

OFFICIAL STATEMENT DATED APRIL 13, 2023

NEW ISSUE: Book-Entry-Only

RATINGS: See “Ratings” herein

In the opinion of Bond Counsel, rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with certain representations and covenants relating to the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law, is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of the federal alternative minimum tax under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. (See “Tax Matters” herein.)

TOWN OF GROTON, CONNECTICUT

\$12,000,000

GENERAL OBLIGATION BOND ANTICIPATION NOTES

Dated: April 27, 2023

Due: April 25, 2024

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP¹</u>
4.000 %	2.750 %	3993525S8

The Notes are payable from taxes levied against taxable property in the entire area of the Town. (See “Security and Remedies” herein). The Notes are **NOT** subject to optional redemption prior to maturity as described herein.

The Notes will be issued by means of a book-entry-only transfer system and registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in denominations of \$5,000 or any integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. So long as Cede & Co. is the Noteowner, as nominee of DTC, reference herein to the Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Notes. (See “Book-Entry-Only Transfer System” herein.)

The Certifying Bank, Registrar, Transfer and Paying Agent for the Notes will be U.S. Bank Trust Company, National Association, 185 Asylum Street, 27th Floor, Hartford, Connecticut.

The Notes are offered for delivery when, as and if issued, subject to the final approving opinions of Pullman & Comley, LLC, of Hartford, Connecticut, Bond Counsel to the Town. It is expected that delivery of the Notes will be made in book-entry-only form to DTC in New York, New York on or about April 27, 2023.

This cover page contains certain information for quick reference only. It is not a summary of these issues. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

¹ Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Notes. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

No dealer, broker, salesperson or other person has been authorized by the Town of Groton, Connecticut (the “Town”) to give any information or to make any representations not contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Town.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Notes and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no material change in the affairs of the Town since the date of this Official Statement.

Set forth in Appendix A – “Audited Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Other than matters expressly set forth in Appendix B – “Form of Opinion of Bond Counsel” herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

This Official Statement is in a form “deemed final” by the Town for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix C, to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), a notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Notes.

The Municipal Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement may include “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Without limiting the foregoing, the words “may,” “believe,” “could,” “might,” “possible,” “potential,” “project,” “will,” “should,” “expect,” “intend,” “plan,” “predict,” “anticipate,” “estimate,” “approximate,” “contemplate,” “continue,” “target,” “goal” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements included in this Official Statement are based on information available to the Town up to the date as of which such statements are to be made, or otherwise up to, and including, the date of this document, and the Town assumes no obligation to update any such forward-looking statements to reflect events or circumstances that arise after the date hereof or after the date of any report containing such forward-looking statement, as applicable. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain important factors, including, but not limited to (i) the effect of and from, future municipal, state and federal budgetary matters, including state and federal grants and other forms of financial aid to the Town; (ii) federal tax policy, including the deductibility of state and local taxes for federal tax purposes; (iii) macroeconomic economic and business developments, both for the country as a whole and particularly affecting the Town; (iv) financial services industry developments; (v) litigation or arbitration; (vi) climate and weather related developments, natural disasters and other acts of God; (vii) factors used in estimating future obligations of the Town; (viii) the effects of epidemics and pandemics, including economic effects; (ix) foreign hostilities or wars; (x) foreign hostilities or domestic terrorism; and (xi) other factors contained in this Official Statement.

The Notes were purchased by Jefferies LLC through a competitive bidding process.

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Hartford, Connecticut
(860) 424-4391

MUNICIPAL ADVISOR
MUNISTAT SERVICES, INC.
Madison, Connecticut
(203) 421-2880

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NOTE ISSUE SUMMARY

The information in this Note Issue Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Issuer:	Town of Groton, Connecticut (the “Town”).
Issue:	\$12,000,000 General Obligation Bond Anticipation Notes (the “Notes”).
Dated Date:	April 27, 2023.
Principal Due:	At maturity on April 25, 2024.
Interest Due:	At maturity on April 25, 2024.
Purpose and Authority:	The Notes are being issued to finance school improvement projects undertaken by the Town and authorized pursuant to the General Statutes of Connecticut, as amended, the Charter of the Town of Groton, and a bond ordinance adopted by the Town. See “Authorization and Purpose” herein.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Notes when due.
Credit Rating:	The Notes have been rated “SP-1+” by S&P Global Ratings (“S&P”). The ratings on the Town’s outstanding bonds has recently been affirmed as “AA+” by S&P. Certain outstanding bonds of the Town are also rated “Aa1” by Moody’s Investors Service and “AA+” by Fitch Ratings.
Tax Exemption:	See “Tax Matters”.
Continuing Disclosure Agreement:	See Appendix C to this Official Statement.
Bank Qualification:	The Notes shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank Trust Company, National Association, of Hartford, Connecticut.
Legal Opinion:	Pullman & Comley, LLC, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry-only form will be made on or about April 27, 2023 against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Delia Morrison, Director of Finance, Town of Groton, 45 Fort Hill Road, Groton, Connecticut 06340-4394. Telephone: (860) 441-6690.
Municipal Advisor:	Munistat Services, Inc. 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William N. Lindsay, Managing Director, Telephone: 203-421-2880.

I. SECURITIES OFFERED

INTRODUCTION

This Official Statement, including the cover page and appendices, has been prepared by the Town of Groton, Connecticut (the “Town”) with assistance from its Municipal Advisor, in connection with the sale of \$12,000,000 General Obligation Bond Anticipation Notes (the “Notes”), of the Town.

The Notes are being offered for sale at public bidding. A Notice of Sale dated April 6, 2023 has been furnished to prospective bidders. Reference is made to the Notice of Sale (see Appendix D herein) for the terms and conditions of the bidding on the Notes.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Munistat Services, Inc. (“Munistat”) or the “Municipal Advisor” is engaged as Municipal Advisor to the Town in connection with the issuance of the Notes. The Municipal Advisor’s fee for services rendered with respect to the sale of the Notes is contingent upon the issuance and delivery of the Notes. Munistat, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Set forth in Appendix A “Basic Financial Statements” hereto is a copy of the report of the independent auditors for the Town with respect to the financial statements of the Town included in that appendix. The report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth in its opinion in Appendix B “Form of Opinion of Bond Counsel herein”) and it makes no representation that it has independently verified the same.

The Town considers this Official Statement to be “final” for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

DESCRIPTION OF THE NOTES

The Notes will be dated the date of delivery and will bear interest at the rate or rates per annum shown on the cover page of this Official Statement. The Notes will be payable as to both principal and interest at maturity. The Notes will be issued as fully registered notes in denominations of \$5,000 or any integral multiple thereof. Interest will be calculated on the basis of a 360-day year, consisting of twelve 30-day months. A book-entry-only transfer system will be employed evidencing ownership of the Notes with transfers of ownership on the records of DTC, and its participants pursuant to rules and procedures established by DTC and its participants. See “Book-Entry-Only Transfer System” herein. Principal of and interest on the Notes will be payable by the Town or its agent to DTC as registered owner of the Notes.

The Registrar, Certifying, Transfer and Paying Agent will be U.S. Bank Trust Company, National Association. The legal opinion on the Notes will be rendered by Pullman & Comley, LLC in substantially the form set forth in Appendix B to this Official Statement.

The Notes are **not** subject to redemption prior to maturity.

AUTHORIZATION AND PURPOSE

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the General Statutes of the State of Connecticut subject to statutory debt limitations and the procedural requirements of the Town Charter. Under the Charter, bond and note issues must be authorized by the Town Council and the Representative Town Meeting in the same manner as provided for adopting ordinances. In addition, if any bond or note issue exceeds \$750,000 or would cause the total of all bond or note issues authorized in that fiscal year to exceed \$750,000 the bond or note issue must be approved by referendum vote.

<i>Bond</i>			
<i>Project</i>	<i>Authorization</i>	<i>Town Council / RTM</i>	<i>Referendum Date</i>
Groton 2020 School Facilities Improvement Plan..	\$184,500,000	June 28, 2016 / August 10, 2016 October 23, 2018 / November 14, 2018 March 12, 2019 / March 13, 2019	November 8, 2016 December 11, 2018 May 6, 2019

USE OF PROCEEDS

<i>Project</i>	<i>Prior</i>		
	<i>Authorized</i>	<i>Bonds/Grants/ Premium Applied/ Other Reciepts</i>	<i>The Notes</i>
<i>Amount</i>			
Groton 2020 School Facilities Improvement Plan....	\$184,500,000	\$ 159,224,625 ¹	\$ 12,000,000
<i>Totals.....</i>	<u>\$184,500,000</u>	<u>\$ 159,224,625</u>	<u>\$ 12,000,000</u>

¹ Includes \$80,975,000 in prior bonds issued, \$368,528 in reallocated bond proceeds, \$71,090,836 in State of Connecticut school construction grants, \$6,392,995 in prior bond/note premiums and \$397,266 in interest earnings.

RATINGS

The Notes have been rated “SP-1+” by S&P Global Ratings (“S&P”). S&P recently affirmed its “AA+” long-term rating on the Town’s outstanding bonds. The Town furnished to the rating agency certain information and materials, some of which may not have been included in the Official Statement. The ratings on the Town's outstanding bonds are also “Aa1” by Moody's Investors Service and certain outstanding bonds are also rated “AA+” by Fitch Ratings.

The ratings reflect only the views of such organizations and any explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007; Fitch Ratings, One State Street Plaza, New York, New York 10004; and S&P Global Ratings, 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Town's bonds and notes.

BOOK-ENTRY-ONLY TRANSFER SYSTEM

The Notes will be issued by means of a book-entry transfer system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York.

Unless otherwise noted, the description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Notes, payment of interest and other payments on the Notes to DTC participants or beneficial owners of the Notes, confirmation and transfer of beneficial ownership interest in the Notes and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Notes is based solely on information provided on DTC's website and presumed to be reliable. Accordingly, neither the Town nor the Underwriter make any representation as to the

completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company of New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate of the Notes and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its related subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in the beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Paying Agent, or the Town subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Town or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The Town may decide to discontinue the use of the system of the book-entry-only transfers through DTC (or a successor securities depository). In that event, bond and note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

REPLACEMENT NOTES

The Town will provide for the issuance of fully-registered Note directly to the Beneficial Owners of the Notes or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Notes, and the Town fails to identify another qualified securities depository for the Notes to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes. A Beneficial Owner of the Notes, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Notes.

DTC PRACTICES

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Notes will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

SECURITY AND REMEDIES

The Notes will be general obligations of the Town of Groton, Connecticut and the Town will pledge its full faith and credit to pay the principal of and interest on the Notes when due from taxes levied on taxable property in the entire area of the Town of Groton.

Unless paid from other sources, the Notes are payable from general property tax revenues. The Town has the power under the Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property. The Town may place a lien on the property for the amount of tax relief granted, plus interest, with respect to dwelling houses of qualified elderly persons of low income or qualified disabled persons. Under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation under certain of the statutes upon its power to tax dwelling houses of qualified elderly persons of low income.

Payment of the Notes is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Notes.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Notes, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation debt and a court of competent jurisdiction has power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have power in appropriate proceedings to order a payment of a judgment on such debt from funds lawfully available therefor or, in the absence thereof,

to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Notes would also be subject to the applicable provisions of Federal bankruptcy laws as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion. Section 7-566 of the Connecticut General Statutes, amended in 1993, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district and any other political subdivision of the State having the power to levy taxes and issue bonds or other obligations.

THE TOWN OF GROTON, CONNECTICUT HAS NEVER DEFAULTED ON THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES

TAX MATTERS

Federal Taxes. In the opinion of Bond Counsel, under existing law, (i) interest on the Notes is excluded from gross income for federal income tax purposes, and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the adjusted financial statement income of certain corporations for the purpose of computing the federal alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022.

Bond Counsel's opinion with respect to the Notes will be rendered in reliance upon and assuming the accuracy of and continuing compliance by the Town with its representations and covenants relating to certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The Code and regulations promulgated thereunder establish certain requirements which must be satisfied at and subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes irrespective of the date on which such noncompliance occurs. In the Tax Regulatory Agreement, which will be delivered concurrently with the issuance of the Notes, the Town will covenant to comply with certain provisions of the Code and will make certain representations designed to assure compliance with such requirements of the Code including, but not limited to, investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of the Note proceeds and certain other matters. The opinion of Bond Counsel delivered on the date of issuance of the Notes is conditioned upon compliance by the Town with such requirements.

No other opinion is expressed by Bond Counsel regarding the federal tax consequences of the ownership of, or the receipt or accrual of interest on, the Notes.

Original Issue Premium. The initial public offering prices of certain maturities of the Notes may be more than their stated principal amounts payable at maturity (the "OIP Notes"). In general, an owner who purchases an OIP Note must amortize the original issue premium as provided in the applicable Treasury Regulations, and amortized premium reduces the owner's basis in the OIP Notes for federal income tax purposes. Prospective purchasers of OIP Notes at a premium to its principal amount should consult their tax advisors regarding the amortization of premium and its effect upon basis.

Other Federal Tax Matters. Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, certain insurance companies, recipients of Social Security or Railroad Retirement benefits, certain S corporations, foreign corporations subject to the branch profits tax, taxpayers eligible for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel does not express any opinion regarding such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors regarding collateral federal income tax consequences. Prospective purchasers of the Notes may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxes. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax.

Interest on the Notes is included in gross income for purposes of the Connecticut corporation business tax.

Owners of the Notes should consult their own tax advisors with respect to the determination for state and local income tax purposes of original issue discount or original issue premium accrued upon sale or redemption thereof, and with respect to the state and local tax consequences of owning or disposing of such Notes.

Changes in Federal and State Tax Law. Legislation affecting tax-exempt obligations is regularly considered by the United States Congress. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Investors in the Notes should be aware that future legislative actions may increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be adversely affected and the ability of holders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rates on the Notes are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

General. The opinion of Bond Counsel is rendered as of its date, and Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the date of its opinion. Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date of issuance. Moreover, Bond Counsel's opinion is not a guarantee of a particular result, and is not binding on the Internal Revenue Service or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The discussion above does not purport to deal with all aspects of federal or state or local taxation that may be relevant to a particular owner of the Notes. Prospective owners of the Notes, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of owning and disposing of the Notes.

GLOBAL HEALTH EMERGENCY RISKS

The COVID-19 Outbreak

The outbreak of COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency as a result of the COVID-19 outbreak. The outbreak of the virus has affected travel, commerce and financial markets globally. There can be no assurances that the continuing prevalence of COVID-19 will not materially affect local, state, national, and global activity; increase public health emergency response costs; and materially adversely impact the financial condition of the Town.

Federal Response to COVID-19's Impact on the Economy

On March 11, 2021, President Biden signed into law the \$1.9 trillion American Rescue Plan Act of 2021 (the "Rescue Plan"). The Rescue Plan relief package includes, among other provisions, \$350 billion in state and local government aid. Of the \$350 billion, the State of Connecticut and its local governments are expected to receive approximately \$4.2 billion as a result of this legislation, with \$2.6 billion in State relief and another \$1.6 billion in relief for local governments.

The Rescue Plan relief package also includes approximately \$123 billion to allow for a return to full-time, in-person teaching at elementary and high schools, which funds may be used for numerous purposes, including but not limited to expanding testing, modifying classrooms, improving ventilation, and hiring more custodial staff. The State's K-12 schools are expected to receive approximately \$1.1 billion.

The Rescue Plan relief package includes another \$160 billion dedicated to COVID-19 vaccination development and distribution.

State and Local Efforts to Mitigate the Ongoing Impact of COVID-19

Governor Lamont also declared a state of emergency throughout the State of Connecticut and took steps to mitigate the spread and impact of COVID-19. Public schools began to operate remotely and many businesses, with the exception of those deemed to be essential, were required to operate in a limited capacity, if not required to temporarily close altogether. Connecticut's COVID-19 vaccination plan commenced on December 14, 2020, and today the vaccine is widely available to all individuals aged 5 and over. As of February 28, 2022, the State has lifted nearly all restrictions put in place during the height of the pandemic. The State will continue to evaluate the need for additional restrictions on an on-going basis. For up-to-date information concerning the State's actions in response to COVID-19, see <https://portal.ct.gov/coronavirus>. Neither the Town, nor the parties involved with the issuance of the Notes, has reviewed the information provided by the State on its website and such parties take no responsibility for the accuracy thereof.

The extent to which COVID-19 impacts the State's operations and its financial condition will depend on future developments, which are uncertain and cannot be fully predicted with confidence at this time, including the duration of the outbreak, new information which may emerge concerning the severity of COVID-19 and the actions to contain COVID-19 or treat its impact, among others. There can be no assurances that the outbreak will not further materially adversely affect the financial condition of the State or the Town.

To date, the Town's revenues have not experienced a material negative impact as a result of COVID-19. The Town collected 99.2% of its Fiscal Year 2022 General Fund current tax levy, which compares favorably to 99.3% collections for Fiscal year 2021 and 99.0% collections for Fiscal Year 2020. The Town believes that it has sufficient liquidity to maintain operations without interruption, including making all debt service payments.

As of February 28, 2023, the Town has collected approximately 98.0% of Fiscal Year 2023 General Fund current levy, which compares favorably to 97.6% having been collected at the same point in time in the prior year.

The potential long-term impact of the COVID-19 pandemic on the Town cannot be predicted at this time. The continued efforts to mitigate the spread of the outbreak and any prolonged effects on the national, State and local economy could have a materially adverse effect on the Town's finances.

The Town expected to receive a total of \$8.6 million in federal funding as a result of the American Rescue Plan. To date, the Town has received both its first and second installment in funding from this program. The Town is developing a plan for the use of such funds that will comply with the program eligibility criteria.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. The Town and its departments face cyber threats from time to time, including but not limited to hacking, viruses, malware, phishing, and other attacks on computers and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Town invests in various forms of cybersecurity and operational controls, including comprehensive policies and procedures relating to the security of the Town's government networks. Additionally, the Town purchases cybersecurity insurance coverage, so that a claim can be made to the insurance provider in the event of a cyber-attack. No assurances can be given, however, that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The Town's location in southern Connecticut on the Long Island Sound increases its vulnerability to flooding. In addition to flooding, the Town faces other threats due to climate change, including damaging wind that could become more severe and frequent. The Town cannot predict the timing, extent or severity of climate change and its impact on its operations and finances.

The Town has taken a number of steps to plan and prepare for the effects of climate change. Climate change and coastal resiliency were addressed in the Town's 2016 Plan of Conservation and Development. The Town is currently undertaking a Climate Action plan and received an \$85 thousand grant from the State of Connecticut to fund the plan development. Additionally, the Town has received a second \$85 thousand grant from the Long Island Futures Fund for a study of coastal

resiliency in the Mystic section of town. Finally, the Town hired a full-time Climate Resilience Program Manager in August 2022.

QUALIFICATION FOR FINANCIAL INSTITUTIONS

The Notes shall **NOT** be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for certain interest expense allocable to the Notes.

AVAILABILITY OF CONTINUING DISCLOSURE

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide, to the rating agency ongoing disclosure in the form of annual audited financial statements, adopted budgets and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached hereto as Appendix C to this Official Statement (the “Continuing Disclosure Agreement”), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events with respect to the Notes.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to SEC Rule 15c2-12(b)(5). In the last five years, the Town has not failed to meet any of its undertakings under such agreements.

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II. THE ISSUER



DESCRIPTION OF THE TOWN

The Town of Groton is located in New London County in the southeastern section of Connecticut along 40 miles of coast line on the Thames River, the Long Island Sound and the Mystic River. It is bounded on the north by the Town of Ledyard, on the east by the Town of Stonington across the Mystic River, on the west by the City of New London across the Thames River, and on the south by Long Island Sound. Groton shares with New London one of the finest natural harbors on the eastern seaboard. Groton covers 38.3 square miles.

The region is about equidistant from the more populous urban areas of Hartford and New Haven, Connecticut and Providence, Rhode Island. The area is also located approximately midway between New York and Boston.

Both local and regional efforts have been devoted in past years to economic diversification. Groton's location on Interstate 95 is an important asset, as are the number of tourist-related facilities nearby and within the Town itself such as the USS Nautilus and Submarine Force Museum.

FORM OF GOVERNMENT

Since 1957, Groton has been governed by a Town Council-Town Manager-Representative Town Meeting (RTM) structure. This structure combines a modern professional approach with the traditional Town Meeting form.

The Town Council (a nine-member elected body) is responsible for determining policy and appointing the Town Manager to execute this policy and administer the day-to-day affairs of the Town. The Council holds public hearings on the budget and sets the property tax mill rate. One of the nine members is appointed Mayor by the Council to serve as chairman of the Council's meetings and act as the Town's representative at ceremonial functions. Council members are elected for two-year terms. Each party nominates a full slate and the nine candidates with the greatest number of votes are elected.

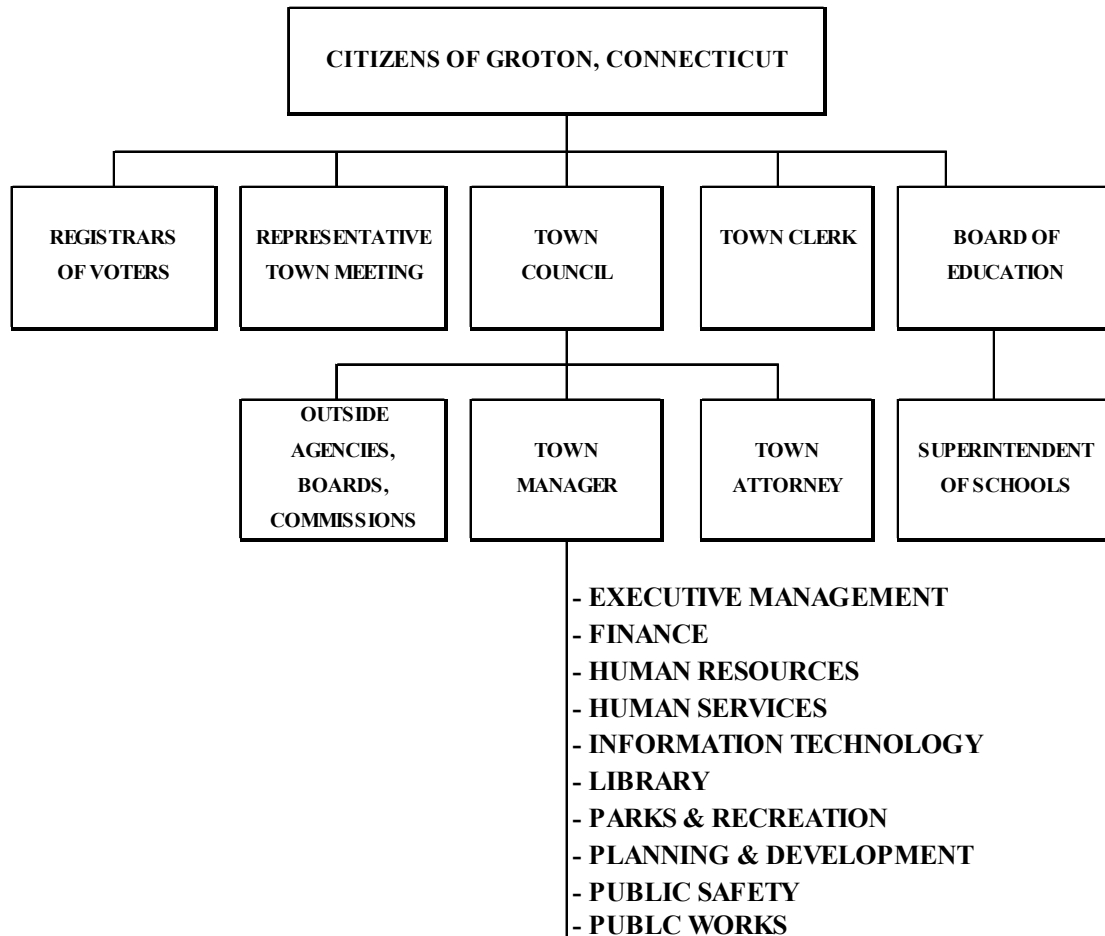
The Town Manager is appointed by and is directly responsible to the Council and serves for no definite term, but at the pleasure of the Council. The Manager has the power to appoint and dismiss his staff, subject to the merit system. The Town Manager is responsible for preparation of the general government budget. He accepts the Board of Education budget and presents a combined proposal for expenditures to the Council. Before approving the budget, the Council must hold public hearings.

Following approval, the Council sends the budget to the RTM (a forty-one-member elected body) for consideration and final approval.

In financial matters, the RTM must approve the budget before the Council sets the tax mill rate. In most other matters, the RTM reviews the actions of the Council and has the power of initiative to institute legislation or force reconsideration of legislation already adopted. RTM members are elected by voting districts for two-year terms.

In addition to the Town Council and the RTM, Groton voters elect a Town Clerk for a four-year term and nine members of the Board of Education for four-year terms, as well as certain other officials.

TABLE OF ORGANIZATION



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MUNICIPAL OFFICIALS

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term Expires</i>	<i>Length of Town Service</i>
Mayor.....	Juan Melendez Jr.....	Appointed	12/2023	1 year
Town Manager.....	John M. Burt.....	Appointed	Indefinite	5 years
Finance Director.....	Delia E. Morrison.....	Appointed	Indefinite	5 years
Treasurer/Accounting Manager	Julie E. Chapman.....	Appointed	Indefinite	2 years
Director of Planning & Development.....	Jonathan J. Reiner.....	Appointed	Indefinite	8 years
Public Works Director	Greg A. Hanover.....	Appointed	Indefinite	34 years
Chief of Police	Louis J. Fusaro, Jr.....	Appointed	Indefinite	7 years
Town Clerk.....	Betsy Moukawsher.....	Elected	11/2025	13 years
Superintendent of Schools	Susan L. Austin.....	Appointed	Indefinite	8 years

Source: Town Officials

RESUMES OF PRINCIPAL MUNICIPAL OFFICIALS

Juan Melendez Jr. was chosen to serve as Mayor by the Groton Town Council in December 2021. Prior to his selection as Mayor, Mr. Melendez served two years on the Town Council, Two years on the Representative Town Meeting, and two years on Groton's Water Pollution Control Authority. He is a member of Groton's Diversity Equity and Inclusion Collaborative, Children First Groton, and the Groton Alliance for Substance Abuse Prevention. Mr. Melendez is currently working on fundraising for the creation of the Melendez Family Foundation, which will support philanthropic causes around the world.

John M. Burt has served as Town Manager since July 2017. Prior to Groton, Mr. Burt spent eleven years as the County Administrator for Otsego County, Michigan. He also served in Berrien County, Michigan for nine years, the last few as its Planning Director. His responsibilities in Groton include serving as its Chief Executive Officer and he is directly responsible to the Council for the administration of all departments led by appointed officials including, Information Technology, the Finance Department, Human Resources, the Groton Public Library, Parks and Recreation, Planning and Development, Police and Public Works. Additionally, the Town Manager is responsible for ensuring that all laws and ordinances governing the Town are faithfully executed. He received a B.S. degree from Central Michigan University in 1994 and a M.A. degree from Western Michigan University in 1996.

Delia E. Morrison was appointed to the position of Director of Finance in February of 2023. Prior to that Ms. Morrison held the position of Deputy Director of Finance and Treasurer/Accounting Manager. She has previous employment experience in municipal accounting and auditing, as well as tax services. Ms. Morrison holds a Bachelor of Science Degree in Business Administration from the University of Rhode Island in addition to receiving a Certificate in Forensic Accounting from Post University.

Julie E. Chapman was appointed to the position of Treasurer/Accounting Manager on March 2, 2021. She has previous employment experience in municipal government and accounting. Ms. Chapman holds a bachelor's degree from Eastern Connecticut State University and a Master of Public Administration (M.P.A.) from the University of New Haven.

Jonathan J. Reiner, AICP, currently serves as the Director of the Office of Planning and Development Services for the Town of Groton. Mr. Reiner has held this position for almost 9 years. Prior to coming to Groton, Mr. Reiner had been working as a municipal planner for over twenty years. Mr. Reiner holds a Bachelors of Arts degree with a double major in Marine Affairs and Political Science from the University of Rhode Island ("URI"). Mr. Reiner also received a Masters of Community Planning and a Masters in Marine Affairs, both from URI.

Greg A. Hanover, P.E. was appointed the Director of Public Works on December 29, 2019. Mr. Hanover began work with the Town in August 1988 as a Civil Engineer and was promoted to Town Engineer in August 1992, a position he held until his recent promotion to Director of Public Works. Mr. Hanover has a Bachelor's Degree in Civil Engineering from the University of Connecticut and is a licensed Professional Engineer in the State of Connecticut.

Chief Louis J. Fusaro, Jr. was appointed as Chief of Police in July of 2015. In this capacity he oversees the administration and operations of approximately 70 sworn officers and 20 civilian staff members while also serving as the town's Emergency Management Director. He is a Vice President for the Connecticut Police Chief's Association as well as an executive board

member of the New England Assn. of Chiefs of Police and the FBI New Haven Joint Terrorism Task Force. He also serves as a member of the Connecticut Racial Profiling Prohibition Project and is on the Board of Directors of Safe Futures, a non-profit organization assisting victims of domestic violence. He has received numerous awards, citations and commendations throughout his career and in 2020 he was recognized by the Police Commissioners Association of Connecticut with the Distinguished Chief Award. Prior to his current position, Chief Fusaro served for over 21 years with the Connecticut State Police, having held a variety of command positions including Director, Office of Counterterrorism/Connecticut Intelligence Center within the Division of Emergency Management and Homeland Security and Commanding Officer of the Connecticut State Police Emergency Services Unit. Chief Fusaro holds a Bachelor of Arts degree from The Citadel, The Military College of South Carolina and a Master's degree from Western New England University. He is a graduate of the 236th Session of the FBI National Academy, the U.S. Army Command and General Staff College, the U. S. Secret Service Dignity Protection Seminar, and the Naval Postgraduate School, Center for Homeland Defense and Security's Executive Leader's Program and Fusion Center Leader's Program. Chief Fusaro recently retired from the military with over 30 years of commissioned service. His last assignment was as a Colonel, Military Police Corps and Commanding Officer of the 169th Regiment (RTI), Connecticut Army National Guard. Prior to his retirement, he was promoted to the rank of Brigadier General (CT) in April 2022.

Betsy Moukawsher is an elected official serving the second year of her fourth four-year term of office as Town Clerk and Registrar of Vital Statistics. She was first elected to office on November 3, 2009, with the term beginning on January 4, 2010. Ms. Moukawsher has employment experience in human resources, government contracts and owning/operating a small business with twenty-two employees. Currently, Ms. Moukawsher has completed all requirements for the CT Municipal Town Clerk Certification and is continuing Advance Education course work for CT Town Clerk and Municipal Leadership.

Susan L. Austin joined the Groton School District in August of 2014 as Assistant Superintendent of Schools. She became Superintendent in January of 2021. Prior to coming to Groton, Ms. Austin served as an Associate Superintendent at Stamford Public Schools. She spent 11 years as a principal at Stepney Elementary School in Monroe, Connecticut and 22 years in the New Canaan Public School District. Ms. Austin received her undergraduate degree in Elementary/Middle School Education (PK-8) with a specialization in mathematics from the University of Connecticut, and has two Master's degrees in Education from Southern Connecticut State University and her 092 and 093 certificate in Educational Leadership.

SUMMARY OF MUNICIPAL SERVICES

Finance Department

The Finance Department has responsibility for the financial management of the Town and its resources. This Department oversees the reconciling of the retirement account, and coordinates municipal advisory and bond counsel services. The analysis of the impact of debt on Town finances as well as budgetary and ACFR responsibilities including maintenance of the Town's capital assets reside within this Department. Additional responsibilities are carried out by several of its divisions including Accounting, Assessment, Purchasing and Revenue Collection.

Accounting Division: The Accounting Division has the responsibility of maintaining the accounting records for the Town, including accounts payable, accounts receivable, and payroll. The Treasurer is also responsible for managing the Cash Management Program.

Assessment Division: The Assessment Division is responsible for the discovery, listing and valuation of all property on the Grand List and for administering the various exemption and rebate programs associated with property taxation. The most recent town-wide revaluation was effective with the October 1, 2021 Grand List. The next revaluation will be conducted for the October 1, 2026 Grand List.

Purchasing Division: The Purchasing Division is responsible for formal bidding, quoting, price analysis and contract awards for all products and services that are required to support Town departments and agencies. This includes the negotiation, execution and administration of all lease agreements for buildings and equipment. Furthermore, the Purchasing Division coordinates all activities related to the annual surplus/obsolete property sale and is responsible for scheduling the delivery and pickup of all U. S. and interdepartmental mail as well as processing outgoing mail. This Division is also responsible for the recording and accounting of capital assets.

Revenue Collection Division: The Revenue Collection Division involves collection of Town taxes, the Groton Sewer District taxes, and the collection of nine fire district/political subdivision taxes. The districts/political subdivisions included in the Tax Collector's jurisdiction are: Center Groton Fire District, City of Groton, Groton Long Point Association, Mumford Cove Association, Mystic Fire District, Noank Fire District, Old Mystic Fire District, Poquonnock Bridge Fire District, and West Pleasant Valley Fire District. Other areas of collection are: 6,038 residential sewer use accounts, and approximately 400 commercial

accounts which are billed monthly based on water consumption; 8 landfill accounts which are billed monthly; maintenance of 22 sewer benefit assessment systems containing deferred assessments and billing of any newly activated deferred assessments; and maintenance of two Center Groton water benefit assessment systems containing deferred assessment accounts and billing of any newly activated deferred assessments.

Human Resources

The Human Resources (HR) Department is responsible for creating, enabling and administering strategy in relation to the Town's employee population. HR manages talent acquisition, workforce training and development, and various employee relations programs. HR partners with stakeholders to ensure that all levels of the Town's employees have the tools and supports needed to be successful contributors, and leaders, in each department.

The HR department is also responsible for the negotiation and administration of collective bargaining agreements with the Town's five unions, as well as handling grievance and arbitration proceedings. Additionally, HR manages the administration of health insurance, retirement plans, and worker's compensation. The Town maintains a proactive loss control and safety program. Other risk management activities include assessing the Town's insurance needs, recommending levels and types of coverage and monitoring claims. HR assures compliance with applicable state and/or federal statutes and regulations that pertain to the employee population.

Human Services

Groton Human Services includes two divisions:

Groton Social Services: Groton Social Services provides non-General Fund-based financial assistance (via donations, grants, trust funds), case management, advocacy, crisis intervention, outreach programs and information/referral services to eligible individuals and families residing in Groton who are in need of temporary assistance with housing, food, energy assistance and other basic necessities. The Town has designated some of its ARPA funds to the department for specific cases which have been determined by Social Services to have direct Covid-related circumstances making them eligible for assistance via ARPA.

Groton Youth and Family Services: Groton Youth and Family Services (GYFS) provides intervention and prevention services for at risk Groton youth. Intervention services include short-term counseling, crisis intervention, initial/preliminary screenings for depression, suicide, physical and sexual abuse and ADD/ADHD and information and referral. Prevention services are collaborative activities including support groups and programs that are school and community-based. GYFS also provides case management services for all Juvenile Review Board (JRB) referrals received from local Groton Police Departments. The department oversees the JRB on behalf of the Town.

Library

The Groton Public Library (GPL), the principal public library in the Town of Groton, offers informational, educational and recreational materials as well as cultural and leisure time activities. It has been located at its present site since 1977; the library facility supports library services for all age groups and provides high speed internet to the public including Wi-Fi access. Computers are available for public users of all ages and the computer lab offers free computer instruction classes. The Library's teen area opened in 2010 providing renovated space for materials, technology and activities for youth in grades 6 – 12. The video production facility supports cable casting and streaming video of public meetings as well as other video services.

