>\$ 6,455,956</u>	<u>\$ 5,491,391</u>

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

Further, during the year ended June 30, 2019, the City transferred \$7,918,656 of net capital assets, \$664,928 of cash and \$6,954,093 of long-term debt, related premiums and accrued interest to the Sewer Department enterprise fund. The net amount of \$964,565 is not included in the above schedule.

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets**

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 3,789,257	\$ -	\$ -	\$ (632,454)	\$ 3,156,803
Construction in progress	1,354,288	152,138	734,365	-	772,061
Total capital assets, not being depreciated	5,143,545	152,138	734,365	(632,454)	3,928,864
Capital assets, being depreciated:					
Land improvements	1,798,568	-	-	(356,819)	1,441,749
Buildings and improvements	18,937,940	590,701	-	(10,886,332)	8,642,309
Machinery and equipment	4,014,282	-	-	(2,466,154)	1,548,128
Vehicles	6,244,361	209,238	177,143	(497,560)	5,778,896
Infrastructure	18,071,770	-	-	-	18,071,770
Total capital assets being depreciated	49,066,921	799,939	177,143	(14,206,865)	35,482,852
Less accumulated depreciation for:					
Land improvements	723,342	59,722	-	(252,195)	530,869
Buildings and improvements	8,086,959	187,206	-	(4,161,277)	4,112,888
Machinery and equipment	3,485,041	30,082	-	(2,168,928)	1,346,195
Vehicles	3,730,374	307,270	108,802	(338,263)	3,590,579
Infrastructure	7,434,448	297,781	-	-	7,732,229
Total accumulated depreciation	23,460,164	882,061	108,802	(6,920,663)	17,312,760
Total capital assets, being depreciated, net	25,606,757	(82,122)	68,341	(7,286,202)	18,170,092
Governmental activities capital assets, net	\$30,750,302	\$ 70,016	\$ 802,706	\$(7,918,656)	\$22,098,956

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 2,840,487	\$ -	\$ -	\$ 632,454	\$ 3,472,941
Construction in progress	16,742,028	23,671,262	-	-	40,413,290
Total capital assets, not being depreciated	19,582,515	23,671,262	-	632,454	43,886,231
Capital assets, being depreciated:					
Buildings and improvements	8,159,120	238,029	-	11,243,152	19,640,301
Station equipment	22,484,402	163,642	9,371	-	22,638,673
Electric distribution system	43,010,126	1,404,185	1,161,843	-	43,252,468
Plant and pumping stations	10,772,625	-	-	2,466,153	13,238,778
Water distribution system	27,955,760	1,570,008	-	-	29,525,768
Machinery and equipment	8,162,737	454,894	-	-	8,617,631
Vehicles	3,879,234	252,961	144,025	497,560	4,485,730
Total capital assets, being depreciated	124,424,004	4,083,719	1,315,239	14,206,865	141,399,349
Less accumulated depreciation for:					
Buildings and improvements	4,626,709	375,679	-	4,413,472	9,415,860
Station equipment	14,042,130	447,191	9,371	-	14,479,950
Electric distribution system	22,501,638	1,070,409	1,186,660	-	22,385,387
Plant and pumping stations	7,251,764	197,909	-	2,168,928	9,618,601
Water distribution system	10,003,200	415,244	-	-	10,418,444
Machinery and equipment	6,633,497	335,695	-	-	6,969,192
Vehicles	3,127,155	254,996	144,025	338,263	3,576,389
Total accumulated depreciation	68,186,093	3,097,123	1,340,056	6,920,663	76,863,823
Total capital assets, being depreciated, net	56,237,911	986,596	(24,817)	7,286,202	64,535,526
Business-type activities capital assets, net	\$75,820,426	\$24,657,858	\$ (24,817)	\$ 7,918,656	\$108,421,757

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 6. Capital Assets (Continued)**

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

Governmental activities:

General government	\$ 90,701
Public safety	190,069
Public works	512,496
Recreation	88,795
Total depreciation expense – governmental activities	<u><u>\$ 882,061</u></u>

Business-type activities:

Electric department	\$ 1,938,727
Water system	922,154
Sewer system	236,242
Total depreciation expense – business-type activities	<u><u>\$ 3,097,123</u></u>

**Discretely presented component units:** Activity for Bozrah Light and Power Company for the year ended June 30, was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not being depreciated				
Land and land rights	\$ 67,706	\$ -	\$ -	\$ 67,706
Intangibles	4,711	-	-	4,711
Construction in progress	470,256	645,340	666,574	449,022
Total capital assets not being depreciated	<u>542,673</u>	<u>645,340</u>	<u>666,574</u>	<u>521,439</u>
Capital assets being depreciated				
Buildings and improvements	390,615	-	-	390,615
Electric distribution system	17,056,457	487,485	118,328	17,425,614
Machinery and equipment	443,991	36,057	-	480,048
Vehicles	736,041	-	29,889	706,152
Total capital assets, being depreciated	<u>18,627,104</u>	<u>523,542</u>	<u>148,217</u>	<u>19,002,429</u>
Less accumulated depreciation for				
Building and improvements	296,370	6,131	-	302,501
Electric distribution system	7,086,990	524,729	95,871	7,515,848
Machinery and equipment	419,139	6,365	-	425,504
Vehicles	320,056	65,829	36,998	348,887
Total accumulated depreciation	<u>8,122,555</u>	<u>603,054</u>	<u>132,869</u>	<u>8,592,740</u>
Total capital assets, being depreciated, net	<u>10,504,549</u>	<u>(79,512)</u>	<u>15,348</u>	<u>10,409,689</u>
Governmental activities capital assets, net	<u>\$ 11,047,222</u>	<u>\$ 565,828</u>	<u>\$ 681,922</u>	<u>\$ 10,931,128</u>

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Obligations**

A summary of changes in outstanding long-term debt during the year ended June 30, 2019 is as follows:

**Governmental activities:**

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance			Current Portion	
					July 1, 2018	Additions	Deductions		Balance June 30, 2019
<b>Bonds</b>									
General	\$ 1,725,000	10/01/09	10/01/29	1.75%-5.00%	\$ 805,000	\$ -	\$ 115,000	\$ 690,000	\$ 115,000
General	3,115,000	4/18/13	4/1/33	3.00%-5.00%	2,365,000	-	150,000	2,215,000	150,000
					3,170,000	-	265,000	2,905,000	265,000
Premiums					648,246	-	476,885	171,361	-
<b>Total bonds</b>					<b>3,818,246</b>	<b>-</b>	<b>741,885</b>	<b>3,076,361</b>	<b>265,000</b>
Compensated absences					1,234,573	938,402	995,584	1,177,391	235,478
Net pension liability					2,022,564	952,110	-	2,974,674	-
Net OPEB liability					4,675,104	-	61,476	4,613,628	-
Heart and Hypertension					32,025	-	16,357	15,668	15,668
<b>Total governmental activities long-term liabilities</b>					<b>\$ 11,782,512</b>	<b>\$ 1,890,512</b>	<b>\$ 1,815,302</b>	<b>\$ 11,857,722</b>	<b>\$ 516,146</b>

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

Business-type activities:

Purpose	Original Amount	Date of Issue	Date of -	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion
<b>Bonds</b>									
Electric bonds	\$ 5,640,000	10/08/09	07/15/22	1.75%-5.00%	\$ 2,445,000	\$ -	\$ 500,000	\$ 1,945,000	\$ 490,000
Electric bonds	5,800,000	10/01/09	10/01/29	1.75%-5.00%	3,480,000	-	290,000	3,190,000	290,000
Electric bonds	1,845,000	4/18/13	4/1/33	3.00%-5.00%	1,370,000	-	95,000	1,275,000	95,000
Electric bonds	4,300,000	7/9/14	10/1/27	1.00%-5.00%	3,530,000	-	405,000	3,125,000	400,000
Electric bonds	9,158,000	10/4/17	10/01/37	2.25%-5.00%	9,158,000	-	459,000	8,699,000	457,000
Electric bonds BLP	1,284,000	10/4/17	10/01/37	2.25%-5.00%	1,284,000	-	64,000	1,220,000	64,000
Telecommunication	13,875,000	4/18/13	4/1/33	3.00%-5.00%	10,385,000	-	800,000	9,585,000	850,000
Telecommunication	5,520,000	7/9/14	10/1/27	1.00%-5.00%	4,895,000	-	510,000	4,385,000	495,000
Telecommunication	3,595,000	7/9/14	10/127	1.00%-5.00%	2,290,000	-	410,000	1,880,000	395,000
					38,837,000	-	3,533,000	35,304,000	3,536,000
Premiums					2,439,195	-	241,297	2,197,898	-
<b>Total bonds</b>					41,276,195	-	3,774,297	37,501,898	3,536,000
Note payable					2,597,200	-	200,400	2,396,800	200,400
Net pension liability					1,382,151	672,824	-	2,054,975	-
Net OPEB liability					3,689,363	-	43,443	3,645,920	-
<b>Total electric long-term obligations</b>					48,944,909	672,824	4,018,140	45,599,593	3,736,400
<b>Water bonds</b>									
Water bonds	1,656,000	10/08/09	07/15/22	1.75%-5.00%	435,000	-	155,000	280,000	70,000
Water bonds	2,460,000	4/18/13	4/01/33	3.00%-5.00%	1,835,000	-	125,000	1,710,000	125,000
Water bonds	1,755,000	7/09/14	10/01/27	1.00%-5.00%	1,460,000	-	160,000	1,300,000	175,000
Water bonds	5,525,000	10/04/17	10/01/37	2.25%-5.00%	5,525,000	-	277,000	5,248,000	276,000
					9,255,000	-	717,000	8,538,000	646,000
Premiums					650,931	-	42,025	608,906	-
<b>Total bonds</b>					9,905,931	-	759,025	9,146,906	646,000
Net pension liability					581,958	336,412	-	918,370	-
Net OPEB liability					1,821,720	-	21,722	1,799,998	-
DWSRF Interim Loan	39,000,000	10/4/17			5,837,360	15,066,653	-	20,904,013	
<b>Total water long-term obligations</b>					18,146,969	15,403,065	780,747	32,769,287	646,000
<b>Sewer bonds</b>									
Sewer	460,000	4/8/13	4/1/33	3.00%-5.00%	-	335,000	25,000	310,000	25,000
Sewer Treatment	5,998,000	10/04/2017	10/01/2037	2.25%-5.00%	-	5,998,000	300,000	5,698,000	298,000
					-	6,333,000	325,000	6,008,000	323,000
Premiums					-	459,374	21,613	437,761	-
<b>Total bonds</b>					-	6,792,374	346,613	6,445,761	323,000
Net pension liability					-	112,137	-	112,137	-
<b>Total wastewater long-term obligations</b>					-	6,904,511	346,613	6,557,898	323,000
<b>Total business-type long-term liabilities</b>					\$ 67,091,878	\$ 22,980,400	\$ 5,145,500	\$ 84,926,778	\$ 4,705,400

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 7. Long-Term Obligations (Continued)**

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.

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

Year Ending June 30	General Fund		Enterprise Funds						Total Payments
	General Government Principal Payments	General Government Interest Payments	Electric Principal Payments	Electric Interest Payments	Water Principal Payments	Water Interest Payments	Sewer Principal Payments	Sewer Interest Payments	
2020	\$ 265,000	\$ 109,400	\$ 3,536,000	\$1,329,445	\$ 646,000	\$ 325,300	\$ 323,000	\$ 227,650	\$ 6,761,795
2021	265,000	98,800	3,572,000	1,188,120	648,000	296,650	325,000	211,700	6,605,270
2022	270,000	85,838	3,598,000	1,029,555	647,000	266,200	325,000	195,450	6,417,043
2023	275,000	73,775	3,603,000	875,425	637,000	236,488	325,000	179,200	6,204,888
2024	275,000	62,325	3,134,000	727,814	556,000	208,125	325,000	162,950	5,451,214
2025-2029	915,000	190,500	12,525,000	1,947,748	2,440,000	682,695	1,605,000	582,550	20,888,493
Thereafter	640,000	50,800	5,336,000	668,822	2,964,000	375,338	2,780,000	372,912	13,187,872
	<u>\$2,905,000</u>	<u>\$ 671,438</u>	<u>\$35,304,000</u>	<u>\$7,766,929</u>	<u>\$8,538,000</u>	<u>\$2,390,796</u>	<u>\$6,008,000</u>	<u>\$1,932,412</u>	<u>\$65,516,575</u>

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

**Note payable:** The City has a note payable to the Connecticut Municipal Electric Energy Cooperative's (CMEEC) Rate Stabilization Fund Trust. The proceeds were loaned to the Company, a discretely presented component unit, which were used to fund upgrades to its Stockhouse Road Substation. The Company will pay back the loan directly to CMEEC with a 4.5% interest rate per annum. Payment of principal became required when construction was completed in October 2011. The loan's principal balance is \$2,396,800. The City's Electric Utility has a corresponding note receivable at 4.5% interest, which is included in "Due From Component Units".

**Statutory debt limitation:** The City's indebtedness does not exceed the legal debt limitations as required by the Statutes as reflected in the following schedule:

Category	Debt Limit	Total Indebtedness	Balance
General purpose	\$ 14,109,030	\$ 3,759,189	\$ 10,349,841
Sewers	\$ 23,515,050	\$ 6,018,600	\$ 17,496,450

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$43,894,760.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 7. Long-Term Obligations (Continued)

The total indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**Authorized/unissued bonds:** The following is a summary of authorized/unissued bonds:

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

**Accrued liabilities, primarily compensated absences:** The City accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2019 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the General Fund. Compensated absences were \$1,177,391 at June 30, 2019.

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

#### Note 8. 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.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### Note 8. Risk Management (Continued)

The City has purchased a stop loss policy for individual claims exceeding \$100,000.

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

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

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2018	\$ 402,000	\$ 3,773,717	\$ 3,808,717	\$ 367,000
2019	\$ 367,000	\$ 4,101,870	\$ 4,152,870	\$ 316,000

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

The City currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Statutes for workers' compensation and employer liability coverage. CIRMA currently has 218 members in the workers' compensation pool. The City pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$750,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

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 9. Related Party Transactions

**CMEEC:** 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, 2019 is \$33,771,883.

## City of Groton, Connecticut

### Notes to Financial Statements

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#### **Note 9. Related Party Transactions (Continued)**

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.

**Major taxpayers/customers:** The City's two major taxpayers account for approximately 49.97% of the October 1, 2017 Grand List.

Three customers account for approximately 38.1% of the Electric Department revenues and approximately 26.8% of the Water Department revenues. Two customers account for 58.2% of the Sewer Department Revenue.

