

Official Statement dated April 24, 2019

NEW ISSUE: Book-Entry-Only

RATINGS: See "Ratings" herein

In the opinion of Bond Counsel, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, (the "Code"), under existing statutes, interest on the Bonds and the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Bonds and the Notes are not "private activity bonds" and interest on the Bonds and the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum taxes; interest on the Bonds and the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds 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. (See Appendix B – "Opinion of Bond Counsel and Status" herein).

Town of Groton, Connecticut

\$20,000,000 General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: May 1, as shown herein

The Bonds are payable from taxes levied against taxable property in the entire area of the Town. Interest on the Bonds will be payable on November 1, 2019 and semiannually thereafter on May 1 and November 1 in each year until maturity.

The Bonds **are** subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).

\$15,000,000 General Obligation Bond Anticipation Notes, Series A

Dated: Date of Delivery

Due: April 30, 2020

The Series A Notes are payable from taxes levied against taxable property in the entire area of the Town. (See "Security and Remedies" herein).

The Series A Notes are **NOT** subject to optional redemption prior to maturity as described herein.

\$6,700,000 General Obligation Bond Anticipation Notes, Series B

Dated: Date of Delivery

Due: April 30, 2020

The Series B Notes are payable from taxes levied against taxable property in the entire area of the Town **other than property within the City of Groton**. The Town intends to fund the debt service with revenue generated by the Town's Sewer District Tax. (See "Security and Remedies" herein).

The Series B Notes are **NOT** subject to optional redemption prior to maturity as described herein.

The Bonds and the Series A and Series B Notes, collectively referred to as the "Notes", will be issued by means of a book-entry transfer system and will be registered in the name of Cede & Co., as Bondowner or Noteowner, respectively, and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds and the Notes. Ownership of the Bonds will be in the denominations of \$5,000 or integral multiples thereof. Ownership of the Notes will be in the denominations of \$5,000 or integral multiples thereof plus any odd amount. The Beneficial Owners will not receive certificates representing their ownership interest in the Bonds or the Notes. Principal and interest on the Bonds and the Notes will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds or the Notes. So long as Cede & Co. is the Bondowner or Noteowner, respectively, as nominee for DTC, reference herein to the Bondowner or owners or Noteowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds or the Notes. (See "Book-Entry Transfer System" herein).

The Registrar, Transfer Agent, Certifying Agent and Paying Agent for the Bonds and the Notes will be U.S. Bank, National Association, of Hartford, Connecticut.

The Bonds and the Notes are offered for delivery when, as and if issued, subject to the final approving opinion of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut. It is expected that the Bonds and the Notes in definitive form will be available for delivery in New York, New York on or about May 8, 2019.

Town of Groton, Connecticut

\$20,000,000 General Obligation Bonds, Issue of 2019

Dated: Date of Delivery

Due: May 1, as shown below

MATURITY SCHEDULE AND AMOUNTS

<i>Maturity</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹	<i>Maturity</i>	<i>Principal</i>	<i>Coupon</i>	<i>Yield</i>	<i>CUSIP</i> ¹
2020	\$ 1,000,000	5.000 %	1.500 %	399352X40	2030	\$ 1,000,000	3.000 %	2.200 % *	399352W25
2021	1,000,000	5.000	1.490	399352X57	2031	1,000,000	2.500	2.500	399352W33
2022	1,000,000	5.000	1.520	399352X65	2032	1,000,000	2.625	2.625	399352W41
2023	1,000,000	5.000	1.550	399352X73	2033	1,000,000	3.000	2.550 *	399352W58
2024	1,000,000	5.000	1.600	399352X81	2034	1,000,000	2.750	2.750	399352W66
2025	1,000,000	3.000	1.700 *	399352V59	2035	1,000,000	3.000	2.750 *	399352W74
2026	1,000,000	2.000	1.900 *	399352V67	2036	1,000,000	3.000	2.850 *	399352W82
2027	1,000,000	3.000	1.870 *	399352V75	2037	1,000,000	3.000	2.900 *	399352W90
2028	1,000,000	3.000	2.000 *	399352V83	2038	1,000,000	3.000	3.000	399352X24
2029	1,000,000	2.250	2.250	399352V91	2039	1,000,000	3.000	3.040	399352X32

* Priced assuming redemption on May 1, 2024, however any such redemption is at the option of the Town (see "Optional Redemption" herein).

Hutchinson, Shockey, Erley & Co.

\$15,000,000 General Obligation Bond Anticipation Notes, Series A

Dated: Date of Delivery

Due: April 30, 2020

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
2.750 %	1.620 %	399352X99

Jefferies

\$6,700,000 General Obligation Bond Anticipation Notes, Series B

Dated: Date of Delivery

Due: April 30, 2020

<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u> ¹
2.750 %	1.620 %	399352Y23

Jefferies

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 Bonds and 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 Bonds and the Notes or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and 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 Bonds and the Notes.

No dealer, broker, salesman 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 Bonds and 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 Bonds and 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 Appendices B and C – "Opinion of Bond Counsel and Tax Status" 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 Bonds and the Notes, substantially in the form attached as Appendices D and E, to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data with respect to the Bonds, (ii) a notice of the occurrence of certain events within 10 days after the occurrence of such events with respect to the Bonds and the Notes, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement with respect to the Bonds.

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.

BOND COUNSEL
DAY PITNEY LLP

Hartford, Connecticut
(860) 275-0100

MUNICIPAL ADVISOR
HILLTOP SECURITIES INC.

Madison, Connecticut
(860) 290-3002

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BOND SALE SUMMARY

The information in this Bond Sale 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:	\$20,000,000 General Obligation Bonds, Issue of 2019 (the "Bonds").
Dated Date:	May 8, 2019.
Principal Due:	Serially, May 1, 2020 – May 1, 2039.
Interest Due:	May 1 and November 1 in each year, commencing November 1, 2019.
Denominations:	\$5,000 or integral multiples thereof.
Purpose and Authority:	The Bonds are being issued to finance various public improvements projects undertaken by the Town and authorized pursuant to Title 7 and Title 10 of the General Statutes of Connecticut, as amended, the Charter of the Town of Groton, and a bond ordinance adopted by the Town Council and Representative Town Meeting and approved by the voters of the Town at referendum.
Redemption:	The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.
Security:	The Bonds will be general obligations of the Town of Groton, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. The Bonds are payable from taxes levied against taxable property in the entire area of the Town.
Credit Rating:	The Bonds have been rated "AA" by Fitch Ratings ("Fitch"), "Aa2" by Moody's Investors Service ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The underlying ratings on the Town's outstanding bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. The underlying rating on certain outstanding bonds of the Town has recently been affirmed as "AA" by Fitch.
Basis of Award:	True Interest Cost (TIC) as of the dated date.
Tax Exemption:	See Appendix B to this Official Statement.
Continuing Disclosure Agreement:	See Appendix D to this Official Statement.
Bank Qualification:	The Bonds 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 Bonds.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association, of Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP, of Hartford, Connecticut will act as Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry-only form will be made on or about May 8, 2019 against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Ms. Cindy Landry, Finance Director, Town of Groton, 45 Fort Hill Road, Groton, Connecticut 06340-4394. Telephone: (860) 441-6690.
Municipal Advisor:	Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William N. Lindsay, Managing Director, Telephone: 860-290-3002.