The facility presently houses over 140,000 books, DVDs, audiobooks, e-books and other items available for loan. The Library provides access to a variety of online services, local history materials and has a trained staff which provided answers to 21,000 questions last year. Materials from a variety of sources are obtained for local users through statewide interlibrary loan services. Adult, young adult and children's programs, as well as meeting room facilities, open to nonprofit groups help the library maintain its function as a community center.

The citizens of the Town also have use of two public libraries that are operated by private foundations with some public assistance. The Bill Memorial Library is located in the City of Groton, and the Mystic & Noank Library is located in Mystic. The three libraries have cooperative agreements and make library services convenient for all residents.

Office of Planning and Development Services (OPDS)

The Office of Planning and Development Services ("OPDS") is comprised of four divisions: Planning, Inspection Services, Economic and Community Development, and Resiliency and Sustainability. OPDS provides town staff support to land use

commissions, long-term planning, building inspection, zoning, wetland and blight code enforcement, economic and business development, and community development.

The department acts as a liaison with Federal, State and local agencies. It regulates and promotes development activities on behalf of the Town and provides planning and technical staff assistance to town departments, boards or commissions and political subdivisions as needed. The department's mission is to guide development through the sound and orderly use of land, the conservation of energy and resources, to promote the economic well-being of the community, and to ensure the safe occupation of buildings, structures, and uses. The department is also responsible for enhancing the character and quality of the town's neighborhoods and preserving opportunities for healthy and sustainable environments that contribute to a high quality of life for all people who live, work and visit Groton.

Planning: This division is responsible for the comprehensive planning, zoning and environmental protection activities of the Town. It provides professional staff support for all land use commissions and coordinates development reviews. The division inspects developments as they are under construction for compliance with land use and environmental approvals. It conducts long range planning projects including the development of the Capital Improvement Program and the Plan of Conservation and Development. The division conducts special studies and develops grant applications. It provides technical support to commissions, town departments and the public regarding environmental protection, climate change and the impacts of sea level rise.

Inspection Services: The Inspection Services division of OPDS is responsible for the enforcement of building, electrical, plumbing and mechanical codes, along with applicable zoning regulations and State Statutes. This division issues permits, inspects projects at different stages of construction and issues Certificates of Occupancy. This division also receives zoning and building complaints from citizens, conducts investigations and issues necessary cease-and-desist orders. In addition, the division is responsible for enforcement and interpretation of Historic District Regulations, Housing Code for Rental Properties, State Demolition Code, Blight Ordinance, and the Town's Property Maintenance Code. The Staff also processes Building Code of Appeals, Housing Code of Appeals, and Historic District Commission applications.

Economic and Community Development: Groton's Economic and Community Development division is responsible for encouraging the continued economic well-being of the Groton community through the retention of existing businesses, enticement of new businesses, housing, and the promotion of Groton for investment, work, living and exploring. The division also supports activities which have a direct and positive effect on business profitability and competitiveness, including identification of business sustainability opportunities that preserve or create jobs. The four key elements of the town's Economic Development Program include business retention, business outreach, marketing and building a "sense of place". Recent major promotional successes include a stand-alone economic development website, new Groton branding and a promotional video. This division is also responsible for carrying out the Town's Community Development Block Grant ("CDBG") Program including the promoting of affordable housing. Community Development activities include the funding of programs for large scale ADA and energy efficiency renovations in Groton's public and private housing authorities benefiting low and moderate-income elderly residents, first time homeowners, road reconstruction, parks, public buildings (new and improvements), and rehabilitation of private residential properties. To date, the Town has been awarded more than \$12 million in state and federal funds. Other grant opportunities and projects also include the Electric Vehicle Grant, Neighborhood Assistance Act Tax Credit, and Way-finding Sign Programs. The division also leads efforts to redevelop key publicly owned properties by attracting interested and qualified private developers for special opportunities. The redevelopment of such properties allows Groton to expand its grand list with lands that previously did not generate revenue.

Resiliency and Sustainability: This division is responsible for integrating climate change planning and action into Town operations and the community at large. It assesses the Town's vulnerability to climate change impacts and develops adaptation and mitigation priorities to help the Town become more resilient and reduce its greenhouse gas emissions. The division also forges partnerships and deploys climate education, engagement, and outreach strategies to make the Town's climate work more inclusive and equitable. The division administers the Town's enrollment in the Sustainable CT program and seeks grant funding to support climate-focused special projects.

Parks and Recreation

The Parks and Recreation Department consists of four divisions: Recreation, Parks and Forestry, Thrive 55, and the Shennecossett Golf Course.

Recreation Division: The responsibilities of Recreation Services include creating a sense of community through cultural and special events, offering programs that promote a healthy active lifestyle, keeping people connected to nature and offering positive alternatives to our youth. The division works cooperatively with other organizations and groups to reduce duplication of services and be fiscally responsible. Financial assistance is available to make all programs and services affordable.

Parks and Forestry Division: The Parks and Forestry Division duties include protecting and preserving the environmental sustainability of the community. The division currently maintains over 85 sites, which include parks, playgrounds, Town grounds, athletic fields, memorials, waterfronts, docks and beaches, trails, cemeteries and open spaces that are safe, clean and green. Some of the wide variety of tasks provided includes turf management, landscape, tree and shrub care, installation of play structures, carpentry and construction along with logistical work for special events. Parks and Forestry also provides support work for the other recreation divisions, schools and volunteer groups, and works in cooperation with other Town departments. The Town's forestry program is managed by the Town's Tree Warden.

Thrive 55: Services provided through the Thrive 55 includes promoting a healthy active lifestyle through nutrition, health, recreational classes and a fitness center for Groton residents 55 years and older. Additional goals include keeping seniors connected to the community through information and referral services, special events trips, and transportation services. The Center sponsors a club actively engaged in fund raising and community service projects including student scholarships, support for Human Service's programs, children's programs and recreation projects, entertainment groups that perform for other Thrive 55s, schools, and civic groups, a consignment shop and more. Nutritional meals are available through a cafeteria style kitchen for light breakfast and lunch.

Shennecossett Golf Course: Responsibilities include providing a quality golfing experience at an affordable price. The 18-hole public course, which is open year-round, also offers a full-service restaurant open to the public and full pro shop services. The management of the course involves maintaining the grounds and coordinating services with the golf professional and the restaurant staff. Fee structures for the course are reviewed annually as the course is run as a special revenue account. Shennecossett offers opportunities for league and tournament play and provides a solo rider golf cart to make the golf course accessible to physically disabled players.

Public Safety

The Town of Groton Police Department is responsible for the enforcement of laws, protection of property, animal control, marine safety, school crossing guards, criminal justice, emergency telecommunications, emergency management, and the education of young people in the areas of drug and alcohol abuse prevention. The six divisions are: (1) Patrol which acts as a proactive deterrent to crime and provides a quick response to citizen calls for service, including a community-oriented policing program in which all officers participate; (2) Criminal Investigation which includes detectives and investigators who conduct investigations relating to major crimes, narcotics, crimes of violence, crimes against children and the elderly, juvenile matters, other complex/sensitive criminal matters, as well as providing instruction in DARE and related drug education; (3) Training and Special Services/Community Policing which includes selections and training of all department police officers and dispatchers, community outreach, and supervision of community policing officers ("CPOs") and school resource officers ("SROs"); (4) Records which is the repository of all agency reports and records, responds to requests for information from the public and other government agencies, and is responsible for issuing various permits and providing statistical data; (5) Animal Control which covers the entirety of Groton to include Groton City and Groton Long Point; and (6) Emergency Management and Dispatch for Groton and partner agencies.

The Town of Groton Police Department currently employs seventy full-time sworn police officers, two animal control officers, three clerical workers, one civilian manager, one community outreach specialist, eleven full-time dispatchers, four part-time dispatchers, two community policing officers, four supernumeraries, and two crossing guards. Sworn police officers include the chief of police, deputy chief of police, two captains, five lieutenants, eight sergeants, three detectives, three investigators, two school resource officers, one community policing officer, and forty-four patrol officers.

While the Police Department maintains jurisdiction throughout the Town, it does not ordinarily operate in the two political subdivisions. The City of Groton and Groton Long Point Association provide their own police protection, but on occasion may request assistance from town police. However, for fiscal year 2023, the Town of Groton will provide a percentage of funding to the police budgets of both political subdivisions.

Emergency Management/Communications: The Town's Emergency Communications Center serves as the Public Safety Answering Point (PSAP) for the Next-Generation 9-1-1 system for the entire Town of Groton (including political subdivisions) and provides a full range of dispatching services to the Town of North Stonington. The Emergency Communications Center dispatches for eleven fire departments, three ambulance services, L&M Paramedic service, the Groton Town Police and the Groton Long Point Police Department.

Emergency Management plans for the safety of the Town's residents and coordination of emergency services in the event of a natural or technological disaster. During an emergency, the Director of Emergency Management becomes the chief advisor to the Town Manager. The office, in conjunction with State and Federal agencies, provides training to town employees in the areas of planning, disaster management and restoration of services. Groton is within the Emergency Planning Zone for

Millstone Nuclear Power Station and the Emergency Management Office provides direct coordination with Dominion/Millstone as well as Region IV of the Connecticut Division of Emergency Management and Homeland Security. Emergency Management also oversees hazardous materials response activities as required by SARA Title 111, the Federal Community Right to Know Law.

Public Works

The Town of Groton Public Works Department consists of seven operational areas or divisions: Administration, Engineering, Roads and Streets, Solid Waste, Wastewater Treatment, Public Buildings, and Fleet Maintenance.

The Public Works Department does not operate in the two political subdivisions, the City of Groton and the Groton Long Point Association. The Town provides payment to these political subdivisions in lieu of providing this service and the subdivisions operate their own public works departments.

Administration: The Administration Division provides support to all operating divisions of the Public Works Department by providing oversight and direction to staff, setting and enforcing policies, managing human resource matters, staff development and training, budget development and control, and fiscal management to ensure services are being provided effectively and efficiently. Staff is the first to respond to citizen requests for services and to questions and concerns. The Department administers combined operating budgets of nearly \$17.7million that includes the management of other funds, such as the Solid Waste, Sewer Operating, and Fleet.

Engineering: The Engineering Division contributes to citizen safety and quality of life by providing properly designed, constructed and inspected public facilities and right-of-way infrastructure. The Division supports other Town departments when undertaking capital improvement projects and site plan reviews and manages both in-house design projects and professional services provided through consultants. The Division is responsible for surveys, studies, designs, cost estimates, inspections and contract administration duties for the construction of streets, sidewalks, bridges, culverts, sanitary and storm sewers, buildings, and parks.

Other primary duties of the division are:

- Develop, award and administer public works construction and professional services contracts
- Assist in assuring compliance with department and Town standards for Site and Subdivision development
- Monitor easements and land acquisition for public use
- Prepare technical reports on public infrastructure

Roads and Streets: Roads and Streets Division is dedicated to enhancing the citizen's quality of life by maintaining, repairing and replacing streets and other related infrastructure. The Division is responsible for the installation, maintenance, repair and revitalization of streets, bridges, drainage systems, retaining walls, guardrails, tree trimming/removal and mowing within the right-of-way, traffic signs and markings, traffic signals, graffiti removal, street sweeping and snow removal from streets within the Town's jurisdiction.

The Division is responsible for:

- 190 lane miles of roadway;
- Installation, repair and preventative maintenance of traffic signals (4), street name signs (1,500) and regulatory signs (3,400)
- Maintaining pavement, signs and curb markings for Town facility parking lots
- Maintaining the right of way, including asphalt pavement, asphalt and concrete curbs and sidewalks
- Repairing, maintaining and cleaning storm drainage system consisting of 914 outfalls of which 82 discharge to impaired waters, 81 miles of pipe and 4,000 catch basins to meet the Town's MS4 permitting requirements
- Providing support to other departments for special maintenance requests

The Town owns all of the streetlights in the Eversource area of service. In this service area, the Department is responsible not only for the electricity, but also for the maintenance of the streetlights. In the Groton Utilities service area, the utility owns the streetlights and is responsible for the maintenance. As a result, only the electricity for the operation of these lights is funded. The conversion of streetlights from high pressure sodium ("HPS") to Light-Emitting Diode ("LED") in the Eversource area (1,100 units) was completed in May 2017.

Solid Waste: Solid Waste Division is responsible for the management and disposal of approximately 27,000 tons of municipal solid waste and 530 tons of bulky waste generated within the Town. The staff operates a leaf composting facility, and a residential transfer station. The transfer station site is designed to maintain a smooth traffic flow pattern, increase the sorting area for bulky wastes, and allow better sorting of additional wastes. Brush and yard waste, leaves, appliances and scrap metal are separated in the outdoor materials storage area. Sizes of the storage areas can be adjusted with seasonal fluctuations in quantity of materials dropped off. Additional responsibilities include the maintenance of three closed landfills, transportation of construction and demolition waste generated at the Transfer Station to permitted commercial transfer stations

The Town has entered into a Municipal Solid Waste Management Services Contract, with the Southeastern Connecticut Regional Resource Recovery Authority ("SCRRA") pursuant to which it participates, with eleven other southeastern Connecticut municipalities. Municipal solid waste from residential sources is collected either by political subdivisions or by individual residents contracting directly with a hauler.

Waste Water Treatment: The Wastewater Treatment or Sewer Division operates the water pollution control wastewater collection system and secondary treatment facility with the operations being fully funded through the collection of user fees. The Town's sewer program began in 1958 with the creation of the Town's Sewer Authority. The Town's Sewer District was established in 1962. The District includes the entire area of the Town except for the City of Groton. Staff performs the necessary functions to keep the system and facility continuously operational at maximum efficiency and is responsible for collection, treatment and discharge of effluent. Numerous samples are collected by staff and bacteriological examinations are performed. The 7.5 MGD treatment plant treats about 1.2 billion gallons per year. Employees maintain and repair equipment, instrumentation, facilities, 22 pump stations, 136 miles of sewer lines, 2,500 manholes and over 125 grinder pumps.

Public Buildings: The Public Buildings Division provides ongoing maintenance, repair and custodial services for over forty-five (45) Town-owned buildings and structures, totaling over 225,000 square feet, (excluding the Board of Education Facilities) allowing Town employees, Groton residents, and the general public to have access to clean and safe public buildings. The Division ensures the efficient operation of facilities, provides after hour emergency support, and supports building automation and utility management.

Fleet Maintenance: The Fleet staff makes repairs to over 200 Town owned light vehicles, heavy equipment and construction equipment, including Police vehicles, so that Town staff can operate programs and provide services at a level of optimum effectiveness and efficiency. The division also maintains vehicles from the Board of Education.

Town Clerk

The Town Clerk's Office is often the first place a citizen approaches for information. Office staff respond to thousands of requests for copies of certificates, permits, licenses, public documents, and land records each year. The Office is the official repository of many required legal documents, and acts for the State in the areas of licensing, conveyance tax collection, and elections. Nearly everything done in the Office is mandated by State Statutes or by the Town Charter.

Information Technology

Information Technology ("IT"): Information Technology manages all of the Town's software applications, hardware, Geographic Information System ("GIS"), and the Town's Wide Area Network ("WAN"). This includes firewalls, switches, servers, fiber connections and VoIP phone system. The department is responsible for writing, maintaining, and updating software applications as well as installing, upgrading, and repairing PCs, laptops, printers and peripherals throughout the Town. To ensure compatibility with the existing computer infrastructure, all potential software and hardware purchases are evaluated before they are made. The department coordinates PC application training to Town employees in the Town's computer training room.

Utilities

Electricity: Electric power is provided by Eversource to residents in the easternmost section of the Town. The western portions of the Town are customers of the City of Groton Electric Department, governed by Groton Utilities.

Water: Two utilities provide water to the Town: Groton Utilities and Aquarion Water Company.

Sewers: Wastewater collection and treatment services are provided by both the Town Department of Public Works and the City's Groton Utilities. Each public agency operates its own separate collection and treatment system. Each agency operates a separate wastewater treatment plant.

Telephone: Telephone service is provided by Frontier Communications.

POLITICAL SUBDIVISIONS

The City of Groton: The City of Groton (until 1964, the Borough of Groton) was incorporated in 1903 to provide utilities, sewers, highways, fire and police protection. The City is governed by an elected Mayor, a six-member council, a City Clerk and a City Treasurer. The City Council and Mayor also serve as the Sewer Authority, and appoint the following: Zoning Board of Appeals, Planning and Zoning Commission, Utilities Commission, Conservation Commission, and Beach and Parks Commission. The City Council also appoints a City Attorney, a Director of Finance and heads of the police, fire, health and public works departments.

The Groton Long Point Association: The Groton Long Point Association was incorporated in 1921 to provide road maintenance and fire and police protection. It elects a President, Vice-President, Clerk, and five directors who comprise the eight-member Board of Directors, plus a Treasurer and other boards and commissions. The Board appoints several other public servants including the Police Chief and Fire Marshal.

Mumford Cove Association: The Mumford Cove is a private homeowners association located adjacent to Groton Long Point, bordered by Noank, Connecticut's Haley's Farm nature preserve, Palmer's Cove, and Fisher's Island Sound. The neighborhood was first developed in the late 1960s and includes private tennis courts, a beach, marina, boat launch, picnic grounds and a playground. The Mumford Cove Association contracts with the Noank Fire district for fire protection and taxes residents for the cost of this service. The Town collects the taxes and remits them to the Noank Fire district.

SPECIAL DISTRICTS

The Mystic Fire District: The Mystic Fire District was incorporated by the legislature in 1879 to provide fire protection. This, the first such special district created within the Town of Groton, includes the Village of Mystic situated in two towns – Groton and Stonington. This district has no full-time employees, but does operate a sanitation service on a contract basis and has a clerical assistant to provide services to Stonington residents.

The Noank Fire District: The Noank Fire District was established in 1929 to provide fire protection. Voters elect a Clerk, Treasurer, and members of four governing committees. Other appointed officials are the paid members of the fire department, legal counsel, members of the Zoning Board of Appeals, and the Water Department personnel.

The Poquonnock Bridge Fire District: The Poquonnock Bridge Fire District was established in 1943 and expanded in area in 1962, to provide fire protection. Voters elect a Clerk, Treasurer and a seven-member Executive Committee which then appoints the Fire Chief, Deputy Chief, Fire Marshal, Fire Inspector and twenty full-time firemen. There is no other governmental function of this division.

The Center Groton Fire District: The Center Groton Fire District was organized in 1960. The voters elect a President, Vice-President, Secretary, Treasurer and a five-member Board of Directors. The President and the Board of Directors appoint five fire officials. There are no services provided other than fire protection.

The Old Mystic Fire District: The Old Mystic Fire District was established in 1961 and provides fire protection. The Voters elect a President, Vice-President/Clerk, Treasurer and a twelve-member Board of Directors, six each from Groton and Stonington. The Directors appoint a Tax Collector and two Fire Marshals. Beginning in July, 1991, the Town of Groton began collecting taxes for those residents who reside on the Groton side of the Old Mystic Fire District.

The West Pleasant Valley Fire District: The West Pleasant Valley Fire District was established in 1961, elects a President, Vice President, Secretary, Treasurer and a five-member Board of Directors. There are no appointed committees or employees and fire service is contracted from the City of Groton.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The town has experienced a significant increase in development interest and has proactively advanced key initiatives.

Groton's Economic Development Drivers:

The following are primary economic drivers within Groton.

General Dynamics - Electric Boat: General Dynamics Electric Boat (EB), established in 1899, announced it expects to hire over 10,000 new employees to work at its Groton facility over the next 5-10 years. Current hiring continues to grow year-over-year. Recently, EB stated its 2023 hiring is projected at 3,000+ jobs including trades, operators, engineering/design, and other professional staff. EB stated this trend will continue for at least 10 years. EB has 20+ years of federal contracts. EB invested approximately \$1.5 billion at its facilities in Groton and Quonset Point, Rhode Island. The facility investment and hiring are direct results of Electric Boat securing federal contracts for the construction of eighteen (18) Columbia class attack submarines. The new hiring is also related to turnover from existing position retirements and attrition. Work is nearly complete to fully expand their shipyard to accommodate the construction of the new Columbia class submarine. The overall expansion cost for this facility alone is approximately \$850 million. The expansion includes a 200,000+-square foot facility to house submarine assembly.

Pfizer: Pfizer's largest Research and Development ("R&D") division is located in Groton. Pfizer currently employs over 3,000 employees and over 2,000 contract workers in Groton. This facility and supporting supply-chain companies played an important role in responding to the 2020 COVID pandemic. Almost all of the therapies in the Pfizer pipeline are developed in this world-class research and development laboratories in Groton. Job retention is high at this facility in comparison to other Pfizer locations.

U.S. Navy Base: The base is homeport to 16 attack submarines and full Navy base situated in Groton, Connecticut. The base occupies more than 687 acres (2.78 km²) plus over 530 acres (2.1 km²) of family housing. It also supports more than 70 tenant commands, including Naval Submarine School (NAVSUBSCOL), Naval Submarine Support Facility (NSSF), three Submarine Squadron staffs, and the housing and support facilities for more than 21,000 civilian workers, active-duty service members, and their families.

Downtown Mystic: Downtown Mystic is a major northeastern tourist destination and the village is a significant contributor to the town's grand list. New regulatory changes have been made to simplify business development in Mystic. This has translated to growth including the development of Central Hall, a mixed-use development on West Main Street and The Standard, a mixed-use development on Water Street. Sift Bakery, home of the Food Network's Best Baker in America award, serves as a major anchor in Mystic.

Airport Business Park, Mystic Business Park, and Other Industrial Development: The Groton-New London airport (located in Groton) holds two long runways which accommodate approximately 40,000 flights annually. A number of new industries have recently moved to or expanded near the airport or at other smaller industrial parks. The Airport Business Park (Leonard Drive) is nearing capacity with growth coming from new businesses including Beer'd Brewery, Mystic Cheese, Thayer-Mahan (an undersea technology military company), and SEA CORP (a submarine electronic systems company).

Land Development Projects:

The following are recently completed or significantly completed projects:

Chelsea Groton Bank Expansion: This major bank recently consolidated other offices to bolster this regional location at 904 Poquonnock Road as their headquarters. The project entailed the purchase of adjacent lots for the expansion. The existing building was 100% renovated into a modern facility. Total project cost was approximately \$10 million.

Central Hall: This mixed-use development in downtown Mystic at 8-22 West Main Street has retail on the ground floor and residential on the upper floors. Residential luxury units are still under construction. Total construction value is approximately \$19 million.

Pizzetta Restaurant: This unique restaurant at 5 Water Street in downtown Mystic experienced a remodel and addition. Project is valued at \$250,000.

Bridge Landing: This property at 1154 Poquonnock Road in downtown Groton was converted from a former massage school to five luxury apartments. Project is valued at \$450,000.

Port of Call: This new bar at 15 Water Street in downtown Mystic involved a 100% remodel. Project is valued at \$170,000.

Game Time Sports Bar: Conversion of a former adult entertainment business to a sports bar at 577 Route 12 involved 100% remodeling. Project is valued at \$150,000.

Girard Nissan: Automobile dealership and service business completed a 100% remodel plus addition at 425 Gold Star Highway. Project is valued at \$520,000.

The following are town-owned properties that have progressed in the development pipeline:

517-529 Gold Star Highway: This is a 12-acre parcel of town-owned land. PJ&A, LLC maintains development control of this property through an option agreement. PJ&A is combining this land with two adjacent private lots to create a 17.75 acre land development parcel for approximately 275 residential units. Targeted future tenants are young professionals and “empty-nesters” “Anticipated annual tax benefits will be in the order of \$1 million.

Former Colonel Ledyard School: Bellsite, LLC maintains control of this property through an option agreement for this multi-family residential project involving approximately 65 units. Bellsite has submitted plans to appropriate land use and zoning authorities for final approval. Targeted tenants are Electric Boat employees. Anticipated annual tax benefits will in the order of approximately \$100,000.

Former Seely School: DonMar development company, current property owner, gained zoning approval to construct 308 multi-family apartments at the property. Demolition of the former school is complete. The new “Triton Square” project is anticipated to begin soon. Targeted future tenants are young professionals and “empty-nesters”. Anticipated future property tax revenue is approximately \$1 million annually.

Major Municipal Projects:

School Projects, Groton 2020: To address the findings of an educational needs assessment, the School Facilities Initiatives Task Force, using the Middle School Educational Specification provided by the Board of Education, developed the Groton 2020 Plan. This plan includes construction of one middle school for grades six to eight, located adjacent to the Town’s high school. The plan also includes construction of two new schools to serve as elementary schools. The Groton 2020 Plan addresses important diversity and consolidation issues, responds to declining enrollments, and provides for the delivery of a cost-effective educational program. The construction of the new middle school was completed in September 2020. Construction of the two new elementary schools began in June 2020 and was completed in September 2021 with students attending in September of 2021.

The projected cost estimate for Groton 2020 is approximately \$184.5 million with a portion of this to be a grant from the State. The project was originally approved by the voters at a November 2016 Referendum.

Energy Efficiency and Conservation: The project converting the existing HPS street and parking lot lights to LED technology was completed in September 2017. The Town Council approved \$583,000 to fund the project and the Town contracted with Tanko Lighting, Inc. to complete the conversion. Over 25% of the project costs were paid for by incentives provided by Eversource and Groton Utilities. Completion of this project reduced costs related to both energy and maintenance by approximately 70%.

The Public Works Department has been pursuing installation of a solar farm on the closed Flanders Road Landfill. The Department will be putting out a Request for Proposals for a vendor to install, operate and maintain solar panels on carport canopies at the Police Station. This work is being funded through an Eversource incentive program. The Public Works Department also initiated discussions with Eversource related to supplying natural gas to Town Facilities, initially the Town Hall Annex Complex. These discussions culminated in Eversource extending gas lines to the complex and additionally providing natural gas service to nearby neighborhoods. The Town took advantage of the cost savings by converting two Town facilities (Highway Garage and High School) from oil to natural gas. The Town will continue to look at natural gas boilers as well as carbon free heating options, such as geothermal and variable refrigerant flow systems. Facilities that could be potentially changed over to in the next few years include; the Groton Community Center, the Library and the Police Station.

The Public Works Department is continuing to evaluate other energy efficiency and cost saving measures. These include micro grid potential for Town facilities, smaller solar installations for individual or groups of Town facilities, and other technologies as they become available.

MAJOR INITIATIVES

American Rescue Plan Act (ARPA): The Town of Groton was awarded nearly \$8.6 million in the American Rescue Plan with the funds received in two annual tranches (2021 & 2022). Most of this funding has been allocated or earmarked towards a portfolio of over 70 community investments. There was a robust community outreach campaign used to ultimately develop a “Needs Assessment” document to help guide ARPA funding. Six “Community Recovery Categories” were defined from which funding was allocated. These categories included: Economic Development & Resiliency, Infrastructure & Transportation, Parks & Recreation, Human Services, Arts & Culture, and ARPA Administration & Other. Groton created and filled an ARPA

Coordinator position to ensure the ARPA funding allocations and programs aligned with the U.S. Treasury’s Final Rule guidance. Some projects and programs have received funding while others are in process of finalizing their agreements prior to any funding distribution.

Economic Development Marketing: The Groton economic development marketing website www.exploremoregroton.com continues to be populated with significant economic information. It is used as the primary source of data for local and external investors viewing Groton for opportunities. Promotional materials are also added to this site. Additionally, Groton launched the www.greatergroton.com website to solicit public engagement on several development initiatives such as Mystic, ARPA, housing, small businesses and childcare. Groton staff participates in annual in-person and multi-day events including Innovating Commerce Serving Communities (ICSC) in Boston and New York City to attract investors outside of Connecticut. Groton is also attending the SelectUSA Investment Summit national event in Maryland this May 2023 as a part of a Connecticut team to directly attract domestic and international business interests. <https://www.selectusasummit.us/>

Business Outreach: A primary objective of the Economic Development Commission (“EDC”) is conducting business outreach in support of business retention and expansion. To supplement their ongoing outreach efforts, EDC members have also engaged local community leaders as volunteers to expedite the campaign. Informal survey data is collected and recorded whenever possible to help the EDC gauge the pulse of the business community and identify opportunities to offer support or technical assistance. Quarterly business forums are also being conducted.

Resiliency and Sustainability: The town added a “Resiliency and Sustainability” division to its Office of Planning and Development Services and hired its first Sustainability and Resilience Manager in 2022. This division has been charged with integrating climate change planning and action into town operations and the community at-large. It will be assessing the town’s vulnerability to climate change impacts and developing adaptation and mitigation priorities to help the town become more resilient and reduce its greenhouse gas emissions. The division is also working to forge partnerships and deploy climate education, engagement, and outreach strategies to make the town’s climate work more inclusive and equitable. Having a full-time manager focused on these issues, a position that is fairly unique in Connecticut, brings the capacity needed to make meaningful progress on climate-related initiatives.

Downtown Mystic Resiliency and Sustainability Plan: Given its economic, historical, and cultural importance to the town, Downtown Mystic was selected as the focus of the town’s first resiliency and sustainability plan. Grant funding for plan development was secured through the Long Island Sound Futures Fund and the project kicked off in 2022. Major project components include a vulnerability assessment of climate hazards related to flooding (sea level rise, storm surge, stormwater flooding, etc.) and heat and the development of priority recommendations to help improve the area’s resilience to those hazards. Progress to date has included an initial public meeting, field assessments, and geospatial analyses for the vulnerability assessment. Project completion is anticipated in late 2023.

“Community Challenge Grant” Award: Groton received an \$8.4 million award through the CT “Communities Challenge Grant.” The grant will facilitate construction of approximately 256 housing units, both market-rate and affordable, while making better use of key parcels in the Poquonnock Bridge Village neighborhood. The grant will also fund infrastructure for better pedestrian connectivity. This dollar amount was the highest grant award for this program given its ability to leverage private investment from the grant request. Also, the state priority is to increase housing production especially in areas of employment concentration such as Groton.

MUNICIPAL EMPLOYEES
(Full-time)

<i>Fiscal Year</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
General Government	258	244	253	253	252
Board of Education	873	892	824	835	834
Total	1,131	1,136	1,077	1,088	1,086

Source: Town Officials.

MUNICIPAL EMPLOYEES BY CATEGORY

The following is a breakdown by category of full-time Town employees for fiscal year ending 2022:

<i>Department</i>	<i>Full-time Positions</i>
Information Services	6
Human Resources	4
Library	17
Parks & Recreation	21
Finance	19
Golf Course ¹	7
Human Services	8
Planning and Development	17
Public Safety	90
Public Works	45
Town Clerk	5
Town Manager	2
Water Pollution Control Authority ¹	17
Board of Education	873
<i>Total</i>	<u><u>1,131</u></u>

¹ *These positions are supported from grant programs or special revenue funds of the Town.*

Source: Department of Finance and Board of Education, Town of Groton.

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MUNICIPAL EMPLOYEE BARGAINING UNITS

<i>General Government</i>	<i>Union Representation</i>	<i>Posititons Covered</i>	<i>Current Contract Expiration Date</i>
Clerical/ Professional	Groton Employee Administrative & Technical Specialists Local 3539 Council 4 AFSCME AFL-CIO.....	75	June 30, 2025
Police.....	Groton Police Union Association Local 3428 of Council 4 AFSCME AFL-CIO.....	68	June 30, 2023
Public Works/Maintenance.....	United Steel Workers of America AFL-CIO #9411 Local 818 of Council 4 AFSCME.....	51	June 30, 2022 ¹
Supervisors.....	Local 818 of Council 4 AFSCME, AFL-CIO.....	5	June 30, 2025
Dispatchers.....	Groton Telecommunicators, Local 5378, IAFF.....	13	June 30, 2025
Non-union.....	Non-represented employees.....	46	N/A
<i>Board of Education</i>			
Teachers.....	Groton Educational Association	436	August 31, 2026
Custodians.....	Groton Custodial and Maintenance Association.....	50	June 30, 2025
Para-Professionals.....	Groton Para - Professional Association.....	251	June 30, 2023
Secretaries.....	Groton School Secretaries Association.....	18	June 30, 2025
Administrators.....	Groton School Administrators.....	24	June 30, 2023
Non-union	Non-represented employees.....	94	N/A
<i>Total</i>		<u>1,131</u>	

¹ In negotiation

Source: Department of Finance and Superintendant of Schools, Town of Groton.

The negotiation of collective bargaining agreements is subject to binding arbitration under Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a to 10-153n to provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

EDUCATIONAL SYSTEM

The Town's school system consists of five schools for pupils in grades Pre-K through 5; one school for pupils in grades 6-8, and one high school (Fitch Senior High School) for grades 9-12. Special education services are also provided at Fitch Senior High School. The schools are governed by a nine-member Board of Education.

EDUCATIONAL FACILITIES

<i>School</i>	<i>Grades</i>	<i>Date of Construction</i>	<i>Number of Classrooms</i>	<i>Type of Construction</i>	<i>Enrollment 10/1/2022</i>	<i>Rated Capacity</i> ¹
Charles Barnum.....	Pre K-5	1965, 1970, 1990	21	Masonry	350	420
Claude Chester.....	Pre K-5	1952, 1956, 1965	25	Masonry	353	460
Northeast Academy.....	Pre K-5	2008	22	Masonry	392	400
Mystic River.....	Pre K-5	2022	35	Masonry	523	714
Thames River.....	Pre K-5	2022	34	Masonry	525	694
Groton Middle School...	6-8	2021	84	Masonry	907	1,040
Fitch Senior High	9-12	1953, 1958, 1963, 1967, 1971, 1981, 1989, 2008	92	Masonry	1,033	1,360
Total.....					4,083	5,088

¹ Rated capacity represents 85% of designated class size based upon current programming.

Source: School Business Manager

SCHOOL ENROLLMENTS

<i>School Year</i>	<i><u>Historical</u></i>			
	<i>PreK-5</i>	<i>6-8</i>	<i>9-12</i>	<i>Total</i>
2013-2014	2,617	929	1,123	4,669
2014-2015	2,513	934	1,089	4,536
2015-2016	2,442	950	1,093	4,485
2016-2017	2,390	953	1,089	4,432
2017-2018	2,346	921	1,043	4,310
2018-2019	2,246	972	1,081	4,299
2019-2020	2,232	1,014	1,005	4,251
2020-2021	2,056	970	1,021	4,047
2021-2022	2,128	905	1,058	4,091
2022-2023	2,143	907	1,033	4,083
<i><u>Projected</u></i>				
2023-2024	2,311	890	1,112	4,313
2024-2025	2,339	902	1,228	4,469
2025-2026	2,326	922	1,227	4,475
2026-2027	2,357	925	1,206	4,488
2027-2028	2,380	926	1,202	4,508

Source: Town of Groton Board of Education, Business Manager's Office.

III. ECONOMIC AND DEMOGRAPHIC INFORMATION

POPULATION TRENDS

<i>Year</i>	<i>Town of Groton</i>	<i>% Change</i>	<i>New London</i>		<i>State of</i>	
			<i>County</i>	<i>% Change</i>	<i>Connecticut</i>	<i>% Change</i>
1980	41,062	7.37	238,409	3.36	3,107,576	2.49
1990	45,144	9.94	254,957	6.94	3,287,116	5.78
2000	39,907	(11.60)	259,088	1.62	3,405,565	3.60
2010	40,115	0.52	274,055	5.78	3,574,097	4.95
2020	38,634	(3.69)	266,868	(2.62)	3,570,549	(0.10)
2021	38,686	0.13	269,131	0.85	3,605,330	0.97

Source: U.S. Department of Commerce, Bureau of Census.