#### **Note 10. Contingencies and Commitments**

**Lawsuits:** 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.

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

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

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

City of Groton, Connecticut

Notes to Financial Statements

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**Note 11. Employee Retirement Plans and Other Post-Employment Benefits**

**Retirement Plan for the Employees of the City:**

**Plan description:** 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.

**Classes of employees covered:** Based upon the actuarial valuation dated July 1, 2018, membership consisted of:

	City	Police	Fire	Utilities	Total
Inactive employees or beneficiaries currently receiving benefits	39	28	15	60	142
Inactive employees entitled to, but not yet receiving benefits	9	5	-	10	24
Active employees	49	26	15	107	197
	<u>97</u>	<u>59</u>	<u>30</u>	<u>177</u>	<u>363</u>

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

The retirement benefit is calculated based on average annual compensation multiplied by years of credited services (maximized at 32 years for police officers and at 30 years for all others). 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 consecutive years for police and firefighters, and five consecutive years for all other groups.

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

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

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)

The City's contributions for the current year were determined as part of the July 1, 2018 actuarial valuation. Actuarial assumptions are summarized later in this note.

**Assumed 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, 2019, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Pension Funds	Weighting
		Long-Term Expected Real Rate of Return	
U.S. large cap core equity	24%	4.55%	1.09%
U.S. mid cap core equity	6%	5.05%	0.30%
U.S. small cap core equity	6%	5.55%	0.33%
Developed international equity	14%	5.55%	0.75%
Emerging market international equity	7%	9.05%	0.63%
Global Real Estate Investment Trusts	9%	5.95%	0.51%
Intermediate taxable fixed income	29%	1.75%	0.51%
High-yield taxable fixed income	4%	4.05%	0.16%
Cash equivalents	2%	0.55%	0.01%
	<u>100%</u>		<u>4.29%</u>
Long- term inflation expectation			<u>2.60%</u>
Long-term expected nominal return			<u><u>6.89%</u></u>

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Groton, Connecticut

Notes to Financial Statements

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**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

**Net pension liability of the City:** The components of the net pension liability of the City at June 30, were as follows:

<u>Net Pension Liability</u>	<u>June 30, 2019</u>
Total pension liability	\$ 91,457,919
Plan fiduciary net position	85,397,763
Net pension liability	<u>\$ 6,060,156</u>
Plan fiduciary net position as a percentage of total pension liability	93.37%
Covered payroll	\$ 15,216,820
Net pension liability as a % of covered payroll	39.83%

**Discount rate:** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Actuarial assumptions:** The total pension liability was determined by an actuarial valuation as of July 1, 2018, calculated based on the discount rate and actuarial assumptions below, and then was projected forward to the measurement date June 30, 2019.

**Other key actuarial assumptions:**

Valuation date	July 1, 2018
Measurement date	June 30, 2019
Inflation	2.75%
Salary increases including inflation	3.50%
Mortality	RP-2014 Mortality Table adjusted to Total Dataset Mortality Table projected to valuation date with Scale MP-2018.
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial Value of Assets, as developed over a five-year, 20% per year recognition period.

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.

City of Groton, Connecticut

Notes to Financial Statements

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

**Sensitivity analysis:** The following table presents the net pension liability (asset) of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.0% point lower (6.00%) or 1.0% higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability (asset) as of June 30, 2019	\$ 16,838,230	\$ 6,060,156	\$ (3,003,896)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 86,575,627	\$ 82,588,954	\$ 3,986,673
Changes for the year:			
Service cost	1,755,274	-	1,755,274
Interest	6,236,332	-	6,236,332
Differences between expected and actual experiences	(126,921)	-	(126,921)
Change of assumptions	1,725,010	-	1,725,010
Contributions - employer	-	1,625,175	(1,625,175)
Contributions - members	-	872,990	(872,990)
Net investment income	-	5,043,631	(5,043,631)
Benefit payments, including refunds of employee contributions	(4,707,403)	(4,707,403)	-
Administrative expense	-	(25,584)	25,584
Net changes	4,882,292	2,808,809	2,073,483
Balances at June 30, 2019	\$ 91,457,919	\$ 85,397,763	\$ 6,060,156

**Deferred outflows and inflows:** For fiscal year ended June 30, 2019, the recognized pension expense is \$3,246,114. As of June 30, 2019, deferred outflows and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 412,023	\$ (1,129,588)	\$ (717,565)
Change of assumptions	2,348,365	-	2,348,365
Net difference between projected and actual earnings on pension plan investments	654,203	-	654,203
	\$ 3,414,591	\$ (1,129,588)	\$ 2,285,003

**City of Groton, Connecticut**

**Notes to Financial Statements**

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**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

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

Years ending June 30:	
2020	\$ 1,072,482
2021	109,900
2022	534,331
2023	302,073
2024	214,664
Thereafter	51,553
	<u>\$ 2,285,003</u>

**Other Post-Employment Benefits (OPEB):**

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

The valuation date is July 1, 2017. The measurement date is June 30, 2019, which was based on a roll forward of the July 1, 2017 valuation. The net OPEB liability is report at the measurement date of June 30, 2019.

**Participant counts:** Based upon the actuarial valuation dated July 1, 2017, participants consisted of:

	City	Police	Fire	Utilities	Total
Retirees and beneficiaries	18	9	2	20	49
Active participants	50	24	14	89	177
	<u>68</u>	<u>33</u>	<u>16</u>	<u>109</u>	<u>226</u>

**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 and firefighters are vested after twenty-five (25) years of service. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

City of Groton, Connecticut

Notes to Financial Statements

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**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

Actuarial assumptions are as follows:

Valuation date:	July 1, 2017
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:	2.6%
Healthcare cost trend rates:	7.6% decreasing to 4.6%

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.

Investment rate of return prior 7.5% to current 7.0%  
Inflation prior 2.75%, current 2.60%  
Healthcare cost trend rates – prior 7.75% to final 4.75%, current 7.6% decreasing to 4.6%

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

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was as follows. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

	<u>OPEB Plan</u>
Rate of return	7.0%

City of Groton, Connecticut

Notes to Financial Statements

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

**Net OPEB liability:** The components of the net OPEB liability at June 30, were as follows:

Net OPEB Liability as of June 30, 2019	OPEB Plan
Total OPEB liability	\$ 17,137,353
Plan fiduciary net position	7,085,048
Net OPEB liability	<u>10,052,305</u>
Plan fiduciary net position as a percentage of total OPEB liability	41.34%
Covered Payroll	\$ 16,733,495
Net OPEB liability as a % of covered payroll	60.07%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$ 16,304,081	\$ 6,117,894	\$ 10,186,187
Changes for the year:			
Service cost	547,493	-	547,493
Interest	1,164,433	-	1,164,433
Differences between expected and actual experiences	(437,524)	-	(437,524)
Contributions - employer	-	967,550	(967,550)
Net investment income	-	440,734	(440,734)
Benefit payments, including refunds of employee contributions	(441,130)	(441,130)	-
Net changes	833,272	967,154	(133,882)
Balances at June 30, 2019	<u>\$ 17,137,353</u>	<u>\$ 7,085,048</u>	<u>\$ 10,052,305</u>

City of Groton, Connecticut

Notes to Financial Statements

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

**Assumed 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, 2019, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighting
U.S. Large Cap Core Equity	28.00%	4.00%	1.12%
U.S. Mid Cap Core Equity	7.00%	4.60%	0.32%
U.S. Small Cap Core Equity	7.00%	5.10%	0.36%
Developed International Equity	13.00%	6.10%	0.79%
Emerging Market International Equity	6.00%	8.30%	0.50%
Global REITs	4.00%	5.20%	0.21%
Intermediate Taxable Fixed Income	29.00%	1.20%	0.35%
High-Yield Taxable Fixed Income	4.00%	3.50%	0.14%
Cash Equivalents	2.00%	-0.20%	0.00%
	<u>100.00%</u>		<u>3.79%</u>
Long-Term Inflation Expectation			<u>2.60%</u>
Long-term Expected Nominal Return			<u>6.39%</u>

**Rate of return:** For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

**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:

	1.0% Decrease (6.6% decreasing to 3.6%)	Healthcare Cost Trend Rates (7.6% decreasing to 4.6%)	1.0% Increase (8.6% decreasing to 5.6%)
Net OPEB liability as of June 30, 2019	\$ 8,186,830	\$ 10,052,305	\$ 12,296,531

City of Groton, Connecticut

Notes to Financial Statements

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

**Sensitivity of estimates used in calculating the net OPEB liability:** The following presents the net OPEB liability, calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the rate utilized.

Net OPEB Liability	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
OPEB Plan	\$ 11,878,214	\$ 10,052,305	\$ 8,487,219

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:** For the year ended June 30, 2019, the City recognized OPEB expense of \$1,321,317. At June 30, 20189, 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	Net
Differences between expected and actual experience	\$ -	\$ (626,926)	\$ (626,926)
Change of assumptions	959,002	-	959,002
Net difference between projected and actual earnings on pension plan investments	44,448	-	44,448
	\$ 1,003,450	\$ (626,926)	\$ 376,524

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

Years ending June 30:	
2020	\$ 55,758
2021	55,758
2022	55,758
2023	42,442
2024	41,317
Thereafter	125,491
	\$ 376,524

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)

Separate plan financial information:

	Schedule of Plan Net Position - Trust Funds As of June 30, 2019		
	Pension	OPEB	Total Trust Funds
<b>Assets</b>			
Cash	\$ 3,590,171	\$ 158,199	\$ 3,748,370
Investments, at fair value:			
U.S. government bonds	9,655,599	-	9,655,599
Mortgage backed securities	4,151,221	-	4,151,221
Collateralized mortgage obligations	3,502,760	-	3,502,760
Fixed Income - non-profit	94,609	-	94,609
Partnerships	2,683,171	-	2,683,171
Corporate bonds	4,317,126	-	4,317,126
Foreign bonds	1,215,476	-	1,215,476
Common stocks	660,681	-	660,681
Foreign stocks	176,295	-	176,295
Mutual funds			
Equities and related securities	51,911,821	4,620,324	56,532,145
Fixed income	3,378,157	2,320,504	5,698,661
Total investments	81,746,916	6,940,828	88,687,744
Accrued interest	118,654	-	118,654
Total assets	85,455,741	7,099,027	92,554,768
<b>Liabilities</b>			
Pending purchases	57,978	13,979	71,957
Total liabilities	57,978	13,979	71,957
Net position – restricted for pension benefits and OPEB	\$ 85,397,763	\$ 7,085,048	\$ 92,482,811

City of Groton, Connecticut

Notes to Financial Statements

**Note 11. Employee Retirement Plans and Other Post-Employment Benefits (Continued)**

	Schedule of Changes in Plan Net Position - Trust Funds For the Year Ended June 30, 2019		
	Pension	OPEB	Total Trust Funds
<b>Additions:</b>			
<b>Contributions:</b>			
Employer	\$ 1,625,175	\$ 967,550	\$ 2,592,725
Plan members	872,990	-	872,990
Total contributions	<u>2,498,165</u>	<u>967,550</u>	<u>3,465,715</u>
<b>Investment income:</b>			
Change in fair value of investments	2,535,187	256,637	2,791,824
Interest and dividends	2,577,075	191,884	2,768,959
Total investment income	<u>5,112,262</u>	<u>448,521</u>	<u>5,560,783</u>
Less investment expenses	<u>68,631</u>	<u>3,362</u>	<u>71,993</u>
Net investment income	<u>5,043,631</u>	<u>445,159</u>	<u>5,488,790</u>
Total additions	<u>7,541,796</u>	<u>1,412,709</u>	<u>8,954,505</u>
<b>Deductions:</b>			
Benefits	4,707,403	441,130	5,148,533
Administration	25,584	4,425	30,009
Total deductions	<u>4,732,987</u>	<u>445,555</u>	<u>5,178,542</u>
Change in net position	2,808,809	967,154	3,775,963
<b>Net position restricted for pension and OPEB:</b>			
Beginning of year	<u>82,588,954</u>	<u>6,117,894</u>	<u>88,706,848</u>
End of year	<u>\$ 85,397,763</u>	<u>\$ 7,085,048</u>	<u>\$ 92,482,811</u>

**City of Groton, Connecticut**

**Notes to Financial Statements**

**Note 12. Fund Balances (Deficits)**

The details for the City's fund balances are the following:

	Major Fund General Fund	Nonmajor Governmental Funds	Total
Fund balances (deficits)			
Non-spendable:			
Inventory	\$ 25,926	\$ -	\$ 25,926
Total non-spendable	<u>25,926</u>	<u>-</u>	<u>25,926</u>
Restricted:			
Public safety	-	69,866	69,866
Public works	-	874,310	874,310
Capital outlay	-	61,326	61,326
Total restricted	<u>-</u>	<u>1,005,502</u>	<u>1,005,502</u>
Committed:			
General government	213,363	-	213,363
Capital outlay	-	4,441,325	4,441,325
Total committed	<u>213,363</u>	<u>4,441,325</u>	<u>4,654,688</u>
Assigned:			
Subsequent years budget	800,000	-	800,000
Total assigned	<u>800,000</u>	<u>-</u>	<u>800,000</u>
Unassigned:			
General government	5,634,786	-	5,634,786
Public works	-	(23,653)	(23,653)
Total unassigned (deficit)	<u>5,634,786</u>	<u>(23,653)</u>	<u>5,611,133</u>
Total fund balance	<u>\$ 6,674,075</u>	<u>\$ 5,423,174</u>	<u>\$ 12,097,249</u>

## City of Groton, Connecticut

### Notes to Financial Statements

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#### **Note 13. Governmental Accounting Standards Board (GASB) Statements**

The GASB has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

**GASB Statement No. 84, *Fiduciary Activities***, is effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

**GASB Statement No. 87, *Leases***, establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset, which should result in the recognition and reporting of leased assets and the liability associated with subsequent lease payments, which have historically been classified as operating leases of the current reporting period only. The new statement requires a Lessee to recognize a lease liability and an intangible right-to-use lease asset, with the lessor required to recognize a lease receivable and a deferred inflow of resources. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

**GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61***. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

**GASB Statement No. 91, *Conduit Debt Obligations***. In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City is not an issuer of conduit debt, therefore this Statement will have no effect on its financial statements.

**Required Supplementary  
Information – Unaudited**



**City of Groton, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Employer Contributions - Pension Trust Fund  
Last Ten Fiscal Years**

	Schedule of Contributions									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,347,400	\$ 1,407,000	\$ 1,117,900	\$ 1,054,700	\$ 1,166,100	\$ 2,313,700	\$ 2,026,400	\$ 2,016,200	\$ 1,818,700	\$ 1,423,100
Contributions in relation to the actuarially determined contribution	1,625,175	1,346,461	1,147,616	1,213,572	1,479,095	1,362,750	1,726,093	1,790,134	1,779,312	1,787,483
<b>Contribution deficiency (excess)</b>	<b>\$ (277,775)</b>	<b>\$ 60,539</b>	<b>\$ (29,716)</b>	<b>\$ (158,872)</b>	<b>\$ (312,995)</b>	<b>\$ 950,950</b>	<b>\$ 300,307</b>	<b>\$ 226,066</b>	<b>\$ 39,388</b>	<b>\$ (364,383)</b>
Covered-employee payroll	\$ 15,216,820	\$ 14,763,245	\$ 14,714,020	\$ 14,851,967	\$ 15,356,366	\$ 15,121,066	\$ 15,121,066	\$ 16,321,691	\$ 15,891,574	\$ 15,551,655
Contributions as a percentage of covered-employee payroll	10.68%	9.12%	7.80%	8.17%	9.63%	9.01%	11.42%	10.97%	11.20%	11.49%

Notes to Schedule

Valuation date: July 1, 2018  
Measurement date: June 30, 2019

Actuarial cost method: Entry Age Normal  
Amortization method: Market Value  
Remaining amortization period: 10 years  
Asset valuation method: Market Value  
Inflation: 2.60%  
Salary increases: 3.50  
Investment rate of return: 7.0%  
Mortality: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2018.