SERIES A NOTE SALE SUMMARY

The information in this Series A Note Sale 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:	\$15,000,000 General Obligation Bond Anticipation Notes, Series A (the "Series A Notes").
Dated Date:	May 8, 2019.
Principal Due:	At maturity on April 30, 2020.
Interest Due:	At maturity on April 30, 2020.
Denominations:	\$5,000 or integral multiples thereof.
Purpose and Authority:	The Notes are being issued to finance various public improvements projects undertaken by the Town and authorized pursuant to Title 7 and Title 10 of the General Statutes of Connecticut, as amended, the Charter of the Town of Groton, and bond ordinance adopted by the Town Council and Representative Town Meeting and approved by the voters of the Town at referendum.
Redemption:	The Notes are not subject to redemption prior to maturity.
Security:	The Series A Notes will be general obligations of the Town of Groton, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Series A Notes when due. The Series A Notes are payable from taxes levied against taxable property in the entire area of the Town of Groton.
Credit Rating:	The Notes have been rated "F1+" by Fitch Ratings ("Fitch"), "MIG 1" by Moody's Investors Service ("Moody's") and "SP-1+" by S&P Global Ratings ("S&P"). The underlying ratings on the Town's outstanding bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. The underlying rating on certain outstanding bonds of the Town has recently been affirmed as "AA" by Fitch.
Basis of Award:	Net Interest Cost (TIC) as of the dated date.
Tax Exemption:	See Appendix B to this Official Statement.
Continuing Disclosure Agreement:	See Appendix E 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 National Association, of Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP, 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 May 8, 2019 against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Ms. Cindy Landry, Finance Director, Town of Groton, 45 Fort Hill Road, Groton, Connecticut 06340-4394. Telephone: (860) 441-6690.
Municipal Advisor:	Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William N. Lindsay, Managing Director, Telephone: 860-290-3002.

SERIES B NOTE SALE SUMMARY

The information in this Series B Note Sale 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:	\$6,700,000 General Obligation Bond Anticipation Notes, Series B (the "Series B Notes").
Dated Date:	May 8, 2019.
Principal Due:	At maturity on April 30, 2020.
Interest Due:	At maturity on April 30, 2020.
Denominations:	\$5,000 or integral multiples thereof.
Purpose and Authority:	The Notes are being issued to finance various public improvements projects undertaken by the Town and authorized pursuant to Title 7 and Title 10 of the General Statutes of Connecticut, as amended, the Charter of the Town of Groton, and bond ordinance adopted by the Town Council and Representative Town Meeting and approved by the voters of the Town at referendum.
Redemption:	The Notes are <u>not</u> subject to redemption prior to maturity.
Security:	The Series B Notes will be general obligations of the Town of Groton, Connecticut, and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Series B Notes when due. The Series B Notes are payable from taxes levied against taxable property in the area of the Town of Groton, other than property within the City of Groton. The Town intends to fund the debt service for this issue with revenue generated by the Town's Sewer District Mill Rate.
Credit Rating:	The Notes have been rated "F1+" by Fitch Ratings ("Fitch"), "MIG 1" by Moody's Investors Service ("Moody's") and "SP-1+" by S&P Global Ratings ("S&P"). The underlying ratings on the Town's outstanding bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. The underlying rating on certain outstanding bonds of the Town has recently been affirmed as "AA" by Fitch.
Basis of Award:	Net Interest Cost (TIC) as of the dated date.
Tax Exemption:	See Appendix C to this Official Statement.
Continuing Disclosure Agreement:	See Appendix E 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 National Association, of Hartford, Connecticut.
Legal Opinion:	Day Pitney LLP, 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 May 8, 2019 against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to Ms. Cindy Landry, Finance Director, Town of Groton, 45 Fort Hill Road, Groton, Connecticut 06340-4394. Telephone: (860) 441-6690.
Municipal Advisor:	Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: William N. Lindsay, Managing Director, Telephone: 860-290-3002.

SECTION 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 \$20,000,000 General Obligation Bonds, Issue of 2019 (the "Bonds"); \$15,000,000 General Obligation Bond Anticipation Notes, Series A and \$6,700,000 General Obligation Bond Anticipation Notes, Series B (collectively referred to as the "Notes"), of the Town.

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 Bonds and the Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and 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.

Hilltop Securities Inc. ("HilltopSecurities") is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds and Notes. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds and Notes is contingent upon the issuance and delivery of the Bonds and Notes. HilltopSecurities cannot submit a bid for the Bonds or Notes, either independently or as a member of a syndicate organized to submit a bid for the Bonds or Notes. HilltopSecurities, 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 Bonds or Notes, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Description of the Bonds

The Bonds will be dated the date of delivery and will bear interest at the rate or rates per annum specified on the inside cover of this Official Statement, payable on November 1, 2019 and semiannually thereafter on May 1 and November 1 in each year until maturity as set forth on the inside cover of this Official Statement. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owner of the Bonds as of the close of business on the last business day of March and September in each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. See "Book-Entry Transfer System".

The Registrar, Certifying, Paying and Transfer Agent will be U.S. Bank National Association. The legal opinion on the Bonds will be rendered by Day Pitney LLP in substantially the form set forth in Appendices B to this Official Statement, respectively.

Redemption Provisions

Optional Redemption

The Bonds maturing on May 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after May 1, 2024, at any time, either in whole or in part, in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, at the redemption prices (expressed as a percentage of the par amount of Bonds to be redeemed) set forth in the following table, together with interest accrued and unpaid to the redemption date:

<i>Redemption Dates</i>	<i>Redemption Price</i>
May 1, 2024 and thereafter.....	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail at least thirty days prior to the date fixed for redemption to the registered owner of the Bonds designated for redemption in whole or in part at the address of such registered owner as the same shall last appear on the registration books for the Bonds. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry-only system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any Direct Participant or of any Direct Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interests held by Direct Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with Direct Participants. The Direct Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

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 inside 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 the successful purchaser, as registered owner of the Notes.

The certifying bank, registrar, transfer and paying agent for the Notes will be U.S. Bank National Association, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.

Use of Proceeds

<i>Project</i>	<i>Authorized Amount</i>	<i>Prior Debt / Grants/</i>		<i>The Series A Notes</i>	<i>The Series B Notes</i>	<i>Authorized but Unissued Debt</i>
		<i>Pay downs</i>	<i>The Bonds</i>			
Groton 2020 School Facilities Improvement Plan.....	\$184,500,000	\$ 2,489,752	\$ 20,000,000	\$ 15,000,000	\$ -	\$ 147,010,248
WPCF Effluent & Fishtown Road Pump Stations.....	8,230,000	-	-	-	6,700,000	1,530,000
Totals.....	\$192,730,000	\$ 2,489,752	\$ 20,000,000	\$ 15,000,000	\$ 6,700,000	\$ 148,540,248

Ratings

The Bonds have been rated "AA" by Fitch Ratings ("Fitch"), "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). The underlying ratings on the Town's outstanding bonds have recently been affirmed as "Aa2" by Moody's and "AA+" by S&P. The underlying rating on certain outstanding bonds of the Town are currently "AA" by Fitch. The Series A and B Notes have been rated "F1+" by Fitch, "MIG 1" by Moody's and "SP-1+" by S&P. Such 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, NY 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.

Security and Remedies

The Bonds and the Series A 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 Bonds and the Series A Notes when due from taxes levied on taxable property in the entire area of the Town of Groton.

The Series B 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 Series B Notes when due from taxes levied against taxable property within the Town of Groton, **other than property within the City of Groton.** While payable from taxes levied on taxable property within the Town of Groton Sewer District, the Town intends to fund the debt service for this issue with revenue generated by the Town's Sewer District Mill Rate.

Unless paid from other sources, the Bonds and 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 such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There were 215.54 acres of such certified forest land on the last completed Grand List of the Town. 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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

Qualification for Financial Institutions

The Bonds and 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 Bonds and the Notes.