AGE DISTRIBUTION OF THE POPULATION

<i>Age</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5 years.....	2,340	6.0	13,084	4.9	182,122	5.1
5 - 9 years.....	1,703	4.4	12,672	4.7	196,540	5.5
10 - 14 years.....	2,170	5.6	17,005	6.3	224,371	6.2
15 - 19 years.....	2,663	6.9	16,922	6.3	245,790	6.8
20 - 24 years.....	4,254	11.0	19,483	7.2	241,370	6.7
25 - 34 years.....	6,684	17.3	35,009	13.0	445,861	12.4
35 - 44 years.....	3,860	10.0	30,677	11.4	439,098	12.2
45 - 54 years.....	4,006	10.4	34,718	12.9	488,283	13.5
55 - 59 years.....	2,269	5.9	21,261	7.9	269,688	7.5
60 - 64 years.....	2,132	5.5	18,942	7.0	252,028	7.0
65 - 74 years.....	3,452	8.9	29,038	10.8	357,409	9.9
75 - 84 years.....	1,882	4.9	14,005	5.2	173,149	4.8
85 years and over.....	1,271	3.3	6,315	2.3	89,621	2.5
Total.....	38,686	100.0	269,131	100.0	3,605,330	100.0
Median Age (Years).....	34.2		41.4		41.0	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-2021

SELECTED WEALTH AND INCOME INDICATORS

	<i>Town of Groton</i>	<i>New London County</i>	<i>State of Connecticut</i>
Per Capita Income, 2010.....	\$30,789	\$33,029	\$36,613
Per Capita Income, 2020.....	\$38,423	\$40,995	\$45,668
Per Capita Income, 2021.....	\$40,786	\$42,312	\$47,869
Median Family Income, 2010.....	\$67,461	\$80,702	\$84,558
Median Family Income, 2020.....	\$80,134	\$94,894	\$102,061
Median Family Income, 2021.....	\$88,932	\$99,305	\$106,441
Percent Below Poverty, 2021.....	6.9%	6.2%	6.8%

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-2021.

INCOME DISTRIBUTION

<i>Income</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Families</i>	<i>Percent</i>	<i>Families</i>	<i>Percent</i>	<i>Families</i>	<i>Percent</i>
Less than \$10,000.....	313	3.2	1,582	2.2	23,811	2.6
\$10,000 to \$14,999.....	157	1.6	1,175	1.7	14,243	1.6
\$15,000 to \$24,999.....	340	3.5	2,473	3.5	36,091	4.0
\$25,000 to \$34,999.....	959	9.9	4,172	5.9	44,586	4.9
\$35,000 to \$49,999.....	1,193	12.3	6,267	8.8	71,397	7.8
\$50,000 to \$74,999.....	1,327	13.7	10,856	15.3	123,873	13.6
\$75,000 to \$99,999.....	1,121	11.6	9,243	13.0	113,529	12.5
\$100,000 to \$149,999.....	1,870	19.3	16,119	22.7	188,052	20.7
\$150,000 to \$199,999.....	1,127	11.6	9,346	13.1	117,255	12.9
\$200,000 or more.....	1,278	13.2	9,840	13.8	177,169	19.5
<i>Total.....</i>	9,685	100.0	71,073	100.0	910,006	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021.

EDUCATIONAL ATTAINMENT

	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Less than 9th grade.....	669	2.6	4,736	2.5	101,461	4.0
9th to 12th grade, no diploma.....	870	3.4	8,487	4.5	123,560	4.9
High School graduate (includes equivalency)...	6,372	24.9	54,331	28.6	656,949	26.1
Some college, no degree.....	5,683	22.2	39,861	21.0	418,214	16.6
Associate degree.....	2,085	8.2	16,907	8.9	194,987	7.8
Bachelor's degree.....	5,435	21.3	35,980	18.9	561,567	22.3
Graduate or professional degree.....	4,442	17.4	29,663	15.6	458,399	18.2
<i>Total.....</i>	25,556	100.0	189,965	100.0	2,515,137	100.0
Total high school graduate or higher (%).....		94.0%		93.0%		91.1%
Total bachelor's degree or higher (%).....		38.6%		34.6%		40.6%

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021.

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MAJOR EMPLOYERS

<i>Name of Employer</i>	<i>Nature of Business</i>	<i>Employees</i>
U.S. Navy Submarine Base.....	Military Base.....	10,750
Electric Boat Corporation.....	Submarine Manufacturer.....	9,169
Pfizer, Inc.....	Pharmaceuticals.....	4,853
Town of Groton.....	Municipality.....	1,131
Air National Guard TASMG.....	Helicopter Repair.....	460
City of Groton	Municipality.....	219
Fairview Retirement Community.....	Senior Living.....	178
PCC Structurals	Manufacturer.....	175
Chelsea Groton Bank.....	Banking/Financial Services.....	132
Mystic Marriott.....	Hotel/Conference Center.....	126
Total.....		27,193

Source: Office of Planning & Development Services, Town of Groton.

EMPLOYMENT BY INDUSTRY

<i>Sector</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Agriculture, forestry, fishing/hunting, & mining....	26	0.2	846	0.6	7,314	0.4
Construction	749	4.4	8,017	6.1	113,665	6.2
Manufacturing	2,729	16.1	18,738	14.2	192,688	10.6
Wholesale trade	127	0.7	2,032	1.5	41,165	2.3
Retail trade	1,402	8.2	13,719	10.4	194,081	10.6
Transportation and warehousing, and utilities	488	2.9	5,060	3.8	80,481	4.4
Information.....	192	1.1	1,682	1.3	36,259	2.0
Finance, insurance, real estate, rental & leasing....	801	4.7	5,995	4.5	164,657	9.0
Professional, scientific, management	1,955	11.5	12,414	9.4	212,866	11.7
Education, health and social services.....	4,376	25.7	33,173	25.2	482,274	26.5
Arts, entertainment, recreation, accommodation ..	2,192	12.9	18,069	13.7	148,835	8.2
Other services (except public administration).....	822	4.8	5,432	4.1	82,217	4.5
Public Administration.....	1,138	6.7	6,626	5.0	66,493	3.6
Total Labor Force, Employed.....	16,997	100.0	131,803	100.0	1,822,995	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021.

EMPLOYMENT DATA

<i>Period</i>	<i>Town of Groton</i>		<i>Percentage Unemployed ¹</i>			
	<i>Labor Force</i>	<i>Unemployed</i>	<i>Town of Groton</i>	<i>New London Labor</i>	<i>State of Connecticut</i>	<i>United States</i>
January 2023.....	17,625	619	3.5 %	4.2 %	4.2 %	3.9 %
<i>Annual Average</i>						
2022	18,002	675	3.7 %	4.2 %	4.2 %	3.6 %
2021	17,227	1,097	6.4	6.9	6.3	5.4
2020	17,686	1,514	8.6	9.8	7.8	8.1
2019	18,758	560	3.0	3.5	3.5	3.7
2018	18,680	618	3.3	3.8	3.9	3.9
2017	18,751	707	3.8	4.3	4.4	4.4
2016	18,328	803	4.4	5.0	4.8	4.9
2015	18,408	991	5.4	6.1	5.6	5.3
2014	18,514	1,125	6.1	7.2	6.6	6.2
2013	18,610	1,466	7.9	8.7	8.0	7.4

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

AGE DISTRIBUTION OF HOUSING

<i>Year Built</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
2020 to later.....	23	0.1	54	0.0	768	0.1
2010 to 2019.....	561	3.1	4,146	3.4	53,427	3.5
2000 to 2009.....	1,894	10.6	11,136	9.1	104,519	6.8
1990 to 1999.....	1,995	11.1	10,774	8.8	118,124	7.7
1980 to 1989	1,980	11.1	15,320	12.5	191,539	12.5
1970 to 1979.....	3,750	21.0	16,251	13.2	206,448	13.5
1960 to 1969.....	2,223	12.4	15,919	13.0	203,726	13.3
1950 to 1959.....	2,140	12.0	14,860	12.1	224,412	14.7
1940 to 1949.....	764	4.3	5,225	4.3	100,445	6.6
1939 or earlier	2,563	14.3	28,979	23.6	323,631	21.2
<i>Total Housing Units.....</i>	17,893	100.0	122,664	100.0	1,527,039	100.0
Percent Owner Occupied.....	51.1		67.3		66.2	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021.

HOUSING INVENTORY

<i>Type</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>	<i>Units</i>	<i>Percent</i>
1-unit, detached.....	8,506	47.5	78,986	64.4	899,368	58.9
1-unit, attached.....	1,615	9.0	5,583	4.6	90,010	5.9
2 units.....	1,343	7.5	9,595	7.8	122,509	8.0
3 or 4 units.....	1,540	8.6	7,855	6.4	127,995	8.4
5 to 9 units.....	1,402	7.8	6,713	5.5	79,520	5.2
10 to 19 units.....	957	5.3	4,016	3.3	54,673	3.6
20 or more units.....	1,973	11.0	6,891	5.6	141,189	9.2
Mobile home.....	556	3.1	2,968	2.4	11,240	0.7
Boat, RV, van, etc.....	1	0.0	57	0.0	535	0.0
Total Inventory.....	17,893	100.0	122,664	100.0	1,527,039	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021

OWNER OCCUPIED HOUSING VALUES

<i>Specified Owner-Occupied Units</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Less than \$50,000.....	564	6.9	2,969	4.0	19,747	2.1
\$50,000 to \$99,999.....	235	2.9	1,907	2.6	25,603	2.8
\$100,000 to \$149,999.....	797	9.7	6,311	8.6	68,932	7.4
\$150,000 to \$199,999.....	1,246	15.2	11,243	15.3	130,158	14.1
\$200,000 to \$299,999.....	2,163	26.4	23,682	32.2	250,981	27.1
\$300,000 to \$499,999.....	2,064	25.2	20,540	27.9	268,183	29.0
\$500,000 to \$999,999.....	947	11.6	5,945	8.1	117,839	12.7
\$1,000,000 or more.....	180	2.2	1,048	1.4	44,060	4.8
Total	8,196	100.0	73,645	100.0	925,503	100.0
Median Sales Price.....	\$250,100		\$257,600		\$286,700	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2017-2021.

NUMBER AND VALUE OF BUILDING PERMITS

<i>Fiscal Year</i>	<i>Town of Groton</i>							
	<i>Residential</i>		<i>Commercial/Industrial</i>		<i>Other</i>		<i>Total</i>	
	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>	<i>No.</i>	<i>Value</i>
Ending 6/30	No.	Value	No.	Value	No.	Value	No.	Value
2023 ¹	7	\$ 2,250,355	2	\$ 8,758,350	308	\$ 7,475,303	318	\$ 18,484,008
2022	11	5,482,720	4	14,635,072	739	14,265,032	754	34,382,824
2021	28	3,465,420	3	2,466,000	708	15,927,335	739	21,858,755
2020	7	5,806,801	5	15,547,000	704	13,692,530	716	35,046,331
2019	8	4,493,801	3	687,000	326	10,470,478	337	15,651,279 ²
2018	14	5,949,801	4	578,400	618	21,246,410	636	27,774,611 ²
2017	12	3,383,287	4	6,935,379	533	12,359,154	549	22,677,820
2016	12	3,570,500	4	988,850	591	26,836,100	607	31,395,450
2015	36	8,383,224	5	885,400	555	10,976,975	596	20,245,599
2014	44	9,203,000	3	902,700	493	9,169,937	540	19,275,637

¹ As of December 31, 2022.

² Includes Groton Utilities Water Treatment Plant upgrade and Town of Groton WPCF upgrade.

Source: Building Department, Town of Groton.

City of Groton								
Fiscal	Residential		Commercial/Industrial		Other		Total	
Year	No.	Value	No.	Value	No.	Value	No.	Value
2023 ¹	133	\$3,008,194	109	\$ 22,769,322	455	\$ 55,935,600	697	\$ 81,713,116
2022	208	4,094,656	64	41,603,682	502	51,095,289	774	96,793,627
2021	211	4,788,590	49	87,532,501	404	102,735,978	664	195,057,069
2020	150	2,379,163	74	165,591,662 ²	328	27,050,594	552	195,021,419
2019	162	2,490,082	61	17,343,458	456	17,847,986	679	37,681,526
2018	234	8,279,393	52	5,725,308	442	8,248,164	728	22,252,865
2017	196	7,530,375	43	4,854,947	342	5,381,861	581	17,767,183
2016	196	2,324,612	72	24,861,234	378	15,873,618	646	43,059,464
2015	175	2,299,058	57	8,097,076	313	7,065,373	545	17,461,507
2014	302	2,640,110	59	4,609,426	431	4,888,624	792	12,138,160

¹ As of December 31, 2022.

² Includes permits for General Dynamics/Electric Boat South Yard Assembly Building project.

Source: Building Office, City of Groton.

Groton Long Point			Combined Values (Town of Groton, City of Groton, Groton Long Point)		
Fiscal Year	Total Residential		Fiscal Year	Total Value	
Ending 6/30	No.	Value	Ending 6/30	No.	Total Value
2023 ¹	41	\$ 2,261,628	2023 ¹	1,056	\$ 102,458,752
2022	133	8,173,869	2022	1,661	139,350,320
2021	109	4,185,898	2021	1,512	221,101,722
2020	97	1,753,971	2020	1,365	231,821,721
2019	41	2,959,866	2019	1,057	56,292,671
2018	115	4,318,337	2018	1,479	54,345,813
2017	74	3,289,516	2017	1,204	43,734,519
2016	98	3,992,241	2016	1,351	78,447,155
2015	76	3,974,527	2015	1,217	41,681,633
2014	86	5,274,088	2014	1,418	36,687,885

¹ As of December 31, 2022.

Source: Town of Groton, City of Groton and Groton Long Point.

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BREAKDOWN OF LAND USE

<i>Developed Land</i>		<i>2016</i>	
<i>Land Use Category</i>		<i>Acreage</i>	<i>%</i>
Residential	5,908	29.0	
Commercial	697	3.4	
Industrial	627	3.1	
Public, and Semi-Public	1,859	9.1	
<i>Total Developed Uses.....</i>	9,091	44.6	
<i>Undeveloped Land</i>		<i>2016 ¹</i>	
<i>Land Use Category</i>		<i>Acreage</i>	<i>%</i>
Recreation and Open Space	8,724	42.8	
Other Uses (agricultural, Water and Vacant)	2,562	12.6	
<i>Total Undeveloped Uses</i>	11,286	55.4	
<i>Total Land Area</i>	20,377	100.0	

¹ Includes Roads/Parking.

Source: Groton Planning Department Land Use Summary.

Note: The Town's 2021 Plan of Conservation and Development is being finalized but has not been approved at this time.

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IV. TAX BASE DATA

ASSESSMENT PRACTICES

The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last revaluation. The Town of Groton had a general property revaluation effective October 1, 2021. The next scheduled property revaluation will be effective October 1, 2026.

Under Section 12-62 of the Connecticut General Statutes, the Town must do a revaluation every five years based on generally accepted mass appraisal methods and a revaluation by physical inspection no later than ten years from the preceding physical inspection. Prior to the completion of each revaluation, the Assessor shall conduct a field review.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automobile price schedule developed by the Connecticut Association of Assessing Officials and as recommended by the State Office of Policy and Management. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand List. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's check and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy percent (70%) of present market value.

The Town of Groton has been designated as a Targeted Investment Community by the State of Connecticut due to its reliance on the defense industry. As a Targeted Investment Community, the Town maintains an Enterprise Zone through which the Town may offer a range of incentives to promote business relocation and expansion projects within the zone. Some of the State and local incentives include: corporate tax credits, property tax abatements, exemption from certain state sales and use taxes, state grants for the creation of new full-time jobs, job training and placement assistance, as well as other local incentives such as deferrals of taxes on business plant and equipment (personal property). These incentives generally provide financial relief or increase the capital/leverage available to businesses, thus reducing the overall cost of business.

On occasion, the Town has offered tax abatement incentives to promote development in areas outside the Enterprise Zone. Tax abatements provided are in accordance with state statutes and must be approved by the Town Council.

PROPERTY TAX COLLECTION PROCEDURES

Property taxes are levied on all taxable property each year. The assessment date or Grand List date is October 1. When the mill rates are set, prior to the beginning of the fiscal year, taxes are calculated on the net assessments. The fiscal year begins July 1 and ends the following June 30. Real estate and personal property tax bills over \$100 for the Town and Groton Sewer District are payable in two installments - July 1 and January 1. Real estate and personal property taxes of less than \$100 are due in full in July. All District and Political Subdivision taxes are due in full in July. Motor Vehicle taxes are due in full, regardless of the amount, on July 1. A margin against delinquencies, legal reductions, and Grand List adjustments, such as Assessor certificates of corrections, is provided by adjusting the Grand List downward when computing anticipated property tax revenue from the current levy. An estimate for delinquent taxes and outstanding interest and lien fees anticipated to be collected during the fiscal year is normally included as a revenue item in the budget. Delinquent taxes are billed twice yearly, with interest charged at the rate of one and one-half percent per month, eighteen percent per annum. In accordance with State law, any monies received by the Tax Collection Office must be applied to the oldest outstanding tax first. Outstanding real estate tax accounts are automatically liened each year prior to June 30 with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills. A Uniform Commercial Code lien is filed with the Secretary of State each year on delinquent Personal Property accounts. Delinquent motor vehicle and personal property accounts are

transferred to a suspense account after three years. The obligation to pay on delinquent accounts does not cease until fifteen years has passed from the date they became due.

MOTOR VEHICLE PROPERTY TAX RATE

Connecticut General Statutes Section 12-71e creates a cap on the local property tax mill rate for motor vehicles. The statute provides that (1) for the assessment year October 1, 2016, the mill rate for motor vehicles shall not exceed 39 mills, (2) for the assessment years commencing October 1, 2017 to October 1, 2020, inclusive, the mill rate for motor vehicles shall not exceed 45 mills, and (3) for the assessment year commencing October 1, 2021, and each subsequent year thereafter, the mill rate for motor vehicles shall not exceed 32.46 mills. No district or borough may set a motor vehicle mill rate that if combined with the motor vehicle mill rate of the town or city in which such district or borough is located would result in a combined motor vehicle mill rate in excess of these mill rate caps. The Town's mill rate for fiscal year ending June 30, 2023 was 21.28 mills.

COMPARATIVE ASSESSED VALUATIONS

(Thousands of Dollars)

Town of Groton								
<i>Grand List as of 1-Oct</i>	<i>Residential Real Property</i>	<i>Commercial & Industrial Property</i>	<i>Land and Other Property</i>	<i>Personal Property</i>	<i>Motor Vehicles Property</i>	<i>Gross Taxable Grand List</i>	<i>Less Exemptions</i>	<i>Net Taxable Grand List</i>
2022	\$ 2,734,890	\$ 1,361,814	\$ 59,451	\$467,618	\$343,587	\$4,967,360	\$ 297,970	\$ 4,669,390
2021 ¹	2,723,806	1,352,916	60,795	457,815	318,875	4,914,207	273,513	4,640,694
2020	2,108,085	1,132,705	53,937	463,196	250,235	4,008,158	268,497	3,739,661
2019	2,100,370	1,127,045	54,327	439,827	232,039	3,953,608	243,725	3,709,883
2018	2,097,533	1,127,359	53,687	462,907	227,833	3,969,319	228,217	3,741,102
2017	2,062,148	1,122,748	57,222	443,938	224,005	3,910,061	230,850	3,679,211
2016 ¹	2,086,240	1,104,522	59,904	445,161	223,490	3,919,317	213,796	3,705,521
2015	2,236,806	1,055,059	71,888	412,077	221,983	3,997,813	208,274	3,789,539
2014	2,227,839	1,057,982	73,948	443,906	223,311	4,026,986	218,335	3,808,651
2013	2,218,334	1,140,644	76,206	446,431	221,200	4,102,815	205,212	3,897,603
2012	2,212,968	1,147,046	78,817	419,881	216,669	4,075,381	218,018	3,857,363

¹ Revaluation.

Source: Town Officials.

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(Thousands of Dollars)

Groton Sewer District

<i>Grand List as of 1-Oct</i>	<i>Residential Real Property</i>	<i>Commercial & Industrial Property</i>	<i>Land and Other Property</i>	<i>Personal Property</i>	<i>Motor Vehicles Property</i>	<i>Gross Taxable Grand List</i>	<i>Less Exemptions</i>	<i>Net Taxable Grand List</i>
2022	\$ 2,278,901	\$ 649,490	\$ 52,620	\$ 155,377	\$ 264,609	\$ 3,400,997	\$ 91,829	\$ 3,309,168
2021 ¹	2,268,072	656,852	53,714	155,959	245,668	3,380,265	83,798	3,296,467
2020	1,759,874	526,735	46,691	160,692	194,194	2,688,186	99,294	2,588,892
2019	1,754,024	524,103	46,733	151,750	180,814	2,657,424	86,031	2,571,393
2018	1,751,385	521,153	46,158	152,518	174,851	2,646,065	84,478	2,561,587
2017	1,746,335	515,929	49,776	135,493	173,576	2,621,109	90,616	2,530,493
2016 ¹	1,741,075	499,457	52,440	115,152	173,638	2,581,762	56,236	2,525,526
2015	1,879,733	457,649	63,076	105,908	177,245	2,683,611	61,305	2,622,306
2014	1,872,014	452,063	65,003	93,744	175,440	2,658,264	47,315	2,610,949
2013	1,864,879	450,227	67,265	90,862	174,067	2,647,300	46,836	2,600,464
2012	1,860,736	454,533	69,952	88,994	170,188	2,644,403	45,117	2,599,286

¹ Revaluation.

Source: Town Officials.

TAX EXEMPT PROPERTY

<i>Public</i>	<i>Assessed Value \$(000)s</i>
United States of America.....	\$ 775,556
State of Connecticut	303,396
Municipal.....	284,446
<i>Sub-Total Public</i>	\$ 1,363,398
 <i>Private</i>	
Scientific, educational, historical, charitable	\$ 25,746
Cemeteries.....	5,631
General Hospital (Pequot Medical Center)	6,694
Churches.....	33,058
Veteran's Organizations.....	568
Volunteer Fire Companies.....	5,263
Hospitals & Sanitariums.....	-
Miscellaneous.....	12,142
<i>Sub-Total Private</i>	89,102
<i>Total Exempt</i>	\$ 1,452,500

Percent Compared to Net Taxable Grand List ¹ 31.11%

¹ Based on 10/1/22 Net Taxable Grand List of \$4,669,389,733 (prior to Board of Assessment Appeals action).

Source: Assessor's Office, Town of Groton.

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Town of Groton							
Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (In Thousands)	Mill Rate	Adjusted Tax Levy	Percent	Uncollected	
					Annual Levy	Annual Levy	
					Collected at	Uncollected at	Annual Levy
					End of Fiscal Year	End of Fiscal Year	Uncollected as of 6/30/22
2021 ¹	2023	\$ 4,640,694	21.28	\$98,147,710	N/A	N/A	N/A
2020	2022	3,739,661	25.98	97,950,426	99.2 %	\$ 760,881	\$ 760,881
2019	2021	3,709,883	25.11	94,538,807	99.3	679,287	187,141
2018	2020	3,741,102	24.17	90,293,505	99.0	201,160	94,565
2017	2019	3,679,211	24.17	90,100,212	99.0	811,766	90,009
2016 ¹	2018	3,705,521	23.63	88,529,605	98.8	1,017,125	75,950
2015	2017	3,789,539	21.73	82,404,142	98.8	972,191	30,515
2014	2016	3,808,651	20.95	79,533,483	98.6	1,125,881	18,820
2013	2015	3,897,603	20.13	78,060,622	98.5	1,160,192	15,392
2012	2014	3,857,363	20.72	80,265,647	98.7	1,066,688	5,867

¹ Revaluation.

Source: Tax Collector and Assessor, Town of Groton.

Groton Sewer District							
Grand List of 10/1	Fiscal Year Ending 6/30	Net Taxable Grand List (In Thousands)	Mill Rate	Adjusted Tax Levy	Percent	Uncollected	
					Annual Levy	Annual Levy	
					Collected at End of Fiscal Year	Uncollected at End of Fiscal Year	Annual Levy Uncollected as of 6/30/22
2021 ¹	2023	\$ 3,296,467	0.37	\$ 1,129,667	N/A	N/A	N/A
2020	2022	2,588,893	0.37	891,994	99.8 %	\$ 1,865	\$ 1,865
2019	2021	2,571,393	0.56	1,352,774	99.7	3,507	482
2018	2020	2,561,587	0.28	671,607	99.6	547	120
2017	2019	2,530,493	0.27	645,335	99.7	1,842	195
2016 ¹	2018	2,525,526	0.27	641,560	99.6	2,387	183
2015	2017	2,622,306	0.25	615,504	99.4	3,681	183
2014	2016	2,610,949	0.25	602,085	99.0	6,296	63
2013	2015	2,600,464	0.25	610,293	99.0	5,863	55
2012	2014	2,599,286	0.25	609,302	99.1	5,661	22

¹ Revaluation.

Source: Tax Collector and Assessor, Town of Groton.

TEN LARGEST TAXPAYERS

Town of Groton			
<i>Name of Taxpayer</i>	<i>Nature of Business</i>	<i>Net Assessed Value</i>	<i>Percent of Net Taxable Grand List ¹</i>
Pfizer Incorporated.....	Pharmaceutical Mfg./R&D....	\$ 347,607,530	7.44%
Electric Boat Corporation	Submarine Mfg./R&D.....	316,163,478	6.77%
Merion Group LP.....	Ledges Apartments.....	44,673,710	0.96%
Groton Development Associates Ltd.	Country Glen Apartments.....	30,768,850	0.66%
ELK LA Triumph.....	La Triumph Apts.....	21,772,100	0.47%
Exit 88 Hotel LLC.....	Mystic Marriott Hotel.....	20,376,650	0.44%
Winterfell Windham Falls.....	Windal Falls Elderly Apts.....	18,845,050	0.40%
SueEllen Kadis LLC ETAL.....	Shopping Center.....	16,544,500	0.35%
CW Groton Square LLC.....	Shopping Center.....	16,529,500	0.35%
Branford Manor Preservation LP.....	Branford Manor Apartments..	<u>16,140,900</u>	<u>0.35%</u>
Total		\$ 849,422,268	18.19%

¹ Based on a 10/1/22 Net Taxable Grand List of \$4,669,389,733 (prior to Board of Assessment Appeals action).

Source: Town of Groton.

Groton Sewer District			
<i>Name of Taxpayer</i>	<i>Nature of Business</i>	<i>Net Assessed Value</i>	<i>Percent of Net Taxable Grand List ¹</i>
Merion Groton LP.....	Ledges Apartments.....	\$ 44,673,710	1.35%
Groton Development Associates Ltd.....	Country Glen Apartments.....	30,768,850	0.93%
ELK LA Triumph.....	La Triumph Apts.....	21,772,100	0.66%
Exit 88 Hotel LLC.....	Mystic Marriot Hotel.....	20,376,650	0.62%
Winterfell Windham Falls.....	Windham Falls Elderly Apts.....	18,845,050	0.57%
SueEllen Kadis LLC & M Suisman GSM LLC..	Shopping Center.....	16,544,500	0.50%
CW Groton Square LLC.....	Shopping Center.....	16,529,500	0.50%
Pleasant Valley Apartments LLC.....	Pleasant Valley Apts.....	14,557,319	0.44%
Long Meadow Landings LLC.....	Long Meadow Apts.....	14,273,020	0.43%
Electric Boat Corp.....	Submarine Manufacturer.....	<u>14,245,070</u>	<u>0.43%</u>
Total		\$ 212,585,769	6.42%

¹ Based on a 10/1/22 Net Taxable Grand List of \$2,588,892,749 - (after Board of Assessment Appeals action).

Source: Town of Groton.

EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2020	\$ 6,930,788,749	17.31%
2019	5,907,920,847	-7.41%
2018	6,380,799,758	10.88%
2017	5,754,589,926	8.35%
2016 ¹	5,310,972,334	8.06%
2015	4,914,736,075	-6.65%
2014	5,265,116,792	-3.13%
2013	5,435,454,547	-0.33%
2012	5,453,605,492	-3.90%
2011 ¹	5,674,978,734	8.73%

¹ *Revaluation.*

Source: State of Connecticut, Office of Policy and Management.

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V. FINANCIAL INFORMATION

FISCAL YEAR

The Town of Groton's fiscal year begins July 1 and ends June 30.

ACCOUNTING POLICIES

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governments and are summarized in Note Number 1 of "Notes to Financial Statements."

BASIS OF ACCOUNTING

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

ANNUAL AUDIT

Pursuant to Connecticut Law, the Town is required to undergo an annual examination by an independent certified public accountant and to submit it to the Office of Policy and Management of the State of Connecticut within six months of the end of its fiscal year. The Town maintains outside independent auditors. The most recent audited report covers the fiscal year ended June 30, 2022.

Included in Appendix A are the Town's Basic Financial Statements, Notes to the Financial Statements and Required Supplemental Information, together with the report of the independent auditor as prepared by Clifton, Larson, Allen, Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Director of Finance of the Town of Groton, Connecticut.

ACHIEVEMENT OF EXCELLENCE IN FINANCIAL REPORTING

Certificate of Achievement for Excellence in Financial Reporting: The Town of Groton has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its annual reports for fiscal years ended June 30, 1994 through June 30, 2021. To be eligible for the award, financial reports must include general purpose financial statements presented in conformity with GAAP, and have been audited in accordance with generally accepted auditing standards. The reports also contain statistical information useful in evaluating the financial condition of a government and conform to certain generally accepted formatting standards established for the Certificate Program.

BUDGETARY PROCEDURE

The Charter requires that each department, office or agency of the Town file a detailed estimate of the expenditures to be incurred by the department or agency and the revenue to be earned thereby in the ensuing fiscal year to the Town Manager on forms prescribed by him on or before January 14.

The Chairman of the Board of Education and the governing bodies of political subdivisions (City of Groton and Groton Long Point) submit a similar report to the Town Manager on or before February 28. The Town Manager must file estimates of expenditures and revenues with the Town Council on or before March 15 which include the requests of the Board of Education and the political subdivisions.

The Town Council holds at least one public hearing regarding appropriations on or before April 6. The Town Council then deliberates on the proposed budget and approves it by setting a tentative mill rate on or before April 28.

The Representative Town Meeting holds an Annual Budget meeting on or before May 3 and takes final action on the budget on or before May 25. The Town Council then sets a final tax rate on or before June 9.

The Charter provides for Supplemental and Emergency appropriation procedures.

On March 15, 2020 and March 21, 2020, Governor Lamont issued emergency Executive Orders No. 7C and 7I which permit adjustment of the budget adoption process in response to Covid-19 public health concerns.

EMPLOYEE PENSION SYSTEMS

All Town employees (nonunion choose an election at hire), except certified members of the Board of Education, participate in the Town of Groton Retirement System (TGRS), an agent multiple-employer defined benefit pension plan. Two other employers, Ledge Light Health District and the Poquonnock Bridge Fire District, also participate in the TGRS, which is administered by the Retirement Board. Certified members of the Board of Education participate in the State Teachers' Retirement plan. Under the TGRS plan, all full-time employees hired are eligible, however retirement ages, vesting and benefit calculations vary between bargaining units. Maximum benefits are 66-2/3% of average annual pay for members of the general government, supervisors and Board of Education (excluding teachers) bargaining units. Maximum benefits are 70% of average annual pay for dispatchers and public works/maintenance units. Maximum benefits are 75% of average annual pay for Firefighters and general government non-bargaining and 80% for Union and Non-Union Police Officers.

Employee contributions vary between bargaining units. Employees other than Police Officers, Firefighters, Telecommunicators, Supervisors, and Clerical, Administrative, and Technical Specialists (GrEATS) are required to contribute 4% of pay, while Non-Union Police Officers contribute 7.5%, Union Police Officers contribute 7.75%, Firefighters contribute 7.0% and GrEATS employees contribute 5% of pay, Telecommunicators contribute 6%, and Supervisors contribute 5%. An actuarial valuation is prepared annually, and as of the most recent actuarial valuation, July 1, 2021, the plan included 719 members. Based on the July 1, 2022 valuation, the Actuarially Determined Contribution for fiscal year 2023-24 will increase to \$5,868,600. See Appendix A, "Notes to the Financial Statements", for additional information regarding the plan.

The Town implemented Government Accounting Standards Board's ("GASB") Statement No. 67 effective fiscal year ending June 30, 2014. In accordance with GASB Statement No. 67, the net position is based on the fair market value as of the end of the fiscal year and the total pension liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net pension liability of the Town of Groton Retirement System as of June 30, 2022 were as follows:

	<i><u>Town & BOE</u></i>	<i><u>Ledge Light</u></i>	<i><u>Fire</u></i>	<i><u>Total</u></i>
Total pension liability.....	\$ 153,698,400	\$ 1,004,370	\$ 16,968,513	\$ 171,671,283
Plan fiduciary net position.....	<u>116,846,723</u>	<u>668,458</u>	<u>12,086,775</u>	<u>129,601,956</u>
Net pension liability.....	<u>\$ 36,851,677</u>	<u>\$ 335,912</u>	<u>\$ 4,881,738</u>	<u>\$ 42,069,327</u>
Plan fiduciary net position as a % of total pension liability.....	76.02%	66.55%	71.23%	75.49%

The following represents the net pension liability of the Town of Groton Retirement System, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<i><u>1% Decrease</u></i>	<i><u>Current</u></i>	<i><u>1% Increase</u></i>
	<i><u>(6.00%)</u></i>	<i><u>Discount Rate</u></i>	<i><u>(7.00%)</u></i>
			<i><u>(8.00%)</u></i>
Town and BOE Net Pension Liability....	\$53,634,970	\$ 36,851,677	\$22,618,157
Ledge Light Net Pension Liability.....	441,764	335,912	244,524
Fire Net Pension Liability.....	6,929,096	4,881,738	3,169,521
Total Net Pension Liability.....	<u>\$61,005,830</u>	<u>\$ 42,069,327</u>	<u>\$26,032,202</u>

The following represents historical information regarding the Town of Groton Retirement System.

Schedule of Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Unfunded AAL (UAAL) (b) - (a)</i>	<i>Funded Ratio (a) / (b)</i>	<i>Covered Payroll (c)</i>	<i>Excess Funded AAL as a % of Covered Payroll [(a-b) / (c)]</i>
7/1/2022	\$140,933,582	\$176,971,765	\$ 36,038,183	79.6%	\$26,870,802	134.1%
7/1/2021	136,606,894	167,339,384	30,732,490	81.6%	25,313,867	121.4%
7/1/2020	127,198,619	157,371,662	30,173,043	80.8%	24,986,333	120.8%
7/1/2019	123,865,791	149,908,029	26,042,238	82.6%	24,956,939	104.3%
7/1/2018	121,501,662	145,312,002	23,810,340	83.6%	24,808,580	96.0%
7/1/2017	117,222,401	136,351,845	19,129,444	86.0%	24,059,722	79.5%

Schedule of Employer Contributions

<i>Fiscal Year</i>	<i>Actuarially Determined Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2024 ¹	\$ 5,868,600	\$ 5,868,600	100.0%
2023 ²	5,139,100	5,139,100	100.0%
2022	4,836,700	4,836,700	100.0%
2021	4,257,300	4,257,300	100.0%
2020	3,977,200	3,996,000	100.5%

¹ Recommended Budget

² Adopted Budget

Another retirement plan available in the Town is the Connecticut State Teachers' Retirement Plan. This is a noncontributory multiple employer PERS. The certified teaching faculty and administrative personnel participate in this employee contributory plan administered by the Connecticut State Teachers' Retirement Board. The Town historically has not been required to contribute to the plan nor does it have any legal obligation for benefit payments.