**City of Groton, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Investment Returns- Pension Trust Fund  
Last Six Fiscal Years\***

	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment income	6.18%	7.17%	11.08%	1.01%	1.26%	14.97%

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

City of Groton, Connecticut

Required Supplementary Information - unaudited  
 Schedule of Changes in the City's Net Pension Liability and Related Ratios  
 Last Six Fiscal Years\*

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

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

**City of Groton, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Employer Contributions - OPEB Trust Fund  
Last Three Fiscal Years\***

<b>Schedule of Contributions - OPEB Plan</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Actuarially determined contribution	\$ 1,363,512	\$ 1,362,210	\$ 1,344,451
Contributions in relation to the actuarially determined contribution	967,550	1,265,889	1,221,385
Contribution deficiency (excess)	\$ 395,962	\$ 96,321	\$ 123,066
Covered-employee payroll	\$ 16,733,495	\$ 16,246,112	\$ 13,060,714
Contributions as a percentage of covered-employee payroll	5.78%	7.79%	9.35%

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

Notes to Schedule

Valuation date: July 1, 2017  
 Measurement date: June 30, 2019

Actuarial cost method: Entry Age Normal  
 Amortization method: Market Value  
 Remaining amortization period: 30 years  
 Asset valuation method: Market Value  
 Inflation: 2.60%  
 Salary increases: 3.25% to 11.25%  
 Investment rate of return: 7.0%  
 Mortality: RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scale MP-2018.

City of Groton, Connecticut

Required Supplementary Information - unaudited  
 Schedule of Changes in the City's OPEB Liability and Related Ratios  
 Last Three Fiscal Years\*

Changes in Net OPEB Liability	OPEB Plan		
	2019	2018	2017
Total OPEB liability:			
Service cost	\$ 547,493	\$ 501,305	\$ 489,066
Change of benefit terms	-	(948,932)	-
Interest	1,164,433	1,165,580	1,099,164
Differences between expected and actual experience	(437,524)	(280,105)	(124,086)
Changes in assumptions	-	1,172,114	-
Benefit payments, including refunds of member contributions	(441,130)	(679,006)	(625,491)
<b>Net change in total OPEB liability</b>	<b>833,272</b>	<b>930,956</b>	<b>838,653</b>
Total OPEB liability, beginning	16,304,081	15,373,125	14,534,472
<b>Total OPEB liability, ending (a)</b>	<b>17,137,353</b>	<b>16,304,081</b>	<b>15,373,125</b>
Fiduciary net position:			
Employer contributions	967,550	1,265,889	1,221,385
Investment (loss) income net of investment expenses	440,734	344,062	467,233
Benefit payments, including refunds of member contributions	(441,130)	(679,006)	(625,491)
Other			
<b>Net change in plan fiduciary net position</b>	<b>967,154</b>	<b>930,945</b>	<b>1,063,127</b>
Fiduciary net position, beginning	6,117,894	5,186,949	4,123,822
<b>Fiduciary net position, ending (b)</b>	<b>7,085,048</b>	<b>6,117,894</b>	<b>5,186,949</b>
<b>Net OPEB liability, ending = (a) - (b)</b>	<b>\$ 10,052,305</b>	<b>\$ 10,186,187</b>	<b>\$ 10,186,176</b>
Fiduciary net position as a % of total OPEB liability	41.34%	37.52%	33.74%
Covered payroll	\$ 16,733,495	\$ 16,246,112	\$ 13,060,714
Net OPEB liability as a % of covered payroll	60.07%	62.70%	77.99%

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

**City of Groton, Connecticut**

**Required Supplementary Information - unaudited  
Schedule of Investment Returns - OPEB Trust Fund  
Last Three Fiscal Years\***

	2019	2018	2017
Annual money-weighted rate of return, net of investment income	7.01%	6.63%	11.00%

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

City of Groton, Connecticut

**Required Supplementary Information - Unaudited  
Schedule of Revenues and Expenditures - Budget and Actual -  
Budgetary Basis - General Fund  
For the Year Ended June 30, 2019  
(Unaudited)**

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 5,141,295	\$ 5,141,295	\$ 5,290,265	\$ 148,970
Intergovernmental	4,634,202	4,634,202	4,650,138	15,936
Charges for services	1,642,468	1,642,468	2,005,992	363,524
Miscellaneous revenues	91,000	91,000	234,200	143,200
Investment income and other sources	5,000	5,000	39,084	34,084
<b>Total revenues</b>	<b>11,513,965</b>	<b>11,513,965</b>	<b>12,219,679</b>	<b>705,714</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,310,131	2,310,131	2,181,433	128,698
Public safety	8,110,415	8,110,415	7,932,962	177,453
Public works	3,090,891	3,090,891	2,894,032	196,859
Parks and recreation	1,204,462	1,204,462	1,165,922	38,540
Non-departmental	110,000	110,000	84,357	25,643
Contingency	790,000	790,000	675,000	115,000
<b>Debt service:</b>				
Bond principal	265,000	265,000	265,000	-
Bond and note interest	119,206	119,206	118,706	500
<b>Total expenditures</b>	<b>16,000,105</b>	<b>16,000,105</b>	<b>15,317,412</b>	<b>682,693</b>
<b>Excess (deficiency) of expenditures</b>	<b>(4,486,140)</b>	<b>(4,486,140)</b>	<b>(3,097,733)</b>	<b>1,388,407</b>
<b>Other financing sources (uses):</b>				
Transfers in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	400,000	400,000	-	(400,000)
<b>Total other financing sources (uses)</b>	<b>4,486,140</b>	<b>4,486,140</b>	<b>4,086,140</b>	<b>(400,000)</b>
<b>Revenues and other financing sources over (under) expenditures and other financing (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>988,407</b>	<b>\$ 988,407</b>
Budgetary fund balance, beginning			5,060,583	
Change in budget expenditures not recognized for GAAP purposes, inventories and prepaids			(414,204)	
Budgetary fund balance, ending			<u>\$ 5,634,786</u>	

See note to required supplementary information.

**City of Groton, Connecticut**

**Note to Required Supplementary Information  
(Unaudited)**

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**Note 1. Stewardship, Compliance and Accountability**

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

**Budget – GAAP reconciliation:** 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:

	Revenue and Other Financing Sources	Expenditures, Encumbrances, and Other Financing Uses
Balance, budgetary basis, for year ended June 30, 2019	\$ 16,305,819	\$ 15,317,412
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	-	(11,886)
Balance, GAAP basis, for year ended June 30, 2019	\$ 16,305,819	\$ 15,305,526

**City of Groton, Connecticut**

**Note to Required Supplementary Information (Continued)  
(Unaudited)**

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**Note 1. Stewardship, Compliance and Accountability (Continued)**

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

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

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

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**Combining and Individual Fund  
Financial Statements and Other Schedules**



## **General Fund**

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



City of Groton, Connecticut

Comparative Balance Sheets

General Fund

June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Cash	\$ 10,957,968	\$ 9,287,954
Receivables:		
Property taxes	40,360	57,490
Intergovernmental and other	5,446	17,479
Due from other funds	8,384	62,406
Inventory of supplies, at cost	25,926	11,725
	<u>11,038,084</u>	<u>9,437,054</u>
<b>Total assets</b>	<b>\$ 11,038,084</b>	<b>\$ 9,437,054</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 317,651	\$ 501,815
Due to other funds	4,015,751	3,213,380
<b>Total liabilities</b>	<u>4,333,402</u>	<u>3,715,195</u>
Deferred inflows of resources:		
Unavailable revenue	30,607	48,077
Fund balance:		
Nonspendable	25,926	11,725
Committed	213,363	201,474
Assigned	800,000	400,000
Unassigned	5,634,786	5,060,583
<b>Total fund balance</b>	<u>6,674,075</u>	<u>5,673,782</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 11,038,084</b>	<b>\$ 9,437,054</b>

**City of Groton, Connecticut**

**Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual -  
General Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	Budgetary Basis	
<b>Taxes</b>				
Current levy	\$ 5,109,795	\$ 5,109,795	\$ 5,262,553	\$ 152,758
Interest on taxes	30,000	30,000	26,824	(3,176)
Lien fees on taxes	1,500	1,500	888	(612)
<b>Total taxes</b>	<b>5,141,295</b>	<b>5,141,295</b>	<b>5,290,265</b>	<b>148,970</b>
<b>Intergovernmental</b>				
Town of Groton:				
Highway grant	2,050,863	2,050,863	2,050,863	-
Police grant	2,443,079	2,443,079	2,443,079	-
PILOT program	37,707	37,707	37,707	-
State of Connecticut:				
Civil preparedness	4,600	4,600	37,390	32,790
Town Aid Road	56,766	56,766	56,865	99
Total disabled	125	125	64	(61)
Elderly property	3,214	3,214	-	(3,214)
Telephone access line	12,848	12,848	9,550	(3,298)
Miscellaneous grants	25,000	25,000	14,620	(10,380)
<b>Total intergovernmental revenue</b>	<b>4,634,202</b>	<b>4,634,202</b>	<b>4,650,138</b>	<b>15,936</b>
<b>Charges for Services and Facilities</b>				
Water Department	40,514	40,514	40,514	-
Sewer Department	13,505	13,505	13,505	-
Finance Department services:				
Electric Department	198,910	198,910	198,910	-
Water Department	99,455	99,455	99,455	-
Sewer Department	33,152	33,152	33,152	-
Human Resources Department Services:				
Electric Department	144,782	144,782	144,782	-
Water Department	72,391	72,391	72,391	-
Sewer Department	24,130	24,130	24,130	-
Building Maintenance:				
Electric Department	28,200	28,200	28,200	-
Water Department	14,100	14,100	14,100	-
Sewer Department	4,700	4,700	4,700	-
Highway Department sales	1,000	1,000	266	(734)
Public beach receipts	120,000	120,000	144,463	24,463
Recreation receipts	62,000	62,000	68,738	6,738
Parks receipts	13,000	13,000	9,636	(3,364)
Gravel Sales	27,000	27,000	17,326	(9,674)
Recycling/Bulky Waste	11,500	11,500	9,944	(1,556)
Lease of City Land	-	-	-	-

(Continued)

City of Groton, Connecticut

**Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual -  
General Fund (Continued)  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
<b>Changes for Service and Facilities, Continued</b>				
Fire protection:				
West Pleasant Valley Fire District	325,000	325,000	328,958	3,958
Outside services - police	15,500	15,500	17,648	2,148
Rent	10,000	10,000	10,000	-
Fines and forfeits	27,600	27,600	47,134	19,534
Licenses and permits	275,000	275,000	597,011	322,011
<b>Total</b>	<b>1,642,468</b>	<b>1,642,468</b>	<b>2,005,992</b>	<b>363,524</b>
<b>Miscellaneous Revenues</b>				
Investment income	5,000	5,000	39,084	34,084
Other revenue	91,000	91,000	234,200	143,200
<b>Total miscellaneous revenues</b>	<b>96,000</b>	<b>96,000</b>	<b>273,284</b>	<b>177,284</b>
<b>Total revenues</b>	<b>11,513,965</b>	<b>11,513,965</b>	<b>12,219,679</b>	<b>705,714</b>
<b>Other Financing Sources</b>				
Transfer in	4,086,140	4,086,140	4,086,140	-
Appropriation of fund balance	400,000	400,000	-	(400,000)
<b>Total other financing sources</b>	<b>4,486,140</b>	<b>4,486,140</b>	<b>4,086,140</b>	<b>(400,000)</b>
<b>Total revenues and other financing sources</b>	<b>\$ 16,000,105</b>	<b>\$ 16,000,105</b>	<b>\$ 16,305,819</b>	<b>\$ 305,714</b>

City of Groton, Connecticut

**Schedule of Expenditures and Other Financing Uses - Budgetary Basis -  
Budget and Actual - General Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
<b>General Government</b>				
Mayor's office	\$ 416,474	\$ 416,474	\$ 388,205	\$ 28,269
Human Resources	294,272	294,272	287,060	7,212
Finance Department	663,033	663,033	639,840	23,193
Building, Planning and Zoning, EDC	717,961	717,961	694,072	23,889
Municipal building operation	180,207	180,207	138,998	41,209
Civil preparedness	11,459	11,459	7,461	3,998
Unallocated	26,725	26,725	25,797	928
<b>Total general government</b>	<b>2,310,131</b>	<b>2,310,131</b>	<b>2,181,433</b>	<b>128,698</b>
<b>Public Safety</b>				
Police Department:				
Supervision	225,533	225,533	231,041	(5,508)
Criminal investigation	351,887	351,887	359,189	(7,302)
Uniformed patrol	4,369,930	4,369,930	4,206,119	163,811
Harbor patrol	3,979	3,979	6,842	(2,863)
Traffic control	18,374	18,374	25,977	(7,603)
Police training	72,000	72,000	90,468	(18,468)
DWI project	2,435	2,435	3,987	(1,552)
Outside charges	-	-	14,701	(14,701)
<b>Total police department</b>	<b>5,044,138</b>	<b>5,044,138</b>	<b>4,938,324</b>	<b>105,814</b>
Fire Department	3,066,277	3,066,277	2,994,638	71,639
<b>Total public safety</b>	<b>8,110,415</b>	<b>8,110,415</b>	<b>7,932,962</b>	<b>177,453</b>
<b>Public Works</b>				
Highway Department:				
Highway maintenance	1,993,550	1,993,550	1,824,944	168,606
Sanitation	981,980	981,980	978,632	3,348
Snow removal	115,361	115,361	90,456	24,905
<b>Total highway department</b>	<b>3,090,891</b>	<b>3,090,891</b>	<b>2,894,032</b>	<b>196,859</b>
<b>Total public works</b>	<b>3,090,891</b>	<b>3,090,891</b>	<b>2,894,032</b>	<b>196,859</b>

(Continued)