Book-Entry-Transfer System

The Bonds and 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 Bonds and the Notes, payment of interest and other payments on the Bonds and the Notes to DTC participants

or beneficial owners of the Bonds and the Notes, confirmation and transfer of beneficial ownership interest in the Bonds and the Notes and other bond-related transactions by and between DTC, the DTC participants and beneficial owners of the Bonds and 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 Bonds and the Notes. The Bonds and 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 Bond certificate will be issued for each maturity of the Bonds and 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 Bonds and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and 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 Bonds and 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 Bonds and the Notes, except in the event that use of the book-entry system for the Bonds and the Notes is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds and 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 Bonds and the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

The Bonds and the Notes are subject to optional redemption prior to maturity. Redemption notices shall be sent to DTC in accordance with the Notice of Redemption (see "Notice of Redemption" herein). If less than all of the Bonds and the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds and 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 Bonds and 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 Bonds and 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 Bonds 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 Bonds and 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 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 Bonds

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

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SECTION 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.

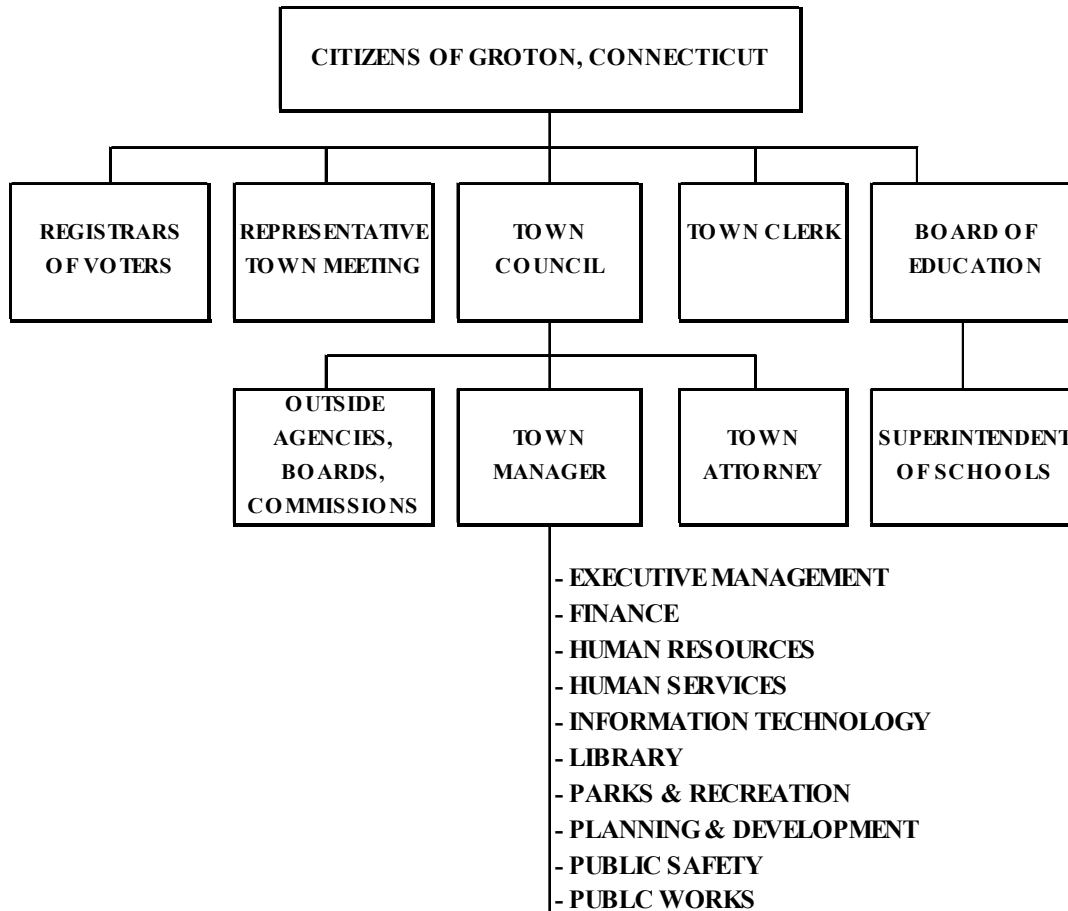
The Town Manager is appointed by and is directly responsible to the Council and serves for no definite term, but at the pleasure of the Council. The Manager has the power to appoint and dismiss his staff, subject to the merit system. The Town Manager is responsible for preparation of the general government 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.

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Table of Organization



Municipal Officials

<i>Office</i>	<i>Name</i>	<i>Manner of Selection</i>	<i>Term Expires</i>	<i>Length of Town Service</i>
Mayor.....	Patrice Granatosky.....	Appointed	11/2019	1 year
Town Manager.....	John M. Burt.....	Appointed	Indefinite	1 year
Finance Director.....	Cindy R. Landry.....	Appointed	Indefinite	37 years
Director of Planning & Development.....	Jonathan J. Reiner.....	Appointed	Indefinite	4 years
Public Works Director	Gary Schneider.....	Appointed	Indefinite	35 years
Chief of Police	Louis J. Fusaro, Jr.....	Appointed	Indefinite	3 years
Town Clerk.....	Betsy Moukawsher.....	Elected	11/2021	9 years
Superintendent of Schools	Dr. Michael H. Graner.....	Appointed	Indefinite	5 years
Treasurer/Accounting Manager	Delia E. Morrison.....	Appointed	Indefinite	1 year

Resumes of Principal Municipal Officials

Patrice Granatosky was chosen to serve as Mayor by the Groton Town Council in December 2017. Prior to her appointment as Mayor, Ms. Granatosky served ten terms on the Town's Representative Town Meeting, including several terms as chair of the RTM Finance Committee. Patrice is a member of the School Advisory Board for Sacred Heart School in Groton, Technology and Curriculum Committees. She served on the Executive Council of the State Vocational Federation of Teachers. Ms. Granatosky currently teaches Civics and Contemporary Issues at Ella Grasso Technical High School in Groton. She has a B.A. in History and an M.S. in Instructional Technology.

John 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 9-1-1 Dispatch/Emergency Management, 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.

Cindy R. Landry has served the Town since 1982 and was appointed to the position of Finance Director in 2014. Prior to that Ms. Landry held the positions of Treasurer/Accounting Manager and Accounting Supervisor. Ms. Landry holds a Bachelor of Science Degree in Business Administration and a Bachelor of Arts Degree in Economics from Eastern Connecticut State University.

Delia E. Morrison was appointed to the position of Treasurer/Accounting Manager in May of 2017. 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.

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 4 years. Prior to coming to Groton, Mr. Reiner had been working as a municipal planner for over fifteen 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. Mr. Reiner also received a Masters of Community Planning and a Masters in Marine Affairs, both from URI.

Gary Schneider was appointed the Director of Public Works on December 1, 1991. Mr. Schneider has been with the Town since December 1983 as either the Assistant or Deputy Director of Public Works. Mr. Schneider received a Bachelor's Degree in Civil Engineering from Marquette University and a Master's Degree in Industrial Engineering from the University of New Haven.

Louis J. Fusaro, Jr. was formally appointed as Chief of Police and assumed command of the department in July of 2015. Chief Fusaro oversees the administration and operations of approximately 70 sworn officers and 20 civilian staff members. Prior to his current position, Chief Fusaro was a Major with the Connecticut State Police, having held a variety of command positions in his over 21 years of service. His last assignment was as the Director, Office of Counterterrorism/Connecticut Intelligence Center within the Division of Emergency Management and Homeland Security. He also concurrently served as the Commanding Officer of the Connecticut State Police Emergency Services Unit. He previously commanded State Police Barracks in Colchester and Montville, before his assignment to Eastern District Headquarters as the Major Crime Squad Commander, and later Deputy District Commander. Chief Fusaro holds a Bachelor of Arts degree from The Citadel, The Military College of South Carolina and a Master's degree in Criminal Justice Administration from Western New England University. He is a graduate of the 236th Session of the FBI National Academy, 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 also serves as Lieutenant Colonel in the Connecticut Army National Guard and he is an adjunct faculty member at Mitchell College in New London, CT.