For further discussion on the plans, see Appendix A, "Notes to Financial Statements".

OTHER POST-EMPLOYMENT BENEFITS

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45 entitled "Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions". Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule requires the Town to implement the provisions of this GASB Statement and recognize the liability on its financial statements in fiscal year ending 2008. Given the magnitude of the liability and the potential to reduce future costs by establishing and beginning to contribute to a fund set aside for Other Post-Employment Benefits ("OPEB"), the Town began making general fund contributions to OPEB in fiscal year ending 2005.

The Town implemented Government Accounting Standards Board's ("GASB") Statement No. 74 effective fiscal year ending June 30, 2017. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. For the June 30, 2022 measurement, the discount rate used was 7.0%, and the long-term healthcare cost trend rate was 5.7% decreasing to 4.10% at 65 years. Under GASB Statement No. 74, the components of the net OPEB liability of the Town as of June 30, 2022 are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability.....	\$62,421,676	\$66,155,356	\$57,670,328	\$61,047,428	\$59,422,195
Plan fiduciary net position.....	<u>27,471,491</u>	<u>28,818,812</u>	<u>22,358,452</u>	<u>20,020,911</u>	<u>18,092,403</u>
Net OPEB liability.....	<u>\$34,950,185</u>	<u>\$37,336,544</u>	<u>\$35,311,876</u>	<u>\$41,026,517</u>	<u>\$41,329,792</u>
Plan fiduciary net position as a % of total pension liability.....	44.01%	43.56%	38.77%	32.80%	30.45%

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Town's Net OPEB Liability.....	\$ 42,789,892	\$ 34,950,185	\$ 28,511,703

The following represents the net OPEB liability of the Town, calculated using the current healthcare trend rate, as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Town's Net OPEB Liability.....	\$ 26,946,832	\$ 34,950,185	\$ 44,888,848

The following represents historical information regarding the other post-employment benefit funding progress. Based on the July 1, 2022 Valuation, the actuaries estimate that the Town's OPEB unfunded accrued liability is approximately \$60.3 million with an Actuarially Determined Contribution of \$4,149,240 for fiscal year 2023-24.

The following represents historical information regarding the Town of Groton OPEB Liability.

Schedule of Funding Progress

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) (b)</i>	<i>Unfunded AAL (UAAL) (b) - (a)</i>	<i>Funded Ratio (a) / (b)</i>	<i>Covered Payroll (c)</i>	<i>Excess Funded AAL as a % of Covered Payroll [(a-b) / (c)]</i>
7/1/2022	\$29,994,901	\$60,364,839	\$ 30,369,938	49.7%	\$65,182,792	46.6%
7/1/2021	27,195,841	58,802,352	31,606,511	46.2%	58,689,878	53.9%
7/1/2020	23,177,843	62,599,452	39,421,609	37.0%	58,689,878	67.2%
7/1/2019	20,357,212	63,296,005	42,938,793	32.2%	49,272,414	87.1%
7/1/2018	18,136,600	58,206,245	40,069,645	31.2%	47,424,000	84.5%

Schedule of Employer Contributions

<i>Fiscal Year</i>	<i>Actuarially Determined Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2023 ¹	\$ 4,175,891	\$ 4,279,630	102.5%
2022	4,422,393	4,638,903	104.9%
2021	4,721,960	4,111,657	87.1%
2020	4,285,764	3,500,000	81.7%
2019	4,279,549	3,560,051	83.2%

¹ Adopted Budget

INVESTMENT POLICIES AND PROCEDURES

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town of Groton's operating and working capital funds are invested under the responsibility and authority of the Town of Groton Treasurer. Currently, the Town's short-term investments consist of: (1) various certificates of deposit with Connecticut banks; and (2) the State of Connecticut Short Term Investment Fund.

The Town's investment policies and investments related to the Town's Retirement Fund are available upon request to the Director of Finance.

PROPERTY TAX REVENUES

<i>Fiscal Year</i>	<i>General Fund</i>	<i>Property Taxes Revenues</i>	
	<i>Revenues & Transfers In</i>	<i>Property Tax Revenues</i>	<i>as a Percentage of General Fund</i>
2024 ¹	\$ 149,398,180	\$ 104,270,581	69.8%
2023 ²	142,623,947	98,393,085	69.0%
2022	150,131,121	98,015,896	65.3%
2021	144,547,717	94,446,881	65.3%
2020	141,350,793	90,191,028	63.8%
2019	135,988,733	90,041,343	66.2%
2018	142,696,228	88,271,591	61.9%
2017	135,668,104	83,180,759	61.3%
2016	127,176,806	80,035,498	62.9%
2015	127,197,265	78,601,542	61.8%

¹ Recommended budget.

² Adopted budget.

Source: Audited financial statements for fiscal years 2015-2022; adopted budget fiscal year 2022-23; recommended budget fiscal year 2023-24.

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INTERGOVERNMENTAL REVENUES

			<i>Aid</i>
	<i>General Fund</i>		<i>As a Percentage</i>
	<i>Revenues &</i>	<i>Federal &</i>	<i>Of General Fund</i>
<i>Fiscal Year</i>	<i>Transfers In</i>	<i>State Aid</i>	<i>Revenue</i>
2024 ¹	\$ 149,398,180	\$ 37,030,970	24.8%
2023 ²	142,623,947	37,309,351	26.2%
2022	150,131,121	48,860,882	32.5%
2021	144,547,717	46,773,764	32.4%
2020	141,350,793	43,411,693	30.7%
2019	135,988,733	41,494,915	30.5%
2018	142,696,228	46,457,597	32.6%
2017	135,668,104	48,964,896	36.1%
2016	127,176,806	43,716,941	34.4%
2015	127,197,265	43,397,238	34.1%

¹ Recommended budget, budgetary basis of accounting. Excludes on-behalf payments to Teachers' Retirement Fund.

² Adopted budget, budgetary basis of accounting. Excludes on-behalf payments to Teachers' Retirement Fund.

Source: Audited financial statements for fiscal years 2015-2022; adopted budget fiscal year 2022-23; recommended budget fiscal year 2023-24.

MUNICIPAL BUDGET EXPENDITURE CAP

Connecticut General Statutes Section 4-661 creates a cap on adopted general budget expenditures for municipalities in Connecticut in order for municipalities to be eligible to receive the full amount of the State's municipal revenue sharing grant. Beginning in fiscal year ending June 30, 2018, and in each fiscal year thereafter, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose adopted general budget expenditures (with certain exceptions including but not limited to debt service, special education, implementation of court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities, and certain major disaster or emergency expenditures) exceeds the spending limits specified in the statute. For each applicable fiscal year, OPM must determine the municipality's percentage growth in general budget expenditures over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater, each of those amounts adjusted by an amount proportionate to any increase in the municipality's population from the previous fiscal year. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap. Each municipality must annually certify to the Secretary of the OPM whether such municipality has exceeded the cap set forth in the statute and if so the amount by which the cap was exceeded. The Governor's adjustments to the 2022-23 biennium budget legislation did not include funding to the Town for the municipal revenue sharing grant in fiscal year ending June 30, 2022 or fiscal year ending June 30, 2023.

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EXPENDITURES

<i>Fiscal Year</i>	<i>Education</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>General Services</i>	<i>Debt Service</i>
2024 ¹	54.6%	6.8%	4.4%	2.5%	7.6%
2023 ²	55.5%	6.7%	4.3%	2.5%	8.0%
2022	60.2%	6.1%	3.9%	0.9%	6.2%
2021	64.5%	6.1%	4.0%	2.4%	5.8%
2020	64.2%	6.1%	3.9%	2.9%	4.8%
2019	62.9%	6.4%	4.3%	3.0%	4.0%
2018	67.7%	4.9%	4.3%	3.3%	3.3%
2017	67.4%	4.8%	4.3%	3.2%	3.7%
2016	64.1%	5.1%	4.7%	3.3%	3.9%
2015	63.5%	5.1%	5.0%	3.5%	4.1%

¹ Recommended budget, budgetary basis of accounting. Excludes on-behalf payments to Teachers' Retirement Fund.

² Adopted budget, budgetary basis of accounting. Excludes on-behalf payments to Teachers' Retirement Fund.

Source: Annual audited financial statements for fiscal years 2015-2022; adopted budget fiscal year 2022-23; recommended budget fiscal year 2023-24.

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COMPARATIVE OPERATING STATEMENTS – GENERAL FUND

Budget and Actual (Budgetary Basis)

	<i>Fiscal Year 2021-2022</i>			<i>Fiscal Year</i>	<i>Fiscal Year</i>
			<i>Variance</i>	<i>2022-23</i>	<i>2023-24</i>
	<i>Revised</i>	<i>Actual</i>	<i>Favorable</i>	<i>Adopted</i>	<i>Recommended</i>
	<i>Budget</i>	<i>Operations</i>	<i>(Unfavorable)</i>	<i>Budget</i>	<i>Budget</i>
REVENUES					
Property taxes, interest and liens.....	\$97,238,539	\$ 97,979,922	\$ 741,383	\$ 98,393,085	\$104,270,581
Licenses and permits.....	542,600	607,926	65,326	556,370	597,600
Interest on investments.....	125,000	101,280	(23,720)	75,000	400,000
Intergovernmental - Federal.....	3,531,215	4,081,607	550,392	4,310,153	4,302,427
Intergovernmental - State.....	31,202,612	33,345,108	2,142,496	32,999,198	32,728,543
Charges for current services.....	1,044,070	1,321,970	277,900	1,629,673	1,948,061
Schools, library and recreation fees....	52,499	66,635	14,136	45,500	61,000
Other revenue.....	567,562	2,360,442	1,792,880	614,968	589,968
Appropriation of Fund Balance.....	-	-	-	4,000,000	4,500,000
TOTAL REVENUES.....	134,304,097	139,864,890	5,560,793	\$142,623,947	\$149,398,180
EXPENDITURES					
Current:					
General government.....	886,563	852,888	33,675	901,806	1,003,422
General services.....	3,503,837	3,323,934	179,903	3,549,427	3,702,021
Public safety.....	9,258,908	9,091,950	166,958	9,522,086	10,199,831
Public works.....	5,864,087	5,707,771	156,316	6,136,310	6,534,223
Planning and development.....	1,596,094	1,581,624	14,470	1,618,196	1,680,859
Health and human services.....	588,909	520,992	67,917	589,973	546,943
Community services.....	3,428,631	3,214,092	214,539	3,715,536	3,984,354
Education.....	77,438,090	77,450,670	(12,580)	79,157,271	81,510,627
Subdivisions.....	6,471,710	6,471,751	(41)	6,538,337	6,873,005
Nondepartmental.....	11,812,619	11,498,254	314,365	12,125,415	12,923,636
Outside agencies.....	2,000,849	1,918,856	81,993	2,399,354	2,551,876
Debt service.....	9,523,450	9,275,158	248,292	11,087,706	15,451,722
Contingency	-	-	-	300,000	300,000
TOTAL EXPENDITURES.....	132,373,747	130,907,940	1,465,807	137,641,417	147,262,519
Excess (deficiency) of revenues over expenditures.....	<u>1,930,350</u>	<u>8,956,950</u>	<u>7,026,600</u>	<u>4,982,530</u>	<u>2,135,661</u>
Other financing uses:					
Transfers in.....	489,270	489,270	-	-	-
Transfers out.....	(5,270,620)	(5,270,620)	-	(4,982,530)	(2,135,661)
Total other financing uses.....	<u>(4,781,350)</u>	<u>(4,781,350)</u>	<u>-</u>	<u>(4,982,530)</u>	<u>(2,135,661)</u>
Net Change in Fund Balance.....	\$ (2,851,000)	\$ 4,175,600	\$ 7,026,600	\$ -	\$ -

Sources: Annual audited financial statement; Groton Finance Department.

COMPARATIVE BALANCE SHEETS – GENERAL FUND

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assets					
Cash and cash equivalents.....	\$ 26,138,941	\$ 29,312,328	\$ 32,940,338	\$ 42,252,594	\$ 44,857,237
Investments	3,119,000	3,983,804	3,372,865	1,614,591	1,626,228
Receivables, net:.....	1,646,374	1,568,582	1,492,565	1,512,003	1,509,228
Due from other funds.....	276,276	459,670	319,028	226,745	790,813
Other assets.....	26,423	26,996	19,978	11,716	3,086
Total Assets.....	<u>\$31,207,014</u>	<u>\$35,351,380</u>	<u>\$38,144,774</u>	<u>\$45,617,649</u>	<u>\$48,786,592</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable and accrued items.....	\$ 9,546,318	\$ 8,122,617	\$ 8,029,909	\$ 10,827,166	\$ 9,979,951
Unearned revenues.....	-	65,757	65,757	60,796	62,572
Total Liabilities.....	<u>9,546,318</u>	<u>8,188,374</u>	<u>8,095,666</u>	<u>10,887,962</u>	<u>10,042,523</u>
Deferred inflows of resources					
Unavailable revenue - property taxes.....	1,080,093	842,456	1,009,920	763,195	841,630
Unavailable revenue - interest.....	271,700	238,915	255,701	286,958	336,472
Total deferred inflows of resources...	<u>1,351,793</u>	<u>1,081,371</u>	<u>1,265,621</u>	<u>1,050,153</u>	<u>1,178,102</u>
Fund Balances					
Nonspendable.....	-	26,996	19,978	11,716	3,086
Committed.....	-	1,095,000	-	-	-
Assigned.....	1,420,789	1,248,696	1,476,235	4,666,890	5,442,400
Unassigned.....	18,888,114	23,710,943	27,287,274	29,000,928	32,120,481
Total fund balances	<u>20,308,903</u>	<u>26,081,635</u>	<u>28,783,487</u>	<u>33,679,534</u>	<u>37,565,967</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$31,207,014</u>	<u>\$35,351,380</u>	<u>\$38,144,774</u>	<u>\$45,617,649</u>	<u>\$48,786,592</u>

Source: Annual audited financial statements.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GENERAL FUND

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
Property taxes, interest and lien fees.....	\$ 88,271,591	\$ 90,041,343	\$ 90,191,028	\$ 94,446,881	\$ 98,015,896
Licenses and permits.....	381,024	554,690	562,457	508,807	607,928
Intergovernmental - State.....	46,457,697	35,950,160	43,411,693	42,408,119	44,779,077
Interest on investments.....	383,585	759,102	632,420	151,409	102,027
Intergovernmental - Federal.....	4,043,787	5,544,755	4,082,939	4,365,645	4,081,805
Charges for current services.....	1,310,152	1,683,070	1,048,648	1,254,513	1,323,515
Schools, library and recreation.....	222,374	202,511	162,369	50,844	66,635
Other revenues.....	<u>1,055,143</u>	<u>647,952</u>	<u>679,224</u>	<u>794,760</u>	<u>662,628</u>
Total Revenues.....	<u>142,125,353</u>	<u>135,383,583</u>	<u>140,770,778</u>	<u>143,980,978</u>	<u>149,639,511</u>
Expenditures					
Current:					
General government.....	809,029	783,005	847,883	1,020,836	1,278,625
General services.....	4,428,036	3,062,846	3,159,294	3,404,363	3,437,561
Public safety.....	6,711,418	8,319,166	8,396,646	8,557,172	9,050,860
Public works.....	5,850,200	5,618,638	5,449,673	5,550,316	5,716,625
Planning and development.....	1,384,844	1,361,420	1,431,888	1,411,350	1,541,718
Health and human services.....	598,136	592,766	556,821	517,250	520,992
Community services.....	3,172,103	3,108,220	3,123,406	3,101,593	3,213,236
Education.....	92,235,139	81,936,235	89,014,374	90,080,828	89,057,805
Subdivisions.....	5,588,096	5,315,236	5,488,998	5,631,029	6,471,751
Non-departmental.....	8,257,824	9,306,977	10,080,534	11,008,510	11,500,254
Outside agencies	1,806,403	1,799,000	1,474,285	-	1,918,857
Debt service.....	4,460,788	5,264,288	6,658,571	8,115,086	9,211,000
Capital Outlay.....	<u>42,334</u>	<u>49,981</u>	<u>93,312</u>	<u>82,636</u>	<u>54,954</u>
Total Expenditures.....	<u>135,344,350</u>	<u>126,517,778</u>	<u>135,775,685</u>	<u>138,480,969</u>	<u>142,974,238</u>
Excess (deficiency) of revenues over expenditures.....	<u>6,781,003</u>	<u>8,865,805</u>	<u>4,995,093</u>	<u>5,500,009</u>	<u>6,665,273</u>
Other financing sources (uses):					
Bond Premium.....	-	-	-	-	1,635,655
Operating transfers in.....	570,875	605,150	580,015	566,739	491,610
Operating transfers out.....	(871,922)	(3,698,223)	(2,954,860)	(1,170,701)	(4,906,105)
Refunding bonds issued.....	-	-	9,985,000	-	-
Refunding bond premium.....	-	-	1,227,152	-	-
Payments to refunded bond escrow agent....	-	-	(11,130,548)	-	-
Total other financing sources (uses).....	<u>(301,047)</u>	<u>(3,093,073)</u>	<u>(2,293,241)</u>	<u>(603,962)</u>	<u>(2,778,840)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	<u>6,479,956</u>	<u>5,772,732</u>	<u>2,701,852</u>	<u>4,896,047</u>	<u>3,886,433</u>
Fund Balance - Beginning of year.....	<u>13,828,947</u>	<u>20,308,903</u>	<u>26,081,635</u>	<u>28,783,487</u>	<u>33,679,534</u>
Fund Balance - End of year.....	<u>\$ 20,308,903</u>	<u>\$ 26,081,635</u>	<u>\$ 28,783,487</u>	<u>\$ 33,679,534</u>	<u>\$ 37,565,967</u>

Source: Annual audited financial statements.

VI. DEBT SUMMARY

PRINCIPAL AMOUNT OF INDEBTEDNESS

As of April 27, 2023

(Pro Forma)

Long-Term Bonded Debt

<i>Date</i>	<i>Purpose</i>	<i>Rate %</i>	<i>Original Issue</i>	<i>Bonds Outstanding</i>	<i>Fiscal Year Maturity</i>
12/13/11	Refunding Sewer ¹ - Lot B	2.00 - 3.75	\$ 2,710,000	\$ 950,000	2029
03/12/13	Refunding Public Improvement - Lot A	3.00 - 4.00	6,752,000	3,240,000	2030
03/12/13	Refunding School - Lot A.....	3.00 - 4.00	12,308,000	6,130,000	2030
03/12/13	Refunding Sewer ¹ - Lot B	3.00 - 4.00	2,020,000	745,000	2028
04/10/18	Public Improvement	3.00 - 4.00	6,690,000	3,340,000	2028
05/01/19	Schools	2.00 - 5.00	20,000,000	17,000,000	2039
04/30/20	Public Improvements.....	3.00 - 5.00	5,648,000	3,249,000	2040
04/30/20	Schools	3.00 - 5.00	24,337,000	18,591,000	2040
04/29/21	Series A Bonds - Schools.....	1.10 - 4.00	18,000,000	16,200,000	2041
04/29/21	Series B Bonds - Sewers ²	2.00 - 5.00	7,045,000	6,335,000	2041
04/28/22	Schools	3.35 - 5.00	22,975,000	21,850,000	2042
Grand Total			<u>\$128,485,000</u>	<u>\$ 97,630,000</u>	

¹ All sewer bond principal and interest is secured by a General Obligation pledge of all taxable property in the Groton Sewer District (taxable property in the Town of Groton other than property in the City of Groton). However, debt service on these bonds will be paid with revenue generated by the Town's Sewer User Fee.

² Debt Service on the Town's 2021 Series B Sewer Bonds is paid from a Debt Service Fund related to the collection of taxes and assessments of the Groton Sewer District (taxable property in the Town of Groton other than in the City of Groton).

Short-term Debt

<i>Project</i>	<i>Authorized Amount</i>	<i>The Notes Due: 4/25/24</i>
Groton 2020 School Facilities Improvement Plan.....	\$ 184,500,000	\$ 12,000,000
Total	<u>\$ 184,500,000</u>	<u>\$ 12,000,000</u>

Following this issuance the Town will have \$12,000,000 in outstanding short-term indebtedness.

CAPITAL LEASES

The Town has entered into a lease agreement as lessee for financing the acquisition of equipment. The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2022 were as follows:

<i>Fiscal Year Ending June 30</i>	<i>Amount</i>
2023	\$ 5,405
2024	5,404
2025	5,405
2026	3,601
Less amount for interest	(6,763)
	<u>\$ 13,052</u>

COMBINED SCHEDULE OF LONG-TERM DEBT

As of April 27, 2023
(Pro Forma)

<i>Fiscal Year</i>	<i>Groton General Fund</i>		<i>Groton Sewer Debt</i>		<i>Total</i>	<i>Cumulative Principal Retired (%)</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>		
2023 ¹	1,000,000	260,625	102,061	13,353	1,376,038	1.08
2024	7,670,000	3,127,888	1,292,363	318,623	12,408,874	9.90
2025	7,310,000	2,785,188	1,292,363	279,257	11,666,808	18.36
2026	7,115,000	2,487,163	1,287,363	239,541	11,129,067	26.63
2027	7,070,000	2,205,138	1,277,363	199,625	10,752,126	34.84
2028	6,230,000	1,936,738	1,272,363	159,753	9,598,854	42.22
2029	4,845,000	1,702,063	1,077,363	122,699	7,747,125	48.04
2030	4,740,000	1,508,188	610,151	92,426	6,950,765	53.31
2031	4,280,000	1,342,388	350,000	80,500	6,052,888	57.86
2032	4,280,000	1,193,738	350,000	70,000	5,893,738	62.41
2033	4,280,000	1,061,038	350,000	63,000	5,754,038	66.97
2034	4,280,000	917,838	350,000	56,000	5,603,838	71.52
2035	4,050,000	781,738	350,000	49,000	5,230,738	75.85
2036	4,050,000	655,213	350,000	42,000	5,097,213	80.18
2037	4,050,000	532,538	350,000	35,000	4,967,538	84.51
2038	4,050,000	414,288	350,000	28,000	4,842,288	88.84
2039	4,050,000	295,463	350,000	21,000	4,716,463	93.16
2040	3,050,000	176,638	350,000	14,000	3,590,638	96.51
2041	2,050,000	102,238	350,000	7,000	2,509,238	98.87
2042	1,150,000	42,550	-	-	1,192,550	100.00
Total	\$89,600,000	\$23,528,650	\$12,061,391	\$1,890,778	\$127,080,819	

¹ Excludes \$7,820,302.70 of principal paid and \$3,537,479.18 of interest paid for the period July 1, 2022 through April 27, 2023.

Source: Annual audited financial statements.

CLEAN WATER FUND PROGRAM

The Town of Groton is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs (Interim Funding Obligations). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

Clean Water Fund loans are paid from the Debt Service Fund related to the collection of taxes and assessments of the Groton Sewer District (taxes levied against taxable property other than property within the City of Groton). The Town's outstanding sewer bonds are related to the Water Pollution Control Facility Effluent and Fishtown Road Pump Stations and the Fort Hill Sewer Rehabilitation project, all of which are secured by the taxing power of the Groton Sewer District. Debt service associated for the Water Pollution Control Facility Effluent and Fishtown Road Pump Stations will be funded by taxes from the Groton Sewer District and benefit assessments, while the Fort Hill Sewer Rehabilitation project will be funded with revenue generated from the Town's Sewer User Fee.

The following represents the amount of State of Connecticut Clean Water Fund loans outstanding as of April 27, 2023:

<i>Project</i>	<i>Original 2% Loan Amount</i>	<i>Principal Outstanding</i>
CWF PLO 386-C1	\$ 12,121,022	\$ 3,989,837
CWF PLO 386-C2	114,143	41,555
	<u>\$ 12,235,165</u>	<u>\$ 4,031,391</u>

OVERLAPPING AND UNDERLYING INDEBTEDNESS

Overlapping/Underlying debt is defined as the proportionate share of debt of local government units located wholly or in part within the limits of the reporting government, which must be borne by property within each government unit.

The Town of Groton has no overlapping debt. However, there are political subdivisions and special taxing districts located within the Town. The following entities have the power to issue debt or cause taxes to be levied on taxable property in the Town and have outstanding debt as follows as of April 27, 2023:

<i>District or Association</i>	<i>Outstanding Bonds</i>	<i>Outstanding Notes</i>	<i>Authorized But Unissued Debt</i>
Center Groton Fire District	\$ 239,047	\$ -	\$ -
City of Groton ^{1,2}	6,540,000	-	-
Groton Long Point Association.....	-	52,324	-
Mystic Fire District.....	-	389,527	-
Noank Fire District.....	-	-	-
Old Mystic Fire District.....	-	-	-
Poquonnock Bridge Fire District.....	114,284	-	-
Mumford Cove.....	-	-	-
West Pleasant Valley Fire District.....	-	-	-
Total Net Underlying Debt			
(applicable to the Town of Groton)	\$ 6,893,331	\$ 441,851	\$ -

¹ Excludes \$89,652,500 of enterprise fund long term debt for outstanding water, electric and broadband purposes.

² Consists of General Purpose debt in the amount of \$1,830,000 and Sewer debt in the amount of \$4,710,000.

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DEBT STATEMENT – TOWN OF GROTON¹

As of April 27, 2023

(Pro Forma)

Public Improvement.....	\$ 9,829,000
Schools.....	79,771,000
Sewers ¹	8,030,000
State of Connecticut Clean Water Fund PLO ²	4,031,391
Total Long-Term Debt.....	101,661,391
Short-Term Debt:	
Short-Term Debt	12,000,000
Total Direct Debt.....	113,661,391
Less: Self-supporting sewer debt	(12,061,391)
Total Net Direct Debt.....	101,600,000
Plus: Underlying Debt ³	7,335,182
Total Overall Net Debt.....	\$ 108,935,182

¹ All sewer bond principal and interest is secured by a General Obligation pledge of all taxable property in the Groton Sewer District (taxable property in the Town of Groton other than property in the City of Groton) or user fees. However, debt service on certain sewer purpose bonds will be paid from revenue generated by the Town's Sewer User Fee and certain other bonds will be paid from a Debt Service Fund related to the collection of taxes and assessments

² Clean Water Fund loans are paid from a Debt Service Fund related to the collection of taxes and assessments of the Groton Sewer District (taxable property in the Town of Groton other than in the City of Groton).

³ Excludes enterprise fund debt.

Note: Excludes capital leases.

CURRENT DEBT RATIOS – TOWN OF GROTON

As of April 27, 2023

(Pro Forma)

Population ¹	38,686
Net Taxable Grand List (10/1/21)	\$4,669,389,733
Estimated Full Value (70%)	\$6,670,556,761
Equalized Net Taxable Grand List (10/1/20) ²	\$6,930,788,749
Income per Capita ¹	\$40,786

	<i>Total Direct Debt</i>	<i>Total Net Direct Debt</i>	<i>Total Overall Net Debt</i>
	\$113,661,391	\$101,600,000	\$108,935,182
Per Capita	\$2,938	\$2,626	\$2,816
Ratio to Net Taxable Grand List.....	2.43%	2.18%	2.33%
Ratio to Estimated Full Value.....	1.70%	1.52%	1.63%
Ratio to Equalized Grand List.....	1.64%	1.47%	1.57%
Debt per Capita to Per capita income.....	7.20%	6.44%	6.90%

¹ U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2017-2021

² Office of Policy and Management, State of Connecticut.

DEBT STATEMENT – TOWN OF GROTON SEWER DISTRICT
As of April 27, 2023 (Pro Forma)

<i>Town of Groton Debt Applicable to the Groton Sewer Debt</i>	<i>Town of Groton</i>	<i>Applicable to Groton Sewer Debt ¹</i>
<i>Long-Term Debt:</i>		
Public Improvement.....	\$ 9,829,000	\$ 6,965,752
Schools.....	79,771,000	56,533,218
<i>Sub-total Long-Term Debt.....</i>	<i>89,600,000</i>	<i>63,498,969</i>
<i>The Notes (This Issue)</i>	<i>12,000,000</i>	<i>8,504,326</i>
<i>Total Town of Groton Debt Applicable to Groton Sewer District ...</i>	<i>\$ 101,600,000</i>	<i>\$ 72,003,296</i>
<i>Groton Sewer Long Term Debt:</i>		
Groton Sewer Operating Fund Bonds ²		\$ 1,695,000
Groton Sewer District Fund Bonds ³		6,335,000
State of Connecticut CWF PLO.....		4,031,391
<i>Total Long-Term Debt.....</i>		<i>77,729,687</i>
<i>Groton Sewer District Short Term Debt:</i>		
<i>Total Short-Term Debt</i>		<i>-</i>
<i>Total Direct Debt.....</i>		<i>77,729,687</i>
Less: Self-supporting sewer debt		(12,061,391)
<i>Total Net Direct Debt.....</i>		<i>65,668,296</i>
Plus: Underlying Debt ⁴	7,335,182	795,182
<i>Total Overall Net Debt.....</i>		<i>\$ 66,463,478</i>

¹ Based on the proportionate share of the Groton Sewer District's Net Taxable Grand List to the Town of Groton Net Taxable Grand List for 10/1/22 or 70.873%, except for sewer debt which is 100% payable from taxable property in the Sewer District.

² All sewer bond principal and interest is secured by a General Obligation pledge of all taxable property in the Groton Sewer District (taxable property in the Town of Groton other than property in the City of Groton). However, debt service on the Town's 2011 and 2013 Series Refunding Bonds will be paid with revenue generated by the Town's Sewer User Fee.

³ All sewer bond principal and interest is secured by a General Obligation pledge of all taxable property in the Groton Sewer District (taxable property in the Town of Groton other than property in the City of Groton). However, debt service on the Town's 2020 Series Sewer Bonds will be paid from a Debt Service Fund related to the collection of taxes and assessments of the Groton Sewer District.

⁴ The total underlying debt of the Town (excluding the enterprise debt of the City of Groton). This figure represents the portion of the Town's underlying debt which is 100% payable from taxable property in the Sewer District.

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CURRENT DEBT RATIOS – TOWN OF GROTON SEWER DISTRICT

As of April 27, 2023 (Pro Forma)

Population ¹	29,353
Net Taxable Grand List (10/1/20).....	\$3,309,167,044
Estimated Full Value (70%)	\$4,727,381,491
Equalized Net Taxable Grand List (10/1/19) ²	\$4,911,807,397
Income per Capita ³	\$38,423

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$77,729,687	\$65,668,296	\$66,463,478
Per Capita.....	\$2,648.10	\$2,237.19	\$2,264.28
Ratio to Net Taxable Grand List	2.35%	1.98%	2.01%
Ratio to Estimated Full Value.....	1.64%	1.39%	1.41%
Ratio to Equalized Grand List.....	1.58%	1.34%	1.35%
Debt per Capita to Per capita Income.....	6.89%	5.82%	5.89%

¹ U.S. Department of Commerce, Bureau of Census, American Community Survey 2016-20, less City of Groton (9,030).

² Represented as the proportionate share of the Town's Net Taxable Grand List and applied to the Town of Groton's most recent Equalized Net Taxable Grand List as compiled by the Office of Policy and Management, State of Connecticut.

³ U.S. Department of Commerce, Bureau of Census, American Community Survey, 2017-2021. The Amounts are based on data for entire Town.

TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

SCHOOL CONSTRUCTION PROJECTS

The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt service reimbursement will continue under the old program for all projects approved prior to July 1, 1996.

Under the new program, the State of Connecticut will make proportional progress payments for eligible construction costs during the construction of the projects at the estimated reimbursement rates shown below. Currently, the Town is receiving reimbursement under the new program for the Groton 2020 School Improvements project.

<i>Project</i>	<i>Total Authorization</i>	<i>Reimbursement Rate ¹</i>	<i>Estimated Grant ²</i>
Groton 2020 School Improvements.....	\$ 184,500,000	57.50%	\$ 84,346,357
<i>Total.....</i>	<i>\$ 184,500,000</i>		<i>\$ 84,346,357</i>

¹ The State of Connecticut has committed to providing a diversity grant for the Cutler Elementary School which covers 80% of eligible costs of the project estimated at \$45.8 million.

² Estimated grants based upon eligibility of reimbursable project costs. Final eligible costs to be determined at completion of post project audit. To date the Town has received \$71,090,836 in grants for these projects.

LIMITATION OF INDEBTEDNESS

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Pension Liability Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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STATEMENT OF STATUTORY DEBT LIMITATION

As of April 27, 2023 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2022.....	\$ 94,740,026
Total Tax Collections (including interest and lien fees) of coterminous municipalities ¹	14,230,259

Reimbursement for Revenue Loss On:

Tax relief for elderly freeze.....	-
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Base for Debt Limitation Computation	<u>\$108,970,285</u>
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Debt Limitation:	General Purpose	Schools	Sewers	Urban Renewal	Past Pension
2 1/4 times base	\$245,183,141	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	490,366,283	-	-	-
3 3/4 times base.....	-	-	408,638,569	-	-
3 1/4 times base.....	-	-	-	354,153,426	-
3 times base.....	-	-	-	-	326,910,855
Total Debt Limitation	245,183,141	490,366,283	408,638,569	354,153,426	326,910,855

Indebtedness:

Outstanding Debt: ²

Bonds.....	\$ 9,829,000	\$ 79,771,000	\$ 8,030,000	\$ -	\$ -
The Notes (This Issue).....	-	12,000,000	-	-	-
State of Connecticut CWF PLO.....	-	-	4,031,391	-	-
Authorized & Unissued	3,221	13,643,903	341,091	-	-

Underlying Debt: ^{1, 3}

Bonds & Serial Notes.....	2,625,182	-	4,710,000	-	-
Authorized & Unissued.....	-	-	-	-	-
Total Indebtedness	12,457,403	105,414,903	17,112,482	-	-

Less:

School Grants Receivable	-	(13,255,521)	-	-	-
Self-supporting Sewer Debt.....	-	-	(12,061,391)	-	-

Total Net Indebtedness for Debt

Limitation Calculation.....	12,457,403	92,159,382	5,051,091	-	-
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Debt Limitation in Excess of

Indebtedness.....	<u>\$232,725,738</u>	<u>\$398,206,901</u>	<u>\$403,587,478</u>	<u>\$354,153,426</u>	<u>\$ 326,910,855</u>
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¹ Per Public Act 91-407, Section 12, does not include collections or debt of Mystic Fire District.

² Excludes capital leases.

³ Excludes \$89,652,500 of enterprise fund long term debt from the City of Groton for outstanding water, electric and broadband bonds and notes.

Note: In no case shall total indebtedness exceed seven times annual receipts from taxation, or \$762,791,995.

Source: Town Officials.

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AUTHORIZED BUT UNISSUED DEBT

Project	Authorization	Prior Bonds/Grants/ Premium Applied/ Other Receipts	This Issue		Debt Authorized but Unissued		
			The Bonds	The Notes	General		
					Purpose	Schools	Sewers
Road Rehabilitation & Maintenance.....	\$ 11,200,000	\$ 11,196,779	\$ -	\$ -	\$ 3,221	\$ -	\$ -
WPCF Effluent & Fishtown Rd Pump Stations..	8,230,000	7,888,909	-	-	-	-	341,091
Groton 2020 School Facilities Plan.....	184,500,000	159,224,625 ¹	-	12,000,000	-	13,275,375	-
Totals.....	\$203,930,000	\$ 178,310,313	\$ -	\$12,000,000	\$ 3,221	\$13,275,375	\$ 341,091

¹ Includes \$80,975,000 in prior bonds issued, \$368,528 in reallocated bond proceeds, \$71,090,836 in State of Connecticut school construction grants, \$6,392,995 in prior bond/note premiums and \$397,266 in interest earnings.