City of Groton, Connecticut

**Schedule of Expenditures and Other Financing Uses - Budgetary Basis -  
Budget and Actual - General Fund (Continued)  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
<b>Parks and Recreation</b>				
Supervision and general expenditures	\$ 180,179	\$ 180,179	\$ 191,586	\$ (11,407)
Summer recreation	172,860	172,860	182,476	(9,616)
Beach activities	133,654	133,654	122,046	11,608
Winter recreation	58,500	58,500	56,355	2,145
Beach and park maintenance	659,269	659,269	613,459	45,810
<b>Total parks and recreation</b>	<b>1,204,462</b>	<b>1,204,462</b>	<b>1,165,922</b>	<b>38,540</b>
<b>Non-Departmental</b>				
General insurance	90,000	90,000	84,357	5,643
Pay adjustment	20,000	20,000	-	20,000
<b>Total non-departmental</b>	<b>110,000</b>	<b>110,000</b>	<b>84,357</b>	<b>25,643</b>
<b>Contingency</b>	<b>790,000</b>	<b>790,000</b>	<b>675,000</b>	<b>115,000</b>
<b>Debt Service</b>				
Bonded principal:				
Public improvements	265,000	265,000	265,000	-
<b>Total bonded principal</b>	<b>265,000</b>	<b>265,000</b>	<b>265,000</b>	<b>-</b>
Bond and Note Interest:				
Public improvements	119,206	119,206	118,706	500
Sewer Authority	-	-	-	-
<b>Total bond and note interest</b>	<b>119,206</b>	<b>119,206</b>	<b>118,706</b>	<b>500</b>
<b>Total debt service</b>	<b>384,206</b>	<b>384,206</b>	<b>383,706</b>	<b>500</b>
<b>Total expenditures and other financing uses</b>	<b>\$ 16,000,105</b>	<b>\$ 16,000,105</b>	<b>\$ 15,317,412</b>	<b>\$ 682,693</b>

**City of Groton, Connecticut**

**Schedule of Property Taxes Levied, Collected and  
Outstanding - General Fund  
For the Year Ended June 30, 2019**

Grand List Year	Uncollected Taxes July 1, 2018	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2019	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2017	\$ -	\$ 5,254,068	\$ 7,969	\$ 16,453	\$ 10,777	5,234,807	\$5,204,339	\$ 12,313	\$ 265	\$5,216,917	\$ 30,468
2016	35,129	-	1,290	2,010	2,374	32,035	25,825	8,293	5,223	39,341	6,210
2015	9,625	-	8,168	330	2,146	15,317	6,540	3,589	1,015	11,144	8,777
2014	18,560	-	-	163	1,050	17,347	16,046	735	620	17,401	1,301
2013	779	-	-	56	342	381	69	1,080	1,304	2,453	312
2012	397	-	-	-	66	331	39	165	125	329	292
2011	-	-	-	-	-	-	-	197	96	293	-
2010	-	-	-	-	-	-	-	164	121	285	-
2009	-	-	-	-	-	-	-	125	82	207	-
2008	-	-	-	-	-	-	-	305	177	482	-
2007	-	-	-	-	-	-	-	175	92	267	-
2006	-	-	-	-	-	-	-	113	51	164	-
2005	-	-	-	-	-	-	-	173	81	254	-
2004	-	-	-	-	-	-	-	199	83	282	-
2003	-	-	-	-	-	-	-	86	32	118	-
<b>Subtotal</b>	<b>\$ 64,490</b>	<b>\$ 5,254,068</b>	<b>\$ 17,427</b>	<b>\$ 19,012</b>	<b>\$ 16,755</b>	<b>\$ 5,300,218</b>	<b>\$5,252,858</b>	<b>\$ 27,712</b>	<b>\$ 9,367</b>	<b>\$5,289,937</b>	<b>\$ 47,360</b>

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

### **State Aid Road**

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

### **Bridge Street**

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

### **Forfeiture Grant**

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

### **Miscellaneous Grants**

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

### **Capital Project Funds**

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

### **Equipment Replacement Fund**

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

### **Permanent Fund**

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

### **Submarine Memorial Fund**

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



**City of Groton, Connecticut**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue Funds				Capital	Permanent	Totals
	State	Bridge	Forfeiture	Miscellaneous	Project Fund	Fund	
	Aid Road	Street	Grant	Grants	Equipment Replacement Fund	Submarine Memorial Fund	
<b>Assets</b>							
Cash	\$360,885	\$ -	\$ 56,626	\$ 579,890	\$ 280,394	\$ 61,326	\$ 1,339,121
Intergovernmental receivables	-	-	-	-	164,635	-	164,635
Investments	-	-	-	-	543,175	-	543,175
Due from other funds	119,940	-	13,240	32,443	3,874,402	-	4,040,025
<b>Total assets</b>	<b>\$480,825</b>	<b>\$ -</b>	<b>\$ 69,866</b>	<b>\$ 612,333</b>	<b>\$4,862,606</b>	<b>\$ 61,326</b>	<b>\$ 6,086,956</b>
<b>Liabilities and Fund Balances (Deficits)</b>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ 115,048	\$ 63,569	\$ -	\$ 178,617
Due to other funds	-	23,653	-	45,000	21,487	-	90,140
Unearned revenue - performance	58,800	-	-	-	336,225	-	395,025
<b>Total liabilities</b>	<b>58,800</b>	<b>23,653</b>	<b>-</b>	<b>160,048</b>	<b>421,281</b>	<b>-</b>	<b>663,782</b>
Fund balances (deficits):							
Restricted	422,025	-	69,866	452,285	-	61,326	1,005,502
Committed	-	-	-	-	4,441,325	-	4,441,325
Unassigned (deficits)	-	(23,653)	-	-	-	-	(23,653)
<b>Total fund balances (deficits)</b>	<b>422,025</b>	<b>(23,653)</b>	<b>69,866</b>	<b>452,285</b>	<b>4,441,325</b>	<b>61,326</b>	<b>5,423,174</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$480,825</b>	<b>\$ -</b>	<b>\$ 69,866</b>	<b>\$ 612,333</b>	<b>\$4,862,606</b>	<b>\$ 61,326</b>	<b>\$ 6,086,956</b>

City of Groton, Connecticut

**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances (Deficits)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019**

	Special Revenue Funds				Capital	Permanent	Totals
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Projects Fund Equipment Replacement Fund	Fund Submarine Memorial Fund	
<b>Revenues:</b>							
Income from investments	\$ -	\$ -	\$ -	\$ 2,558	\$ 45,065	\$ 364	\$ 47,987
Intergovernmental	56,865	-	40,634	-	81,853	-	179,352
Other	-	-	-	60,287	213,462	2,175	275,924
<b>Total revenues</b>	<b>56,865</b>	<b>-</b>	<b>40,634</b>	<b>62,845</b>	<b>340,380</b>	<b>2,539</b>	<b>503,263</b>
<b>Expenditures:</b>							
Current:							
General government	-	-	-	21,764	-	2,175	23,939
Public safety	-	-	9,655	2,043	-	-	11,698
Capital outlay	-	-	-	-	321,325	-	321,325
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,655</b>	<b>23,807</b>	<b>321,325</b>	<b>2,175</b>	<b>356,962</b>
<b>Excess (deficiency) of expenditures</b>	<b>56,865</b>	<b>-</b>	<b>30,979</b>	<b>39,038</b>	<b>19,055</b>	<b>364</b>	<b>146,301</b>
<b>Other financing sources (uses):</b>							
Operating transfer in	-	-	-	-	740,323	-	740,323
Operating transfer out	-	-	-	(15,000)	(664,928)	-	(679,928)
	-	-	-	(15,000)	75,395	-	60,395
<b>Net change in fund balances (deficits)</b>	<b>56,865</b>	<b>-</b>	<b>30,979</b>	<b>24,038</b>	<b>94,450</b>	<b>364</b>	<b>206,696</b>
Fund balances (deficits), beginning	365,160	(23,653)	38,887	428,247	4,346,875	60,962	5,216,478
Fund balances (deficits), ending	<b>\$422,025</b>	<b>\$(23,653)</b>	<b>\$69,866</b>	<b>\$ 452,285</b>	<b>\$4,441,325</b>	<b>\$ 61,326</b>	<b>\$ 5,423,174</b>

## **Nonmajor Enterprise Fund**

Enterprise funds are maintained to account for the City's ongoing organizations and activities that are similar to those found in the private sector. The City's nonmajor enterprise fund is:

**Sewer Department** – Accounts for the operations of the City's sewer system.

City of Groton, Connecticut

Statement of Net Position - Sewer Department - Nonmajor Enterprise Fund  
June 30, 2019

	2019
<b>Assets</b>	
Current assets:	
Cash	\$ 669,453
Receivables (net of allowance for uncollectibles of \$0 and \$0 respectively)	310,183
Due from other funds	1,052,694
Prepaid expenses	10,254
<b>Total current assets</b>	<u>2,042,584</u>
Noncurrent assets:	
Net OPEB asset	7,241
Capital assets (net of accumulated depreciation):	
Land and land rights	632,454
Construction in progress	27,103
Buildings and improvements	6,624,286
Plant and pumping stations	287,463
Machinery and equipment	19,254
Vehicles	138,220
<b>Total capital assets (net of accumulated depreciation)</b>	<u>7,728,780</u>
<b>Total noncurrent assets</b>	<u>7,728,780</u>
<b>Total assets</b>	<u>\$ 9,778,605</u>
Deferred outflows of resources:	
Deferred pension amounts	\$ 184,667
Deferred OPEB amounts	54,268
<b>Total deferred outflows of resources</b>	<u>238,935</u>

2019

**Liabilities**

## Current liabilities:

Accounts payable	\$ 58,649
Accrued payroll and compensated absences	46,190
Accrued interest payable	60,787
General obligation bonds/BAN payable - current portion	323,000
Due to other funds	35,579
<b>Total current liabilities</b>	<u>524,205</u>

## Noncurrent liabilities:

General obligation bonds and notes payable - net of premium	5,685,000
Unamortized premium	437,761
Net pension liability	112,137
<b>Total non-current liabilities</b>	<u>6,234,898</u>

**Total liabilities**6,759,103

## Deferred inflows of resources:

Deferred pension amounts	61,090
Deferred OPEB amounts	33,905
<b>Total deferred inflows of resources</b>	<u>94,995</u>

## Net position:

Net investment in capital assets	1,261,406
Unrestricted	1,902,036
<b>Total net position</b>	<u>\$ 3,163,442</u>

City of Groton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position -  
Nonmajor - Enterprise Fund  
For the Year Ended June 30, 2019

	2019
Operating revenues:	<u>\$ 4,314,627</u>
Operating expenses:	
Direct expenses:	
Other	2,122,356
Overhead expenses:	
Customer account	128,457
Taxes	60,064
Depreciation	<u>236,242</u>
<b>Total operating expenses</b>	<u>2,547,119</u>
<b>Operating income</b>	<u>1,767,508</u>
Nonoperating revenues (expenses):	
Transfers in	1,629,493
Investment income	4,525
Interest expense	<u>(238,084)</u>
<b>Net nonoperating revenue (expenses)</b>	<u>1,395,934</u>
<b>Changes in net position</b>	3,163,442
Net position, beginning	<u>-</u>
Net position, ending	<u><u>\$ 3,163,442</u></u>

City of Groton, Connecticut

Statement of Cash Flows - Nonmajor Enterprise Fund  
For the Year Ended June 30, 2019

	2019
Cash flows from operating activities:	
Cash received from customers	\$ 4,004,444
Cash payments to suppliers for goods and services	(3,091,076)
Cash payments to employees for services	(181,375)
<b>Net cash provided by operating activities</b>	<u>731,993</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	664,928
<b>Net cash provided by capital and related financing activities</b>	<u>664,928</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(46,364)
Principal paid on general obligation bond maturities and equipment contracts	(325,000)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(360,629)
<b>Net cash used in capital and related financing activities</b>	<u>(731,993)</u>
Cash flows from investing activities:	
Interest and dividends	4,525
<b>Net cash provided by investing activities</b>	<u>4,525</u>
<b>Net increase in cash and cash equivalents</b>	669,453
Cash and cash equivalents, beginning	<u>-</u>
Cash and cash equivalents, ending	<u>\$ 669,453</u>

(Continued)

**City of Groton, Connecticut**

**Statement of Cash Flows - Nonmajor Enterprise Fund  
For the Year Ended June 30, 2019**

	2019
<hr/>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,767,508
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	236,242
Change in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(310,183)
Prepaid expenses	(10,254)
Due from other funds	(1,052,694)
Deferred outflows/inflows related to pension/OPEB	(143,940)
Increase (decrease) in:	
Accounts payable	58,649
Accrued payroll and compensated absences	46,190
Due to other funds	35,579
Net pension liability	112,137
Net OPEB asset	(7,241)
	<hr/>
<b>Net cash provided by operating activities</b>	<b>\$ 731,993</b>
	<hr/> <hr/>

**Schedule of non-cash capital and related financing activities:**

Contributions of capital assets	\$ 7,918,656
Transfer of long-term debt, related premium and accrued interest	\$ (6,954,093)

## **Enterprise Funds**

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

### **Electric Department**

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

### **Water System**

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



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City of Groton, Connecticut

Comparative Statements of Net Position - Electric Department - Enterprise Funds  
June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 19,016,098	\$ 21,690,983
Receivables:		
Use charges (net of allowance for uncollectibles of \$75,000 and \$75,000, respectively)	3,873,938	4,465,408
Accrued utility revenue	1,166,954	1,166,954
Due from other funds	920,045	-
Prepaid expenses	111,084	138,138
Inventory	1,361,061	1,479,658
<b>Total current assets</b>	<b>26,449,180</b>	<b>28,941,141</b>
Noncurrent assets:		
Amount held at CMEEC	14,033,178	13,579,956
Equity in joint venture investments	5,957,317	5,986,483
Due from component unit	3,628,749	3,919,128
<b>Total noncurrent assets</b>	<b>23,619,244</b>	<b>23,485,567</b>
Capital assets (net of accumulated depreciation):		
Land and land rights	704,844	704,844
Construction in progress	2,044,971	1,947,317
Buildings and improvements	372,994	208,309
Station equipment	8,158,723	8,442,272
Electric distribution system	20,867,081	20,508,488
Machinery and equipment	1,068,743	1,005,565
Vehicles	520,404	531,103
<b>Total capital assets (net of accumulated depreciation)</b>	<b>33,737,760</b>	<b>33,347,898</b>
<b>Total noncurrent assets</b>	<b>57,357,004</b>	<b>56,833,465</b>
<b>Total assets</b>	<b>\$ 83,806,184</b>	<b>\$ 85,774,606</b>
Deferred outflows of resources:		
Deferred pension amounts	\$ 1,108,000	\$ 1,080,161
Deferred OPEB amounts	325,609	387,885
Deferred amount on bond refunding	562,501	674,576
<b>Total deferred outflows of resources</b>	<b>1,996,110</b>	<b>2,142,622</b>