Betsy Moukawsher was elected to a four-year term of office as Town Clerk in 2009, re-elected in 2013 and, 2017. 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 Certification and is continuing Advance Education course work with MMC, IIMC and CCM.

Dr. Michael H. Graner joined the Groton School District in January of 2014 as Superintendent of Schools. Prior to coming to Groton, Dr. Graner was the Superintendent of Schools in Ledyard, Connecticut for 10 years and in Putnam, Connecticut for 4 years. Before becoming a Superintendent, he served as a high school principal for 8 years at Waterford High School and 2 years at Tourtellotte Memorial High School in Thompson, Connecticut. Dr. Graner received his undergraduate degree in Anthropology from Fordham University, has a Master's degree in Education from Columbia University, and received his Ph.D. from the University of Connecticut. Dr. Graner is also a retired Coast Guard Captain.

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 CAFR 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 Tax 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 last town-wide revaluation was effective with the October 1, 2016 Grand List. The next revaluation will be conducted for the October 1, 2021 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: 5,993 residential sewer use accounts, and approximately 400 commercial accounts which are billed monthly based on water consumption; 12 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 Department oversees the recruitment of new employees, training and development and employee relations programs. Among the employee relations programs offered by the Town is an Employee Assistance Program where confidential counseling services are offered to employees and their families. Human Resources coordinates and administers employee training and development programs and is responsible for maintaining employee personnel records.

The 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. Responsibilities also include the administration of employee health insurance and retirement plans as well as 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.

Human Services

Groton Human Services includes three divisions:

Groton Social Services: Groton Social Services provides non-General Fund-based financial assistance, 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.

Groton Youth and Family Services: Groton Youth and Family Services 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.

The Groton Family Support Center: The Groton Family Support Center provides limited duration counseling and on-going support services for Groton parents and caregivers. Families of all types are encouraged to achieve and maintain healthy, positive relationships via parent education classes, play and craft groups, workshops, counseling, information and referral, home visits and support groups.

Library

The library provides opportunities for personal development by offering informational, educational and recreational materials and cultural and leisure time activities. It has been located at its present site since 1977 when a one-floor 23,100 square foot building was constructed. In 1996, after receiving voter approval, the building was extensively renovated and 13,700 square feet of additional floor space was added. The expanded and improved library facility supports library services for all age groups and provides high speed internet access to the public including Wi-Fi access. Computers are available for public users of all ages and the newly renovated tech 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. In 2017, the local history room was expanded to house the growing collection. The video production facility supports cable casting, streaming video and a YouTube channel to air public meetings and other municipal programs.

The facility presently houses 157,000 books, DVDs, audiobooks, CDs and other items available for loan. The Library provides access to a variety of online databases, local, state and federal documents, local history materials and a trained staff which provides answers to 32,000 questions each year. Materials from a variety of sources are obtained for local users through 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 three divisions: Planning, Inspection Services, and Economic and Community Development. 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 \$11 million in state and federal funds. Other grant opportunities and projects also include the Electric Vehicle Grant, Neighborhood Assistance Act Tax Credit, and Wayfinding 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.

Parks and Recreation

The Parks and Recreation Department consists of four divisions: Recreation, Parks and Forestry, Senior Center, 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.

Senior Center: Services provided through the Senior Center 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 senior centers, 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 City and Groton Long Point; and (6) Emergency Management and Dispatch for Groton and partner agencies.

The Town of Groton Police Department employs sixty-seven sworn police officers, two animal control officers, three clerical workers, one civilian manager, thirteen full-time dispatchers, three part-time dispatchers, two crossing guards and one supernumerary. Sworn police officers are the chief of police, deputy chief of police, one captain, five lieutenants, nine sergeants, five detectives, four investigators, and forty-one 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. The Town of Groton will fund approximately 48% of the City of Groton's police budget and approximately 36% of the Groton Long Point Association's police budget.

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.

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 \$15.5 million that includes the management of other funds, such as the Solid Waste, Sewer Operating, and Fleet Reserve Funds.

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. It also supports other Town departments when undertaking capital improvement projects and site plan reviews. It 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. It manages both in-house design projects and the design or professional services provided through consulting engineers.

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 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, retaining walls, guardrails, tree trimming 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:

- 187 lane miles of roadway;
- Installation, repair and preventative maintenance of traffic signals (5), street name signs (1,500) and regulatory signs (3,400);
- Maintaining traffic, pavement and curb markings;
- Maintaining the right of way, including asphalt pavement, asphalt and concrete curbs and sidewalks involving patching and replacement;
- Repairing and maintaining storm drainage system consisting of 914 outfalls of which 82 discharge to impaired waters, 81 miles of pipe and 4,014 catch basins;
- 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 LED in the Eversource area (1,100 units) was completed in May 2017. Although the energy costs will decrease by an estimated 70%, the Department must repay a loan of \$583,000 for the capital equipment and installation over the next two years.

Solid Waste: Solid Waste 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.

Municipal solid waste from residential sources is collected either by political subdivisions or by individual residents contracting directly with a hauler. Additional responsibilities include the maintenance of three closed landfills, transportation of construction and demolition wastes 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 ten other southeastern Connecticut municipalities, in the Southeastern Connecticut System.

Waste Water Treatment: The 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. The facility is fully funded through the collection of user fees. 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 treatment plant treats about 1.2 billion gallons per year. Employees maintain and repair equipment, instrumentation, facilities, 23 pump stations, 138 miles of sewer lines, and 2,513 manholes.

Public Buildings: Public Buildings provides ongoing maintenance, repair and custodial services for over thirty-nine (39) Town-owned buildings and structures, totaling 402,060 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 all 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.

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 the political subdivisions in lieu of providing this service and the subdivisions operate their own public works departments.

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-seven 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 economic outlook for Groton has been improving over the past year. Fueled by a dramatic upsurge in hiring at the General Dynamics Electric Boat Division, and the Town Council's consistent support of economic development projects, the Town has seen a significant increase in development inquiries and activity.

Non-Residential

The following are non-residential projects and development activity recently approved, completed or under construction:

General Dynamics - Electric Boat: Electric Boat has announced that over the next 5-10 years it expects to hire between 8,000 - 10,000 new employees to work at its Groton facility. Additionally, Electric Boat has announced that it will invest 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. According to Electric Boat, the net gain in employees at the Groton facility is expected to be between 3,000 - 4,000 net new positions with the remaining hires serving as replacements for retiring employees.

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. Pfizer's new CEO has recently pledged \$500 million towards new R&D initiatives nationally with a strong oncology focus.

Downtown Mystic: 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 mixed-use development currently under construction on West Main Street. Sift Bakery, home of the Food Network's Best Baker in America award, is expanding its location in downtown Mystic.

Airport Business Park, Mystic Business Park, and other Industrial development: A number of new industries have recently moved to or expanded near the Groton-New London 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 Kongsberg (a maritime navigations system company). Doncasters has expanded its manufacturing operation in the downtown to accommodate demand for aerospace components used for engines.

Other Significant Initiatives and Developments

The Town proposes to sell certain excess publically-owned properties. These properties are not presently on the Town's grand list, but are expected to be significant tax contributors to the Town. Major investment is expected at the following sites:

Mystic Education Center: Mystic Education Center is a 77 acre parcel of land with buildings totaling approximately 175,000 square feet. A preferred developer was selected for a mixed used development. Estimated construction budgets range from \$30 - \$100 million.

Groton Heights: Groton Heights is a 30,000 square foot former school building located on 2 acres adjacent to Fort Griswold. The property is strategically located close to I-95, New London Union Station and Electric Boat/General Dynamics. A preferred developer has been selected involving full rehabilitation of the building and additional building construction.