HISTORICAL DEBT STATEMENT

	2022	2021	2020	2019	2018
Population ¹	38,686	38,686	38,634	38,825	39,105
Net taxable grand list	\$3,739,661,000	\$3,709,883,000	\$3,741,102,000	\$3,679,211,000	\$3,705,521,000
Estimated full value.....	\$5,342,372,857	\$5,299,832,857	\$5,344,431,429	\$5,256,015,714	\$5,293,601,429
Equalized net taxable grand list ² ...	\$6,930,788,749	\$5,907,920,847	\$6,380,799,758	\$5,754,589,926	\$5,310,972,334
Per capita income ¹	\$40,786	\$40,786	\$38,423	\$37,309	\$35,903
Long-Term Debt:					
Bonded Debt.....	\$ 104,940,000	\$ 89,140,000	\$ 70,020,000	\$ 56,225,000	\$ 40,535,000
State of Connecticut CWF Loans...	4,541,693	5,154,057	5,766,420	6,378,783	6,991,146
Short-Term Debt:					
General Fund.....	\$ 13,255,000	\$ 38,000,000	\$ 56,000,000	\$ 15,000,000	\$ -
Groton Sewer District	-	-	7,045,000	6,700,000	-
Total Direct Debt.....	122,736,693	132,294,057	138,831,420	84,303,783	47,526,146
Total Net Direct Debt.....	122,736,693	132,294,057	138,831,420	84,303,783	47,526,146
Underlying Debt (City of Groton)..	7,140,000	8,831,437	9,806,452	9,678,478	10,479,010
Total Overall Net Direct Debt.....	\$ 129,876,693	\$ 141,125,494	\$ 148,637,872	\$ 93,982,261	\$ 58,005,156

¹ U.S. Department of Commerce, Bureau of the Census, American Community Survey.

² Office of Policy and Management, State of Connecticut.

HISTORICAL DEBT RATIOS

	2022	2021	2020	2019	2018
Total Direct Debt:					
Per capita.....	\$3,172.64	\$3,419.69	\$3,593.50	\$2,171.38	\$1,215.35
To net taxable grand list.....	3.28%	3.57%	3.71%	2.29%	1.28%
To estimated full value.....	2.30%	2.50%	2.60%	1.60%	0.90%
To equalized net taxable grand list.....	1.77%	2.24%	2.18%	1.46%	0.89%
Debt per capita to per capita income...	7.78%	8.38%	9.35%	5.82%	3.39%
Total Net Direct Debt:					
Per capita.....	\$3,172.64	\$3,419.69	\$3,593.50	\$2,171.38	\$1,215.35
To net taxable grand list.....	3.28%	3.57%	3.71%	2.29%	1.28%
To estimated full value.....	2.30%	2.50%	2.60%	1.60%	0.90%
To equalized net taxable grand list.....	1.77%	2.24%	2.18%	1.46%	0.89%
Debt per capita to per capita income...	7.78%	8.38%	9.35%	5.82%	3.39%
Total Overall Net Debt:					
Per capita.....	\$3,357.20	\$3,647.97	\$3,847.33	\$2,420.66	\$1,483.32
To net taxable grand list.....	3.47%	3.80%	3.97%	2.55%	1.57%
To estimated full value.....	2.43%	2.66%	2.78%	1.79%	1.10%
To equalized net taxable grand list.....	1.87%	2.39%	2.33%	1.63%	1.09%
Debt per capita to per capita income...	8.23%	8.94%	10.01%	6.49%	4.13%

CAPITAL IMPROVEMENT PROGRAM

The Town of Groton prepares and approves a Capital Improvement Program (CIP) annually. The CIP is a long-term planning and policy document. Projects are evaluated and prioritized by the Town in terms of need, cost effectiveness, ability to generate economic benefit, and sources of funding. The Town maintains a Capital Reserve Fund which is funded annually to finance capital projects on a pay-as-you-go basis. For fiscal year 2023-24, the Town will contribute \$4,053,000 to the Capital Reserve Fund. The CIP is subject to the approval of the Town Council and the Representative Town Meeting annually.

<i>Proposed Projects \$(000)</i>	<i>2022-23</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>Total</i>
Board of Education.....	\$ 1,364	\$ 800	\$ 200	\$ 200	\$ 200	\$ -	\$ 2,764
<i>General Government:</i>							
Roads	2,750	1,515	1,200	3,400	1,200	1,200	11,265
Drainage.....	1,527	385	-	1,250	-	-	3,162
Sidewalks.....	275	275	375	1,875	275	275	3,350
Parks and Recreation.....	1,930	661	905	752	651	2,569	7,468
Public Buildings.....	2,030	1,355	1,365	2,450	45	-	7,245
Technology.....	291	749	871	347	1,289	514	4,061
Economic Development.....	310	260	150	75	75	75	945
Energy Efficiency and Conservation...	-	-	-	-	-	-	-
Water Pollution Control Facility.....	2,000	1,590	960	2,725	650	2,300	10,225
<i>Total General Government.....</i>	<i>11,113</i>	<i>6,790</i>	<i>5,826</i>	<i>12,874</i>	<i>4,185</i>	<i>6,933</i>	<i>47,721</i>
<i>Total Project Costs.....</i>	<i>\$ 12,477</i>	<i>\$ 7,590</i>	<i>\$ 6,026</i>	<i>\$ 13,074</i>	<i>\$ 4,385</i>	<i>\$ 6,933</i>	<i>\$ 50,485</i>
<i>Funding Sources</i>							
Capital Reserve Fund.....	\$ 8,136	\$ 5,850	\$ 5,066	\$ 5,299	\$ 3,735	\$ 4,633	\$ 32,719
General Obligation Bonds				2,200		-	2,200
Other.....	4,341	1,740	960	5,575	650	2,300	15,566
<i>Total Funding Sources</i>	<i>\$ 12,477</i>	<i>\$ 7,590</i>	<i>\$ 6,026</i>	<i>\$ 13,074</i>	<i>\$ 4,385</i>	<i>\$ 6,933</i>	<i>\$ 50,485</i>

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VII. LEGAL AND OTHER LITIGATION

LITIGATION

The Town of Groton, its officers, employees, boards and commissions are named defendants in a number of lawsuits, administrative proceedings and other miscellaneous claims. The Town Attorney is of the opinion that such pending litigation, will not be finally determined, individually or in aggregate, so as to result in final judgments against the Town, except as outlined below, which could have a material adverse effect on the Town's financial position, but considers disclosure of the following litigation to be appropriate:

Pfizer, Inc.

The Town is involved in multiple assessment appeals filed by Pfizer, Inc., some of which recently settled and others remain pending.

On November 21, 2022, Pfizer and the Town entered a stipulated judgment as to two of the lawsuits. The settled lawsuits arose out of the 2011 Grand List. The first lawsuit involved the 2013 Grand List and only Pfizer's research and development parcel (R&D parcel). The second lawsuit involved the 2014 and 2015 Grand Lists and both the manufacturing and R&D parcels. On December 20, 2022, the Court entered judgment in accordance with the stipulated judgments. The resolution of the first and second lawsuits stipulate to assessed values of the subject parcels for the 2013 through 2015 Grand Lists that result in approximately \$4.1 million in tax overpayments being credited to Pfizer on future tax bills over a five year period. No interest or attorney's fees were awarded to Pfizer.

The third and fourth lawsuits, which remain pending, arise out of the Town's 2016 revaluation of the manufacturing and R&D parcels. The parties have agreed that the third lawsuit will be amended, as permitted by C.G.S. §12-117a, to include the 2016 through 2020 Grand Lists, and the fourth lawsuit withdrawn (which arises out of the 2019 Grand List that will now be included in the third lawsuit). The parties have agreed to mediate the third lawsuit in June, 2023, and if such efforts are unproductive, a trial is expected to occur on and after March 24, 2024. This matter is pending on the Hartford complex litigation docket.

The fifth lawsuit arises out of Groton's 2021 revaluation, and unless resolved, will likely be amended to also include the 2022 through 2025 Grand Lists. This case is pending in New Britain. A scheduling order was recently entered as to discovery and appraisal deadlines, but no trial date scheduled. It is likely this case will be transferred to the complex litigation docket and a new scheduled will be entered.

The Town is vigorously defending these tax appeal matters. We are not aware of Pfizer's appraised values for the 2016 or 2021 revaluation cycles. It is premature to evaluate the likely outcome of these matters or the potential loss in the event of an adverse outcome, but any adverse outcome would be significant.

Fuelcell Energy, Inc. v. Town of Groton (the "Initial Fuelcell Case").

Fuelcell Energy, Inc. installed a co-generation power plant on the Pfizer campus in Groton. The Town levied a tax on this property on the 2016 through 2021 grand lists. The Plaintiff claims the property is exempt from taxation pursuant to Conn. Gen. Stat. § 12-81(57). The Town rejected the Plaintiff's arguments, resulting in a tax appeal. On December 22, 2021, the court granted partial summary judgment in favor of Plaintiff holding the property was exempt on and after the 2017 Grand Lists. Following a trial, the Court entered judgment on October 18, 2022 concluding the property was also exempt from the 2016 Grand lists, but that Plaintiff was not entitled to interest or attorneys' fees. The Town has appealed the decision as to the exemption issue, and Plaintiff has appealed the attorneys' fees and interest issue. The appeal has not been briefed or scheduled for argument to date. The total amount of taxes involved for the 2016 through 2021 Grand Lists is \$2,126,231.

Groton Station Fuel Cell, LLC and Fuelcell Energy, Inc. v. Town of Groton

On or about September 27, 2021, plaintiffs brought a tax appeal claiming that the Town improperly taxed a fuel cell located at the Naval subbase located in Groton because it is allegedly tax exempt pursuant to C.G.S. § 12-81(57). The Town has since concluded the property is exempt under different grounds brought to its attention after the appeal was filed, and the Town has exempted the property retroactive to 2020. No taxes were ever paid by the Plaintiff, such that no taxes need to be reimbursed. The case should be withdrawn by Plaintiff, but it has failed to do so to date.

MUNICIPAL ADVISOR

The Town has retained Munistat Services, Inc. (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Note proceeds.

CLOSING DOCUMENTS

Upon the delivery of the Notes, the winning purchaser(s) will be furnished with the following:

- 1) A Signature and No Litigation Certificate, signed by the Town Manager and the Director of Finance stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Notes or the levy or collection of taxes to pay them;
- 2) A certificate on behalf of the Town, signed by the Town Manager and the Director of Finance which will be dated the date of delivery, certifying that to the best of said officials' knowledge and belief, at the time the bids were accepted, the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
- 3) Receipt for the purchase price of the Notes;
- 4) Approving opinion of Pullman & Comley, LLC, Bond Counsel, of Hartford, Connecticut in substantially the form set forth in Appendix B; and
- 5) An Executed Continuing Disclosure Agreement for the Notes in substantially the form attached hereto as Appendix C.

The Town has prepared this Preliminary Official Statement which is dated April 6, 2023. The Town deems such Preliminary Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. Within seven business days of the bid opening, the Town will each winning purchaser with a reasonable number of copies of the Official Statement, as prepared for this issue at the Town's expense.

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CONCLUDING STATEMENT

This Official Statement is not to be construed as a contract or agreement between the Town and the purchaser or holders of any of the Notes. Any statement made in this Official Statement involving matters of opinions or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized.

No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date hereof. References to statutes, charters, or other laws herein may not be complete and such provisions of law are subject to repeal or amendment.

This Official Statement is submitted only in connection with the sale of the Notes by the Town and may not be reproduced or used in whole or part for any other purpose.

Additional information may be obtained upon request from the Finance Office at (860) 441-6690 or from Munistat Services, Inc. at (203) 421-2880.

TOWN OF GROTON, CONNECTICUT

BY: /s/ John Burt
John Burt, Town Manager

BY: /s/ Delia Morrison
Delia Morrison, Director of Finance

Dated as of: April 13, 2023

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APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF GROTON CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Report of the Town of Groton for the Fiscal Year ending June 30, 2022 as presented by the Auditors. This appendix does not include all schedules or the management transmittal letter made in such report. A copy of the complete report is available upon request to the Director of Finance, Town of Groton, Connecticut.



INDEPENDENT AUDITORS' REPORT

Town Council
Town of Groton, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Correction of an Error

As discussed in Note 10 to the financial statements, a certain error was identified in the prior year financial statements during the current year. Accordingly, amounts have been restated in the 2022 financial statements now presented, and adjustments have been made to fund balance and net position as of June 30, 2021, to correct this error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2022 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Connecticut's basic financial statements. The supplemental and combining fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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 supplemental and combining fund statements and schedules for the year ended June 30, 2022 are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Groton, Connecticut as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 18, 2022 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The General Fund Balance Sheet for the year ended June 30, 2021 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 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 auditing standards generally accepted in the United States of America. In our opinion, the General Fund Balance Sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2022, on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Groton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Groton, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
December 29, 2022

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Introduction:

Management's Discussion and Analysis provides a narrative discussion of the Town's financial activities as a whole for the year ended June 30, 2022 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars (000's).

Financial Highlights:

- The assets and deferred outflows of the Town of Groton exceeded its liabilities deferred inflows at the close of the most recent fiscal year by \$234,065 (net position).
- The government's total net position increased by \$10,905. Increase is mainly attributable to an increase in capital assets related to school construction project placed in service, increase in OPEB actuarial assumption, increase in pension projected investment earnings and decreases in pension actuarial experience, which is offset by increases in bonds payable, pension liability pension and OPEB actuarial experience.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$50,902.
- For the fiscal year ended June 30, 2022, the unassigned fund balance for the General Fund was \$32,120 or 22.5% of the FYE 2023 Adopted General Fund budget. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least fifteen (15%) percent of the annual general fund expenditures."
- The Town of Groton's total debt increased by \$15,188 (16.1%) during the current fiscal year. This was mainly due to a net increase (\$15,800) in the principal amounts due on bonds for general government obligation debt and decreases (\$612) in the loan payment due to the State's Clean Water Fund.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2013 through the current audited fiscal year.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Groton's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two 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 Town of Groton is improving or deteriorating.

The statement of activities presents information showing how the government'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. Uncollected taxes and earned but unused vacation leave are examples of these types of items.

The governmental activities of the Town of Groton include education, general government services, public safety, public works, planning and development, health/human services and community services. Property taxes, charges for services and state and federal grants finance most of these activities. Although the Town maintains no business-type activities, the Town does maintain three internal service funds that consist of the Fleet Fund, Health Insurance Fund and the Workers' Compensation Fund and numerous special revenue funds.

The government-wide financial statements (statement of net position and statement of activities) can be found on Exhibits I and II.

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 Town of Groton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 government'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 government's near-term financial 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.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The Town of Groton maintains thirty-three individual nonmajor 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, ARPA Fund, and the Capital Improvements Fund which are considered to be major funds. Twenty-eight special revenue funds, a Debt Service Fund and four Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Groton adopted an annual appropriated budget for its General Fund and, in addition, budgetary comparisons have been provided for the following nonmajor governmental funds: Special Library, Golf Course, Sewer Operating, Solid Waste, Mumford Cove District, Revaluation, Computer Replacement, Groton Sewer District and Recreation & Senior Activities.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balance) can be found on Exhibits III and IV.

Proprietary Funds. The Town of Groton maintains one type of proprietary funds; internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town of Groton's various functions. The Town of Groton uses three internal service funds to account for its fleet of vehicles, health insurance and workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The 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 Exhibits V through VII.

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 services to the Town's constituency. The Town has four fiduciary funds; one pension trust fund, one Other Post-Employment Benefit trust fund (OPEB), one private purpose trust fund and one custodial fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

Notes to the 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. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found as listed in the table of contents.

Other Information. Required supplemental information for the General Fund and pension plans is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found as listed in the table of contents.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Government-Wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Groton governmental activity assets exceeded liabilities by \$234,065 on June 30, 2022.

**Town of Groton
Net Position (\$000's)**

	Governmental Activities	
	2022	2021
Assets:		
Current Assets	\$ 95,347	\$ 110,977
Capital Assets, Net of Accumulated Depreciation	350,531	339,748
Total Assets	445,878	450,725
Deferred Outflows of Resources	24,505	10,145
Liabilities:		
Long-Term Liabilities Outstanding	185,086	151,884
Other Liabilities	40,186	61,872
Total Liabilities	225,272	213,756
Deferred Inflows of Resources	11,046	23,953
Net Position:		
Net Investment in Capital Assets	221,249	201,306
Restricted	4,253	4,819
Unrestricted	8,564	17,035
Total Net Position	\$ 234,065	\$ 223,160

By far the largest portion of the Town of Groton's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Groton'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.

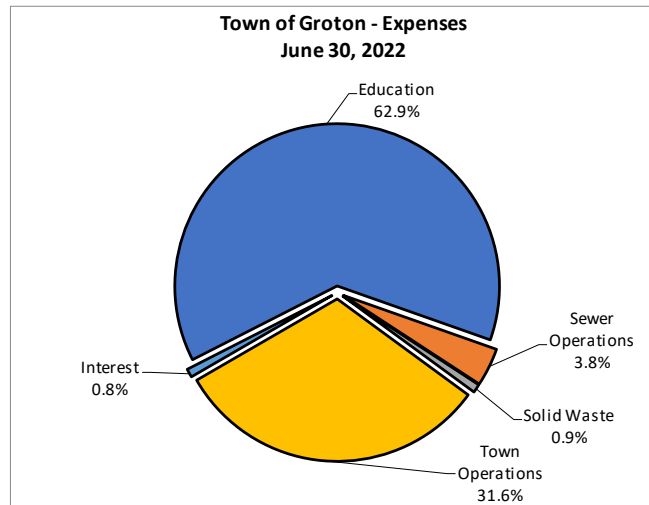
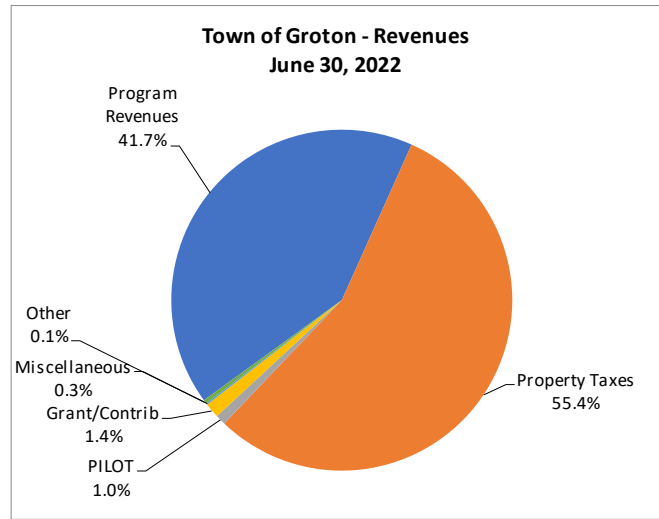
**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Governmental Activities. Approximately 55.4% of the revenues were derived from property taxes, followed by 41.7 % from program revenues, 1.4% from grants and contributions, and less than 1% from both payments in lieu of taxes and investment income.

**Town of Groton
Change in Net Position (\$000's)**

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services	\$ 13,385	\$ 12,565
Operating Grants and Contributions	54,988	69,042
Capital Grants and Contributions	6,242	39,181
General Revenues:		
Property Taxes	99,066	95,609
Payments in Lieu of Taxes	1,734	603
Grants and Contributions (Not Restricted)	2,533	2,327
Other Unrestricted Investment Earnings	268	265
Miscellaneous Revenue	623	766
Total Revenues	<u>178,839</u>	<u>220,358</u>
Expenses:		
General Government and Services	10,122	8,704
Public Safety	17,611	14,379
Public Works	11,808	12,835
Planning and Development	2,336	1,663
Human Services	4,541	3,028
Community Services	6,660	4,660
Board of Education	105,613	118,783
Sewer Operations	6,405	4,890
Solid Waste	1,430	1,455
Interest on Long-Term Debt	1,408	2,121
Total Expenses	<u>167,934</u>	<u>172,518</u>
Increase in Net Position	10,905	47,840
Net Position - Beginning of Year	222,605	<u>174,765</u>
Restatement - correction of an error	555	
Net Position July 1 As Restated	<u>223,160</u>	
Net Position - End of Year	<u>\$ 234,065</u>	<u>\$ 222,605</u>

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**



**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$41,520 lower in 2022 when compared to 2021 or a decrease of 18.8%.
- ◆ Grants and contributions were lower in 2022 as the Town realized less in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2022 increased while the Town's tax rate increased to 25.98 mills in 2022 from 25.11 mills in 2021.
- ◆ Investment earnings increased by \$3 from the prior fiscal year to \$268 for the fiscal year ended June 30, 2022. The increase to interest and dividend earnings was primarily the result of slight improvements in interest rates.

For Governmental Activities, 62.9% of the Town's expenses relate to education, 7.0% relate to public works, 10.5% relate to public safety, 6.0% to general government/services, 4.0% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$4,585 lower in 2022 when compared to 2021 or a decrease of 2.7%.
- ◆ Town Operations expenses were \$7,809 higher in 2022 when compared to 2021 or an increase of 17.3%.
- ◆ Education expenses were \$13,171 lower in 2022 when compared to 2021 or a decrease 11.1%.
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for an increase of \$777 in expenses compared to 2021 or an increase of 9.2%.

Business-Type Activities. The Town does not maintain any business-type activities at the present time.

Financial Analysis of the Government's Funds:

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

Governmental Funds. The focus of the Town of Groton's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town of Groton's financing requirements. In particular, unassigned 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 Town of Groton's governmental funds reported combined ending fund balances of \$50,902, an increase of \$15,927 in comparison with the prior year. Of this amount, \$31,460 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$32,120, which is included in the total fund balance of \$37,566. 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 22.5% of total FYE 2023 Adopted general fund budget, while total fund balance represents 26.3% of that same amount.

The total fund balance of The Town of Groton's General Fund increased by \$3,886 during the current fiscal year. The unassigned fund balance increased by \$3,120. Key factors in the total fund balance increase of \$3,886 are as follows:

- ◆ Revenues were \$5,561 more than anticipated primarily due to additional property taxes and State & Federal intergovernmental revenue.
- ◆ Expenditures were under budget by \$1,466 due to unexpended funds in Town Operations, Outside Agencies and Non-departmental.
- ◆ Fund balance in the amount of \$2,851 was applied to the adopted FYE 2022 budget.
- ◆ Fund balance in the amount of \$4,000 was applied to the adopted FYE 2023 budget.

Capital Improvements Fund. This fund has a total fund balance of (\$98) an increase from (\$10,418) in the prior year and is related to a decrease in capital outlay for school construction projects and pending school construction grant receipts.

ARPA Fund. This fund has a total fund balance of \$3 an increase from \$-0- in the prior year and is related to interest earned on the cash balance

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

Unrestricted net position amounted to \$1,349 for the Fleet Fund, \$7,109 for the Health Insurance Fund and \$1,017 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total decrease in net position for the internal service funds was (\$1,036) and reflects increase in Fleet and Workers' Compensation offset by a decrease in Health Insurance.

General Fund Budgetary Highlights:

Transfers of \$114 occurred from Contingency to other functions within the General Fund to cover increases in contributions to legislative policy initiatives for beautification, registration fees for democratic primary, legal fees and human resources accumulated leave payments to retirees.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$140,354 which was over the adopted budget by \$5,561. The majority of this increase can be attributed to additional property taxes and State & Federal revenue. Pupil impact aid, a federal reimbursement grant for educating military dependents, was higher than expected.

Actual expenditures were under budget by \$1,466 with town operations returning \$1,148, debt service returning \$248 and Outside Agencies returning \$82.

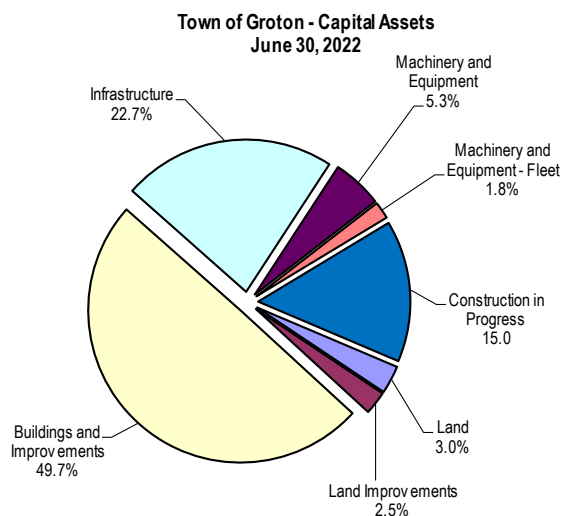
**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2022 amounts to \$540,712. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 4.0% mainly which reflects road resurfacing, building renovations and new school construction.

**Town of Groton, Connecticut
Capital Assets (\$000's)**

	Governmental Activities	
	2022	2021
Land	\$ 15,459	\$ 15,459
Land Improvements	12,826	12,826
Buildings and Improvements	350,008	258,483
Infrastructure	120,630	117,889
Machinery and Equipment	27,700	27,673
Machinery and Equipment - Fleet	9,723	9,512
Construction In Progress	4,366	78,203
Total	<u>\$ 540,712</u>	<u>\$ 520,045</u>



**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

- Regarding the use of the State's Local Capital Improvement Project (LoCIP) funds, the following major amounts (over \$50) were expended:

HVAC Annex \$57

- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:

Bridge Reconstruction GLP	\$94
Information Technology Acquisition-SW Systems	\$208
Information Technology Acquisition-Network	\$327
Culvert Rehabilitation	\$63
BOE-Asbestos Tile Removal	\$484
EIMS Acquisition	\$118
Squad Car/Body Cams Public Safety	\$66
Water Pollution Control Facility Pump Stations	\$1,312
GLP Pavement	\$95
Town Pavement	\$107

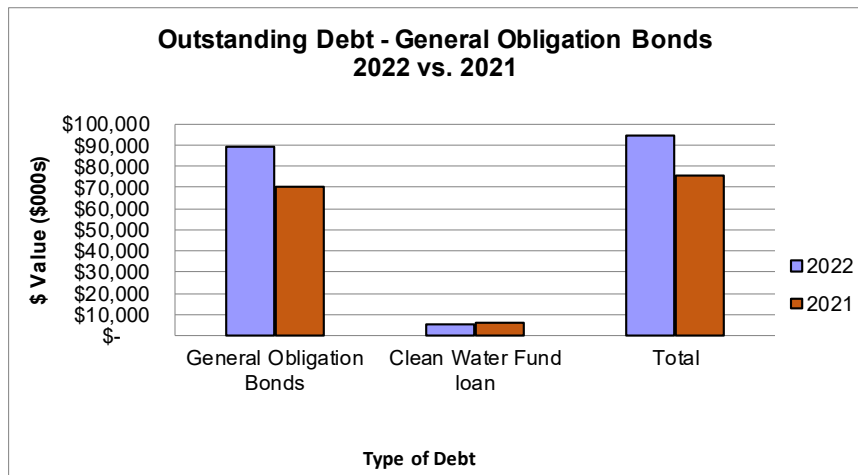
Additional information on the Town of Groton's capital assets can be found in Note 3D in the notes to the financial statements as listed in the table of contents.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$109,482. Of this amount, \$107,452 comprises debt backed by the full faith and credit of the government and \$2,030 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

**Town of Groton, Connecticut
Outstanding Debt (\$000's)
General Obligation Bonds/Bond Anticipation Notes**

	Governmental Activities	
	2022	2021
General Obligation Bonds	\$ 104,940	\$ 89,140
Clean Water Fund Loan	4,542	5,154
 Total	 \$ 109,482	 \$ 94,294

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**



The Town of Groton's general obligation bonds have increased \$15,188 or 16.1% during the current fiscal year mainly due to issuance of new long-term bonds during the year.

In April 2022 presentations were made to three rating agencies in preparation for a sale of General Obligation Bonds in April 2022. The Town of Groton's bond rating was maintained at an "Aa1" rating with Moody's Investors Service, an "AA+" by Standard & Poor's and upgraded to an "A+" rating with Fitch Ratings.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$762,792. As of June 30, 2022, the Town recorded total indebtedness of \$143,757 related to Governmental Activities, well below its statutory debt limits.

Additional information on the Town of Groton's long-term debt can be found in Note 3F in the notes to the financial statements as listed in the table of contents.

Economic Factors and Next Year's Budgets and Rates:

- As of June, 2022, the Town had an unemployment rate of 3.9% as compared to the New London County rate of 4.5%, the state's average rate of 4.1% and the national average of 3.6%.
- New London County has an employed labor force of approximately 128,578 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List increases by 23.3%: The October 1, 2021 net adjusted taxable Grand List increased 23.3% from the adjusted 10/1/20 list after appeals were heard by the Board of Assessment Appeals. The net adjusted grand list now totals \$4,611,207,867 after Board of Assessment adjustments. The combined assessment of the top 10 taxpayers comprises 18% of the town's net grand list.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Net real estate increased to \$4.06 billion and comprises 88% of the grand list compared to 87% of the 2020 grand list. Net residential real estate assessments rose from about \$2.1 billion to \$2.7 billion. The residential real estate's share of the entire net grand list increased to 59% of the 2021 grand list compared to the 2020 grand list. Net commercial real estate rose this year to \$772 million primarily due to construction projects underway. The net assessment for industrial property, which includes Pfizer and Electric Boat, rose to \$557 million from \$521 million and represents 12% of the net overall grand list.

Eight single-family homes were started for the October 1, 2021 grand list, compared to fifteen last year.

The grand lists of the 1990's and early 2000's reflected substantial Enterprise Zone exemptions, the bulk of which were awarded to Pfizer and Electric Boat for facility expansions. These exemptions are applied to qualified real estate improvements and toward investments in personal property assets. Minor exemptions were awarded during the late 2000's to local small industrial park expansions. There appears to be a resurgence of EZ exemption awards in recent years at both the state and local level. Local EZ benefits are never reimbursed by the state. For the 2021 grand list \$10,076,510 in state/local program exemptions were granted on real estate and \$849,500 were granted for personal property. These exemptions are reflected by reductions in assessments. The estimated revenue loss overall is \$221,700 using the FYE 2022 town mill rate.

Groton entered into a PILOT agreement in 2016 with Odd Fellows Home/Fairview on Lestertown Road. The taxes are estimated at \$530,000 if the property were fully taxable. The skilled nursing facility was previously considered exempt under CGS 12-81(75). When combining the real estate and personal property exemptions for the SNF the total results in a reduction in assessment of \$8,559,340 or \$183,300 revenue loss. The PILOT agreement states that Odd Fellows will pay \$60,000 annually in taxes to Groton plus any assessment over \$17,500,000 (\$25,000,000 in appraised value). The revenue loss for the PILOT and the SNF totals \$385,000. It is estimated that Odd Fellows will pay \$145,300 in taxes plus \$60,000 for a total of \$205,300 in taxes.

The **personal property** grand list experienced an increase of 4.3% in net assessments. The Manufacturing & Machinery Equipment (MM&E) exemption program was enacted in 1990 by the state legislature as part of a larger economic stimulus bill. The original program exempted MM&E assets for four years and municipalities were reimbursed for 100% of the revenue loss. The program has been modified over the years to include fully exempting MM&E equipment and the elimination of state reimbursement for lost revenue. The burden of qualifying assets as eligible or ineligible has also been transferred from the state to the local level. The estimated revenue loss for 2021 is in excess of \$3.6 million using the FYE 2022 mill rate. The increase for 2021 reflects the depreciation of assets which is expected for personal property offset by the increase due to a comprehensive program to capture assessments for construction equipment located on several large commercial construction sites in Groton.

The personal property grand list grew from \$254 million in 2020 to \$258 million in 2021. The net assessment of personal property decreased to 5.71% of the grand list compared to 2020.

The number of business personal property accounts increased as the volume of accounts experiencing penalties for late or non-filing has increased. The assessed value of the penalties fell for the 2021 grand list to \$6.2 million, from \$8.3 million in 2020. The final number of taxable businesses for the 2021 grand list was 1,901 accounts.

**TOWN OF GROTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

The **motor vehicle** portion of the grand list, adjusted for military exemptions, grew by 29.3% this year from \$225,122 in 2020 to \$291,056 in 2021. The net assessment on motor vehicles now comprises 6.27% of the grand list, up from 6.0% of the 2020 grand list.

Other Information:

During the fiscal year ended June 30, 2022, the Town of Groton's General Fund on a budgetary basis received 26.7% of its total revenues from intergovernmental sources, i.e., the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unassigned fund balance for FYE 2022 is at 22.5% of FYE 2023 operating expenses which is above the minimum acceptable guideline set by the Town Council of 15.0%. With a reliance on property taxes, 69.8% of the General Fund revenues are derived from general property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

- ◆ During the current fiscal year, the unassigned fund balance in the General Fund increased to \$32,120. The Town Council assigned \$4 million of the fund balance to fund the subsequent years' budget.

Requests for Information:

This financial report is designed to provide a general overview of the Town of Groton'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 Acting Director of Finance, Groton Town Hall, 45 Fort Hill Road, Groton, CT 06340.

BASIC FINANCIAL STATEMENTS

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 87,596,647
Investments	1,626,228
Receivables (Net of Allowances for Collection Losses):	
Property Taxes	1,407,937
Special Assessments	897,938
Accounts	840,419
Federal and State Governments	2,403,858
Other	317,850
Other Assets	8,486
Restricted Assets:	
Cash	235,246
Investments	12,297
Capital Assets, Nondepreciable	19,825,533
Capital Assets, Net of Accumulated Depreciation	330,705,824
Total Assets	<u>445,878,263</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	1,039,135
Deferred Outflows Related to Pension	17,230,364
Deferred Outflows Related to OPEB	6,235,315
Total Deferred Outflows of Resources	<u>24,504,814</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	13,003,485
Bond Anticipation Notes Payable	13,255,000
Unearned Revenue	4,640,348
Noncurrent Liabilities:	
Due Within One Year	9,286,613
Due in More Than One Year	185,086,255
Total Liabilities	<u>225,271,701</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	219,402
Deferred Inflows Related to OPEB	10,826,506
Total Deferred Inflows of Resources	<u>11,045,908</u>
NET POSITION	
Net Investment in Capital Assets	221,248,729
Restricted for:	
Trust, Nonexpendable	250,539
Trust, Expendable	223,812
Grants	1,843,708
Debt Service	778,832
Loans	1,134,616
Other Purposes	21,702
Unrestricted	8,563,530
Total Net Position	<u><u>\$ 234,065,468</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
GOVERNMENTAL ACTIVITIES					
General Government/Services	\$ 10,121,937	\$ 1,791,810	\$ 685,592	\$ 116,600	\$ (7,527,935)
Public Safety	17,611,303	389,198	383,515	-	(16,838,590)
Public Works	11,808,306	237,518	2,735,242	49,312	(8,786,234)
Planning and Development	2,335,385	8,865	561,516	-	(1,765,004)
Health and Human Services	4,541,216	135,540	49,241	-	(4,356,435)
Community Services	6,660,410	2,191,797	440,289	-	(4,028,324)
Education	105,611,915	502,194	50,130,253	6,076,581	(48,902,887)
Sewer Operations	6,404,964	6,717,934	2,037	-	315,007
Solid Waste Management	1,430,263	1,409,739	-	-	(20,524)
Interest on Long-Term Debt	1,408,439	-	-	-	(1,408,439)
Total Governmental Activities	<u>\$ 167,934,138</u>	<u>\$ 13,384,595</u>	<u>\$ 54,987,685</u>	<u>\$ 6,242,493</u>	(93,319,365)
GENERAL REVENUES					
Property Taxes					99,066,112
Payments in Lieu of Taxes					1,734,496
Grants and Contributions Not Restricted to Specific Programs					2,533,080
Unrestricted Investment Earnings					267,570
Miscellaneous Revenue					622,932
Total General Revenues					<u>104,224,190</u>
CHANGE IN NET POSITION					10,904,825
Net Position - Beginning of Year - as Restated					<u>223,160,643</u>
NET POSITION - END OF YEAR					<u>\$ 234,065,468</u>

See accompanying Notes to Financial Statements.