	2019	2018
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 5,108,035	\$ 5,478,740
Accrued payroll and compensated absences	360,151	388,337
Accrued taxes	374,929	364,880
Accrued interest payable	428,644	673,982
General obligation bonds/BAN payable - current portion	3,736,400	3,733,400
Customer deposits payable	3,087,868	2,663,126
Due to other funds	1,058,011	2,262,434
<b>Total current liabilities</b>	<b>14,154,038</b>	<b>15,564,899</b>
Noncurrent liabilities:		
Rate stabilization	12,874,668	12,814,398
General obligation bonds and notes payable - net of premium and deferred amount on refunding	33,964,400	37,700,800
Unamortized premium	2,197,896	2,439,193
Unearned revenue	-	279,453
Net pension liability	2,054,975	1,382,151
Net OPEB liability	3,645,920	3,689,363
<b>Total non-current liabilities</b>	<b>54,737,859</b>	<b>58,305,358</b>
<b>Total liabilities</b>	<b>68,891,897</b>	<b>73,870,257</b>
Deferred inflows of resources:		
Deferred OPEB amounts	203,431	88,282
Deferred pension amounts	366,540	444,861
<b>Total deferred inflows of resources</b>	<b>569,971</b>	<b>533,143</b>
Net investment in capital assets	17,247,934	15,913,847
Unrestricted (deficit)	(907,508)	(2,400,019)
<b>Total net position</b>	<b>\$ 16,340,426</b>	<b>\$ 13,513,828</b>

City of Groton, Connecticut

Comparative Statements of Revenues, Expenses and Changes in Fund Net Position -  
Electric Department - Enterprise Fund  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:	<b>\$ 56,303,526</b>	\$ 56,323,195
Operating expenses:		
Direct expenses:		
Purchased power	<b>33,771,883</b>	33,122,248
Other	<b>3,266,471</b>	3,325,621
Overhead expenses:		
Customer account	<b>1,925,074</b>	1,691,224
Administrative and general	<b>5,875,406</b>	5,403,799
Taxes	<b>1,787,472</b>	1,663,264
Depreciation	<b>1,938,727</b>	1,948,844
<b>Total operating expenses</b>	<b>48,565,033</b>	47,155,000
<b>Operating income</b>	<b>7,738,493</b>	9,168,195
Nonoperating revenues (expenses):		
Investment income	<b>447,911</b>	463,699
Interest expense	<b>(1,259,500)</b>	(1,258,320)
Equity losses in investments	<b>(29,166)</b>	(104,242)
<b>Total nonoperating revenues (expenses)</b>	<b>(840,755)</b>	(898,863)
<b>Income before transfers out</b>	<b>6,897,738</b>	8,269,332
Transfers out	<b>(4,071,140)</b>	(4,071,162)
<b>Changes in net position</b>	<b>2,826,598</b>	4,198,170
Net position, beginning	<b>13,513,828</b>	9,315,658
Net position, ending	<b>\$ 16,340,426</b>	\$ 13,513,828

City of Groton, Connecticut

Comparative Statements of Cash Flows - Electric Department - Enterprise Fund  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers	\$ 57,100,555	\$ 59,116,361
Cash payments to suppliers for goods and services	(39,387,876)	(38,379,710)
Cash payments to employees for services	(8,905,443)	(8,408,022)
<b>Net cash provided by operating activities</b>	<b>8,807,236</b>	<b>12,328,629</b>
Cash flows from noncapital and related financing activities:		
Transfers to other funds	(4,071,140)	(4,071,162)
Amount held at CMEEC	(453,222)	(4,980,275)
<b>Net cash used in noncapital and related</b>	<b>(4,524,362)</b>	<b>(9,051,437)</b>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,328,589)	(1,694,653)
Payments Bozrah Light and Power	290,379	16,556
Repayment from CMEEC loan	(200,400)	(200,400)
Principal paid on general obligation bond maturities and equipment contracts	(3,533,000)	(8,525,864)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(1,634,060)	(1,074,094)
Debt proceeds	-	10,442,000
<b>Net cash used in capital and         related financing activities</b>	<b>(7,405,670)</b>	<b>(1,036,455)</b>
Cash flows from investing activities:		
Interest and dividends on investments	447,911	463,699
<b>Net cash provided by investing activities</b>	<b>447,911</b>	<b>463,699</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(2,674,885)</b>	<b>2,704,436</b>
Cash and cash equivalents, beginning	<b>21,690,983</b>	<b>18,986,547</b>
Cash and cash equivalents, ending	<b>\$ 19,016,098</b>	<b>\$ 21,690,983</b>
Schedule of noncash, noncapital and related financing activities:		
Equity earnings/loss in joint venture investments	<b>\$ (29,166)</b>	<b>\$ (104,242)</b>

(Continued)

**City of Groton, Connecticut**

**Comparative Statements of Cash Flows - Electric Department - Enterprise Fund, (Continued)  
For the Years Ended June 30, 2019 and 2018**

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,738,493	\$ 9,168,195
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,938,727	1,948,844
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	591,470	(80,403)
Due from other funds	(920,045)	-
Inventory	118,597	(283,677)
Prepaid expenses	27,054	(3,496)
Customer deposits	424,742	(1,557,050)
Deferred outflows/inflows related to pension and OPEB	71,265	692,948
Increase (decrease) in:		
Accounts payable	(370,705)	(395,493)
Accrued payroll and compensated absences	(28,186)	62,286
Accrued taxes	10,049	37,961
Unearned revenue	(279,453)	(558,876)
Due to other funds	(1,204,423)	(1,249,175)
Rate stabilization	60,270	4,989,495
Net pension liability	672,824	(442,934)
Net OPEB liability	(43,443)	4
<b>Net cash provided by operating activities</b>	<b>\$ 8,807,236</b>	<b>\$ 12,328,629</b>

City of Groton, Connecticut

Comparative Schedules of Revenues  
Electric Department  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Electric service revenues:		
Residential	\$ 16,273,498	\$ 15,754,423
Commercial	14,329,718	14,182,560
Industrial	24,569,321	23,397,560
Private street lighting	225,524	222,784
Public street lighting	327,558	319,593
<b>Total electric service revenues</b>	<b>55,725,619</b>	<b>53,876,920</b>
Other electric revenue:		
Miscellaneous - rents, scrap, jobbing sales, etc.	577,907	2,446,275
<b>Total operating revenues</b>	<b>\$ 56,303,526</b>	<b>\$ 56,323,195</b>

## City of Groton, Connecticut

### Comparative Schedules of Expenses - Electric Department For the Years Ended June 30, 2019 and 2018

	2019	2018
Direct expenses:		
Purchased power	\$ 33,771,883	\$ 33,122,248
Other expenses:		
Transmission expenses:		
Station expenses	\$ 36,190	\$ 42,144
Maintenance:		
Station equipment	55,544	49,953
Overhead conductors and devices	11,957	6,050
<b>Total transmission expenses</b>	<b>103,691</b>	<b>98,147</b>
Distribution expenses:		
Supervision and engineering	589,000	586,868
Station expenses	71,864	45,624
Line expenses	82,953	95,945
Street lighting and signal system expenses	40,598	60,704
Meter expenses	114,284	93,059
Customer installation expenses	27,653	56,117
Miscellaneous	-	67,458
Maintenance:		
Supervision and engineering	172,661	150,171
Station expenses	659,659	603,939
Overhead lines	1,038,363	1,166,782
Services	190,518	73,576
Underground lines	9,829	3,739
Line transformers	1,241	2,637
Signal lights and fire alarms	43,645	121,548
Meters	120,512	99,307
<b>Total distribution expenses</b>	<b>3,162,780</b>	<b>3,227,474</b>
<b>Total other expenses</b>	<b>\$ 3,266,471</b>	<b>\$ 3,325,621</b>
Customer account expenses:		
Meter reading	\$ 218,722	\$ 162,201
Customer records and collection	464,066	493,781
Uncollectible accounts	-	113,104
Miscellaneous	1,242,286	922,138
<b>Total customer account expenses</b>	<b>\$ 1,925,074</b>	<b>\$ 1,691,224</b>
Administrative and general expenses:		
Administrative and general salaries	\$ 1,154,406	\$ 1,279,356
General office supplies and expenses	251,537	315,846
Outside services employed	694,254	729,264
Injuries and damages	538,847	500,160
Employee welfare and benefits	2,827,811	2,315,166
Miscellaneous general expenses	158,909	178,412
Rent	81,029	111,492
Maintenance:		
General plant	779,035	724,514
Miscellaneous	330,686	258,310
	<b>6,816,514</b>	<b>6,412,520</b>
Deduct: expenses transferred for transportation and administrative	<b>(941,108)</b>	<b>(1,008,721)</b>
<b>Total administrative and general expenses</b>	<b>\$ 5,875,406</b>	<b>\$ 5,403,799</b>

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City of Groton, Connecticut

Comparative Statements of Net Position - Water Department - Enterprise Funds  
June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 10,536,052	\$ 9,463,866
Receivables (net of allowance for uncollectibles of \$2,453 and \$2,453, respectively)	771,360	855,519
Due from other funds	3,568	2,261,914
Prepaid expenses	134,226	164,337
Inventory	197,950	203,270
<b>Total current assets</b>	<b>11,643,156</b>	<b>12,948,906</b>
Capital assets (net of accumulated depreciation):		
Land and land rights	2,135,643	2,135,643
Construction in progress	38,341,216	14,794,711
Buildings and improvements	3,227,161	3,324,102
Plant and pumping stations	3,332,714	3,520,861
Water distribution system	19,107,324	17,952,560
Machinery and equipment	560,442	523,675
Vehicles	250,717	220,976
<b>Total capital assets (net of accumulated depreciation)</b>	<b>66,955,217</b>	<b>42,472,528</b>
<b>Total noncurrent assets</b>	<b>66,955,217</b>	<b>42,472,528</b>
<b>Total assets</b>	<b>\$ 78,598,373</b>	<b>\$ 55,421,434</b>
Deferred outflows of resources:		
Deferred pension amounts	554,000	454,805
Deferred OPEB amounts	162,805	163,320
Deferred amounts on bond refunding	83,695	93,840
<b>Total deferred outflows of resources</b>	<b>800,500</b>	<b>711,965</b>

	2019	2018
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 3,479,746	\$ 2,546,221
Accrued payroll and compensated absences	291,018	288,238
Accrued taxes	33,847	38,349
Accrued interest payable	408,801	262,163
General obligation bonds/BAN payable - current portion	646,000	717,000
Customer deposits payable	-	115,146
Due to other funds	920,045	-
<b>Total current liabilities</b>	<b>5,779,457</b>	<b>3,967,117</b>
Noncurrent liabilities:		
General obligation bonds and notes payable - net of premium	28,796,013	14,375,360
Unamortized premium	608,906	650,931
Net pension liability	918,370	581,958
Net OPEB liability	1,799,998	1,821,720
<b>Total non-current liabilities</b>	<b>32,123,287</b>	<b>17,429,969</b>
<b>Total liabilities</b>	<b>37,902,744</b>	<b>21,397,086</b>
Deferred inflows of resources:		
Deferred pension amounts	183,270	187,310
Deferred OPEB amounts	101,716	37,171
<b>Total deferred inflows of resources</b>	<b>284,986</b>	<b>224,481</b>
Net position:		
Net investment in capital assets	38,093,304	28,135,249
Unrestricted	3,117,839	6,376,583
<b>Total net position</b>	<b>\$ 41,211,143</b>	<b>\$ 34,511,832</b>

City of Groton, Connecticut

Comparative Statements of Revenues, Expenses and Changes in Fund Net Position -  
Water Department - Enterprise Fund  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Operating revenues:	<b>\$ 10,838,056</b>	\$ 10,001,431
Operating expenses:		
Direct expenses:		
Other	3,936,417	3,758,922
Overhead expenses:		
Customer account	458,248	506,524
Administrative and general	4,042,388	3,361,157
Taxes	352,823	340,597
Depreciation	922,154	931,366
<b>Total operating expenses</b>	<b>9,712,030</b>	8,898,566
<b>Operating income</b>	<b>1,126,026</b>	1,102,865
Nonoperating revenues (expenses):		
Capital grant	5,822,439	2,252,788
Investment income	59,966	32,588
Interest expense	(309,120)	(285,258)
<b>Net nonoperating revenue(expenses)</b>	<b>5,573,285</b>	2,000,118
<b>Changes in net position</b>	<b>6,699,311</b>	3,102,983
Net position, beginning	34,511,832	31,408,849
<b>Net position, ending</b>	<b>\$ 41,211,143</b>	\$ 34,511,832

City of Groton, Connecticut

Comparative Statements of Cash Flows - Water Department - Enterprise Fund  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from customers	\$ 10,922,215	\$ 10,020,969
Cash payments to suppliers for goods and services	(828,763)	(2,445,802)
Cash payments to employees for services	(3,654,119)	(4,083,047)
<b>Net cash provided by operating activities</b>	<b>6,439,333</b>	<b>3,492,120</b>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(25,404,843)	(8,682,871)
Capital grants	5,822,439	2,252,788
Principal paid on general obligation bond maturities and equipment contracts	(717,000)	(2,664,319)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(194,362)	(119,248)
Debt proceeds	15,066,653	11,362,360
<b>Net cash (used in) capital and       related financing activities</b>	<b>(5,427,113)</b>	<b>2,148,710</b>
Cash flows from investing activities:		
Interest and dividends	59,966	32,588
<b>Net cash provided by investing activities</b>	<b>59,966</b>	<b>32,588</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,072,186</b>	<b>5,673,418</b>
Cash and cash equivalents, beginning	9,463,866	3,790,448
Cash and cash equivalents, ending	<b>\$ 10,536,052</b>	<b>\$ 9,463,866</b>

(Continued)

**City of Groton, Connecticut**

**Comparative Statements of Cash Flows - Water Department - Enterprise Fund (Continued)  
For the Years Ended June 30, 2019 and 2018**

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,126,026	\$ 1,102,865
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	922,154	931,366
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	84,159	19,538
Inventory	5,320	(28,054)
Prepaid expenses	30,111	(39,369)
Due from other funds	2,258,346	1,244,733
Deferred outflows/inflows related to pension/OPEB	(38,175)	291,753
Increase (decrease) in:		
Accounts payable	813,877	135,810
Due to other funds	920,045	-
Accrued payroll and compensated absences	2,780	19,975
Accrued taxes		
Net pension liability	336,412	(186,499)
Net OPEB obligation	(21,722)	2
<b>Net cash provided by operating activities</b>	<b>\$ 6,439,333</b>	<b>\$ 3,492,120</b>

**City of Groton, Connecticut**

**Comparative Schedules of Revenues  
Water System  
For the Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
Water service revenues:		
Residential	<b>\$ 3,094,718</b>	\$ 2,890,505
Commercial	<b>1,661,646</b>	1,650,760
Industrial	<b>3,146,049</b>	2,699,226
Private fire protection	<b>105,721</b>	107,040
Public fire protection	<b>286,403</b>	286,403
Other sales to public authorities	<b>2,056,983</b>	1,906,384
<b>Total water service revenues</b>	<b>10,351,520</b>	9,540,318
Other water revenue:		
Miscellaneous - rents, lien fees, scrap sales, etc.	<b>486,536</b>	461,113
<b>Total operating revenues</b>	<b>\$ 10,838,056</b>	\$ 10,001,431