529 Gold Star Highway: This is a 12 acre parcel of town-owned land. A preferred developer has been selected and final negotiations are being completed.

Colonel Ledyard School: The Town has begun soliciting interest for this property's redevelopment located within walking distance of Electric Boat's main waterfront facility. An RFP will be issued during the summer of 2019.

Former Seely School: Town staff is working with the firm Gorman & York to market the property and has met with numerous developers over the past few months with an interest in razing the school and utilizing the site for multi-family housing development. A short list of preferred developers was presented to the Town Council in March, 2019.

Center Groton: A large area on Route 184, including a Town-owned park, is anticipated to be the future home to a mixed-use development including about 350 market rate apartments/townhomes, retail and offices. It is slated for groundbreaking in 2019. Budget estimates exceed \$50 million.

Groton Gateway: A project located at the intersection of I-95 and Route 12 that integrates the Town's former Seely School and an abutting property owner's commercial property. The vision is to transform the properties into a major mixed-use development.

Residential and Institutional

The following are significant residential and /or institutional projects that were recently approved, completed or are under construction:

Branford Manor Redevelopment: A 442-unit Section 8 housing development under renovation by Related LLC. The project includes a tax stabilization agreement authorized under the City and Town Development Act (CGS 7-498) to stabilize taxes at a 3% increase per year for 20 years. The total project value is estimated at \$18.5 million.

Groton Multi-Family Apartments: 147 units of new apartments under construction on Route 12. The units will be marketed to new Electric Boat and Navy Base employees. Other apartment developers are meeting with staff to find other sites to build new apartments in Groton. The appraisal estimate for the project is \$10 million.

10 Fort Hill Road: 19 condominiums under development. The developer estimates the cost of construction to be \$3.5 million.

Amerco U-Haul: Located at 187 Gold Star Highway, this recently completed project includes a new 973 unit climate controlled self-storage which is U-Haul's only 5-story building in the United States. Approximately \$5.5 million was invested in this project.

Road Maintenance and Rehabilitation Program: On November 6, 2012 the voters of the Town approved an Ordinance appropriating \$11,200,000 and authorized the issuance of bonds and notes in the same amount for road maintenance and rehabilitation program for the Town's accepted network of roads. Included in the program are Town-accepted roads within the geographical boundaries of the City of Groton and of the Groton Long Point Association. The Town Council and RTM through their respective actions extended the authorization through November 2022, allowing sufficient time to complete the program.

Water Pollution Control Facility: At a November 2015 referendum voters approved an \$8,230,000 sewer bond authorization to provide funding for two major pump-station projects in the Town of Groton's Water Pollution Control Division including:

Rehabilitation of the Fishtown Road Pump Station: This project consists of a major rehabilitation and renewal of the Fishtown Road Pump Station. This system collects wastewater discharges from residences, businesses and a middle school and pumps the wastewater under pressure through the collection system for treatment. A contract was awarded in June of 2017 and construction began in the fall of 2017.

Refurbishment of the Effluent Pump Station: This project involves major work at the Water Pollution Control Facility (WPCF). The WPCF collects, treats, disinfects and discharges the wastewaters of the Town of Groton. This project consists of renovation and renewal of the effluent pump station, flood resiliency modifications, and replacement of significant underground piping and valve infrastructure. Currently, the design and engineering effort is being conducted by consulting engineers. Construction is anticipated to occur in calendar year 2019.

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 the renovation of the two existing schools or 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 the delivery of a cost effective educational program.

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 High Pressure Sodium (HPS) street and parking lot lights to Light-Emitting Diode (LED) technology was completed in September 2017. The Town contracted with Tanko Lighting, Inc. to complete the conversion. The Town Council approval for the \$583,000 project, the installation phase of the project will commence. Over 25% of the project costs were paid for by incentives provided by Eversource and Groton Utilities. Completion of this project is expected to reduce 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 since 2011. In January 2016 the Town signed a Letter of Intent with Green Harbor Energy allowing them access to the property for development of a solar farm on a portion of the 65 acre property for two years. The completed initial installation is expected to be up to five Megawatts which could power approximately 800 homes.

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. A project is being developed to allow the Town to take advantage of the cost savings by converting selected Town facilities to natural gas from oil. The high school, which is across the street from the Annex, will be able to connect as soon as the gas line is complete.

The Public Works Department is continuing to evaluate for applicability of 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

Economic Development Strategy: Town and City staff are jointly working with Camoin Associates on an Economic Development Strategy for Groton. This strategy will propose new initiatives to further Economic Development based on the Market Analysis and will promote all of Groton.

Economic Development Marketing: The Town has been working on implementing the marketing of the Town of Groton. A stand-alone Economic Development Website was launched in October 2017 and a new "Guide to Doing Business in Groton" is in its final phase of development. This guide is intended to help new business owners through the process of opening a business in Groton. Staff participated at the International Conference of Shopping Centers ("ICSC") conference in Hartford in June 2018 with a Groton promotional table, the Boston ICSC conference in July 2018, and the New York ICSC conference in December 2018. Staff utilized the new marketing sheets, banners, and other materials at these events. The ICSC conference in New York in December 2018 was the largest promotional "deal making" event attended this year. Staff

participated in the Groton-New London Aviation Day event with a Groton promotional table in August attended by over 700 people.

Economic Assistance Fund: The Town of Groton Economic Assistance Fund offers one-time financial assistance reimbursement for public infrastructure improvements or business development expenses associated with business opening, relocation or expansion in the Town of Groton. The intent of the fund is to facilitate the development and expansion of businesses that will stimulate the local economy by creating and/or retaining jobs, increasing tradable sectors of the economy and/or supplying goods or services that meet a specific community need. Since 2016, over \$80,000 in funding has been awarded. An amount comparable to that is expected to be awarded in 2019. Recipients have included multi-family and mixed-use housing developments as well as retail and personal services commercial facilities.

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.

Community Wayfinding Signage: A Wayfinding Signage master plan is currently in development. The Signage master plan is intended to help to orient travelers (motor vehicle, bicyclists, and pedestrians) throughout Groton with cohesive signage. The Town Council was supportive of the effort and is seeking partnerships for funding the effort's implementation, and the total project cost is estimated at approximately \$300,000. A master plan that identifies key locations and design has been completed.

2018 Small Cities Community Development Block Grant (CDBG) and Housing Rehab Loan Program: The Town in collaboration with Mystic River Homes (MRH) and Eastern Connecticut Housing Opportunities (ECHO) has been awarded an \$800,000 grant for rehabilitation of existing senior housing units. This is an \$800,000 grant with a match from MRH of \$163,000. The project is currently at 60% completion. The Town will be applying for a grant in 2019 for MRH Congregate. This will likely be an \$800,000 grant with a match provided by MRH. Over the past four years, the Town has received \$2,400,000 in CDBG funds for housing development in Groton. The Town's Housing Rehabilitation Loan Program is also actively rehabilitating individual properties in Groton in conjunction with A & E Services Group LLC.

Regulatory Overhaul: The Department of Planning and Development Services has been working with the Zoning Commission on a complete re-write of our Zoning Regulations. The Zoning Regulations are being revised to be user-friendly, to simplify the approval process, to reduce the number of zoning districts, and to maximize economic development opportunities. The Zoning Commission expects to have a final draft by April 2019. The public outreach, referral and hearing process, will take approximately 2 months. The project is expected to be finalized and adopted by the end of July 2019.