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

	General Fund	ARPA Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 44,857,237	\$ 4,251,904	\$ 13,642,692	\$ 13,013,432	\$ 75,765,265
Investments	1,626,228	-	-	12,297	1,638,525
Receivables, Net	1,509,228	-	33,058	4,279,906	5,822,192
Due from Other Funds	790,813	-	-	-	790,813
Other Assets	3,086	-	-	5,400	8,486
Total Assets	<u>\$ 48,786,592</u>	<u>\$ 4,251,904</u>	<u>\$ 13,675,750</u>	<u>\$ 17,311,035</u>	<u>\$ 84,025,281</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 9,979,951	\$ 5,462	\$ 518,640	\$ 1,805,571	\$ 12,309,624
Bond Anticipation Notes Payable	-	-	13,255,000	-	13,255,000
Due to State	-	-	-	50,398	50,398
Due to Other Funds	-	-	-	790,813	790,813
Unearned Revenues	62,572	4,243,330	-	334,446	4,640,348
Total Liabilities	<u>10,042,523</u>	<u>4,248,792</u>	<u>13,773,640</u>	<u>2,981,228</u>	<u>31,046,183</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	841,630	-	-	-	841,630
Unavailable Revenue - Property Tax Interest	336,472	-	-	-	336,472
Unavailable Revenue - Special Assessments	-	-	-	1,005	1,005
Unavailable Revenue - Loans Receivable	-	-	-	897,938	897,938
Total Deferred Inflows of Resources	<u>1,178,102</u>	<u>-</u>	<u>-</u>	<u>898,943</u>	<u>2,077,045</u>
FUND BALANCES					
Nonspendable	3,086	-	-	250,539	253,625
Restricted	-	3,112	-	3,146,088	3,149,200
Committed	-	-	-	10,040,634	10,040,634
Assigned	5,442,400	-	-	-	5,442,400
Unassigned	32,120,481	-	(97,890)	(6,397)	32,016,194
Total Fund Balances	<u>37,565,967</u>	<u>3,112</u>	<u>(97,890)</u>	<u>13,430,864</u>	<u>50,902,053</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,786,592</u>	<u>\$ 4,251,904</u>	<u>\$ 13,675,750</u>	<u>\$ 17,311,035</u>	<u>\$ 84,025,281</u>

See accompanying Notes to Financial Statements.

**TOWN OF GROTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 50,902,053

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

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

Governmental Capital Assets	530,989,772
Less Accumulated Depreciation	182,533,085
Net Capital Assets	348,456,687

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

Property Taxes and Assessments Receivable Greater Than 60 Days	336,472
Sewer assessments greater than 60 Days	1,005
Loan receivables greater than 60 Days	897,938
Interest Receivable on Property Taxes	841,630
Deferred Outflows Related to Pension	17,230,364
Deferred Outflows Related to OPEB	6,235,315

Internal service funds are used by management to charge the costs of fleet management, health benefits, and workers compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

11,549,454

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

Bonds Payable	(104,940,000)
Bond Premium	(7,572,017)
Deferred Charge on Refunding	1,039,135
Clean Water Fund Loan Payable	(4,541,694)
Interest Payable on Bonds	(601,177)
Net Pension Liability	(36,851,677)
Deferred Inflows Related to Pension	(219,402)
Financed Purchase	(13,052)
Net OPEB Liability	(34,950,185)
Deferred Inflows Related to OPEB	(10,826,506)
Compensated Absences	(1,969,275)
Landfill Closure Costs	(939,600)

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

\$ 234,065,468

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	ARPA Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes, Interest, and Lien Fees	\$ 98,015,896	\$ -	\$ -	\$ 920,543	\$ 98,936,439
Assessments	-	-	-	1,696	1,696
Licenses and Permits	607,928	-	-	-	607,928
Intergovernmental - State	44,779,077	50,617	6,322,248	7,301,571	58,453,513
Interest on Investments	102,027	3,112	18,596	7,923	131,658
Intergovernmental - Federal	4,081,805	-	-	5,114,484	9,196,289
Charges for Current Services	1,323,515	-	445	2,700,876	4,024,836
Schools, Library, and Recreation Fees	66,635	-	-	-	66,635
Sewer Use Charges	-	-	-	6,717,934	6,717,934
Solid Waste Management Charges	-	-	-	1,392,362	1,392,362
Other Revenue	662,628	-	12,354	1,793,715	2,468,697
Total Revenues	149,639,511	53,729	6,353,643	25,951,104	181,997,987
EXPENDITURES					
Current:					
General Government	1,278,625	50,617	-	164,541	1,493,783
General Services	3,437,561	-	-	-	3,437,561
Public Safety	9,050,860	-	-	394,056	9,444,916
Public Works	5,716,625	-	-	116,840	5,833,465
Planning and Development	1,541,718	-	-	-	1,541,718
Health and Human Services	520,992	-	-	675,265	1,196,257
Community Services	3,213,236	-	-	2,490,927	5,704,163
Education	89,057,805	-	-	11,312,657	100,370,462
Subdivisions	6,471,751	-	-	-	6,471,751
Sewer Operations	-	-	-	4,247,959	4,247,959
Solid Waste Management	-	-	-	1,430,263	1,430,263
Nondepartmental	11,500,254	-	-	-	11,500,254
Outside Agencies	1,918,857	-	-	182,772	2,101,629
Debt Service	9,211,000	-	162,374	1,696,289	11,069,663
Capital Outlay	54,954	-	23,093,396	631,414	23,779,764
Total Expenditures	142,974,238	50,617	23,255,770	23,342,983	189,623,608
REVENUES OVER (UNDER) EXPENDITURES	6,665,273	3,112	(16,902,127)	2,608,121	(7,625,621)
OTHER FINANCING SOURCES (USES)					
Issuance of Bonds	-	-	22,975,000	-	22,975,000
Bond Premium	1,635,655	-	162,374	-	1,798,029
Transfers In	491,610	-	4,085,000	105,511	4,682,121
Transfers Out	(4,906,105)	-	-	(996,915)	(5,903,020)
Total Other Financing Sources (Uses)	(2,778,840)	-	27,222,374	(891,404)	23,552,130
NET CHANGE IN FUND BALANCES	3,886,433	3,112	10,320,247	1,716,717	15,926,509
Fund Balances - Beginning of Year- as Restated	33,679,534	-	(10,418,137)	11,714,147	34,975,544
FUND BALANCES - END OF YEAR	<u>\$ 37,565,967</u>	<u>\$ 3,112</u>	<u>\$ (97,890)</u>	<u>\$ 13,430,864</u>	<u>\$ 50,902,053</u>

See accompanying Notes to Financial Statements.

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV)	\$ 15,926,509
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Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	25,280,372
Depreciation Expense	(9,965,625)

The statement of activities reports losses arising from the disposal of existing capital assets. Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.

Loss on Disposal of Capital Assets	(68,127)
Construction In Progress Expensed	(4,377,008)

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

Property Taxes and Assessments Collected After 60 Days	78,435
Interest Income on Property Taxes	49,514
Revenue on Assessments Greater Than 60 Days	26,681
Revenue on Loan Receivables Greater Than 60 Days	(2,101)
Changes in Deferred Outflows Related to Pension	12,882,072
Changes in Deferred Outflows Related OPEB	1,617,778

The issuance of long-term debt (e.g., bonds) 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.

Accrued Interest on Bonds	(81,467)
Principal Payments on Bonds	7,175,000
Principal Payments on Clean Water Fund Loan Payable	612,363
Principal Payments on Financed Purchases	4,275
Bond Proceeds	(22,975,000)
Bond Premium Issuance	(1,798,029)
Amortization of Bond Premium	2,091,074
Change in Net Pension Liability	(29,943,073)
Change in Deferred Inflows Related to Pension	15,344,092
Change in Net OPEB Liability	2,386,359
Change in Deferred Inflows Related to OPEB	(2,437,007)
Amortization of Deferred Charge on Refunding	(140,019)
Landfill Closure Payments	168,200

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.

Change in Compensated Absences	85,923
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The net expense of certain activities of internal service funds is reported in governmental activities.

	(1,036,366)
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 10,904,825
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See accompanying Notes to Financial Statements.

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	<u>Governmental Activities Internal Service Funds</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 12,066,628
Accounts Receivable	45,810
Total Current Assets	<u>12,112,438</u>
Noncurrent Assets:	
Property and Equipment	9,722,702
Accumulated Depreciation	<u>(7,648,032)</u>
Property and Equipment, Net	<u>2,074,670</u>
Total Assets	14,187,108
LIABILITIES	
Current Liabilities:	
Accounts Payable	42,286
Claims Incurred but Not Reported	<u>1,300,934</u>
Total Current Liabilities	<u>1,343,220</u>
Noncurrent Liabilities:	
Claims Incurred but Not Reported, Net of Current Portion	<u>1,294,434</u>
Total Liabilities	<u>2,637,654</u>
NET POSITION	
Invested in Capital Assets	2,074,670
Unrestricted	<u>9,474,784</u>
Total Net Position	<u><u>\$ 11,549,454</u></u>

See accompanying Notes to Financial Statements.

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022

	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for Services	\$ 14,271,474
Other Revenue	35,991
Total Operating Revenues	<u>14,307,465</u>
OPERATING EXPENSES	
Operating Expenses	866,070
Claims	14,993,986
Depreciation	319,522
Administration	395,749
Total Operating Expenses	<u>16,575,327</u>
OPERATING LOSS	(2,267,862)
NONOPERATING REVENUES	
Interest on Investments	10,597
Total Nonoperating Revenues	<u>10,597</u>
INCOME BEFORE TRANSFERS	(2,257,265)
Transfer In	1,322,772
Transfers Out	<u>(101,873)</u>
CHANGE IN NET POSITION	(1,036,366)
Net Position - Beginning of Year	<u>12,585,820</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,549,454</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2022**

	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Users	\$ 14,321,243
Cash Paid to Vendors	(882,251)
Cash Paid to Beneficiaries	<u>(15,091,308)</u>
Net Cash Used by Operating Activities	(1,652,316)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Property and Equipment	<u>(232,827)</u>
Net Cash Used by Capital and Related Financing Activities	(232,827)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer In	1,322,772
Transfers Out	<u>(101,873)</u>
Net Cash Provided by Noncapital Financing Activities	1,220,899
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>10,598</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(653,646)
Cash and Cash Equivalents - Beginning of Year	<u>12,720,274</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 12,066,628</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	\$ (2,267,862)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	319,522
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(11,222)
(Increase) Decrease in Other Assets	25,000
Increase (Decrease) in Accounts Payable	(16,181)
Increase (Decrease) in Claims Payable	298,427
Net Cash Used by Operating Activities	<u><u>\$ (1,652,316)</u></u>

See accompanying Notes to Financial Statements.

TOWN OF GROTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund Spicer / Perkins Trust	Custodial Fund Fire District Tax Collections
ASSETS			
Cash and Cash Equivalents	\$ 4,595,261	\$ 25,149	\$ 19,906
Investments, at Fair Value:			
Mutual Funds	152,327,796	-	-
Accounts Receivable	214,851	-	-
Total Assets	<u>157,137,908</u>	<u>25,149</u>	<u>19,906</u>
LIABILITIES			
Accounts Payable	64,427	-	-
Due to Employees and Others	33	-	19,906
Total Liabilities	<u>64,460</u>	<u>-</u>	<u>19,906</u>
NET POSITION			
Restricted for OPEB Benefits	27,471,491	-	-
Restricted for Ledge Light Pensions	668,458	-	-
Restricted for Poquonnock Fire District Pensions	12,086,775	-	-
Restricted for Town and BOE Pensions	116,846,724	-	-
Restricted for Trusts	-	25,149	-
Total Net Position	<u>\$ 157,073,448</u>	<u>\$ 25,149</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Fund Spicer / Perkins Trust	Custodial Fund Fire District Tax Collections
ADDITIONS			
Contributions:			
Employer	\$ 9,475,603	\$ -	\$ -
Plan Members	1,469,827	-	-
Fire Districts Tax Collections	-	-	14,834,261
Other Additions	-	2,000	-
Total Contributions	<u>10,945,430</u>	<u>2,000</u>	<u>14,834,261</u>
Investment Income:			
Net Change in Fair Value of Investments	(22,068,652)	-	-
Interest and Dividends	-	82	-
Subtotal	<u>(22,068,652)</u>	<u>82</u>	<u>-</u>
Less: Investment Expenses:			
Investment Management Fees	<u>334,793</u>	<u>-</u>	<u>-</u>
Net Investment Income	<u>(22,403,445)</u>	<u>82</u>	<u>-</u>
Total Additions	(11,458,015)	2,082	14,834,261
DEDUCTIONS			
Benefits	13,823,867	10,000	-
Distributions to Fire District Authoritys	-	-	14,834,261
Total Deductions	<u>13,823,867</u>	<u>10,000</u>	<u>14,834,261</u>
CHANGE IN NET POSITION	(25,281,882)	(7,918)	-
Net Position - Beginning of Year	<u>182,355,330</u>	<u>33,067</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 157,073,448</u>	<u>\$ 25,149</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Groton, Connecticut (the Town) was incorporated in 1705. The Town operates under a Council/Representative Town Meeting/Manager form of government and provides the following services as authorized by its Charter: public safety, public works, planning and development, human services, community services, education, sewer and solid waste disposal, and general governmental services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The Town has established a single-employer Public Retirement Systems (PERS) and a postretirement retiree health plan (OPEB) to provide retirement benefits and postretirement healthcare benefits to employees and their beneficiaries. The Town appoints a majority of the Pension Board and is required to make contributions to the pension and OPEB plans and can impose its will.

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

B. Basis of Presentation

The financial statements of the Town have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements, the exception being interfund services provided and used. These services are not eliminated in the process of consolidation.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those expenses that are clearly identifiable with a specific function or segment. Indirect expenses were also classified to the appropriate functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, when levied for, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available if they are collected within 120 days of the end of the current fiscal period.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Expenditures are generally 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.

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 nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

General Fund

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

ARPA Fund

The ARPA Fund accounts for revenues and expenditures from the Federal American Rescue Plan Act (ARPA) grant.

Capital Improvements Fund

The Capital Improvements Fund accounts for individual capital project authorizations. The major sources of revenue for this fund are state and federal grants and bond proceeds.

Additionally, the Town reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for employee health insurance, workers' compensation insurance, and the use and replacement of motor vehicles provided to other departments of the Town.

Private Purpose Trust Funds

Private Purpose Trust Funds are used to account for resources legally held in trust for low-income residents and youth and family services.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

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

Pension and Other Employee Benefit Trust Funds

The Pension and Other Employee Benefit Trust Funds are used to account for the accumulation of resources to be used for retirement benefits and other postemployment benefits.

Custodial Funds

Custodial Funds are used to account for monies that the Town holds as a custodian for separate entities.

C. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

D. Investments

Investments are recorded at fair value based on quoted market prices.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. 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 the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Buildings	40 to 50 Years
Building Improvements	20 Years
Distribution and Collective Systems	50 to 100 Years
Public Domain Infrastructure	50 Years
System Infrastructure	30 Years
Land Improvements	20 Years
Machinery and Equipment	5 to 20 Years

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Capital Assets (Continued)

In the governmental fund financial statements, capital outlay (assets) are reported as expenditures, and no depreciation is recorded.

F. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience and investment gains or losses. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). No deferred outflows of resources affect the governmental fund financial statements in the current year.

G. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows 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 expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town 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, 2022, is recorded in the government-wide financial statements since the benefits are to be funded from future financial resources and will be paid from the General Fund, Golf Course Fund, or Sewer Operating Fund, as may be appropriate.

I. Long-Term Obligations

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

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

J. Pension Accounting

Pension Trust Fund

The Pension Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Pension Accounting (Continued)

Funding Policy

The Town funds the contributions to its pension plan based on the actuarially required calculation.

K. Other Postemployment Benefits (OPEB) Accounting

OPEB Trust Fund

The OPEB Trust Fund is reported on the accrual basis of accounting. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when they are due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability 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 Town funds the contributions to its OPEB plan based on the actuarially required calculation.

L. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as committed or assigned fund balance, depending on the nature of the restriction, for GAAP purposes, as they do not constitute expenditures or liabilities, and reported as expenditures for budgetary purposes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 includes all capital assets, including infrastructure, less accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position – This category includes net position with restrictions externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Town that is not restricted for any project or other purpose by third parties.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Nonspendable Fund Balance – This balance represents amounts that cannot be spent due to form (e.g., inventories, prepaid amounts, and amounts required to be retained in perpetuity).

Restricted Fund Balance – This balance represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance – This balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Groton Town Council resolution).

Assigned Fund Balance – This balance represents amounts constrained for the intent to be used for a specific purpose by Executive Management or the Town Council, which have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance – This balance represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity and Net Position (Continued)

The Town Council has an adopted policy that a minimum unassigned fund balance be maintained in an amount equal to at least fifteen percent (15%) of the annual general fund expenditures.

N. Property Taxes

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$50 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicles taxes are due in full January 1. Taxes become delinquent 30 days after the installment is due. Liens are filed by the last day of the fiscal year.

O. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

P. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective July 1, 2021, however, management concluded that they did not have any arrangements that met the requirements of this standard.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Not later than March 15th, the Town Manager submits proposed budgets for the General Fund, Special Revenue Funds (including Special Library Fund, Golf Course Fund, Sewer Operating Fund, Solid Waste Fund, Mumford Cove Fund, Revaluation Fund, Computer Replacement Fund, and Rec & Senior Activities Fund) and the Debt Service (Groton Sewer District) Fund to the Town Council.

The Town shall propose budgets that provide for an unrestricted fund General Fund balance of not less than 15% of the total operating General Fund expenditures.

After one public hearing and numerous public meetings, the Town Council, on or before April 28, recommends these budgets, as revised, to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9. The Town Council must authorize all transfers of legally budgeted amounts between functions, with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2022, there were no additional appropriations.

Formal budgetary integration of these budgets is employed as a management control device in the General Fund. Formal budgetary integration is not employed in other funds (other than the Special Revenue Funds listed above and the Revaluation Fund and the Computer Replacement Fund) because budgetary control is alternately achieved by constraints imposed by the project authorization or grant awards related to these funds.

All unencumbered appropriations lapse at year-end, except for those appropriations in the Capital Projects Fund. Appropriations for these amounts are continued until completion of the applicable projects, which often last more than one fiscal year but cannot exceed five (5) years.

- The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major differences between the budget and GAAP bases are as follows:
- Taxes collected within 60 days subsequent to June 30, are recognized as revenue for GAAP purposes during the current year, compared to recognition in the year received for budgetary purposes.

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year, whereas they are shown as an assignment of fund balance under the GAAP basis of accounting.
- State of Connecticut payments on behalf of the Town teachers for the state teacher retirement system are reported for GAAP purposes only.
- The revenues and expenditures for budgeted funds that do not meet the definition for inclusion in the GAAP financial statements as special revenue funds are included in the General Fund, in accordance with GASB Statement No. 54.
- The revenues and expenditures relating to issuance of financed purchases are recognized for GAAP purposes only.

B. Deficit Fund Equity

The following funds had deficit fund balances/net position at June 30, 2022:

Capital Improvement Fund	\$ 97,890
Recreation and Senior Services	6,397

These deficits will be funded with grants, transfers, and grant reimbursements.

C. Expenditures Exceeding Appropriations

The Education and Subdivisions line items in the General Fund exceeded appropriations by \$12,580 and \$41, respectively.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents, and Investments

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority, or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). This investment pool is under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and is regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits will not be returned. The Town does not have a deposit policy for custodial credit risk; however, the deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$82,331,618 of the Town's bank balance of \$85,469,358 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 73,617,793
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>8,713,825</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 82,331,618</u></u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Cash Equivalents

At June 30, 2022, the Town's cash equivalents amounted to \$10,337,850. The following provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm
Bank of America, N.A. Cash Management Assets	Not rated
Northern Capital	Not rated

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Investments

As of June 30, 2022, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Maturity in Years		
			Less Than 1	1 - 10	More Than 10
Interest-Bearing investments:					
Certificate of Deposit *		\$ 1,626,228	\$ -	\$ 1,626,228	\$ -
Other Investments:					
Mutual Funds	N/A	152,327,796			
Common Stock	N/A	12,297			
Total Investments		\$ 153,966,321			

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2022, the Town did not have any uninsured and unregistered securities held by counterparts, or by their trust department or agents, that were not in the Town's name.

Credit Risk - Investments

The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any state or political subdivision or in obligations of the state of Connecticut or political subdivision.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Concentration of Credit Risk

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Town's investment policy, in conformity with applicable Connecticut General Statutes, authorizes investment in the State Treasurer's Short-Term Investment Fund (STIF). The value of the position in the pools is the same as the value of the pool shares. Regulatory oversight for the State Treasurer's STIF is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board. Other authorized investments include pooled and joint investments meeting the requirements of the policy, excluding those pools investing in "derivative" securities; certificates of deposit; repurchase agreements; and obligations of the United States and agencies of the federal government.

Deposits and investments for retirement and other postemployment benefit funds are also disclosed in Notes 5 and 6.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2022:

	Fair Value	Level 1	Level 2	Level 3
Common Stock	\$ 12,297	\$ 12,297	\$ -	\$ -
Mutual Funds	152,327,796	152,327,796	-	-
Total Investments by Fair Value Level	152,340,093	\$ 152,340,093	\$ -	\$ -
Investments Not Included Above:				
Certificate of Deposit	1,626,228			
Total Investments	\$ 153,966,321			

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash, Cash Equivalents, and Investments (Continued)

Interest Rate Risk (Continued)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

B. Endowments Received

	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Total
Original Principal Received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net Appreciation on Investments	191,215	26,784	150	218,149
Total Value	<u>\$ 211,215</u>	<u>\$ 54,327</u>	<u>\$ 200,150</u>	<u>\$ 465,692</u>

The original principal received remains in the net position and is restricted for the trust principal. The net appreciation on investments is broken out between restricted and unrestricted net position and is spent based on the original criteria established by the trust. The Town's policy is to spend only investment income for the purposes of the trust.

C. Fund Receivables

Receivables at June 30, 2022, including the applicable allowances for collection losses, are as follows:

	General	Capital Improvement	Nonmajor and Other Funds	Total
Property Taxes	\$ 1,288,253	\$ -	\$ 3,212	\$ 1,291,465
Property Tax Interest	336,472	-	-	336,472
Assessments	-	-	897,938	897,938
Intergovernmental	-	33,058	2,370,800	2,403,858
Accounts Receivable	104,503	-	374,361	478,864
User Fees Receivable	-	-	1,008,446	1,008,446
Gross Receivables	<u>1,729,228</u>	<u>33,058</u>	<u>4,654,757</u>	<u>6,417,043</u>
Allowance for Collection Losses	<u>(220,000)</u>		<u>(160,000)</u>	<u>(380,000)</u>
Net Receivables	<u>\$ 1,509,228</u>	<u>\$ 33,058</u>	<u>\$ 4,494,757</u>	<u>\$ 6,037,043</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 15,459,453	\$ -	\$ -	\$ 15,459,453
Construction in Progress	78,202,296	23,021,051	96,857,267	4,366,080
Total Capital Assets Not Being Depreciated	93,661,749	23,021,051	96,857,267	19,825,533
Capital Assets Being Depreciated:				
Land Improvements	12,825,955	-	-	12,825,955
Buildings and Improvements	258,483,186	91,525,218	-	350,008,404
Machinery and Equipment	27,672,726	473,780	446,624	27,699,882
Machinery and Equipment - Fleet	9,511,720	232,827	21,843	9,722,704
Infrastructure	117,889,416	2,740,582	-	120,629,998
Total Capital Assets Being Depreciated	426,383,003	94,972,407	468,467	520,886,943
Less: Accumulated Depreciation for:				
Land Improvements	4,170,568	187,301	-	4,357,869
Buildings and Improvements	70,773,166	5,472,142	-	76,245,308
Machinery and Equipment	16,893,205	1,232,598	378,497	17,747,306
Machinery and Equipment - Fleet	7,350,354	319,522	21,843	7,648,033
Infrastructure	81,109,018	3,073,584	-	84,182,602
Total Accumulated Depreciation	180,296,311	10,285,147	400,340	190,181,118
Total Capital Assets Being Depreciated, Net	246,086,692	84,687,260	68,127	330,705,825
Governmental Activities Capital Assets, Net	\$ 339,748,441	\$ 107,708,311	\$ 96,925,394	\$ 350,531,358

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

Governmental Activities:	
General Government Services	\$ 2,549,485
Public Safety	261,442
Public Works, Including Depreciation of General Infrastructure Assets	1,541,048
Community Services	145,003
Education	4,054,569
Sewer Operating	1,414,078
Fleet	319,522
Total Depreciation Expense - Governmental Activities	<u>\$ 10,285,147</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

Interfund Receivables, Payables, and Transfers

As of June 30, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	<u>\$ 790,813</u>

Interfund Transfers

Interfund transfers during the year ended June 30, 2022, were as follows:

	<u>Transfers In</u>				
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total Transfers Out</u>
Transfers Out:					
General Fund	\$ -	\$ 3,610,000	\$ 3,638	\$ 1,292,467	\$ 4,906,105
Nonmajor Funds	491,610	475,000	-	30,305	996,915
Internal Service Funds	-	-	101,873	-	101,873
Total Transfers In	<u>\$ 491,610</u>	<u>\$ 4,085,000</u>	<u>\$ 105,511</u>	<u>\$ 1,322,772</u>	<u>\$ 6,004,893</u>

Transfers are used to account for revenues collected mainly in the General Fund and appropriated to other funds to finance various programs, e.g., Capital Projects, all in accordance with budget authorizations. The purpose of the transfers in to the General Fund were to record revenues received from other funds pertaining to services provided to them by General Fund functions that were determined by the cost allocation plan. Transfers out to the Capital Improvements Fund consisted of budgetary transfers for the replacement of capital assets.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance

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

	General Fund	ARPA Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable:					
Other Assets	\$ 3,086	\$ -	\$ -	\$ 2,996	\$ 6,082
Endowments	-	-	-	247,543	247,543
Restricted for:					
Various Grant Funded Projects	-	3,112	-	530,216	533,328
Human Services Grants	-	-	-	-	-
Public Works Grants	-	-	-	-	-
Education Donations	-	-	-	-	-
Bonded Capital Projects	-	-	-	-	-
Debt Service	-	-	-	824,305	824,305
Regional Probate Court	-	-	-	21,702	21,702
Recreation and Senior Activities	-	-	-	-	-
Trust Purposes	-	-	-	223,812	223,812
Education	-	-	-	1,546,053	1,546,053
Committed to:					
Subsequent Year's Budget	-	-	-	-	-
Community Development Grant	-	-	-	-	-
Bonded Capital Projects	-	-	-	-	-
Escrow Funds	-	-	-	785,873	785,873
Land Acquisition	-	-	-	74,917	74,917
Outside Police Services	-	-	-	147,752	147,752
Energy Conservation	-	-	-	19,735	19,735
Human Services Donations	-	-	-	372,595	372,595
Emergency Energy	-	-	-	60,751	60,751
Student Activities	-	-	-	326,631	326,631
Public Infrastructure Improvements	-	-	-	274,253	274,253
Library	-	-	-	64,374	64,374
Golf Course Operations	-	-	-	808,788	808,788
Parks and Recreation	-	-	-	212,009	212,009
School Cafeteria	-	-	-	1,361,940	1,361,940
Fitch High School Library Media	-	-	-	500	500
LED Conversion Project	-	-	-	49,484	49,484
Blight Remediation	-	-	-	15,235	15,235
Sewer	-	-	-	5,110,213	5,110,213
Solid Waste Management	-	-	-	121,353	121,353
Outside Agencies	-	-	-	229,027	229,027
Other	-	-	-	5,204	5,204
Assigned to:					
Subsequent Year's Budget	4,000,000	-	-	-	4,000,000
General Government -					
Encumbrances	703,732	-	-	-	703,732
General Services - Encumbrances	-	-	-	-	-
Public Safety - Encumbrances	-	-	-	-	-
Public Works - Encumbrances	-	-	-	-	-
Planning and Development -					
Encumbrances	-	-	-	-	-
Nondepartmental - Encumbrances	-	-	-	-	-
Education Services - Encumbrances	-	-	-	-	-
Revaluation	380,132	-	-	-	380,132
Technology	358,536	-	-	-	358,536
Unassigned	32,120,481	-	(97,890)	(6,397)	32,016,194
Total Fund Balance	<u>\$ 37,565,967</u>	<u>\$ 3,112</u>	<u>\$ (97,890)</u>	<u>\$ 13,430,864</u>	<u>\$ 50,902,053</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Fund Balance (Continued)

Encumbrances of \$703,732 are contained in the above table in the assigned category of the General Fund at June 30, 2022. Encumbrances of \$1,475,817 are contained in the above table in the committed category of the Nonmajor Governmental Funds at June 30, 2022. There are also encumbrances of \$2,355,276 in the Capital Improvements Fund, not included in the table above, at June 30, 2022.

F. Long-Term Debt

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and Loans Payable:					
General Obligation Bonds	\$ 89,140,000	\$ 22,975,000	\$ 7,175,000	\$ 104,940,000	\$ 8,310,000
Clean Water Fund Loan	5,154,057	-	612,363	4,541,694	612,363
Premium	7,865,062	1,798,029	2,091,074	7,572,017	-
Total Bonds and Loans Payable	102,159,119	24,773,029	9,878,437	117,053,711	8,922,363
Landfill Post-Closure Monitoring	1,107,800	-	168,200	939,600	168,200
Financed purchases	17,327	-	4,275	13,052	5,404
Compensated Absences	2,055,198	-	85,923	1,969,275	190,646
Claims Payable	2,299,425	14,993,986	14,698,043	2,595,368	-
Net Pension Liability	6,908,604	29,943,073	-	36,851,677	-
Net OPEB Liability	37,336,544	-	2,386,359	34,950,185	-
Long-Term Liabilities	<u>\$ 151,884,017</u>	<u>\$ 69,710,088</u>	<u>\$ 27,221,237</u>	<u>\$ 194,372,868</u>	<u>\$ 9,286,613</u>

Liability for compensated absences and net pension liabilities will be funded through the General Fund, the Golf Course Fund, and the Sewer Operating Fund. In previous years the net pension and OPEB liabilities have been liquidated through the General Fund, Golf Course Fund, and the Sewer Operating Fund.

Bonds

All bonds are general obligation debt of the Town and are secured by the general revenue raising powers of the Town. However, it is management's intention that all sewer bonds be serviced by the taxes and sewer assessments of the Groton Sewer District, which are accounted for in the Debt Service Fund. The debt service associated with the Fort Hill sewer rehabilitation project and the debt issuance that refunded a portion of this debt will be funded with revenue generated from the Town's sewer use fee rate within the sewer operating fund.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Bonds (Continued)

The Town's general obligation bonds bear interest at rates from 2.0% to 5.0% and mature as follows:

<u>Year Ending June 30,</u>	<u>Town of Groton</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2023	\$ 8,310,000	\$ 3,726,237
2024	8,350,000	3,373,538
2025	7,990,000	3,003,718
2026	7,790,000	2,678,226
2027	7,735,000	2,368,531
2028-2032	26,555,000	8,171,494
2033-2037	22,460,000	4,193,362
2038-2042	15,750,000	1,101,175
Total	<u>\$ 104,940,000</u>	<u>\$ 28,616,281</u>

Clean Water Fund Loan

During 2008, the Town entered into a project loan agreement with the state of Connecticut for a Clean Water Project. As of June 30, 2022, the Town has received total financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of amended funding. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

Annual debt service payments to the state of Connecticut are as follows:

<u>Year Ending June 30,</u>	<u>Debt Service Fund</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2023	\$ 612,363	\$ 85,221
2024	612,363	72,973
2025	612,363	60,726
2026	612,363	48,479
2027	612,363	36,231
2028-2032	1,479,879	36,997
Total	<u>\$ 4,541,694</u>	<u>\$ 340,627</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

General Obligation Bond Anticipation Notes Payable

<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
4/28/2022	4/27/2023	3.00 %	\$ -	\$ 13,255,000	\$ -	\$ 13,255,000
4/15/2021	4/28/2022	3.00 %	\$ 38,000,000	\$ -	\$ 38,000,000	\$ -

The outstanding bond anticipation notes were issued to fund cash flows for capital expenses.

Financed Purchases

The Town has entered into a financed purchase agreement as a lessee for financing the acquisition of equipment. The agreement qualifies as a financed purchase for accounting purposes, and, therefore, has been recorded at the present value of future minimum payments as of the inception date. The asset acquired through the financed purchase is as follows:

	<u>Governmental Activities</u>
Equipment	\$ 22,561
Less: Accumulated Depreciation	(7,256)
Total	<u>\$ 15,305</u>

The future minimum lease obligation and net present value of the minimum lease payments as of June 30, 2022, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2023	\$ 5,405
2024	5,404
2025	5,405
2026	3,601
Subtotal	19,815
Less: Amount for Interest	(6,763)
Minimum Lease Payments	<u>\$ 13,052</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Debt Limitation

The Town's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes, as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
Public Improvement	\$ 245,183,141	\$ 14,585,464	\$ 230,597,677
Schools	490,366,283	105,880,145	384,486,138
Sewers	408,638,569	23,291,694	385,346,875
Urban Renewal	354,153,426	-	354,153,426
Pension Deficit	326,910,855	-	326,910,855

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$762,791,995. All long-term debt obligations are retired through General Fund, Debt Service Fund, and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$12,866,243 (and \$0 authorized and unissued) is included in the calculation of indebtedness.