City of Groton, Connecticut

Comparative Schedules of Expenses - Water System  
For the Years Ended June 30, 2019 and 2018

	2019	2018
Direct expenses:		
Source of Water Supply Expenses:		
Operation labor	\$ 202,399	\$ 116,640
Supplies and expenses	67,960	79,019
Rent	10,000	10,000
<b>Total source of water supply expenses</b>	<b>280,359</b>	<b>205,659</b>
Pumping expenses:		
Fuel for power production	11,617	-
Power purchased	576,001	565,481
Operation labor	245,969	214,062
Maintenance - structure and equipment	114,057	130,626
<b>Total pumping expenses</b>	<b>947,644</b>	<b>910,169</b>
Water treatment expenses:		
Chemicals	169,388	164,750
Operation labor	1,117,608	1,082,043
Supplies and expenses	85,201	102,427
<b>Total water treatment expenses</b>	<b>1,372,197</b>	<b>1,349,220</b>
Transmission and distribution expenses:		
Supervision and engineering	92,820	88,615
Storage facilities	19,051	8,723
Operation of lines	-	-
Maintenance:		
Structures and improvements	641,103	557,433
Mains	174,774	170,350
Services	209,765	226,122
Meters	(1,285)	(625)
Hydrants	10,406	13,821
<b>Total transmission and distribution expenses</b>	<b>1,336,217</b>	<b>1,293,874</b>
<b>Total other expenses</b>	<b>\$ 3,936,417</b>	<b>\$ 3,758,922</b>

(Continued)

**City of Groton, Connecticut**

**Comparative Schedules of Expenses - Water System (Continued)  
For the Years Ended June 30, 2019 and 2018**

	2019	2018
Customer account expenses:		
Meter reading	\$ 69,258	\$ 78,713
Customer records and collection	155,279	178,092
Uncollectible accounts	160	2,894
Miscellaneous	233,551	246,825
<b>Total customer account expenses</b>	<b>\$ 458,248</b>	<b>\$ 506,524</b>
Administrative and general expenses:		
Administrative and general salaries	\$ 933,756	\$ 902,293
General office supplies and expenses	135,636	183,862
Outside services employed	140,843	79,197
Insurance	124,656	93,794
Injuries and damages	492,584	347,797
Employee welfare and benefits	1,576,173	1,372,301
Miscellaneous general expenses	330,436	70,786
Rent	40,514	23,556
Maintenance:		
Office furniture and equipment	8,838	7,257
Communication equipment	992	537
Miscellaneous general property	257,960	279,777
<b>Total administrative and general expenses</b>	<b>\$ 4,042,388</b>	<b>\$ 3,361,157</b>

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## **Internal Service Funds**

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

### **Self-Insurance**

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

### **Health Plan**

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



City of Groton, Connecticut

Combining Statement of Net Position - Internal Service Funds  
 June 30, 2019 (With Comparative Totals at June 30, 2018)

	Self-Insurance	Health Plan	2019	2018
<b>Assets</b>				
Cash	\$ 689,102	\$ 2,524,324	\$ 3,213,426	\$ 3,069,810
Accounts/claims receivables	-	424,864	424,864	60,578
Due from other funds	-	94,810	94,810	-
<b>Total current assets</b>	<b>689,102</b>	<b>3,043,998</b>	<b>3,733,100</b>	<b>3,130,388</b>
<b>Liabilities</b>				
Liabilities:				
Due to other funds	-	-	-	11,019
Accounts/claims payable	-	316,000	316,000	367,000
<b>Total liabilities</b>	<b>-</b>	<b>316,000</b>	<b>316,000</b>	<b>378,019</b>
Net position:				
Unrestricted	\$ 689,102	\$ 2,727,998	\$ 3,417,100	\$ 2,752,369

**City of Groton, Connecticut**

**Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds  
For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)**

	Self-Insurance	Health Plan	2019	2018
Operating revenues:				
Premiums	\$ 10,040	\$ 5,318,928	\$ 5,328,968	\$ 5,000,763
Operating expenses:				
Claims paid:				
Public safety	8,063	-	8,063	2,849
Public works	1,608	-	1,608	2,275
General government	-	-	-	5,000
Health plan	-	3,622,084	3,622,084	3,770,189
Administration:				
Health plan	-	1,041,351	1,041,351	916,793
<b>Total operating expenses</b>	<b>9,671</b>	<b>4,663,435</b>	<b>4,673,106</b>	<b>4,697,106</b>
<b>Operating income</b>	<b>369</b>	<b>655,493</b>	<b>655,862</b>	<b>303,657</b>
Nonoperating revenue:				
Interest income	-	8,869	8,869	6,160
<b>Total nonoperating revenue</b>	<b>-</b>	<b>8,869</b>	<b>8,869</b>	<b>6,160</b>
<b>Change in net position</b>	<b>369</b>	<b>664,362</b>	<b>664,731</b>	<b>309,817</b>
Net position, beginning	688,733	2,063,636	2,752,369	2,442,552
Net position, ending	\$ 689,102	\$ 2,727,998	\$ 3,417,100	\$ 2,752,369

**City of Groton, Connecticut**

**Combining Statement of Cash Flows - Internal Service Funds  
For the Year Ended June 30, 2019 (With Comparative Totals for the Year Ended June 30, 2018)**

	Self-Insurance	Health Plan	2019	2018
<b>Cash flows from operating activities:</b>				
Cash received for premiums	\$ 10,040	\$ 5,318,928	\$ <b>5,328,968</b>	\$ 5,000,763
Cash paid to claimants	(9,671)	(4,143,199)	<b>(4,152,870)</b>	(3,907,822)
Cash paid for administration	-	(1,041,351)	<b>(1,041,351)</b>	(916,793)
<b>Net cash provided by operating activities</b>	<b>369</b>	<b>134,378</b>	<b>134,747</b>	<b>176,148</b>
<b>Cash flows provided by investing activities:</b>				
Interest income	-	8,869	<b>8,869</b>	6,160
<b>Net increase in cash and cash equivalents</b>	<b>369</b>	<b>143,247</b>	<b>143,616</b>	<b>182,308</b>
Cash and cash equivalents, beginning	688,733	2,381,077	<b>3,069,810</b>	2,887,502
Cash and cash equivalents, ending	\$ 689,102	\$ 2,524,324	\$ <b>3,213,426</b>	\$ 3,069,810
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 369	\$ 655,493	\$ <b>655,862</b>	\$ 303,657
Adjustment to reconcile operating income to net cash provided by operating activities:				
Change in assets and liabilities:				
(Increase) in accounts receivable	-	(459,096)	<b>(459,096)</b>	(3,528)
Decrease in accrued liabilities	-	(62,019)	<b>(62,019)</b>	(123,981)
<b>Net cash provided by operating activities</b>	<b>369</b>	<b>134,378</b>	\$ <b>134,747</b>	\$ 176,148

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## **Statistical Section – Unaudited**

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

### **CONTENTS**

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

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

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

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

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

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

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

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

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

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

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



City of Groton, Connecticut

Table 1

Net Position by Component  
Last Ten Years  
(Unaudited)

	Fiscal Year Ended									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 17,575,130	\$ 18,940,538	\$ 19,349,984	\$ 21,611,939	\$ 20,466,258	\$ 18,001,407	\$ 20,912,472	\$ 20,566,312	\$ 20,204,792	\$ 18,698,216
Restricted for:										
Endowment - expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds - expendable	-	-	-	-	-	427	246	246	12,398	12,196
Special revenue funds	-	-	-	544,000	543,091	633,791	668,551	677,811	580,192	-
Unrestricted	8,837,628	8,064,740	10,366,270	7,956,547	9,179,006	9,456,594	6,514,415	6,256,564	7,194,347	9,406,900
<b>Total governmental activities</b>	<b>26,472,758</b>	<b>27,065,278</b>	<b>29,776,254</b>	<b>30,172,486</b>	<b>30,248,355</b>	<b>28,152,219</b>	<b>28,155,684</b>	<b>27,560,933</b>	<b>28,051,729</b>	<b>28,177,312</b>
<b>Business-type activities:</b>										
Net investment in capital assets	56,602,644	44,049,096	44,049,096	39,510,537	34,891,780	32,574,605	34,198,112	38,646,385	34,724,535	31,679,508
Restricted for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Energy and efficiency	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,607,018	3,976,564	7,046,997	2,831,156	3,604,247	(2,830,813)	(10,260,873)	(26,243,049)	3,709,903	5,192,868
<b>Total business-type activities</b>	<b>61,209,662</b>	<b>48,025,660</b>	<b>51,096,093</b>	<b>42,341,693</b>	<b>38,496,027</b>	<b>29,743,792</b>	<b>23,937,239</b>	<b>12,403,336</b>	<b>38,434,438</b>	<b>36,872,376</b>
<b>City net position:</b>										
Net investment in capital assets	74,177,774	62,989,634	63,399,080	61,122,476	55,358,038	50,576,012	55,110,584	59,212,697	54,929,327	46,977,724
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Endowment-expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds-expendable	-	-	-	-	-	427	246	246	12,398	12,196
Public works	-	-	-	544,000	543,091	633,791	668,551	677,811	580,192	-
Debt service	-	-	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Energy and efficiency	-	-	-	-	-	-	-	-	-	-
Unrestricted	13,444,646	12,041,304	17,413,267	10,787,703	12,783,253	6,625,781	(3,746,458)	(19,986,485)	10,904,250	17,999,768
<b>Total City net position</b>	<b>\$ 87,682,420</b>	<b>\$ 75,090,938</b>	<b>\$ 80,872,347</b>	<b>\$ 72,514,179</b>	<b>\$ 68,744,382</b>	<b>\$ 57,896,011</b>	<b>\$ 52,092,923</b>	<b>\$ 39,964,269</b>	<b>\$ 66,486,167</b>	<b>\$ 65,049,688</b>

**Changes in Net Position  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 2,147,448	\$ 2,254,789	\$ 2,602,416	\$ 2,564,351	\$ 2,353,876	\$ 2,471,659	\$ 2,070,702	\$ 2,103,355	\$ 1,905,884	\$ 1,883,687
Public safety	8,194,303	7,719,552	8,410,924	7,873,997	8,107,091	7,926,207	7,462,297	7,921,386	8,236,685	8,135,137
Public works	4,092,661	5,654,738	4,945,304	5,319,979	5,744,427	5,363,235	5,730,214	5,084,289	5,869,143	4,948,692
Parks and Recreation	1,218,268	1,145,844	1,254,836	1,183,923	1,323,902	1,357,588	1,330,321	1,148,723	1,230,512	1,087,662
Interest expense	86,959	272,674	83,240	201,986	172,874	219,652	106,801	125,814	137,112	207,406
<b>Total governmental expenses</b>	<b>15,739,639</b>	<b>17,047,597</b>	<b>17,296,720</b>	<b>17,144,236</b>	<b>17,702,170</b>	<b>17,338,341</b>	<b>16,700,335</b>	<b>16,383,567</b>	<b>17,379,336</b>	<b>16,262,584</b>
Business-type activities:										
Electric department	49,359,048	48,517,562	49,793,760	50,892,927	54,018,154	56,354,668	59,384,748	86,423,334	61,548,644	66,672,893
Water department	10,021,150	9,183,824	9,394,789	8,622,052	8,226,487	8,694,227	8,235,438	7,984,553	8,140,017	8,178,970
Sewer department	2,785,203	-	-	-	-	-	-	-	-	-
<b>Total business-type expenses</b>	<b>62,165,401</b>	<b>57,701,386</b>	<b>59,188,549</b>	<b>59,514,979</b>	<b>62,244,641</b>	<b>65,048,895</b>	<b>67,620,186</b>	<b>94,407,887</b>	<b>69,688,661</b>	<b>74,851,863</b>
<b>Total expenses</b>	<b>77,905,040</b>	<b>74,748,983</b>	<b>76,485,269</b>	<b>76,659,215</b>	<b>79,946,811</b>	<b>82,387,236</b>	<b>84,320,521</b>	<b>110,791,454</b>	<b>87,067,997</b>	<b>91,114,447</b>
<b>Program revenues:</b>										
Governmental activities:										
Charges for services:										
General government	1,646,366	1,332,466	1,415,868	1,346,842	1,029,699	1,196,809	313,397	1,179,037	1,009,264	924,262
Public safety	619,377	1,005,689	480,227	426,712	394,490	358,433	328,811	508,484	259,705	384,644
Public works	17,592	81,754	56,639	38,161	45,563	39,364	59,995	60,212	55,799	43,234
Recreation	232,781	208,364	213,081	215,108	171,091	172,502	146,755	130,635	113,709	131,648
Operating grants and contributions	4,572,283	4,846,353	4,182,825	3,447,538	4,278,561	4,639,990	5,131,028	4,273,734	4,388,296	4,860,134
Capital grants and contributions	210,203	612,146	386,950	657,177	2,127,673	1,316,601	759,986	519,122	1,712,368	1,094,709
<b>Total governmental activities</b>	<b>7,298,602</b>	<b>8,086,772</b>	<b>6,735,590</b>	<b>6,131,538</b>	<b>8,047,077</b>	<b>7,723,699</b>	<b>6,739,972</b>	<b>6,671,224</b>	<b>7,539,141</b>	<b>7,438,631</b>
Business-type activities:										
Electric department	56,303,526	56,323,195	55,883,773	56,482,331	61,853,220	63,494,427	64,892,454	60,553,199	63,134,404	66,675,238
Water department	16,660,495	12,254,219	10,696,461	10,256,269	9,743,591	9,858,947	9,603,898	9,708,205	9,893,954	8,233,088
Sewer department	4,314,627	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>77,278,648</b>	<b>68,577,414</b>	<b>66,580,234</b>	<b>66,738,600</b>	<b>71,596,811</b>	<b>73,353,374</b>	<b>74,496,352</b>	<b>70,261,404</b>	<b>73,028,358</b>	<b>74,908,326</b>
<b>Total program revenues</b>	<b>84,577,250</b>	<b>76,664,186</b>	<b>73,315,824</b>	<b>72,870,138</b>	<b>79,643,888</b>	<b>81,077,073</b>	<b>81,236,324</b>	<b>76,932,628</b>	<b>80,567,499</b>	<b>82,346,957</b>
<b>Net (expense)/revenue:</b>										
Governmental activities										
	(8,441,037)	(8,960,825)	(10,561,130)	(11,012,698)	(9,655,093)	(9,614,642)	(9,960,363)	(9,712,343)	(9,840,195)	(8,823,953)
Business-type activities										
	15,113,247	10,876,028	7,391,685	7,223,621	9,352,170	8,304,479	6,876,166	(24,146,483)	3,339,697	56,463
<b>Total net expenses</b>	<b>6,672,210</b>	<b>1,915,203</b>	<b>(3,169,445)</b>	<b>(3,789,077)</b>	<b>(302,923)</b>	<b>(1,310,163)</b>	<b>(3,084,197)</b>	<b>(33,858,826)</b>	<b>(6,500,498)</b>	<b>(8,767,490)</b>