Tax Increment Financing (TIF): The Town has developed a Tax Increment Financing (TIF) policy and master plans to spur development in targeted areas of town. The Town Council adopted a TIF Policy in March of 2018. The City TIF Policy was adopted by the City Council on September 6, 2018 and was accepted by the Town Council on November 7, 2018. Currently, TIF Master Plans are being developed for three areas of Town: Center Groton Village, Downtown Groton, and the Five Corners/Thames Street area north of Electric Boat. The TIF Master Plan for Downtown Groton was presented to the Town Council in February 2019. Master plans for the other proposed TIF districts will be presented to the Town Council later in 2019.

Marketing of Town owned properties: Groton owns a number of excess buildings and properties that are no longer needed for municipal use or that have been acquired through tax foreclosures. Economic Development staff has created a comprehensive marketing strategy for these properties. The general strategy is to sell municipal property through a Request for Proposal (RFP) process rather than through a simple real estate transaction. This process ensures that the property is actually redeveloped, thereby maximizing new tax dollar revenue. Staff has created marketing cut sheets, signs advertising the sale of the properties, as well as on-line and trade publication advertisements. Key priority properties and their respective status include the following:

- Mystic Education Center: An RFP has been issued, interviews have been held, and the Town has selected a preferred developer. Once a contract is signed with the preferred developer, the public outreach, zoning, planning, and review process will begin for a future proposed development.
- 529 Gold Star Highway: An RFP has been issued and discussions with a prospective developer are ongoing. The developer has been able to expand the scope of the project to include intersection signalization and commitments for natural gas extension to the property.

- **Groton Heights Elementary School:** An RFP has been issued, and interviews have been held with developers. The Town has selected a preferred developer and is working in close cooperation with the City of Groton. Once a contract is signed with the developer, a proposal for redevelopment will be submitted to the City Planning and Zoning Commission for review. The Town applied for and was awarded \$150,000 from a DECD Brownfields Grant in December of 2018. The grant will assist in the cleanup and redevelopment of this property.
- **Former Seely School:** Town staff is working with the firm Goman & York to market the property and has met with numerous developers over the past few months with an interest in razing the former school and utilizing the site for multi-family housing development options. A short list of preferred developers will be presented to the Town Council in March.

Opportunity Zones: Staff received notification that the Governor's Office selected one Groton census tract for federal designation as an "Opportunity Zone". This census tract is located between Route 12 and Gungywamp Road and between I-95 and the Ledyard town line.. The Federal Opportunity Zone program offers significant capital gains benefits when property investments are made in an area. When finalized, such tracts will receive significant exposure from the development community. The Town plans to use this designation as a marketing tool for properties located in the Opportunity Zone.

Thames River Innovation Project (TRIP): The Thames River Innovation Project is designated as an Innovation Place and is one of only four selected in Connecticut. There are several active TRIP projects including Community Concierge, Thames River Reconnection, Naval and Maritime Consortium, and Ignite. Groton staff has been most active with the Consortium project in helping with the hiring of the Consortium's new Director.

Thames River Heritage Park (TRHP): The State Bonding Commission recently approved a \$730,000 grant proposal to extend the Nautilus Pier dock. This extension will serve as a stop for the Park's water taxi. Approval from the Under Secretary of the Navy is now pending.

Joint Land Use Study: In 2017, the Southeastern Connecticut Council of Governments (SCCOG), SUBASE New London, the City of Groton, the Town of Groton, Ledyard, Montville, New London, and Waterford worked together to prepare a Joint Land Use Study (JLUS). The JLUS analyzed compatibility issues between the towns and the SUBASE and proposed strategies to address these issues in the areas of transportation, the Thames River, land use and development, and coordination and cost sharing. The JLUS report can be reviewed on the SCCOG website.

A number of the JLUS recommendations are eligible for funding through the Department of Defense Office of Economic Adjustment (OEA). The SCCOG and the Towns applied for and received a grant from OEA in the amount of \$313,000 in July 2018. These funds will be used to study the impacts that the Subbase and General Dynamics have on housing and transportation and make recommendations on the needs for the region. Funds will also be used to analyze the Crystal Lake Road and Route 12 land uses. New zoning regulations will be developed to reflect the needs of the SUBASE and the Town of Groton. A public kickoff meeting was held in January 2019.

Poquonnock Bridge Village Design Guidelines: Union Studio, a design architecture firm from Providence, RI, is working on design guidelines for the Poquonnock Bridge area. The guidelines will be incorporated into a new zoning district for the area that will reinforce the village structure of the area and will serve as a template for other village areas in town. OPDS hosted a well-attended public meeting for the Poquonnock Bridge Village Design Guidelines at the Groton Public Library. Over 50 residents, business owners, and interested citizens listened to a presentation by Union Studio regarding the goals of the project, inventory of structures, the existing uses, and possible district boundaries. The meeting concluded with a visual preference survey for the attendees. Generally, the audience preferred rural village scale development patterns, traditional styles of architecture, and expressed a desire to minimize the visual impact of parking lots. The public was clear that they did not want the Village area to become a Mystic-like tourist destination. A public presentation of the design guidelines will be held in the spring of 2019.

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Municipal Employees

(Full-time)

<i>Fiscal Year</i>	<i>2019</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>
General Government	252	259	259	267	266
Board of Education	834	822	817	758	733
Total	1,086	1,081	1,076	1,025	999

Municipal Employees by Category

The following is a breakdown by category of full-time Town employees for fiscal year ending 2019:

<i>Department</i>	<i>Full-time Positions</i>
Information Services	6
Human Resources	4
Library	19
Parks & Recreation	19
Finance	19
Golf Course ¹	6
Human Services	8
Planning and Development	15
Public Safety	85
Public Works	43
Town Clerk	5
Town Manager	3
Water Pollution Control Authority ¹	19
School Projects	1
Board of Education	834
Total	1,086

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.

Municipal Employee Bargaining Organizations

<u>General Government</u>	<u>Union Representation</u>	<u>Posititons Covered</u>	<u>Current Contract Expiration Date</u>
Clerical/ Professional	Groton Municipal Employees Association, CILU Local 62.....	77	June 30, 2019
Police.....	Groton Police Union Association Local 3428 of Council 15 AFSCME.....	67	June 30, 2020
Public Works/Maintenance....	United Steel Workers of America AFL-CIO #9411.....	50	June 30, 2020
Supervisors.....	Local 818 of Council 4 AFSCME.....	5	June 30, 2019
Dispatchers.....	Groton Telecommunicators Assoc/ United Electrical Local 222, CILU Local 86.....	13	June 30, 2019
Non-union	Non-represented employees.....	40	N/A
<u>Board of Education</u>			
Teachers.....	Groton Educational Association	427	August 31, 2019
Custodians.....	Groton Custodial and Maintenance Association.....	51	June 30, 2020
Para-Professionals.....	Groton Para - Professional Association.....	211	June 30, 2019
Secretaries.....	Groton School Secretaries Association.....	16	June 30, 2021
Administrators.....	Groton School Administrators.....	24	June 30, 2020
Non-union	Non-represented employees.....	<u>105</u>	N/A
Total		<u>1,086</u>	

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. Effective October 1, 1997, 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 six schools for pupils in grades Pre-K through 5; two schools 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

<u>School</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Number of Classrooms</u>	<u>Type of Construction</u>	<u>Enrollment 10/1/2018</u>	<u>Rated Capacity</u> ¹
Charles Barnum.....	Pre K-5	1965, 1970, 1990	21	Masonry	368	420
Claude Chester.....	Pre K-5	1952, 1956, 1965	27	Masonry	334	460
Catherine Kolnaski.....	Pre K-5	2008	25	Masonry	430	460
Mary Morrisson.....	Pre K-5	1963, 1990	24	Masonry	385	480
Northeast Academy.....	Pre K-5	2008	22	Masonry	411	400
S.B. Butler	Pre K-5	1952, 1962, 1993	21	Masonry	318	420
Cutler Middle.....	6-8	1960, 1962, 1968	38	Masonry	494	510
West Side Middle.....	6-8	1956, 1994	17	Masonry	478	510
Fitch Senior High	9-12	1953, 1958, 1963, 1967, 1971, 1981, 1989, 2008	92	Masonry	1,081	1,360
Total.....					4,299	5,020