Bonds Authorized But Unissued

Project	Amount of Total Debt Authorized	Bonds Issued	Notes Issued	Paydowns/ Grants	Authorized but Unissued Debt
Road Rehabilitation & Maintenance	\$ 11,200,000	\$ 10,405,000	\$ -	\$ 791,779	\$ 3,221
Groton 2020 School Facilities Plan	184,500,000	80,975,000	13,255,000	71,090,836	19,179,164

G. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town's municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$406,000 (\$101,500 per year for four years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$533,600 (\$66,700 for eight years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

NOTE 4 TAX ABATEMENTS

The Town of Groton currently has four individual agreements with local businesses that qualify under GASB Statement No. 77, *Tax Abatement Disclosures*, for the purpose of providing services to its taxpayers. Details of the agreements are as follows:

Local Business	Branford Manor Preservation	Mystic River Homes	Mystic Indoor Sports
Purpose	Apartment complex being renovated is low income housing and has been deemed a Development Property.	Apartment complex constructed for low income housing.	Improvement of an indoor sports facility for community use (increase tax base).
Tax being abated	Real Property	Real Property	Real Property
Authority under which agreements are entered into	Connecticut General Statutes 7-498, a part of General Statutes Chapter 114, the Connecticut City and Town Development Act.	Section 8-215 and 8-216 of Chapter 133 of the Connecticut General Statutes.	Town of Groton Financial Incentive Policy.
Eligibility criteria for tax abatement	Investment of \$18,500,000 to construct new resident service buildings, to make and maintain exterior and interior repairs and renovation to provide 100% project-based Section 8 housing for low income individuals.	Construct and maintain a maximum of 144 units of housing for low income elderly and disabled. Two phases of 72 units each.	Invest \$3 million to improve the property.
How recipient's taxes are reduced	A payment schedule of taxes has been agreed upon per the agreement through January 1, 2037 totaling \$7,759,264.	100% Abated	Year 1 - 100% abatement for existing buildings and land along with new improvements Years 2-4 - 100% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Years 5-6 - 75% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Year 7 - 50% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land
How the tax abatement is determined	Schedule based on current value of the building and reasonable abatement agreed to by all parties.	Discount needed to maintain low rents and off set the cost of the project.	Buyer paid backed taxes after purchasing the bankrupt facility. Discount needed to off set the cost of renovations.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced as a result of the abatement agreement.	Tax stabilization agreement. Taxes were not reduced, but stabilized to increase 3% per year for 20 years. Initial FYE2018	\$158,817 Town \$2,261 Sewer \$10,270 Noank Fire District	\$10,012 Town \$143 Sewer \$1,118 Old Mystic Fire District

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM

Pension Plans

A. Plan Description and Benefits Provided

All Town employees (nonunion choose an election at hire), except certified members of the Board of Education, participate in the Town of Groton Retirement System (TGRS), an agent multiple-employer, defined benefit pension plan. Two other employers, Ledge Light Health District and the Poquonnock Bridge Fire District, also participate in the TGRS, which is administered by the Retirement Board. The Retirement Board is made up of six members, who are appointed by the Town Council, and consists of the Town Manager and five members at large, at least two of whom shall be participants in TGRS, either as active or retired employees. All voting members of the board, except participants in the plan, must be residents of the Town. TGRS provides retirement, disability, and death benefits to plan members and beneficiaries. The charter provides the Town Council with the authority to establish and amend benefit provisions, by ordinance, through the Retirement Board. The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial reports as a pension trust fund. Stand-alone financial statements are not available.

Under the plan, all full-time employees hired are eligible. Police Officers, BOE Secretaries, BOE Central Office Employees, and Custodians are 100% vested after 10 years of service. Firefighters are 50% vested after 10 years with 3.3% additional after each of the next 15 years. General Government Nonbargaining, CILU, AFSCME, Steelworkers, Telecommunicators, and BOE Central Office Employees (Business Manager, Director of Building & Grounds, Director of IT, and Personnel Manager) are 100% vested after five years of service. Benefits are calculated as follows:

Board of Education - School Secretaries

1.25% of average annual pay for highest paid five years times years of service before 7/1/1989 and 1.85% times years of service after 7/1/1989 and prior to 7/1/2001, and 2.00% times years of service after 7/1/2001. No more than 25 years shall be credited at 2.00% and 1.85%, with additional years credited at 1.25%.

Board of Education - Custodians/Maintenance

1.25% of average annual pay (highest three years) times years of service before July 1, 1989, and 1.85% of average annual pay times years of service after June 30, 1989, up to 25 years, plus 1.25% for years of service after June 30, 1989, in excess of 25 years. For those who retire after June 30, 2003, 2% average annual pay times number of continuous years of service with the Board after June 30, 2001. No more than 25 years shall be credited at 2% and 1.85% with all additional years credited at 1.25%.

GrEATS and Telecommunicators

2.05% of average annual pay (for highest three years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Board of Education - Administrative

2% of average annual pay (for highest three years) times the number of years of continuous service up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25.

General Government AFSCME

2% of average annual pay (for highest three years) times the number of years of continuous service, up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25. Benefit is reduced by 2% for each year of age or service that the sum of age and years of service is less than 85.

General Government Nonbargaining

2% of average annual pay (for highest paid three years out of last five years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30.

Steelworkers

2% of average annual pay (for highest three years) times the number of years of continuous service, up to 30 years of service and 1.5% of average annual pay times years of continuous service in excess of 30.

Firefighters

2.75% of average annual pay (highest paid four years) times years of service. Hired after July 1, 2015, 2.25% of average annual pay times years of service.

Union Police Officers

2.667% of average annual pay (highest paid five years) times the number of years of continuous service up to 30 years of service. Benefit is reduced for each year of age and service that the sum of age and years of service is less than 75.

Nonunion Police Officers

2.667% of average annual pay (highest paid three years) times the number of years of continuous service up to 30 years of service.

Maximum benefits are 66-2/3% of average annual pay for members of the General Government, AFSCME, and Board of Education. Maximum benefits are 70% of average annual pay for members of the GrEATS and Telecommunicators and USWA. Maximum benefits are 75% of average annual pay for Firefighters and General Government Nonbargaining, and 80% for Union and Nonunion Police Officers.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

At July 1, 2021, TGRS membership consisted of:

	Town of Groton Town and BOE	Poquonnock Fire District	Ledge Light Health District
Retirees and Beneficiaries			
Currently Receiving Benefits	297	24	2
Terminated Employees Entitled to Benefits but Not Yet Receiving Them	36	-	-
Active Plan Members	334	25	1
Total	<u>667</u>	<u>49</u>	<u>3</u>

B. Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date.

C. Funding Policy

Employees other than Police Officers and Firefighters are required to contribute 4% of pay to the Plan. Nonunion Police Officers contribute 7.5%, Union Police Officers 7.75%, Firefighters 7.0%, and GrEATS 5% and Telecommunicators 6%. Contributions of nonvested employees are returned with interest, if applicable, upon termination or death prior to retirement. The Town funds at least the actuarially determined amounts. Benefits and contributions are established by the Town and may be amended only by the Town Council subject to the terms of collective bargaining agreements with certain unions.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TGRS Board by a majority vote of its members. It is the policy of the TGRS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The overall investment goal is to obtain a competitive rate of return on portfolio assets commensurate with the prudent investment rule and the responsibility to provide retirement benefits to retirees and their beneficiaries. The following was the Board's adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
U.S. Large Cap	37.00 %
U.S. Small Cap	7.00
Developed International Equities	11.00
Emerging International Equities	2.00
Core Fixed Income	37.00
High-Yield Bonds	3.00
Real Estate (REITs)	3.00
Total	<u>100.00 %</u>

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.76)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability

The components of the net pension liability of the Town at June 30, 2022, were as follows:

	Town and BOE	Ledge Light	Fire	Total
Total Pension Liability	\$ 153,698,400	\$ 1,004,370	\$ 16,968,513	\$ 171,671,283
Plan Fiduciary Net Position	116,846,723	668,458	12,086,775	129,601,956
Total Net Pension Liability	<u>\$ 36,851,677</u>	<u>\$ 335,912</u>	<u>\$ 4,881,738</u>	<u>\$ 42,069,327</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.02%	66.55%	71.23%	75.49%
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**TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

E. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.40%
Salary increases	Vary by Age Group
Investment rate of return	7.00%

Mortality rates were based on the Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2021. (Prior: Scale MP-2020).

The actuarial assumptions used in the July 1, 2021 valuation were based on the 2014 Experience Study Report published in August 2014.

Long-Term Expected 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 (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, (see discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap	5.10 %
U.S. Small Cap	5.40
Developed International Equities	5.30
Emerging International Equities	6.40
Core Fixed Income	1.10
High-Yield Bonds	3.70
Real Estate (REITs)	4.20

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

E. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% (Prior 7.25%). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Changes in Net Pension Liability

	Town and BOE		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances - July 1, 2021	\$ 145,420,521	\$ 138,511,917	\$ 6,908,604
Changes for the Year:			
Service Cost	2,866,997	-	2,866,997
Interest on Total Pension Liability	10,408,993	-	10,408,993
Changes of Benefit Terms	4,928	-	4,928
Differences Between Expected and Actual Experience	574,558	-	574,558
Changes in Assumptions	4,020,757	-	4,020,757
Employer Contributions	-	4,306,300	(4,306,300)
Member Contributions	-	1,329,806	(1,329,806)
Net Investment Income	-	(17,661,681)	17,661,681
Benefit Payments, Including Refund to Employee Contributions	(9,598,354)	(9,598,354)	-
Administrative Expenses	-	(41,265)	41,265
Net Changes	<u>8,277,879</u>	<u>(21,665,194)</u>	<u>29,943,073</u>
Balances - June 30, 2022	<u>\$ 153,698,400</u>	<u>\$ 116,846,723</u>	<u>\$ 36,851,677</u>

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

F. Changes in Net Pension Liability (Continued)

	Ledge Light		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 921,627	\$ 781,832	\$ 139,795
Changes for the Year:			
Service Cost	10,959	-	10,959
Interest on Total Pension Liability	65,868	-	65,868
Differences Between Expected and Actual Experience	29,096	-	29,096
Changes in Assumptions	25,818	-	25,818
Employer Contributions	-	30,000	(30,000)
Member Contributions	-	5,734	(5,734)
Net Investment Income	-	(99,874)	99,874
Benefit Payments, Including Refund to Employee Contributions	(48,998)	(48,998)	-
Administrative Expenses	-	(236)	236
Net Changes	82,743	(113,374)	196,117
Balances - June 30, 2022	\$ 1,004,370	\$ 668,458	\$ 335,912

	Poquonnock Fire District		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2021	\$ 15,502,002	\$ 14,242,769	\$ 1,259,233
Changes for the Year:			
Service Cost	294,882	-	294,882
Interest on Total Pension Liability	1,110,767	-	1,110,767
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	556,431	-	556,431
Changes in Assumptions	473,279	-	473,279
Employer Contributions	-	500,400	(500,400)
Member Contributions	-	134,287	(134,287)
Net Investment Income	-	(1,817,564)	1,817,564
Benefit Payments, Including Refund to Employee Contributions	(968,848)	(968,848)	-
Administrative Expenses	-	(4,269)	4,269
Net Changes	1,466,511	(2,155,994)	3,622,505
Balances - June 30, 2022	\$ 16,968,513	\$ 12,086,775	\$ 4,881,738

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

F. Changes in Net Pension Liability (Continued)

Amounts reported as changes of assumptions resulted primarily from an update to the mortality tables.

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

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

<u>Net Pension (Asset) Liability</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town and BOE	\$ 53,634,970	\$ 36,851,677	\$ 22,618,157
Ledge Light	441,764	335,912	244,524
Poquonnock Fire District	6,929,096	4,881,738	3,169,521

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

For the year ended June 30, 2022, the Town and BOE, Ledge Light, and Fire Pensions recognized pension expense of \$6,023,209, \$77,781, and \$686,557, respectively. At June 30, 2022, the reported deferred outflows of resources and deferred inflows of resources related to pension were as follows:

	<u>Town and BOE</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 822,009	\$ (28,376)
Changes of Assumptions	5,862,657	(191,026)
Net Difference Between Projected and Actual Earning on Pension Plan Investments	10,545,698	-
Total	<u>\$ 17,230,364</u>	<u>\$ (219,402)</u>

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Plans (Continued)

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

	Ledge Light	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 22,122	\$ -
Changes of Assumptions	18,897	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	59,799	-
Total	<u>\$ 100,818</u>	<u>\$ -</u>

	Poquonnock Fire District	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 580,586	\$ (132,625)
Changes of Assumptions	704,793	(10,754)
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,085,176	-
Total	<u>\$ 2,370,555</u>	<u>\$ (143,379)</u>

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

<u>Year Ending June 30.</u>	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Poquonnock Fire District</u>
2023	\$ 3,773,562	\$ 44,304	\$ 399,732
2024	3,513,056	17,237	420,329
2025	2,768,832	8,061	349,146
2026	6,615,122	31,216	763,195
2027	340,390	-	187,192
Thereafter	-	-	107,582
Total	<u>\$ 17,010,962</u>	<u>\$ 100,818</u>	<u>\$ 2,227,176</u>

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Connecticut State Teachers Retirement System – Pension

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at www.ct.gov.

B. Benefit Provisions

The plan provides retirement, disability, and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the three years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Connecticut State Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

Employer (School Districts)

School District employers are not required to make contributions to the plan.

The statutes require the state of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the State was \$11,171,284 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's Proportionate Share of the Net Pension Liability	\$ -
State's Proportionate share of the Net Pension Liability Associated with the Town	133,414,073
Total	<u>\$ 133,414,073</u>

The net pension liability was measured as of June 30, 2021, and the total Pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net pension liability.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Connecticut State Teachers Retirement System – Pension (Continued)

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

For the year ended June 30, 2022, the Town recognized pension expense and revenue of \$8,612,189 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increase	3.00%-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Connecticut State Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

Cost-of-Living Allowance (Continued)

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

Asset Class	Expected Return	Target Allocation
Domestic Equity Fund	5.60 %	20.00 %
Developed Market Intl. Stock Fund	6.00	11.00
Emerging Market Intl. Stock Fund	7.90	9.00
Core Fixed Income Fund	2.10	16.00
Inflation Linked Bond Fund	1.10	5.00
Emerging Market Debt Fund	2.70	5.00
High Yield Bond Fund	4.00	6.00
Real Estate Fund	4.50	10.00
Private Equity	7.30	10.00
Alternative Investments	2.90	7.00
Liquidity Fund	0.40	1.00
Total		<u>100.00 %</u>

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that state contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTE 5 PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Connecticut State Teachers Retirement System – Pension (Continued)

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

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

H. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

I. Other Information

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN**

A. Plan Description

The Groton Retired Employees Healthcare Plan (GREHP) is a single-employer, defined benefit healthcare plan administered by the Town. The GREHP provides medical and dental benefits to eligible retirees and their spouses as established through negotiations between the Town and the various unions representing the employees. Eligible full-time and part-time employees of the Town may elect to participate in the plan.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post-Employment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

Management of the postemployment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Town Manager, Director of Finance, and Human Resources Director.

At July 1, 2020, plan membership consisted of the following:

	Retiree Health Plan
Active Members	795
Retired Members	307
Beneficiaries	28
Spouses of Retirees	70
Total Participants	<u>1,200</u>

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

B. Funding Policy

The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits. The fund is reported as a trust fund in accordance with GASB guidelines. The actuarially determined contribution payment is transferred into this account annually from the General Fund and budgeted as part of the budgeting process, which is approved by the Town Council.

The contribution requirements of plan members and the Town/Board of Education are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums as listed below. These are average costs with the actual costs to the retirees based on the employee group they were in when they retired.

The annual blended medical and dental premiums are as follows:

	<u>Employee</u>	<u>Spouse</u>
Pre-65 Medical Plan:		
Town (Future Retirees)	\$ 12,433	\$ 12,433
BOE (Future Retiree)	12,069	12,069
Town (Current Retirees)	15,170	16,635
BOE (Future Retirees)	15,783	17,602
Post-65 Medical Plan:		
Town (Future Retirees)	5,407	5,407
BOE (Future Retiree)	5,407	5,407
Town (Current Retirees)	7,126	9,122
BOE (Future Retirees)	6,786	7,335
Dental Plan:		
Town	444	723
BOE	374	779

C. Investments

The investment policy of the OPEB Plan is established and may be amended by the Town Manager, Finance Director, and Human Resources Manager. The investment policy is designed to reflect a prudent investor's tolerance for risk, which is achieved through diversification of the portfolio across a broad selection of asset classes. It is the intent of the policy to pursue an investment strategy that produces a maximum return for the Town through prudent asset allocation and superior investment performance within designated asset classes.

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

C. Investments (Continued)

Investment Policy

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -8.93%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

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

Total OPEB Liability	\$ 62,421,676
Plan Fiduciary Net Position	27,471,491
Net OPEB Liability	<u>\$ 34,950,185</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.01%
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E. Actuarial Assumptions

The total OPEB liabilities was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.60%
Salary Increase	Graded by Age for Teachers and Administrators, 3.50% for All Others
Investment Rate of Return	7.00%
Healthcare Cost Trend Rates	Pre-Medicare: 5.70% - 4.10% Over 52 Years Post-Medicare: 4.90% - 4.10% Over 51 Years

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

E. Actuarial Assumptions (Continued)

Healthy Mortality:

Teachers and Administrators	PubT-2010 Mortality Table for Employees and Healthy Annuitants (adjusted 105% for males and 103% for females at ages 82 and above) with generational projection of future improvements per the MP-2019 Ultimate scale. The PubT-2010 Contingent Survivor Table projected generationally per the MP-2019 Ultimate scale and set forward one year for both males and females is used for survivors and beneficiaries. This assumption includes a margin for improvements in longevity beyond the valuation date.
Police	PubS-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP- 2019 Ultimate scale. This assumption includes a margin for improvements in longevity beyond the valuation date.
All Others	PubG-2010 Mortality Table for Employees and Healthy Annuitants with generational projection of future improvements per the MP-2019 Ultimate scale. This assumption includes a margin for improvements in longevity beyond the valuation date.

Disabled Mortality:

Teachers and Administrators	PubT-2010 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2019 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date.
Police	PubS-2010 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2019 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date.
All Others	PubG-2010 Disabled Mortality Table for males and females with generational projection of future improvements per the MP-2019 Ultimate scale. This assumption includes a margin for mortality improvement beyond the valuation date.

The plan has not had a formal actuarial experience study performed.

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

E. Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2022, are summarized in the following table:

Asset Class	Actual Allocation	Long-Term Expected Real Rate of Return
U.S. Cash	11 %	(0.32)%
Core Fixed Income	33	1.37
U.S. Large Cap Equities	56	5.15
Total	100 %	

F. Discount Rate

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

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

G. Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - July 1, 2021	\$ 66,155,356	\$ 28,818,812	\$ 37,336,544
Changes for the Year:			
Service Cost	1,289,815	-	1,289,815
Interest on Total OPEB Liability	4,610,792	-	4,610,792
Differences Between Expected and Actual Experience	(6,426,620)	-	(6,426,620)
Employer Contributions	-	4,638,903	(4,638,903)
Net Investment Income	-	(2,749,057)	2,749,057
Benefit Payments	(3,207,667)	(3,207,667)	-
Administrative Expense	-	(29,500)	29,500
Net Changes	<u>(3,733,680)</u>	<u>(1,347,321)</u>	<u>(2,386,359)</u>
Balances - June 30, 2022	<u>\$ 62,421,676</u>	<u>\$ 27,471,491</u>	<u>\$ 34,950,185</u>

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	\$ 42,789,892	\$ 34,950,185	\$ 28,511,703

I. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, calculated using the current healthcare cost trend rate, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower or 1-percentage-point-higher than the current healthcare cost trend rates:

	1% Decrease (See Assumptions)	Healthcare Cost Trend Rates (See Assumptions)	1% Increase (See Assumptions)
Net OPEB Liability	\$ 26,946,832	\$ 34,950,185	\$ 44,888,848

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

**NOTE 6 POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES
HEALTHCARE PLAN (CONTINUED)**

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$3,071,773. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,998,995	\$ (6,869,175)
Changes of Assumptions	677,822	(3,957,331)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,558,498	-
Total	<u>\$ 6,235,315</u>	<u>\$ (10,826,506)</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (846,943)
2024	(928,753)
2025	(1,089,235)
2026	29,290
2027	(783,035)
Thereafter	(972,515)
Total	<u>\$ (4,591,191)</u>

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	Trust Funds		
	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Assets:			
Cash and Cash Equivalents	\$ 2,981	\$ 4,592,280	\$ 4,595,261
Investments, at Fair Value:			
Mutual Funds	129,475,836	22,851,960	152,327,796
Accounts Receivable	182,460	32,391	214,851
Total Assets	<u>129,661,277</u>	<u>27,476,631</u>	<u>157,137,908</u>
Liabilities:			
Accounts Payable	59,287	5,140	64,427
Due to Employees and Others	33	-	33
Claims Incurred but Not Reported	-	-	-
Total Liabilities	<u>59,320</u>	<u>5,140</u>	<u>64,460</u>
Net Position:			
Restricted for Employees of Ledge Light	668,458	-	668,458
Restricted for Firefighters	12,086,775	-	12,086,775
Restricted for Benefits and Other Purposes	116,846,724	27,471,491	144,318,215
Total Net Position	<u>\$ 129,601,957</u>	<u>\$ 27,471,491</u>	<u>\$ 157,073,448</u>
	Trust Funds		
	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 4,836,700	\$ 4,638,903	\$ 9,475,603
Plan Members	1,469,827	-	1,469,827
Total Contributions	<u>6,306,527</u>	<u>4,638,903</u>	<u>10,945,430</u>
Investment Income:			
Change in Fair Value of Investments	(19,319,594)	(2,749,058)	(22,068,652)
Less: Investment Expenses:			
Investment Management Fees	305,294	29,499	334,793
Net Investment Income	<u>(19,624,888)</u>	<u>(2,778,557)</u>	<u>(22,403,445)</u>
Total Additions	<u>(13,318,361)</u>	<u>1,860,346</u>	<u>(11,458,015)</u>
Deductions:			
Benefits	10,616,200	3,207,667	13,823,867
Administrative Expense	-	-	-
Total Deductions	<u>10,616,200</u>	<u>3,207,667</u>	<u>13,823,867</u>
Change in Net Position	(23,934,561)	(1,347,321)	(25,281,882)
Net Position - Beginning of Year	<u>153,536,518</u>	<u>28,818,812</u>	<u>182,355,330</u>
Net Position - End of Year	<u>\$ 129,601,957</u>	<u>\$ 27,471,491</u>	<u>\$ 157,073,448</u>

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN**

A. Plan Description

Teachers, principals, superintendents, or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost-sharing, multiple-employer defined benefit other postemployment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the healthcare benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse, or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue healthcare coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN (CONTINUED)**

B. Benefit Provisions (Continued)

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees, and the state pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their healthcare coverage or elect to not enroll in a CTRB sponsored healthcare coverage option must wait two years to re-enroll.

Survivor Healthcare Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

C. Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN (CONTINUED)**

C. Eligibility (Continued)

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the state of Connecticut are approved, amended, and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The state contributions are not currently actuarially funded. The state appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the state. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the state will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

School District employers are not required to make contributions to the plan.

For the year ended June 30, 2022, the amount of "on-behalf" contributions made by the state was \$262,882 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN (CONTINUED)**

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

At June 30, 2022, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the state pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's Proportionate Share of the Net OPEB Liability	\$ -
State's Proportionate share of the Net OPEB Liability Associated with the Town	14,535,219
Total	<u><u>\$ 14,535,219</u></u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2022, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the Town recognized OPEB expense and revenue of \$(536,740) in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Healthcare Costs Trend Rate	5.125% for 2020, Decreasing to an Ultimate Rate of 4.50% by 2023
Salary Increases	3.00%-6.50%, Including Inflation
Investment Rate of Return	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position will be Depleted	2023

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN (CONTINUED)**

F. Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

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

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%.

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

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS
RETIREMENT PLAN (CONTINUED)**

G. Discount Rate (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate and the Discount Rate

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

I. OPEB Plan Fiduciary Net Position

Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

J. Other Information

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

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

NOTE 9 OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee and retiree health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. The OPEB Trust fund covers all retired employee claims. Town management has estimated a liability using actuarial methods at June 30, 2022, for claims incurred but not reported to be reported for each activity. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,	Due Within One Year
Health Insurance Fund:					
2021 - 2022	\$ 791,000	\$ 14,356,945	\$ 13,942,945	\$ 1,205,000	\$ 1,205,000
2020 - 2021	692,000	12,493,536	12,394,536	791,000	791,000
Workers' Compensation Fund:					
2021 - 2022	1,508,425	637,041	755,098	1,390,368	95,934
2020 - 2021	1,649,594	631,382	772,551	1,508,425	107,721

The Town 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 fiscal years.

B. Contingencies

The Town is currently involved in several litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not materially affect the financial condition of the Town.

C. Concentration of Taxes

The Town's two largest taxpayers, based on the October 1, 2020 grand list, comprise 15.6% of the net taxable grand list of the Town and approximately 10.4% of the total General Fund revenues for the year ended June 30, 2022.

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

NOTE 10 RESTATEMENT

The Town did not properly report premiums related to the issuance of a bond anticipation note in a previous period. The Town restated beginning balances of liabilities, fund balance and net position as followed:

	Governmental Activities Net Position	Capital Improvement Fund Fund Balance
Governmental Funds:		
Balance as previously reported June 30, 2021	\$ 222,604,886	\$ (10,973,894)
Adjustment:		
BAN premium that should have been recognized in a previous period	<u>555,757</u>	<u>555,757</u>
Balance as restated July 1, 2021	\$ <u><u>223,160,643</u></u>	\$ <u><u>(10,418,137)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
General Property Taxes (Including Interest and Lien Fees)	\$ 97,238,539	\$ 97,238,539	\$ 97,979,922	\$ 741,383
Licenses and Permits:				
Building Permits	525,000	525,000	587,980	62,980
Dog Licenses	5,000	5,000	2,246	(2,754)
Other Licenses and Permits	11,750	11,750	17,253	5,503
Building Permits - Education Fee	750	750	377	(373)
State Land Use Fees	100	100	70	(30)
Total Licenses and Permits	542,600	542,600	607,926	65,326
Interest on Investments	125,000	125,000	101,280	(23,720)
Intergovernmental - State:				
General:				
Town Aid Road	371,847	371,847	371,022	(825)
Nuclear Safety Drill	55,100	55,100	40,900	(14,200)
Telephone Access	137,000	137,000	118,675	(18,325)
Pilot - State and Tax Exemptions	602,530	602,530	1,734,496	1,131,966
Youth Service Bureau	27,888	27,888	27,885	(3)
Pequot and Mohegan Funds	1,232,069	1,232,069	1,232,069	-
911 Enhancement	200,000	200,000	221,582	21,582
Municipal Project Grant	1,819,768	1,819,768	2,364,220	544,452
Municipal Aid Adjustment Grant	466,668	466,668	466,668	-
Miscellaneous State Grants	-	-	212,564	212,564
Board of Education:				
Education Cost Sharing	25,040,045	25,040,045	25,183,030	142,985
Adult Education	113,451	113,451	117,717	4,266
Special Education	925,000	925,000	1,110,911	185,911
Magnet School Transportation	185,000	185,000	117,000	(68,000)
Nonpublic Pupil Services	26,246	26,246	26,369	123
Total State of Connecticut	31,202,612	31,202,612	33,345,108	2,142,496
Intergovernmental - Federal:				
Pupil Impact Aid	3,316,515	3,316,515	3,901,177	584,662
Education - Miscellaneous Federal Funds	195,100	195,100	166,553	(28,547)
FEMA Reimbursement	-	-	13,877	13,877
Emergency Management	19,600	19,600	-	(19,600)
Total Federal Government	3,531,215	3,531,215	4,081,607	550,392

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES (CONTINUED)				
Charges for Current Services:				
Planning Commission Fees	\$ 8,000	\$ 8,000	\$ 8,100	\$ 100
Recording Instruments	120,000	120,000	196,603	76,603
Conveyance Tax	600,000	600,000	820,087	220,087
Planning Department - Other	500	500	317	(183)
Collection Subdivisions Taxes	118,866	118,866	118,867	1
Accident Reports	4,800	4,800	4,613	(187)
Dispatch and Paramedics Services	3,000	3,000	3,000	-
North Stonington - Dispatch	52,819	52,819	32,467	(20,352)
Coordinated Medical Emergency Director	22,000	22,000	21,606	(394)
Board of Education - FHS and Ground Mowing	63,771	63,771	63,771	-
GIS - Revenue	420	420	299	(121)
Vital Statistics	5,000	5,000	7,309	2,309
Snow and Ice Control Services	20,000	20,000	44,931	24,931
COG Climate	24,894	24,894	-	(24,894)
Total Charges for Current Services	1,044,070	1,044,070	1,321,970	277,900
Schools, Library, and Recreation:				
Tuition from Other Towns	20,000	20,000	9,769	(10,231)
Other School Receipts	16,000	16,000	39,241	23,241
Library Fines	5,250	5,250	127	(5,123)
Lost and Damaged Book Fees	1,099	1,099	1,934	835
Senior Center Fees	2,500	2,500	3,890	1,390
Library - Copier Fees	1,650	1,650	3,844	2,194
Library Fees	6,000	6,000	7,830	1,830
Total Schools, Library, and Recreation	52,499	52,499	66,635	14,136
Other Revenue:				
Court Fines	14,000	14,000	7,948	(6,052)
Parking Tickets	2,040	2,040	5,265	3,225
Aircraft Registration Fees	20,370	20,370	21,210	840
Lease Fees	198,370	198,370	198,874	504
Land Record Copies	25,000	25,000	36,254	11,254
Vital Copies	60,000	60,000	65,824	5,824
Miscellaneous	5,350	5,350	62,368	57,018
Pilot Payment - Other	50,000	50,000	51,480	1,480
Dog Warden - Sold and Redeemed	2,250	2,250	908	(1,342)
Public Works Disposal Fees	164,402	164,402	175,449	11,047
Returned Check Fees	650	650	745	95
Sale of Capital Assets	10,000	10,000	19,155	9,155
Delinquent MV Fees	15,000	15,000	16,661	1,661
Debt Service Bond Premium	-	-	1,697,813	1,697,813
Finance Department Copies	130	130	488	358
Total Other Revenue	567,562	567,562	2,360,442	1,792,880
Total Revenues	134,304,097	134,304,097	139,864,890	5,560,793

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
OTHER FINANCING SOURCES				
Transfers In:				
Sewer and Landfill Services	\$ 430,354	\$ 430,354	\$ 430,354	\$ -
Sewer District	51,256	51,256	51,256	-
Mumford Cove	1,160	1,160	1,160	-
Community Investment Act Fund	6,500	6,500	6,500	-
Total Other Financing Sources	<u>489,270</u>	<u>489,270</u>	<u>489,270</u>	<u>-</u>
 Total Revenues and Other Financing Sources	<u>\$ 134,793,367</u>	<u>\$ 134,793,367</u>	140,354,160	<u>\$ 5,560,793</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers Retirement System for Town teachers are not budgeted			11,171,284	
State of Connecticut on-behalf contributions to the Connecticut State Teachers OPEB system for Town teachers are not budgeted			262,882	
Property tax revenue receivable accrual basis change			35,976	
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only			2,292	
Transfers in from other funds			2,340	
Other revenue adjustment			<u>(62,158)</u>	
 Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 151,766,776</u>	

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
Legislative Policy	\$ 38,200	\$ 47,200	\$ 38,732	\$ 8,468
Voter Registration	133,485	158,063	154,393	3,670
Town Clerk	333,800	333,800	313,948	19,852
Legal Services	297,500	347,500	345,815	1,685
Total General Government	802,985	886,563	852,888	33,675
General Services:				
Executive Management	318,000	318,000	305,272	12,728
Information Technology	1,102,733	1,102,733	1,068,486	34,247
Human Resources	371,962	401,932	402,489	(557)
Financial Administration	1,681,172	1,681,172	1,547,687	133,485
Total General Services	3,473,867	3,503,837	3,323,934	179,903
Public Safety:				
Police Services	9,258,908	9,258,908	9,091,950	166,958
Public Works	5,864,087	5,864,087	5,707,771	156,316
Planning and Development Services	1,596,094	1,596,094	1,581,624	14,470
Human Services:				
Human Services	588,909	588,909	520,992	67,917
Community Services:				
Parks and Recreation	1,775,575	1,775,575	1,660,454	115,121
Library	1,653,056	1,653,056	1,553,638	99,418
Total Community Services	3,428,631	3,428,631	3,214,092	214,539
Nondepartmental:				
Insurance and Claims	766,064	766,064	687,449	78,615
Contingency	350,000	236,452	-	236,452
Self-Funded Plans	10,810,103	10,810,103	10,810,805	(702)
Total Nondepartmental	11,926,167	11,812,619	11,498,254	314,365
Education	77,438,090	77,438,090	77,450,670	(12,580)
Debt Service:				
Town	2,433,220	2,433,220	2,432,720	500
Board of Education	7,090,230	7,090,230	6,842,438	247,792
Total Debt Service	9,523,450	9,523,450	9,275,158	248,292
Outside Agencies:				
Regional Agencies	136,499	136,499	136,498	1
Health Services - Cultural Agencies	1,864,350	1,864,350	1,782,358	81,992
Total Outside Agencies	2,000,849	2,000,849	1,918,856	81,993

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Subdivisions:				
City of Groton	\$ 5,649,927	5,649,927	\$ 5,650,689	\$ (762)
Groton Long Point	575,783	575,783	575,062	721
Fire Districts	246,000	246,000	246,000	-
Total Subdivisions	<u>6,471,710</u>	<u>6,471,710</u>	<u>6,471,751</u>	<u>(41)</u>
 Total Expenditures	132,373,747	132,373,747	130,907,940	1,465,807
 OTHER FINANCING USES				
Transfers Out:				
Capital Reserve	3,610,000	3,610,000	3,610,000	-
Revaluation	300,000	300,000	300,000	-
Fleet	1,292,467	1,292,467	1,292,467	-
Computer Replacement	64,515	64,515	64,515	-
TIF	3,638	3,638	3,638	-
Total Other Financing Uses	<u>5,270,620</u>	<u>5,270,620</u>	<u>5,270,620</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	<u>\$ 137,644,367</u>	<u>\$ 137,644,367</u>	136,178,560	<u>\$ 1,465,807</u>

Budgetary expenditures are different than GAAP expenditures because:

Capital improvements transfers, included in separate line items above, are netted for GAAP purposes.

State of Connecticut on-behalf contributions to the Connecticut State Teachers Retirement System for Town teachers are not budgeted.

11,171,284

State of Connecticut on-behalf contributions to the Connecticut State Teachers OPEB system for Town teachers are not budgeted.

262,882

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for GAAP financial reporting purposes.

878,060

Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes.

(703,732)

Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only.

519,962

Elimination of transfers between General Fund and funds combined for GASB 54 purposes.