(Continued)

**Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 5,272,795	\$ 6,239,400	\$ 6,428,808	\$ 7,041,746	\$ 6,261,303	\$ 6,143,075	\$ 6,419,394	\$ 5,615,381	\$ 6,144,038	\$ 5,901,139
Grants and contributions not restricted to specific purposes	47,004	109,320	134,700	96,432	249,464	130,053	132,174	19,088	77,264	408,771
Investment income	87,071	39,059	61,249	5,045	31,911	218,553	230,423	383,372	305,794	294,327
Miscellaneous	-	-	-	206,194	170,215	-	53,627	102,082	85,892	322,512
Transfers	2,441,647	4,071,162	3,540,141	3,587,412	3,119,496	3,119,496	3,119,496	3,101,624	3,101,624	3,101,624
<b>Total governmental activities</b>	<b>7,848,517</b>	<b>10,458,941</b>	<b>10,164,898</b>	<b>10,936,829</b>	<b>9,832,389</b>	<b>9,611,177</b>	<b>9,955,114</b>	<b>9,221,547</b>	<b>9,714,612</b>	<b>10,028,373</b>
Business-type activities:										
Investment income	512,402	496,287	281,576	209,457	593,358	621,570	893,174	1,217,005	1,323,989	1,629,491
Transfers	(2,441,647)	(4,071,162)	(3,540,141)	(3,587,412)	(3,119,496)	(3,119,496)	(3,119,496)	(3,101,624)	(3,101,624)	(3,101,624)
<b>Total business-type activities</b>	<b>(1,929,245)</b>	<b>(3,574,875)</b>	<b>(3,258,565)</b>	<b>(3,377,955)</b>	<b>(2,526,138)</b>	<b>(2,497,926)</b>	<b>(2,226,322)</b>	<b>(1,884,619)</b>	<b>(1,777,635)</b>	<b>(1,472,133)</b>
<b>Total general revenues</b>	<b>5,919,272</b>	<b>6,884,066</b>	<b>6,906,333</b>	<b>7,558,874</b>	<b>7,306,251</b>	<b>7,113,251</b>	<b>7,728,792</b>	<b>7,336,928</b>	<b>7,936,977</b>	<b>8,556,240</b>
Change in net position:										
Governmental activities	(592,520)	1,498,116	(396,232)	(75,869)	177,296	(3,465)	(5,249)	(490,796)	(125,583)	1,204,420
Business-type activities	13,184,002	7,301,153	4,133,120	3,845,666	6,826,032	5,806,553	4,649,844	(26,031,102)	1,562,062	(1,415,670)
<b>Change in net position</b>	<b>\$ 12,591,482</b>	<b>\$ 8,799,269</b>	<b>\$ 3,736,888</b>	<b>\$ 3,769,797</b>	<b>\$ 7,003,328</b>	<b>\$ 5,803,088</b>	<b>\$ 4,644,595</b>	<b>\$ (26,521,898)</b>	<b>\$ 1,436,479</b>	<b>\$ (211,250)</b>

**Changes in Fund Balances, Governmental Funds  
Last Ten Years (Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues:</b>										
Property taxes	\$ 5,290,265	\$ 6,228,104	\$ 6,457,027	\$ 7,041,746	\$ 6,240,201	\$ 6,166,362	\$ 6,417,756	\$ 5,628,575	\$ 6,137,303	\$ 5,913,531
Intergovernmental	4,829,490	5,567,819	4,704,475	4,201,147	6,655,698	6,086,644	6,055,232	4,830,557	6,177,928	6,363,614
Charges for services	2,005,992	1,716,213	1,795,524	1,878,175	1,516,247	1,478,824	1,356,688	1,740,471	1,438,477	1,483,788
Income from investments	87,071	39,059	61,249	(24,006)	29,252	215,894	227,439	369,356	291,858	276,820
Contributions	-	-	-	-	-	-	-	-	-	-
Other	510,124	912,060	370,291	392,977	294,811	288,284	125,030	230,674	85,892	322,512
<b>Total revenues</b>	<b>12,722,942</b>	<b>14,463,255</b>	<b>13,388,566</b>	<b>13,490,039</b>	<b>14,736,209</b>	<b>14,236,008</b>	<b>14,182,145</b>	<b>12,799,633</b>	<b>14,131,458</b>	<b>14,360,265</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,523,426	2,075,390	1,966,793	2,144,414	2,141,306	2,090,838	1,676,925	1,813,522	1,706,352	1,605,410
Public safety	7,902,949	7,818,178	7,705,695	7,476,859	7,331,992	7,208,553	7,166,333	7,224,753	7,229,895	7,306,685
Public works	2,854,175	4,722,013	4,234,108	4,839,142	4,924,827	4,666,194	5,264,004	4,450,747	5,163,704	4,256,569
Parks and recreation	1,165,922	1,120,551	1,166,765	1,123,025	1,222,490	1,290,576	1,323,722	1,085,185	1,123,010	1,029,072
Non-departmental and other	84,357	86,644	82,052	73,573	140,021	84,429	62,407	64,922	148,211	148,473
Capital outlay	1,007,630	1,729,379	1,994,492	4,155,972	3,119,487	1,012,139	872,963	606,560	1,432,761	3,092,237
<b>Debt service:</b>										
Bond principal	265,000	5,975,000	475,000	585,000	590,000	793,000	640,000	676,000	905,500	953,585
Bond and note interest	118,706	144,822	160,400	177,294	194,909	196,185	114,103	125,259	152,616	188,286
<b>Total expenditures</b>	<b>14,922,165</b>	<b>23,671,977</b>	<b>17,785,305</b>	<b>20,575,279</b>	<b>19,665,032</b>	<b>17,341,914</b>	<b>17,120,457</b>	<b>16,046,948</b>	<b>17,862,049</b>	<b>18,580,317</b>
<b>Deficiency of revenues over expenditures</b>	<b>(2,199,223)</b>	<b>(9,208,722)</b>	<b>(4,396,739)</b>	<b>(7,085,240)</b>	<b>(4,928,823)</b>	<b>(3,105,906)</b>	<b>(2,938,312)</b>	<b>(3,247,315)</b>	<b>(3,730,591)</b>	<b>(4,220,052)</b>
<b>Other financing sources (uses):</b>										
Bond proceeds	-	5,998,000	-	-	-	-	3,575,000	-	-	1,725,000
Refunding bond proceeds	-	-	-	-	190,000	-	-	-	-	1,614,200
Payment to refunding bond escrow	-	-	-	-	(210,251)	-	-	-	-	(1,713,838)
Bond anticipation note proceeds	-	-	5,500,000	-	-	-	-	-	-	-
Premium on bond sale	-	453,874	49,115	39,573	23,888	-	295,000	-	-	124,602
Transfers in	4,826,463	4,086,162	3,655,141	3,587,412	3,119,496	3,584,029	3,119,496	3,277,456	3,101,624	3,101,624
Transfers out	(1,420,251)	(15,000)	(15,000)	-	-	(464,533)	-	(175,832)	-	-
<b>Net other financing sources (uses)</b>	<b>3,406,212</b>	<b>10,523,036</b>	<b>9,189,256</b>	<b>3,626,985</b>	<b>3,123,133</b>	<b>3,119,496</b>	<b>6,989,496</b>	<b>3,101,624</b>	<b>3,101,624</b>	<b>4,851,588</b>
<b>Net changes in fund balances</b>	<b>\$ 1,206,989</b>	<b>\$ 1,314,314</b>	<b>\$ 4,792,517</b>	<b>\$ (3,458,255)</b>	<b>\$ (1,805,690)</b>	<b>\$ 13,590</b>	<b>\$ 4,051,184</b>	<b>\$ (145,691)</b>	<b>\$ (628,967)</b>	<b>\$ 631,536</b>
<b>Debt service as a Percentage of noncapital expenditures</b>	<b>2.61%</b>	<b>3.92%</b>	<b>4.19%</b>	<b>4.87%</b>	<b>4.98%</b>	<b>6.45%</b>	<b>4.87%</b>	<b>5.47%</b>	<b>6.44%</b>	<b>7.00%</b>

**Fund Balances, Governmental Funds  
Last Ten Years (Modified Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund:										
Nonspendable	\$ 25,926	\$ 11,725	\$ 9,035	\$ 34,814	\$ 33,017	\$ 9,750	\$ 49,908	\$ 17,138	\$ 16,768	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	213,363	201,474	468,052	-	-	-	-	-	-	-
Assigned	800,000	400,000	451,000	400,000	720,172	819,652	703,263	704,798	1,115,054	-
Unassigned	5,634,786	5,060,583	3,951,759	3,463,375	2,718,163	3,324,488	3,899,210	3,484,919	3,070,485	-
Reserved	-	-	-	-	-	-	-	-	-	91,645
Unreserved:										
Designated	-	-	-	-	-	-	-	-	-	973,606
Undesignated	-	-	-	-	-	-	-	-	-	3,874,650
<b>Total unreserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,848,256</b>
<b>Total general fund</b>	<b>6,674,075</b>	<b>5,673,782</b>	<b>4,879,846</b>	<b>3,898,189</b>	<b>3,471,352</b>	<b>4,153,890</b>	<b>4,652,381</b>	<b>4,206,855</b>	<b>4,202,307</b>	<b>4,939,901</b>
All other governmental funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,005,502	893,256	4,719,753	867,024	1,083,303	633,791	6,084,045	737,811	640,192	-
Committed	4,441,325	4,346,875	-	41,869	3,710,682	5,283,346	246	1,505,291	1,596,000	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(23,653)	(702,888)	(467,357)	(310,208)	-
Endowment	-	-	-	-	-	-	-	-	-	60,000
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	497,845
Capital funds	-	-	-	-	-	-	-	-	-	1,247,316
Permanent funds	-	-	-	-	-	-	-	-	-	12,196
<b>Total all other governmental funds</b>	<b>5,423,174</b>	<b>5,216,478</b>	<b>4,696,100</b>	<b>885,240</b>	<b>4,770,332</b>	<b>5,893,484</b>	<b>5,381,403</b>	<b>1,775,745</b>	<b>1,925,984</b>	<b>1,817,357</b>
<b>Total all governmental funds</b>	<b>\$ 12,097,249</b>	<b>\$ 10,890,260</b>	<b>\$ 9,575,946</b>	<b>\$ 4,783,429</b>	<b>\$ 8,241,684</b>	<b>\$ 10,047,374</b>	<b>\$ 10,033,784</b>	<b>\$ 5,982,600</b>	<b>\$ 6,128,291</b>	<b>\$ 6,757,258</b>

**Assessed and Estimated Actual Value of Taxable Property<sup>(1)</sup>  
Last Ten Years  
(Unaudited)**

Year Ended June 30,	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		
2010	2008	1,049,470,816	1,499,244,023	282,742,288	403,917,554	1,332,213,104	1,903,161,577	70.00%	4.14
2011	2009	1,049,648,005	1,499,497,150	264,971,922	378,531,317	1,314,619,927	1,878,028,467	70.00%	4.14
2012	2010	1,016,705,163	1,452,435,947	316,240,195	451,771,707	1,332,945,358	1,904,207,654	70.00%	4.60
2013	2011	1,011,029,157	1,444,327,361	247,047,195	352,952,564	1,258,076,348	1,797,251,925	70.00%	4.60
2014	2012	1,043,066,050	1,490,094,357	254,071,365	362,959,093	1,297,137,415	1,853,053,450	70.00%	4.60
2015	2013	1,043,075,570	1,490,107,957	254,071,365	362,959,093	1,297,146,935	1,853,067,050	70.00%	4.82
2016	2014	968,407,882	1,383,439,831	229,294,291	327,563,273	1,197,702,173	1,711,003,104	70.00%	5.87
2017	2015	957,158,414	1,367,369,163	210,073,895	300,105,564	1,167,232,309	1,667,474,727	70.00%	5.43
2018	2016	956,015,813	1,365,736,876	223,958,541	319,940,773	1,179,974,354	1,685,677,649	70.00%	5.22
2019	2017	957,457,458	1,367,796,369	221,760,368	316,800,526	1,179,217,826	1,684,596,894	70.00%	4.58

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

City of Groton, Connecticut

Table 6

Property Tax Rates - Direct and Overlapping Governments  
Last Ten Years  
(Unaudited)

Year Ended June 30,	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	
2010	2008	3.88	0.26	4.14	17.22	0.73	17.95	22.09
2011	2009	3.88	0.26	4.14	18.12	0.77	18.89	23.03
2012	2010	4.36	0.24	4.60	19.51	0.71	20.22	24.82
2013	2011	4.37	0.21	4.60	19.60	1.09	20.72	25.32
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

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

City of Groton, Connecticut

Table 7

Principal Property Taxpayers  
Current Year and Ten Years Ago

Name	Nature of Business	Current Year			Ten Years Ago		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chas. Pfizer Company, Inc.	Pharmaceuticals	\$ 332,831,141	1	28.22%	\$ 578,707,218	1	42.60%
General Dynamics Corporation	Submarine	277,411,540	2	23.53%	187,461,290	2	13.80%
Fuelcell Energy	Equipment Leasing	19,687,500	3	1.67%	-	N/A	0.00%
Branford Manor, Inc.	Apartments	13,320,110	4	1.13%	10,101,420	4	0.74%
Groton Estates Colonial Manor, Inc.	Apartments	12,496,070	5	1.06%	13,066,670	3	0.96%
Mohawk Northeast	Construction	10,487,990	6	0.89%	-	N/A	0.00%
The North/South Harbor Ltd.	Apartments	7,689,780	8	0.65%	7,990,640	6	0.59%
Ansonia Acquisitions, LLC	Apartments	7,086,540	9	0.60%	5,271,520	8	0.39%
Buckeye Terminals LLC	Oil Terminal	5,685,650	9	0.48%	6,295,970	7	0.46%
Avery Heights LP	Apartments	5,640,150	10	0.48%	3,751,510	10	0.28%
Total		<u>\$ 692,336,471</u>		<u>58.71%</u>	<u>\$ 812,646,238</u>		<u>59.82%</u>

Source: Town of Groton Assessor's Department

The total net assessment of the top ten taxpayers for the City of Groton constitutes 57.19% of the total October 1, 2017 net taxable Grand List for the City of Groton after the BAA deliberations.