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

Source: School Business Manager

School Enrollments

<u>School Year</u>	<u>Historical</u>			<u>Total</u>
	<u>PreK-5</u>	<u>6-8</u>	<u>9-12</u>	
2009-2010	2,692	1,036	1,310	5,038
2010-2011	2,690	1,025	1,280	4,995
2011-2012	2,691	1,030	1,240	4,961
2012-2013	2,652	968	1,183	4,803
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
	<u>Projected</u>			
2019-2020	2,230	1,005	1,100	4,335
2020-2021	2,435	904	1,083	4,422
2021-2022	2,475	853	1,075	4,403
2022-2023	2,485	843	1,066	4,394
2023-2024	2,476	878	1,047	4,401

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

SECTION III – ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

<i>Year</i>	<i>Town of Groton</i>		<i>New London County</i>		<i>State of Connecticut</i>	
	<i>Population</i>	<i>% Change</i>	<i>Population</i>	<i>% Change</i>	<i>Population</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
2017	39,492	(1.55)	270,772	(1.20)	3,594,478	0.57

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

Age Distribution of 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.....	2,694	6.8	13,625	5.0	186,188	5.2
5 - 9 years.....	1,873	4.7	14,610	5.4	206,536	5.8
10 - 14 years.....	1,835	4.6	15,827	5.8	225,831	6.3
15 - 19 years.....	2,610	6.6	17,482	6.5	249,777	7.0
20 - 24 years.....	4,916	12.4	20,600	7.6	245,849	6.9
25 - 34 years.....	6,999	17.7	34,560	12.8	439,239	12.3
35 - 44 years.....	4,233	10.7	30,694	11.3	433,401	12.1
45 - 54 years.....	4,600	11.6	39,475	14.6	525,611	14.7
55 - 59 years.....	2,191	5.5	20,404	7.5	266,501	7.4
60 - 64 years.....	2,088	5.3	18,311	6.8	229,788	6.4
65 - 74 years.....	3,009	7.6	25,725	9.5	318,515	8.9
75 - 84 years.....	1,631	4.1	13,378	4.9	167,133	4.7
85 years and over.....	813	2.1	6,081	2.2	90,109	2.5
Total.....	39,492	100.0	270,772	100.0	3,584,478	100.0
 Median Age (Years).....	 33.1		 41.0		 40.8	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2013-2017

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, 2017.....	\$35,903	\$36,881	\$41,365
Median Family Income, 2010.....	\$67,461	\$80,702	\$84,558
Median Family Income, 2017.....	\$77,212	\$85,198	\$93,800
Percent Below Poverty, 2017.....	7.3%	7.3%	7.0%

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey, 2013-2017.

Income Distribution

Income	Town of Groton		New London County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
Less than \$10,000.....	419	4.5	2,262	3.2	73,078	5.4
\$10,000 to \$14,999.....	87	0.9	1,204	1.7	48,416	3.6
\$15,000 to \$24,999.....	549	5.8	3,195	4.6	104,604	7.7
\$25,000 to \$34,999.....	784	8.3	4,285	6.1	99,688	7.3
\$35,000 to \$49,999.....	907	9.6	6,657	9.5	148,260	10.9
\$50,000 to \$74,999.....	1,846	19.6	12,569	18.0	216,936	15.9
\$75,000 to \$99,999.....	1,393	14.8	10,410	14.9	171,880	12.6
\$100,000 to \$149,999.....	1,821	19.3	14,865	21.3	232,398	17.1
\$150,000 to \$199,999.....	897	9.5	7,777	11.2	116,915	8.6
\$200,000 or more.....	711	7.6	6,505	9.3	149,580	11.0
Total.....	9,414	100.0	69,729	100.0	1,361,755	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017.

Educational Attainment

	Town of Groton		New London County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	455	1.8	4,899	2.6	104,623	4.2
9th to 12th grade, no diploma.....	1,068	4.2	10,415	5.5	137,877	5.6
High School graduate (includes equivalency).....	7,231	28.3	56,761	30.1	673,582	27.2
Some college, no degree.....	5,364	21.0	38,375	20.3	422,535	17.0
Associate degree.....	2,099	8.2	16,030	8.5	188,481	7.6
Bachelor's degree.....	5,232	20.5	34,115	18.1	532,055	21.5
Graduate or professional degree.....	4,115	16.1	28,033	14.9	421,144	17.0
Total.....	25,564	100.0	188,628	100.0	2,480,297	100.0
Total high school graduate or higher (%).....			94.0%		90.2%	
Total bachelor's degree or higher (%).....			36.6%		38.4%	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017.

Employment by Industry

Sector	Town of Groton		New London County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, forestry, fishing/hunting, & mining.....	127	0.7	779	0.6	7,166	0.4
Construction	787	4.3	7,571	5.7	104,122	5.8
Manufacturing	3,293	18.1	17,629	13.2	191,519	10.6
Wholesale trade	334	1.8	2,209	1.7	44,741	2.5
Retail trade	1,952	10.7	14,617	10.9	193,016	10.7
Transportation and warehousing, and utilities	538	3.0	5,537	4.1	68,926	3.8
Information.....	185	1.0	1,996	1.5	42,200	2.3
Finance, insurance, real estate, rental & leasing.....	678	3.7	5,892	4.4	163,810	9.1
Professional, scientific, management	1,986	10.9	12,366	9.2	208,130	11.5
Education, health and social services.....	3,959	21.7	32,714	24.5	478,083	26.5
Arts, entertainment, recreation, accommodation	2,783	15.3	20,874	15.6	153,679	8.5
Other services (except public administration).....	501	2.8	4,787	3.6	82,538	4.6
Public Administration.....	1,093	6.0	6,815	5.1	67,156	3.7
Total Labor Force, Employed.....	18,216	100.0	133,786	100.0	1,805,086	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017.

Major Employers

<i>Name of Employer</i>	<i>Nature of Business</i>	<i>Employees</i>
Electric Boat Corporation.....	Submarine Manufacturer.....	8,189 ¹
U.S. Navy Submarine Base.....	Military Base.....	7,800 ²
Pfizer, Inc.....	Pharmaceuticals.....	5,660 ³
Town of Groton.....	Municipality.....	1,086
Air National Guard TASMG.....	Helicopter Repair.....	588 ⁴
PCC Structurals	Manufacturer.....	286 ⁵
Fairview Retirement Community.....	Senior Living.....	227
City of Groton	Municipality.....	210 ⁶
Doncasters Precision Castings.....	Manufacturer.....	197 ⁷
Mystic Marriott.....	Hotel/Conference Center.....	153 ⁸
Total.....		24,396

¹ Includes 8,093 full-time, 8 part-time and 88 contracted employees.

² Includes military and civilian employees and contractors.

³ Includes Contractors.

⁴ The Theater Aviation Sustainment Maintenance Group ("TASMG") includes 221 full-time, 303 part-time reservists and 64 contracted employees assigned to the unit.

⁵ Includes 269 full-time and 17 contracted employees.

⁶ Includes 205 full-time, 4 part-time and 1 contracted City of Groton employees.

⁷ Includes 163 full-time and 34 agency employees.

⁸ Includes 94 full-time, 20 part-time and 39 on-call employees.