(364,515)

Other expenditure adjustment

(62,158)

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 147,880,343

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 2,451,526	\$ 2,525,072	\$ 2,318,892	\$ 2,409,250	\$ 2,569,350	\$ 2,600,342	\$ 2,799,491	\$ 2,809,869	\$ 2,866,997
Interest	8,757,689	9,188,020	8,666,967	9,011,518	9,112,990	9,419,582	9,669,256	9,949,410	10,408,993
Changes of Benefit Terms	-	-	-	-	-	688,115	-	(6,096)	4,928
Differences Between Expected and Actual Experience	-	(3,089,277)	(831,909)	(198,443)	646,369	437,415	289,128	(44,592)	574,558
Changes of Assumptions	-	(5,208,074)	1,002,922	1,129,130	(447,999)	2,665,163	(278,347)	2,815,386	4,020,757
Benefit Payments, Including Refunds of Member Contributions	(5,929,846)	(5,876,377)	(6,589,487)	(7,020,884)	(7,550,511)	(8,107,166)	(8,362,876)	(8,897,921)	(9,598,354)
Net Change in Total Pension Liability	5,279,369	(2,460,636)	4,567,385	5,330,571	4,330,199	7,703,451	4,116,652	6,626,056	8,277,879
Total Pension Liability - Beginning	109,927,474	115,206,843	112,746,207	117,313,592	122,644,163	126,974,362	134,677,813	138,794,465	145,420,521
Total Pension Liability - Ending	115,206,843	112,746,207	117,313,592	122,644,163	126,974,362	134,677,813	138,794,465	145,420,521	153,698,400
Plan Fiduciary Net Position:									
Contributions - Employer	3,114,144	3,192,047	2,553,991	2,488,575	2,848,100	2,996,600	3,540,900	3,773,000	4,306,300
Contributions - Member	1,114,042	1,131,674	1,169,678	1,201,342	1,220,752	1,212,995	1,243,638	1,246,290	1,329,806
Net Investment Income (Loss)	13,481,409	3,540,403	(53,985)	9,878,756	7,613,030	7,581,103	6,129,100	28,609,009	(17,661,681)
Benefit Payments, Including Refunds of Member Contributions	(5,929,846)	(5,876,377)	(6,589,487)	(7,020,884)	(7,550,511)	(8,107,166)	(8,362,876)	(8,897,921)	(9,598,354)
Administrative Expense	(54,307)	(37,255)	(30,685)	(32,163)	(45,162)	(36,257)	(50,529)	(36,013)	(41,265)
Net Change in Plan Fiduciary Net Position	11,725,442	1,950,492	(2,950,488)	6,515,626	4,086,209	3,647,275	2,500,233	24,694,365	(21,665,194)
Plan Fiduciary Net Position - Beginning	86,342,763	98,068,205	100,018,697	97,068,209	103,583,835	107,670,044	111,317,319	113,817,552	138,511,917
Plan Fiduciary Net Position - Ending	98,068,205	100,018,697	97,068,209	103,583,835	107,670,044	111,317,319	113,817,552	138,511,917	116,846,723
Net Pension Liability - Ending	\$ 17,138,638	\$ 12,727,510	\$ 20,245,383	\$ 19,060,328	\$ 19,304,318	\$ 23,360,494	\$ 24,976,913	\$ 6,908,604	\$ 36,851,677
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.12%	88.71%	82.74%	84.46%	84.80%	82.65%	82.00%	95.25%	76.02%
Covered Payroll	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290	\$ 22,096,847	\$ 22,229,457	\$ 22,934,460	\$ 23,062,178	\$ 23,105,918	\$ 23,311,827
Net Pension Liability as a Percentage of Covered Payroll	74.43%	53.92%	92.33%	86.26%	86.84%	101.86%	108.30%	29.90%	158.08%

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 6,972	\$ 7,181	\$ 621,108	\$ 7,714	\$ 8,701	\$ 8,959	\$ 9,829	\$ 10,578	\$ 10,959
Interest	44,858	46,078	94,625	48,675	51,179	54,160	56,837	61,063	65,868
Differences Between Expected and Actual Experience	-	(7,730)	(651,642)	29,608	21,741	23,550	39,206	24,596	29,096
Changes of Assumptions	-	23,355	(5,817)	5,161	(4,319)	14,387	(2,655)	18,648	25,818
Benefit Payments, Including Refunds of Member Contributions	(35,815)	(37,804)	(37,804)	(37,804)	(37,804)	(37,804)	(42,468)	(48,998)	(48,998)
Net Change in Total Pension Liability	16,015	31,080	20,470	53,354	39,498	63,252	60,749	65,887	82,743
Total Pension Liability - Beginning	571,322	587,337	618,417	638,887	692,241	731,739	794,991	855,740	921,627
Total Pension Liability - Ending	587,337	618,417	638,887	692,241	731,739	794,991	855,740	921,627	1,004,370
Plan Fiduciary Net Position:									
Contributions - Employer	9,556	6,764	8,971	8,958	13,200	15,700	20,500	24,800	30,000
Contributions - Member	3,483	3,627	4,052	4,265	4,442	4,905	5,101	5,385	5,734
Net Investment Income (Loss)	79,029	19,083	(380)	55,221	42,251	42,276	34,415	161,457	(99,874)
Benefit Payments, Including Refunds of Member Contributions	(35,815)	(37,804)	(37,804)	(37,804)	(37,804)	(37,804)	(42,468)	(48,998)	(48,998)
Administrative Expense	(321)	(212)	(172)	(179)	(251)	(203)	(284)	(203)	(236)
Net Change in Plan Fiduciary Net Position	55,932	(8,542)	(25,333)	30,461	21,838	24,874	17,264	142,441	(113,374)
Plan Fiduciary Net Position - Beginning	522,897	578,829	570,287	544,954	575,415	597,253	622,127	639,391	781,832
Plan Fiduciary Net Position - Ending	578,829	570,287	544,954	575,415	597,253	622,127	639,391	781,832	668,458
Net Pension Liability - Ending	\$ 8,508	\$ 48,130	\$ 93,933	\$ 116,826	\$ 134,486	\$ 172,864	\$ 216,349	\$ 139,795	\$ 335,912
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.55%	92.22%	85.30%	83.12%	81.62%	78.26%	74.72%	84.83%	66.55%
Covered Payroll	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308	\$ 105,474	\$ 112,203	\$ 122,630	\$ 127,535	\$ 134,616
Net Pension Liability as a Percentage of Covered Payroll	7.06%	53.69%	104.23%	115.32%	127.51%	154.06%	176.42%	109.61%	249.53%

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 401,849	\$ 413,904	\$ 299,682	\$ 257,236	\$ 267,597	\$ 283,839	\$ 300,521	\$ 305,127	\$ 294,882
Interest	843,728	889,636	918,671	983,590	976,011	998,983	1,026,342	1,061,695	1,110,767
Changes of Benefit Terms	-	-	96	-	-	-	-	(30)	-
Differences Between Expected and Actual Experience	-	(520,189)	390,732	(439,015)	(243,622)	(20,907)	42,441	123,393	556,431
Changes of Assumptions	-	799,434	(78,888)	158,125	(52,104)	317,667	19,909	161,415	473,279
Benefit Payments, Including Refunds of Member Contributions	(558,385)	(814,075)	(652,848)	(647,882)	(647,882)	(668,119)	(853,947)	(960,298)	(968,848)
Net Change in Total Pension Liability	687,192	768,710	877,445	312,054	300,000	911,463	535,266	691,302	1,466,511
Total Pension Liability - Beginning	10,418,570	11,105,762	11,874,472	12,751,917	13,063,971	13,363,971	14,275,434	14,810,700	15,502,002
Total Pension Liability - Ending	11,105,762	11,874,472	12,751,917	13,063,971	13,363,971	14,275,434	14,810,700	15,502,002	16,968,513
Plan Fiduciary Net Position:									
Contributions - Employer	428,378	414,790	392,293	385,674	389,100	385,000	434,600	459,500	500,400
Contributions - Member	128,634	94,356	106,863	116,552	120,435	119,614	122,578	134,629	134,287
Net Investment Income (Loss)	1,308,508	326,423	(4,042)	956,168	754,460	767,838	628,164	2,941,501	(1,817,564)
Benefit Payments, Including Refunds of Member Contributions	(558,385)	(814,075)	(652,848)	(647,882)	(647,882)	(668,119)	(853,947)	(960,298)	(968,848)
Administrative Expense	(5,243)	(3,534)	(2,949)	(3,149)	(4,507)	(3,695)	(5,181)	(3,703)	(4,269)
Net Change in Plan Fiduciary Net Position	1,301,892	17,960	(160,683)	807,363	611,606	600,638	326,214	2,571,629	(2,155,994)
Plan Fiduciary Net Position - Beginning	8,166,150	9,468,042	9,486,002	9,325,319	10,132,682	10,744,288	11,344,926	11,671,140	14,242,769
Plan Fiduciary Net Position - Ending	9,468,042	9,486,002	9,325,319	10,132,682	10,744,288	11,344,926	11,671,140	14,242,769	12,086,775
Net Pension Liability - Ending	<u>\$ 1,637,720</u>	<u>\$ 2,388,470</u>	<u>\$ 3,426,598</u>	<u>\$ 2,931,289</u>	<u>\$ 2,619,683</u>	<u>\$ 2,930,508</u>	<u>\$ 3,139,560</u>	<u>\$ 1,259,233</u>	<u>\$ 4,881,738</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.25%	79.89%	73.13%	77.56%	80.40%	79.47%	78.80%	91.88%	71.23%
Covered Payroll	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664	\$ 1,724,791	\$ 1,761,916	\$ 1,772,131	\$ 1,752,880	\$ 1,867,424
Net Pension Liability as a Percentage of Covered Payroll	71.58%	104.67%	170.43%	171.96%	151.88%	166.33%	177.16%	71.84%	261.42%

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

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN AND BOE
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 10,599	\$ 9,556	\$ 6,764	\$ 8,971	\$ 8,958	\$ 13,200	\$ 15,700	\$ 19,900	\$ 24,800	\$ 30,000
Contributions in Relation to the Actuarially Determined Contribution	10,599	9,556	6,764	8,971	8,958	13,200	15,700	20,500	24,800	30,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (600)	\$ -	\$ -
Covered Payroll	N/A	N/A	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308	\$ 105,474	\$ 122,630	\$ 127,535	\$ 134,616
Contributions as a Percentage of Covered Payroll	N/A	N/A	5.61%	10.01%	9.94%	13.03%	14.89%	16.72%	19.45%	22.29%

Notes to Schedule:

Valuation Date July 1, 2021
Measurement Date June 30, 2022

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Normal Actuarial Cost
Remaining Amortization Period	18 Years (Prior: 19 years)
Asset Valuation Method	Adjusted Value of Assets
Inflation	2.40%
Salary Increases	Varies by Age Group
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expenses (prior 7.25%)
Retirement Age	Age Related Table
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2021. Prior (Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2020.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LEDGE LIGHT
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 10,599	\$ 9,556	\$ 6,764	\$ 8,971	\$ 8,958	\$ 13,200	\$ 15,700	\$ 19,900	\$ 24,800	\$ 30,000
Contributions in Relation to the Actuarially Determined Contribution	10,599	9,556	6,764	8,971	8,958	13,200	15,700	20,500	24,800	30,000
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (600)	\$ -	\$ -
Covered Payroll	N/A	N/A	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308	\$ 105,474	\$ 122,630	\$ 127,535	\$ 134,616
Contributions as a Percentage of Covered Payroll	N/A	N/A	5.61%	10.01%	9.94%	13.03%	14.89%	16.72%	19.45%	22.29%

Notes to Schedule:

Valuation Date July 1, 2021
Measurement Date June 30, 2022

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Normal Actuarial Cost
Remaining Amortization Period	18 Years (Prior: 19 years)
Asset Valuation Method	Adjusted Value of Assets
Inflation	2.40%
Salary Increases	Varies by Age Group
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expenses (prior 7.25%)
Retirement Age	Age Related Table
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2021. Prior (Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2020.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 378,701	\$ 428,378	\$ 414,790	\$ 392,293	\$ 385,674	\$ 389,100	\$ 385,000	\$ 427,500	\$ 459,500	\$ 500,400
Contributions in Relation to the Actuarially Determined Contribution	378,701	428,378	414,790	392,293	385,674	389,100	385,000	434,600	459,500	500,400
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,100)	\$ -	\$ -
Covered Payroll	N/A	N/A	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664	\$ 1,724,791	\$ 1,772,131	\$ 1,752,880	\$ 1,867,424
Contributions as a Percentage of Covered Payroll	N/A	N/A	18.13%	17.19%	19.18%	22.83%	22.32%	24.52%	26.21%	26.80%

Notes to Schedule:

Valuation Date July 1, 2021
Measurement Date June 30, 2022
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Normal Actuarial Cost
Remaining Amortization Period	18 Years (Prior: 19 years)
Asset Valuation Method	Adjusted Value of Assets
Inflation	2.40%
Salary Increases	Varies by Age Group
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expenses (prior 7.25%)
Retirement Age	Age Related Table
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2021. Prior (Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for Public Safety), projected to the valuation date with Scale MP-2020.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual Money-Weighted Rate of Return, Net of Investment Expense	15.51%	3.62%	-0.03%	7.10%	7.44%	7.14%	5.58%	25.39%	-12.76%

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

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST EIGHT FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022
Town's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability Associated with the Town	93,604,919	101,271,189	132,909,163	125,979,335	118,214,690	153,314,894	168,450,310	133,414,073
Total	<u>\$ 93,604,919</u>	<u>\$ 101,271,189</u>	<u>\$ 132,909,163</u>	<u>\$ 125,979,335</u>	<u>\$ 118,214,690</u>	<u>\$ 153,314,894</u>	<u>\$ 168,450,310</u>	<u>\$ 133,414,073</u>
Town's Covered Payroll	\$ 36,486,290	\$ 36,797,537	\$ 37,787,402	\$ 36,426,040	\$ 36,820,958	\$ 36,820,958	\$ 38,395,135	\$ 38,528,355
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.51%	59.50%	52.26%	0.00%	55.93%	52.00%	49.24%	0.00%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level percent of pay, closed, grading to a level dollar amortization method for the June 30, 2024 valuation
Single Equivalent Amortization Period	30 Years
Asset Valuation Method	4-Year Smoothed Market
Inflation	2.50%
Salary Increase	3.25%-6.50%, Including Inflation
Investment Rate of Return	6.90%, Net of Investment Related Expense

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

- The measurement date is one year earlier than the employer's reporting date.

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST SIX FISCAL YEARS*

	2017	2018	2019	2020	2021	2022
Total OPEB Liability:						
Service Cost	\$ 1,130,295	\$ 1,216,495	\$ 1,133,767	\$ 1,286,669	\$ 1,174,539	\$ 1,289,815
Interest	4,020,268	4,229,669	4,446,927	4,449,941	4,483,647	4,610,792
Changes of Benefit Terms	180,725	-	152,032	-	-	-
Differences Between Expected and Actual Experience	-	216,681	(3,115,333)	2,622,691	2,102,503	(6,426,620)
Changes of Assumptions	-	-	1,581,582	(5,791,133)	(1,237,057)	-
Benefit Payments	(2,467,692)	(2,789,067)	(2,573,742)	(1,945,268)	(2,038,604)	(3,207,667)
Net Change In Total OPEB Liability	2,863,596	2,873,778	1,625,233	622,900	4,485,028	(3,733,680)
Total OPEB Liability - Beginning	53,684,821	56,548,417	59,422,195	61,047,428	61,670,328	66,155,356
Total OPEB Liability - Ending	56,548,417	59,422,195	61,047,428	61,670,328	66,155,356	62,421,676
Plan Fiduciary Net Position:						
Contributions - Employer	3,500,259	3,535,030	3,563,051	3,500,000	4,111,657	4,638,903
Net Investment Income	1,420,995	977,456	986,434	815,859	4,431,325	(2,749,057)
Benefit Payments	(2,779,678)	(2,789,067)	(2,573,742)	(1,945,268)	(2,038,604)	(3,207,667)
Administrative Expense	(456,671)	(14,825)	(47,235)	(33,050)	(44,018)	(29,500)
Net Change In Plan Fiduciary Net Position	1,684,905	1,708,594	1,928,508	2,337,541	6,460,360	(1,347,321)
Plan Fiduciary Net Position - Beginning	14,698,904	16,383,809	18,092,403	20,020,911	22,358,452	28,818,812
Plan Fiduciary Net Position - Ending	16,383,809	18,092,403	20,020,911	22,358,452	28,818,812	27,471,491
Net OPEB Liability - Ending (a)-(b)	\$ 40,164,608	\$ 41,329,792	\$ 41,026,517	\$ 39,311,876	\$ 37,336,544	\$ 34,950,185
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	28.97%	30.45%	32.80%	36.25%	43.56%	44.01%
Covered-Employee Payroll	\$ 50,195,108	\$ 51,499,012	\$ 51,499,012	\$ 47,424,335	\$ 47,424,335	\$ 58,689,878
Net OPEB Liability as a Percentage of Covered Payroll	80.02%	80.25%	79.66%	82.89%	78.73%	59.55%

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

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution (1)	\$ 3,566,000	\$ 3,552,000	\$ 3,694,000	\$ 3,799,204	\$ 4,044,025	\$ 3,966,559	\$ 4,279,549	\$ 4,285,764	\$ 4,721,960	\$ 4,422,393
Contributions in Relation to the Actuarially Determined Contribution	3,764,700	3,738,481	4,050,481	3,709,834	3,500,259	3,535,030	3,563,051	3,500,000	4,111,657	4,638,903
Contribution Deficiency (Excess)	<u>\$ (198,700)</u>	<u>\$ (186,481)</u>	<u>\$ (356,481)</u>	<u>\$ 89,370</u>	<u>\$ 543,766</u>	<u>\$ 431,529</u>	<u>\$ 716,498</u>	<u>\$ 785,764</u>	<u>\$ 610,303</u>	<u>\$ (216,510)</u>
Covered Payroll	N/A	N/A	\$ 52,762,000	\$ 52,762,000	\$ 50,195,108	\$ 50,195,108	\$ 51,499,012	\$ 47,424,335	\$ 47,424,335	\$ 58,689,878
Contributions as a Percentage of Covered Payroll	N/A	N/A	7.68%	7.03%	6.97%	7.04%	6.92%	7.38%	8.67%	7.90%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule:

Valuation Date July 1, 2020
Measurement Date June 30, 2022
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and Assumptions Used to Determine

Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Amortization Period	16 Years
Asset Valuation Method	Market Value
Inflation	2.60%
Healthcare Cost Trend Rates	Pre Medicare 5.70% - 4.10% Over 52 Years Post Medicare 4.90% - 4.10% Over 51 Years
Salary Increases	Graded by Age for Teachers and Administrators, 3.50% for All Others
Investment Rate of Return	7.00%, Net of Pension Plan Investment Expense, Including Inflation

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST SIX FISCAL YEARS***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	8.83%	5.48%	5.06%	3.83%	18.21%	-8.93%

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

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FIVE FISCAL YEARS*

	2018	2019	2020	2021	2022
Town's Proportion of the Net OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's Proportionate Share of the Net OPEB Liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net OPEB Liability Associated with the Town	32,425,655	23,631,877	23,910,321	25,124,370	14,535,219
Total	<u>\$ 32,425,655</u>	<u>\$ 23,631,877</u>	<u>\$ 23,910,321</u>	<u>\$ 25,124,370</u>	<u>\$ 14,535,219</u>
Town's Covered Payroll	\$ 36,426,040	\$ 36,820,958	\$ 38,404,501	\$ 38,395,135	\$ 38,528,355
Town's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.79%	1.49%	2.08%	2.50%	6.11%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021 was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll Over an Open Period
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, Net of Investment Related Expense Including Price Inflation
Price Inflation	2.75%

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

- The measurement date is one year earlier than the employer's reporting date.

APPENDIX B – FORM OF OPINION OF BOND COUNSEL

April __, 2023

Town of Groton
45 Fort Hill Road
Groton, CT 06340

We have acted as Bond Counsel in connection with the issuance by the Town of Groton, Connecticut (the “Town”), of its \$12,000,000 General Obligation Bond Anticipation Notes (the “Notes”) dated April __, 2023. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated the date hereof (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank Trust Company, National Association, the Notes will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

In rendering the below opinions regarding the federal treatment of interest on the Notes, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Agreement, and (ii) continuing compliance by the Town with the covenants set forth in the Agreement as to such tax matters.

In our opinion, under existing statutes and court decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes; and (ii) such interest is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. We express no opinion regarding other federal income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We are further of the opinion that, under existing statutes, interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and is excluded from amounts on which the net Connecticut minimum tax is based for individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding other state income tax consequences caused by ownership or disposition of, or receipt of interest on the Notes.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Preliminary Official Statement, the Official Statement and other offering material relating to the Notes.

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of changes in law or fact occurring after the date hereof which may affect the conclusions herein. In addition, we have not undertaken to advise in the future whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Town will agree, pursuant to a Continuing Disclosure Agreement to be executed by the Town substantially in the following form, to provide, or cause to be provided, notice of the occurrence of certain events with respect to the Notes:

Continuing Disclosure Agreement

This Continuing Disclosure Agreement ("Agreement") is made as of April __, 2023 by the Town of Groton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$ _____ General Obligation Bond Anticipation Notes, dated as of April __, 2023 of the Issuer (the "Notes"), for the benefit of the beneficial owners from time to time of the Notes.

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Final Official Statement" means the official statement of the Issuer dated April __, 2023 prepared in connection with the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto.

"Repository" means the MSRB or any other information repository established pursuant to the Rule as amended from time to time.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Agreement.

"SEC" means the Securities and Exchange Commission of the United States, or any successor thereto.

Section 2. Notice of Certain Events.

The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten business days after the occurrence of the event, to each Repository, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the notes, or other material events affecting the tax status of the Notes;
- (g) modifications to rights of holders of the Notes, if material;
- (h) Note calls, if material, and tender offers;
- (i) Note defeasances;
- (j) release, substitution, or sale of property securing repayment of the Notes, if material;
- (k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Issuer, any of which reflect financial difficulties.

Events (d) and (e). The Issuer does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Notes is excluded from gross income for federal income tax purposes.

Event (h). The Issuer does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (A) the terms, dates and amounts of redemption are set forth in detail in the Final Official Statement, (B) the sole matter to be determined is which of the Notes will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Note to be redeemed as required under the terms of the Notes, and (D) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced due to prior optional redemptions or Note purchases.

Events (o) and (p). The term “financial obligation” is defined as a (i) debt obligation, (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term financial obligation does not include municipal securities for which a final official statement has been filed with MSRB pursuant to the Rule.

Section 3. Use of Agents.

Notices to be provided pursuant to this Agreement may be provided by the Issuer or by any agents which may be employed by the Issuer for such purpose from time to time.

Section 4. Termination.

The obligations of the Issuer under this Agreement shall terminate upon the earlier of (i) payment or legal defeasance, at maturity or otherwise, of all of the Notes, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Notes within the meaning of the Rule.

Section 5. Enforcement.

The Issuer acknowledges that the undertakings set forth in Section 2 of this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Notes. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding five business days with respect to the undertakings set forth in Section 2 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Notes of such failure. The present address of the Director of Finance is Town Hall, 45 Fort Hill Road, Groton, Connecticut 06340.

In the event the Issuer does not cure such failure within the time specified above, the beneficial owner of any Notes shall be entitled only to the remedy of specific performance. The parties expressly acknowledge and agree that no monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute an event of default with respect to the Notes.

Section 6. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Section 2 of this Agreement shall be in an electronic format as prescribed by the MSRB from time to time and shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(b) The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Agreement; provided, however, nothing in this Agreement shall be construed as prohibiting the Issuer from providing such information, data or additional notices from time to time as it deems appropriate in connection with the Notes. If the Issuer elects to provide any such information, data or additional notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further information, data or additional notices of the type so provided.

(c) This Agreement shall be governed by the laws of the State of Connecticut.

(d) Notwithstanding any other provision of this Agreement, the Issuer may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change of circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Notes, and (ii) the provisions of the Agreement as so amended or waived would have complied with the requirements of the Rule, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances, in each case as of the date of such amendment to the Agreement or waiver. A copy of any such amendment or waiver will be filed in a timely manner with each Repository.

(e) This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same instrument.

TOWN OF GROTON, CONNECTICUT

By _____
JOHN BURT
Town Manager

By _____
DELIA E. MORRISON
Director of Finance

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

TOWN OF GROTON, CONNECTICUT \$12,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES

NOTICE IS GIVEN that ELECTRONIC BIDS via **PARITY®** (as described herein) will be received by the TOWN OF GROTON, CONNECTICUT (the “Issuer”), until 11:00 A.M. (E.T.) on THURSDAY,

APRIL 13, 2023

(the “Sale Date”) for the purchase of the Issuer’s \$12,000,000 General Obligation Bond Anticipation Notes (the “Notes”). Electronic bids must be submitted via **PARITY®** (see “Electronic Bidding Procedures”).

The Notes

The Notes are expected to be dated April 27, 2023 and will mature and be payable to the registered owner on April 25, 2024 as further described in the Preliminary Official Statement (as hereinafter defined). The Notes will bear interest (which interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months) payable at maturity at the rate or rates per annum fixed in the proposal or proposals accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

Nature of Obligation

The Notes will constitute general obligations of the Issuer, and the Issuer will pledge its full faith and credit to pay the principal of and interest on the Notes when due. Unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to provisions of the Connecticut General Statutes, as amended. The information in this Notice of Sale is only a brief summary of certain provisions of the Notes. For further information about the Notes, reference is hereby made to the Preliminary Official Statement.

Bank Qualification

The Notes SHALL NOT be designated by the Issuer as qualified tax-exempt obligations under the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

Registration

The Notes will be issued by means of a book-entry system with no physical distribution of note certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company (“DTC”), New York, New York, registered in the name of its nominee, Cede & Co., and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The purchaser(s), as a condition to delivery of the Notes, will be required to deposit the Note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Issuer or its agent to DTC or its nominee as registered owner of the Notes. Principal and interest payments by DTC to participants of DTC will be the responsibility of DTC; principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants or indirect participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Upon receipt from the Issuer, the Paying Agent will pay principal of and interest on the Notes directly to DTC so long as DTC or its nominee, Cede & Co., is the Noteholder.

Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms

Each bid for the purchase of the Notes must, be in accordance with the requirements prescribed herein., a proposal may be for all or any part of the Notes but any proposal for a part must be for at least \$100,000, or a whole multiple thereof, and a separate proposal will be required for each part of the Notes for which a separate interest rate is bid. Unless all bids are rejected, the Notes will be awarded to the bidder or bidders offering to purchase the Notes at the lowest net interest cost (“NIC”), computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom the premium offered, if any. As between proposals resulting in the same lowest net interest cost to the Issuer, the award will be made on the basis of the highest principal amount of the Notes specified. No bid for less than par and accrued interest, if any, will be considered and the Issuer reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the resulting net interest cost to the Issuer with respect to the Notes awarded is the same as that contained in the bidder’s proposal with respect to the entire amount bid, carried to six decimal places. The purchase price must be paid in immediately available federal funds.

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

The Issuer further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including Internet difficulties. The Issuer will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. Upon the establishment of an alternative sale date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Electronic Bidding Procedures

Any prospective bidder intending to submit an electronic bid must submit its electronic bid through the facilities of **PARITY**[®]. Subscription to i-Deal LLC’s BiDCOMP Competitive Bidding System is required in order to submit an electronic bid and the Issuer will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe.

An electronic bid made through the facilities of **PARITY**[®] shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. By submitting a bid for the Notes via **PARITY**[®], the bidder represents and warrants to the Issuer that such bidder’s bid for the purchase of the Notes is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Notes on the terms described in this Notice of Sale. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY[®], or the inaccuracies of any information, including bid information or worksheets supplied by PARITY[®], the use of PARITY[®] facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

If any provisions of this Notice of Sale shall conflict with information provided by **PARITY**[®] as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about **PARITY**[®], including any fee charged, may be obtained from **PARITY**[®], 1359 Broadway, 36th Street, 2nd Floor, New York, NY 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: www.parity@i-deal.com).

For purposes of the telephone bidding process and the electronic bidding process, the time as maintained by **PARITY**[®] shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest cost to the Issuer, as described under “Bid Specifications; Basis of Award; Right to Reject Proposals; Waiver; Postponement; Change of Terms” above. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Disclaimer. Each **PARITY**[®] prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY**[®] for the purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Issuer nor **PARITY**[®] shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither

the Issuer nor **PARITY**[®] shall be responsible for a bidder's failure to make a bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**[®]. The Issuer is using **PARITY**[®] as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Notes. The Issuer is not bound by any advice and determination of **PARITY**[®] to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the bid requirements herein set forth. All costs and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**[®] are the sole responsibility of the bidders; and the Issuer is not responsible, directly or indirectly, for any such costs or expenses. If a prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Notes, the prospective bidder should telephone **PARITY**[®] at (212) 849-5021.

CUSIP Numbers

The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the purchaser to apply for CUSIP numbers for the Notes prior to delivery. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid for by the Issuer; provided, however, that the Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser.

Certifying Agent, Registrar, Paying Agent and Transfer Agent

The Notes will be authenticated by U.S. Bank Trust Company, National Association, Hartford, Connecticut. U.S. Bank Trust Company, National Association will also act as Registrar, Paying Agent and Transfer Agent.

Delivery, Payment and Closing Requirements

At or prior to the delivery of the Notes the winning bidder shall be furnished, without cost, with (a) the approving opinion of Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel ("Bond Counsel") (see "Bond Counsel Opinion" below); (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Notes or the power of the Issuer to levy and collect taxes to pay them; (c) a copy of the Official Statement prepared for this note issue; (d) a certificate of Issuer Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Notes.

The Notes will be delivered against payment in immediately available federal funds through the facilities of DTC, New York, New York or its agent via Fast Automated Securities Transfer ("FAST") on or about April 28, 2023 (the "Closing Date").

The Issuer will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Issuer's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Issuer shall have no responsibility for such clearance, exemption or preparation.

Bond Counsel Opinion

The legality of the issue will be passed upon by Pullman & Comley, LLC of Hartford, Connecticut, Bond Counsel, and the purchaser will be furnished with its opinion, without charge, substantially in the form set forth in Appendix B to the Official Statement. The opinion will state that the Notes are valid and binding obligations of the Issuer. If either the Competitive Sale Rule or the Hold-the-Offering-Price Rule (as each is defined below in the "Establishment of Issue Price" section) is met, Bond Counsel will require as a precondition to release of its opinion that the purchaser of such Notes deliver to it a completed "issue price" certificate, or similar certificate, regarding expectations or public offering prices, as applicable, with respect to the Notes awarded to such bidder, as described below under "Establishment of Issue Price". In rendering such legal opinion, Pullman & Comley, LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Notes, and further, will assume compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement.

Establishment of Issue Price

In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), relating to the exclusion of interest on the Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. Communications relating to this “Establishment of Issue Price” section, the completed certificate(s) and any supporting information shall be delivered to (1) Bond Counsel at Glenn Rybacki, Esq., Pullman & Comley, LLC, 90 State House Square, Hartford, CT 06103, Telephone: (860) 424-4391, E-mail: grybacki@pullcom.com and (2) the Municipal Advisor at William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com (the “Municipal Advisor”). Questions related to this “Establishment of Issue Price” section should be directed to Bond Counsel or the Municipal Advisor. For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Issuer and the Municipal Advisor may act on behalf of the Issuer.

By submitting a bid, each bidder is certifying that its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the competitive sale requirements relating to the establishment of the “issue price” of the Notes pursuant to Section 148 of the Code, including the requirement that bids be received from at least three (3) underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes.

By submitting a bid, a bidder represents to the Issuer that it has an established industry reputation for underwriting new issuances of municipal bonds or notes such as the Notes, represents that such bidder’s bid is submitted for or on behalf of such bidder by an officer or agent who is duly authorized to bind the bidder to a legal, valid and enforceable contract for the purchase of the Notes, and understands that upon award by the Issuer that this Notice of Sale constitutes a written contract between such bidder, as winning bidder, and the Issuer.

By submitting a bid, the bidder agrees that if the Competitive Sale Rule (as set forth below) is not met, it will satisfy either the Actual Sales Rule (as set forth below) or the Hold-the-Offering-Price Rule (as set forth below).

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

Notification of Contact Information of Winning Bidder. Promptly upon award, the winning bidder shall notify the Municipal Advisor and Bond Counsel of the contact name, telephone number and e-mail address of the person(s) of the winning bidder for purposes of communications concerning this “Establishment of Issue Price” section.

Competitive Sale Rule. The Issuer intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Issuer shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Issuer anticipates receiving bids from at least three underwriters of municipal bonds or notes who have established industry reputations for underwriting new issuances of municipal bonds or notes; and
- (4) the Issuer anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

Competitive Sale Rule Met. The Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder if the Competitive Sale Rule has been met. The winning bidder will be required to deliver to Bond Counsel on behalf of the Issuer prior to the delivery of the Notes a completed “Certificate as to Issue Price” (in form satisfactory to Bond Counsel) for such Notes, setting forth the Initial Offering Price.

Competitive Sale Rule Not Met. In the event that the Competitive Sale Rule is not satisfied, the Issuer, or the Municipal Advisor on behalf of the Issuer, shall at the time of award advise the winning bidder. The Issuer may determine to treat (i) the first price at which ten percent (10%) of a Maturity of the Notes (the “Actual Sales Rule”) is sold to the Public as the issue price of that Maturity, and/or (ii) the Initial Offering Price to the Public as of the Sale Date of any Maturity of the Notes as the issue price of that Maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a Maturity-by-Maturity basis. In the event that the Competitive Sale Rule is not satisfied, the winning bidder, by 4:30 p.m. (E.T.) on the Sale Date, shall notify and provide, via e-mail, Bond Counsel and the Municipal Advisor (I) of the first price at which ten percent (10%) of each Maturity has been sold to the Public and (II) reasonable supporting documentation or certifications of such price the form of which is acceptable to Bond Counsel; i.e., those Maturities that satisfy the Actual Sales Rule as of the Sale Date. After such receipt, the Issuer, or Bond Counsel on behalf of the Issuer, shall promptly confirm with the winning bidder, via e-mail, which Maturities of the Notes shall be subject to the Actual Sales Rule and which Maturities shall be subject to the Hold-the-Offering-Price Rule.

For those Maturities of Notes subject to the Hold-the-Offering-Price Rule, the winning bidder shall (i) provide Bond Counsel (via e-mail) a copy of pricing wire or equivalent communication for the Notes (ii) confirm that each Underwriter (as defined below) has offered or will offer all of the Notes to the Public on or before the date of award at the Initial Offering Prices and (ii) agree, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell unsold Notes of any Maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price for such Maturity during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price.

The winning bidder shall promptly advise Bond Counsel and the Municipal Advisor, via e-mail, when the Underwriters have sold ten percent (10%) of that Maturity of the Notes to the Public at a price that is no higher than the Initial Offering Price, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each Maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the Actual Sales Rule has been satisfied as to the Notes of that Maturity or all Notes of that Maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale.

Definitions. For purposes of this “Establishment of Issue Price” section:

- (1) “Maturity” means Notes with the same credit and payment terms. Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (2) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

- (3) “Related Party” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (4) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

Official Statement

For more information regarding the Notes or the Issuer, reference is made to the Preliminary Official Statement dated April 6, 2023 (the “Official Statement”) describing the Notes and the financial condition of the Issuer. The Preliminary Official Statement is available in electronic format at www.i-dealprospectus.com, and such electronic access is being provided as a matter of convenience only. Copies of the Preliminary Official Statement may be obtained from William Lindsay, Munistat Services, Inc., 129 Samson Rock Drive, Suite A, Madison, CT 06443, Telephone: (203) 421-2880, E-mail: Bill.Lindsay@munistat.com. The Issuer deems such Official Statement to be a final official statement for purposes of complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”), but such Official Statement is subject to revision or amendment as appropriate. The Issuer will make available to the purchaser a reasonable number of copies of the final Official Statement at the Issuer’s expense, and the final Official Statement will be made available to the purchaser by no later than the earlier of the delivery of the Notes or by the seventh (7th) business day after the day bids on the Notes are received. If the Issuer’s Municipal Advisor, is provided with the necessary information from the purchaser by 12:00 o’clock noon on the day after the Sale Date, the copies of the final Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating(s), yields or reoffering prices and the name of the managing underwriter of the Notes, and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the final Official Statement to the purchaser. Additional copies of the final Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement

As required by the Rule, the Issuer will undertake, pursuant to a Continuing Disclosure Agreement (the “Agreement”), to provide notice of the occurrence of certain events with respect to the Notes within ten (10) business days of such event. A form of the Agreement is attached to the Official Statement as Appendix D. The purchaser’s obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to delivery of the Notes, an executed Agreement.

TOWN OF GROTON, CONNECTICUT

JOHN BURT
Town Manager

DELIA E. MORRISON
Director of Finance

April 6, 2023

Municipal Advisory Services
Provided by