City of Groton, Connecticut

Table 8

Property Tax Levies and Collection  
Last Ten Years  
(Unaudited)

Year Ended June 30,	Tax Rate in Mills	Grand List of October 1	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
2010	4.14	2008	\$ 5,634,676	\$ 5,608,587	99.54%	\$ 31,133	\$ 5,608,587	99.54%	46,819	0.83%
2011	4.14	2009	5,719,007	5,658,026	98.93%	423,274	5,658,026	98.93%	76,656	1.34%
2012	4.14	2010	5,597,114	5,443,915	98.76%	79,711	5,523,626	98.69%	73,488	1.33%
2013	4.60	2011	6,453,438	6,296,266	99.10%	90,119	6,376,385	98.81%	77,052	1.23%
2014	4.60	2012	6,185,972	5,905,522	95.47%	235,140	6,140,662	99.27%	45,310	0.73%
2015	4.82	2013	6,223,649	6,160,646	98.99%	37,033	6,197,679	99.58%	71,460	1.15%
2016	5.87	2014	7,015,745	6,958,217	99.18%	49,243	7,007,460	99.88%	73,880	1.05%
2017	5.43	2015	6,364,155	6,330,454	99.47%	37,088	6,367,542	100.05%	95,802	1.51%
2018	5.22	2016	6,295,071	6,153,259	97.75%	77,322	6,230,581	98.98%	64,490	1.02%
2019	4.58	2017	5,300,218	5,204,339	98.19%	48,519	5,252,858	99.11%	47,360	0.89%

Source: Town of Groton Tax Collector's Department.

City of Groton, Connecticut

Table 9

**Ratios of Outstanding Debt Type  
Last Ten Years  
(Unaudited)**

Year Ended June 30,	Governmental Activities			Business-Type Activities				Grand Total	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	General Obligations Bonds			General Obligation Bonds						
	City	Sewer	Total	Electric <sup>(2)</sup>	Water <sup>(2)</sup>	Sewer <sup>(3)</sup>	Total			
2010	\$ 3,501,000	\$ 1,573,500	\$ 5,074,500	\$33,563,885	\$ 6,851,615	\$ -	\$40,415,500	\$45,490,000	26.6%	5,926
2011	3,098,000	1,071,000	4,169,000	31,383,930	5,867,070	-	37,251,000	41,420,000	13.9%	4,138
2012	2,737,000	756,000	3,493,000	29,226,980	5,095,020	-	34,322,000	37,815,000	12.5%	3,733
2013	5,492,000	940,000	6,432,000	42,794,310	6,787,690	-	49,582,000	56,014,000	18.1%	5,391
2014	4,980,000	655,000	5,635,000	39,973,040	6,036,960	-	46,010,000	51,645,000	16.7%	4,971
2015	4,525,000	515,000	5,040,000	37,280,000	5,320,000	-	42,600,000	47,640,000	15.4%	4,586
2016	4,070,000	385,000	4,455,000	34,455,000	4,590,000	-	39,045,000	43,500,000	14.1%	4,187
2017	3,620,000	360,000	3,980,000	31,405,000	4,170,000	-	35,575,000	39,555,000	12.8%	3,807
2018	3,170,000	6,333,000	9,503,000	38,837,000	15,092,360	-	53,929,360	63,432,360	20.5%	6,106
2019	2,905,000	-	2,905,000	35,304,013	29,442,013	6,008,000	70,754,026	73,659,026	23.8%	7,090

Note:

<sup>(1)</sup> Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(2)</sup> Electric and Water general obligation bonds are paid by the rate payers. Only a portion of the rate payers are property owners.

<sup>(3)</sup> Starting in FY 2019, Sewer general obligation bonds are paid by the rate payers. Only a portion of the rate payers are property owners.

**Ratio of Net General Bonded Debt to Assessed Value and  
Net General Bonded Debt Per Capita  
Last Ten Fiscal Years  
(Unaudited)**

Year Ended June 30,	Population	Assessed Value	Bonded Debt	Percentage of Net Long-Term Debt to Assessed Value	Net Long-Term Debt Per Capita
2010 ***	10,010	\$ 1,332,213,104	\$ 5,074,500	0.38%	507
2011 **	10,389	1,314,619,927	4,169,000	0.32%	401
2012 **	10,389	1,332,945,358	3,493,000	0.26%	366
2013 **	10,389	1,258,076,348	6,432,000	0.51%	619
2014 **	10,389	1,297,137,415	5,635,000	0.43%	542
2015 **	10,389	1,297,146,935	5,040,000	0.39%	485
2016 **	10,389	1,197,702,173	4,455,000	0.37%	429
2017 **	10,389	1,167,232,309	3,980,000	0.34%	383
2018 **	10,389	1,179,974,354	9,503,000	0.81%	915
2019 **	10,389	1,179,217,826	2,905,000	0.25%	280

\*\*\* Based on 2000 Bureau of Census figure.

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

**Computation of Direct and Overlapping Bonded Debt  
June 30, 2019  
(Unaudited)**

Jurisdiction	Net Bonded Debt Outstanding	Percentage Application to City	Amount Applicable to City
Direct:			
City of Groton	\$ 2,905,000	100.00%	\$ 2,905,000
Overlapping:			
Town of Groton	<u>62,603,783</u>	31.66%	<u>19,820,358</u>
<b>Total</b>	<u><u>\$ 65,508,783</u></u>		<u><u>\$ 22,725,358</u></u>

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

**Schedule of Statutory Debt Limitation  
For the Year Ended June 30, 2019  
(Unaudited)**

Total tax collections as of June 30, 2018 (including interest and lien fees)	\$	6,270,680
Reimbursement for revenue loss on:		
Tax relief for elderly freeze		-
<b>Total base</b>	<b>\$</b>	<b>6,270,680</b>
	General Purpose	Sewer
Debt limitation:		
2-1/4 times base	\$ 14,109,030	\$ -
3-3/4 times base	-	23,515,050
<b>Total debt limitation</b>	<b>14,109,030</b>	<b>23,515,050</b>
Indebtedness:		
Bonds payable	2,905,000	6,008,000
Authorized, but unissued debt	854,189	10,600
<b>Total Indebtedness</b>	<b>3,759,189</b>	<b>6,018,600</b>
Debt limitation in excess of outstanding and authorized debt	<b>\$ 10,349,841</b>	<b>\$ 17,496,450</b>

Notes: (A) The above total indebtedness amounts to: \$ 9,777,789

(B) In no case shall total indebtedness exceed seven times annual receipts from taxation \$ 43,894,760

(C) A "Schools" column is not provided in the above schedule since an educational system is provided by the Town of Groton.

(D) 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.

**Schedule of Statutory Debt Limitation  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total tax collections, including interest and lien fees	\$ 6,270,680	\$ 6,270,680	\$ 6,407,002	\$ 7,048,262	\$ 6,235,091	\$ 6,187,324	\$ 6,412,585	\$ 5,624,204	\$ 6,117,086	\$ 5,879,707
Reimbursement for revenue loss on:										
Tax relief for elderly freeze	-	-	-	-	-	-	-	-	-	2,902
<b>Total base</b>	<b>\$ 6,270,680</b>	<b>\$ 6,270,680</b>	<b>\$ 6,407,002</b>	<b>\$ 7,048,262</b>	<b>\$ 6,235,091</b>	<b>\$ 6,187,324</b>	<b>\$ 6,412,585</b>	<b>\$ 5,624,204</b>	<b>\$ 6,117,086</b>	<b>\$ 5,882,609</b>
Debt limit:										
General purpose 2 1/4 times base	\$ 14,109,030	\$ 14,109,030	\$ 14,415,755	\$ 15,858,590	\$ 14,028,955	\$ 13,921,479	\$ 14,428,316	\$ 12,654,459	\$ 13,763,444	\$ 13,235,870
Sewer 3 3/4 times base	-	23,515,050	24,026,258	26,430,983	23,381,591	23,202,465	24,047,194	21,090,765	22,939,073	22,059,784
<b>Total Debt Limit</b>	<b>14,109,030</b>	<b>37,624,080</b>	<b>38,442,013</b>	<b>42,289,573</b>	<b>37,410,546</b>	<b>37,123,944</b>	<b>38,475,510</b>	<b>33,745,224</b>	<b>36,702,517</b>	<b>35,295,654</b>
Net debt applicable to limit:										
General purpose:										
Bonds payable	2,905,000	3,170,000	3,620,000	4,070,000	4,525,000	4,980,000	5,492,000	2,737,000	3,098,000	3,501,000
Bond anticipation notes	-	-	-	-	-	-	-	-	-	-
Sewer:										
Bonds payable	-	6,333,000	360,000	385,000	515,000	655,000	936,000	756,000	1,071,000	1,573,500
Bond anticipation notes	-	-	5,500,000	2,750,000	-	-	-	-	-	-
<b>Total net debt applicable to limit</b>	<b>2,905,000</b>	<b>9,503,000</b>	<b>9,480,000</b>	<b>7,205,000</b>	<b>5,040,000</b>	<b>5,635,000</b>	<b>6,428,000</b>	<b>3,493,000</b>	<b>4,169,000</b>	<b>5,074,500</b>
<b>Legal debt limit</b>	<b>\$ 11,204,030</b>	<b>\$ 28,121,080</b>	<b>\$ 28,962,013</b>	<b>\$ 35,084,573</b>	<b>\$ 32,370,546</b>	<b>\$ 31,488,944</b>	<b>\$ 32,047,510</b>	<b>\$ 30,252,224</b>	<b>\$ 32,533,517</b>	<b>\$ 30,221,154</b>
In no case shall total indebtedness exceed seven times annual receipts from taxation	\$ 43,894,760	\$ 43,894,760	\$ 44,849,014	\$ 49,337,834	\$ 43,645,637	\$ 43,311,268	\$ 44,888,095	\$ 39,369,428	\$ 42,819,602	\$ 41,178,263
Total net debt applicable to the limit as a percentage of debt limit	20.59%	25.26%	24.66%	17.04%	13.47%	15.18%	16.71%	10.35%	11.36%	14.38%

Notes: (A) A "Schools" column 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.

**Demographic and Economic Statistics  
Last Ten Calendar Years  
(unaudited)**

Calendar Year	Population <sup>1</sup>	Personal Income (Amounts Expressed in Thousands)	Per Capita Income <sup>2</sup>	Median Age <sup>3</sup>	Education Level in Years of Schooling <sup>4</sup>	Unemployment Rate <sup>1</sup>
2010	*** 10,010	\$ 222,612	\$ 22,239	*** 31.6	N/A	9.10%
2011	** 10,389	309,125	29,755	*** 28.7	N/A	8.40%
2012	** 10,389	309,125	29,755	*** 28.7	N/A	8.20%
2013	** 10,389	309,125	29,755	*** 28.7	N/A	7.70%
2014	** 10,389	309,125	29,755	*** 28.7	N/A	6.20%
2015	** 10,389	309,125	29,755	*** 28.7	N/A	5.20%
2016	** 10,389	309,125	29,755	*** 28.7	N/A	5.30%
2017	** 10,389	309,125	29,755	*** 28.7	N/A	4.00%
2018	** 10,389	309,125	29,755	*** 28.7	N/A	4.10%
2019	** -	10,389	29,755	*** 28.7	N/A	0.00%

\*\*\* Based on 2000 Bureau of Census figure.

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

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

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

(3) Based on 2000 Bureau of Census data.

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

**Principal Employers  
Current Year and Ten Years Ago  
(Unaudited)**

Employer	2019			2009		
	Employees	Rank	Percentage of Total	Employees	Rank	Percentage of Total
General Dynamics, Electric Boat Division	8,164	1	55%	7,800	1	61%
Pfizer's	5,528	2	37%	4,000	2	31%
University of Connecticut	230	3	2%	230	4	2%
Superintendent of Ships	220	4	1%	200	5	2%
City of Groton	207	5	1%	234	3	2%
Groton Board of Education	135	6	1%	135	6	1%
Coast Guard Research & Development	130	7	1%	130	7	1%
Proto-Power	108	8	1%	80	8	1%
Sacred Heart School	38	9	0%	33	10	0%
Project Oceanology	36	10	0%	35	9	0%
<b>Total</b>	<b>14,796</b>		<b>100.0%</b> %	<b>12,877</b>		<b>100%</b>

Source: State Department of Labor

**Full-Time Equivalent Government Employees by Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government:										
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	5	5	5	5	5	5	5	5	5	5
Planning	1	1	1	1	1	1	1	1	1	1
Parks and recreation	5	5	5	5	5	5	5	5	5	5
City clerk	1	1	1	1	1	1	1	1	1	1
Building and zoning	3	3	3	3	3	3	3	3	3	3
Other	5	3	3	3	3	3	3	3	3	3
Police										
Officers	27	27	27	28	29	29	31	32	32	32
Civilians	7	7	7	7	7	9	12	13	13	13
Fire										
Firefighters and officers	17	17	17	17	17	17	17	17	17	17
Public works										
Engineering	1	1	1	1	1	1	2	2	2	2
Highway	19	19	19	18	19	21	20	20	20	20
Water department	39	35	35	34	31	32	34	34	34	34
Sewer department	5	5	5	6	6	6	6	6	6	6
Electric department	71	66	66	71	70	70	95	95	95	95
<b>Total</b>	<b>207</b>	<b>196</b>	<b>196</b>	<b>201</b>	<b>199</b>	<b>204</b>	<b>236</b>	<b>238</b>	<b>238</b>	<b>238</b>

Source: Various City Departments.

**Operating Indicators by Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General government:										
Public safety:										
Physical arrests	498	503	495	588	621	532	496	514	616	732
Parking violations	1,599	1,484	1,568	1,331	889	1,019	785	1,896	2,274	3,488
Traffic violations	1,920	1,558	1,630	1,606	1,341	1,865	1,815	2,234	2,584	3,290
Fire:										
Emergency responses	1,118	1,111	1,061	1,127	1,055	1,085	1,332	1,270	1,058	745
Fires extinguished	40	41	22	23	12	23	51	64	34	44
Public works:										
Highways and streets:										
Street resurfacing (miles)	-	1	2	6	7	9	2	-	-	1
Sidewalk repaired (feet)	619	1,420	1,134	410	175	1,901	1,250	430	580	687
Sanitation:										
Refuse collected (tons/day)	12	11	11	12	12	12	12	12	12	12
Recyclables collected (tons/day)	3	3	3	3	3	3	3	3	3	2
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	2,496	2,448	2,179	2,125	2,092	2,052	2,008	1,952	1,864	1,671
Recreation:										
Summer program	566	587	381	613	426	392	326	282	270	275
Fall program	111	119	120	269	115	116	192	194	90	187
Winter program	481	402	354	215	170	145	126	159	73	205
Business-type activities:										
Water fund:										
New connections	12	6	8	3	5	9	9	10	10	11
Water main breaks	13	14	16	14	16	5	5	5	11	11
Average daily consumption (millions of gallons)	5.000MGD	5.000MGD	5.500MGD	5.700MGD	5.700MGD	5.900MGD	5.900MGD	5.600MGD	5.800MGD	5.600MGD
Peak daily consumption (millions of gallons)	7.648MGD	7.648MGD	9.704MGD	9.100MGD	8.511MGD	8.250MGD	8.250MGD	8.208MGD	9.597MGD	9.173MGD

Source: Various city departments

City of Groton, Connecticut

Table 18

**Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years  
(Unaudited)**

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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	737	737	737	735	734	731	728	726	724	714
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.

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