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

Employment Data¹

<i>Period</i>	<i>Town of Groton</i>		<i>Percentage Unemployed</i>			
	<i>Labor Force</i>	<i>Unemployed</i>	<i>Town of Groton</i>	<i>New London Labor Market</i>	<i>State of Connecticut</i>	<i>United States</i>
January 2019	18,414	751	4.1 %	4.7 %	4.7 %	4.4 %
February 2019	18,292	675	3.7	4.4	4.4	4.1
<i>Annual Average</i>						
2018	18,728	662	3.5 %	4.1 %	4.2 %	3.9 %
2017	18,171	596	4.0	4.6	4.7	4.4
2016	18,401	830	4.5	5.1	5.1	4.9
2015	18,396	977	5.3	6.0	5.7	5.3
2014	18,533	1,110	6.0	7.1	6.6	6.2
2013	18,658	1,382	7.4	8.2	7.8	7.4
2012	19,014	1,529	8.0	8.8	8.3	8.1
2011	19,415	1,650	8.5	9.2	8.8	9.0
2010	19,663	1,667	8.5	9.2	9.1	9.6
2009	19,532	1,602	8.2	7.8	8.0	9.3

¹ Not seasonally adjusted.

Source: Department of Labor, State of Connecticut.

Number and Value of Building Permits

Town of Groton

<i>Fiscal Year</i> <i>Ending 6/30</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>
2019 ¹	8	\$ 4,493,801	3	\$ 687,000	326	\$ 10,470,478	337	\$ 15,651,279
2018	14	5,949,801	4	578,400	618	21,246,410	636	27,774,611
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
2013	18	3,893,000	1	159,796	487	5,418,839	506	9,471,635
2012	12	1,560,700	-	-	545	8,436,710	557	9,997,410
2011	27	3,729,720	4	850,600	524	9,287,679	555	13,867,999
2010	36	5,958,240	4	712,000	518	6,250,802	558	12,921,042

¹ As of December 31, 2018.

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

Source: Building Department, Town of Groton.

City of Groton

<i>Fiscal Year</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>
2019 ¹	1	\$ 140,000	3	\$ 1,571,625	112	\$ 3,492,442	116	\$ 5,204,067
2018	2	870,000	-	-	263	6,857,725	265	7,727,725
2017	5	420,675	2	1,220,000	279	12,364,026	286	14,004,701
2016	5	510,000	5	16,293,407	258	10,382,439	268	27,185,846
2015	9	824,850	3	2,536,081	220	7,035,203	232	10,396,134
2014	5	679,400	-	-	356	6,570,136	361	7,249,536
2013	7	1,043,300	2	252,656	351	5,880,167	360	7,176,123
2012	4	331,750	2	75,500	384	12,362,192	390	12,769,442
2011	2	226,500	-	-	32	1,242,919	34	1,469,419
2010	-	-	2	8,744,750	53	470,956	55	9,215,706

¹ As of December 31, 2018.

Source: Building Office, City of Groton.

Combined Values

<i>Groton Long Point</i>			<i>(Town of Groton, City of Groton, Groton Long Point)</i>		
<i>Fiscal Year</i> <i>Ending 6/30</i>	<i>No.</i>	<i>Total Residential Value</i>	<i>Fiscal Year</i> <i>Ending 6/30</i>	<i>No.</i>	<i>Total Value</i>
2019 ¹	41	\$ 2,959,866	2019 ¹	494	\$ 23,815,212
2018	115	4,318,337	2018	1,016	39,820,673
2017	74	3,289,516	2017	909	39,972,037
2016	98	3,992,241	2016	973	62,573,537
2015	76	3,974,527	2015	904	34,616,260
2014	86	5,274,088	2014	987	31,799,261
2013	137	2,244,131	2013	1,003	18,891,889
2012	73	2,524,515	2012	1,020	25,291,367
2011	55	3,452,633	2011	644	18,790,051
2010	62	4,063,441	2010	675	26,200,189

¹ As of December 31, 2018.

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

Housing Inventory

<i>Type</i>	<i>Town of Groton</i>	
	<i>Units</i>	<i>Percent</i>
1-unit, detached.....	8,225	45.5
1-unit, attached.....	1,553	8.6
2 units.....	1,552	8.6
3 or 4 units.....	1,677	9.3
5 to 9 units.....	1,548	8.6
10 to 19 units.....	760	4.2
20 or more units.....	2,210	12.2
Mobile home.....	548	3.0
Boat, RV, van, etc.....	-	-
Total Inventory.....	18,073	100.0

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017

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>
2014 to later.....	24	0.1	372	0.3	338,011	22.4
2010 to 2013.....	167	0.9	1,230	1.0	104,251	6.9
2000 to 2009.....	2,239	12.4	10,931	8.9	225,763	15.0
1990 to 1999.....	1,908	10.6	10,897	8.9	205,463	13.6
1980 to 1989.....	2,576	14.3	16,230	13.2	200,217	13.3
1970 to 1979.....	2,800	15.5	16,649	13.6	191,939	12.7
1960 to 1969.....	2,398	13.3	15,979	13.0	114,261	7.6
1950 to 1959.....	2,087	11.5	14,987	12.2	105,131	7.0
1940 to 1949.....	1,116	6.2	6,124	5.0	17,308	1.1
1939 or earlier.....	2,758	15.3	29,200	23.8	5,367	0.4
Total Housing Units.....	18,073	100.0	122,599	100.0	1,507,711	100.0
Percent Owner Occupied.....	46.4		66.7		66.6	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017.

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.....	383	5.2	2,854	4.0	24,038	2.7
\$50,000 to \$99,999.....	309	4.2	2,221	3.1	29,789	3.3
\$100,000 to \$149,999.....	741	10.0	6,701	9.4	83,320	9.2
\$150,000 to \$199,999.....	1,389	18.7	14,569	20.4	141,024	15.6
\$200,000 to \$299,999.....	2,010	27.1	22,635	31.7	244,356	26.9
\$300,000 to \$499,999.....	1,629	21.9	16,399	23.0	236,671	26.1
\$500,000 to \$999,999.....	834	11.2	4,870	6.8	106,192	11.7
\$1,000,000 or more.....	130	1.8	1,198	1.7	41,408	4.6
Total.....	7,425	100.0	71,447	100.0	906,798	100.0
Median Sales Price.....	\$237,500		\$238,900		\$270,100	

Source: U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-2017.

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>2016¹</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.

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SECTION IV – INDEBTEDNESS

Principal Amount of Indebtedness
As of May 8, 2019 (Pro Forma)

<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 Public Improvement - Lot A	2.00 - 5.00	\$ 5,675,000	1,505,000	2025
12/13/11	Refunding School - Lot A	2.00 - 5.00	10,630,000	5,680,000	2029
12/13/11	Refunding Sewer ¹ - Lot B	2.00 - 3.75	2,710,000	1,695,000	2029
03/12/13	Refunding Public Improvement - Lot A	3.00 - 4.00	6,752,000	4,975,000	2030
03/12/13	Refunding School - Lot A.....	3.00 - 4.00	12,308,000	9,200,000	2030
03/12/13	Refunding Sewer ¹ - Lot B	3.00 - 4.00	2,020,000	1,375,000	2028
04/09/14	Public Improvement - Lot A	2.00 - 4.00	8,945,000	5,775,000	2034
04/10/18	Public Improvement	3.00 - 4.00	6,690,000	6,020,000	2028
05/08/19	Schools	2.00 - 5.00	<u>20,000,000</u>	<u>20,000,000</u>	2039
	Grand Total		<u>\$ 75,730,000</u>	<u>\$ 56,225,000</u>	

¹ All sewer bond principal and interest is secured by taxes levied on 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 will be paid with revenue generated by the Town's Sewer User Fee.

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Computation of Statutory Debt Limit

As of May 8, 2019 (Pro Forma)

Total Tax Collections (including interest and lien fees) for the year ended June 30, 2018.....	\$ 88,489,933
Total Tax Collections (including interest and lien fees) of coterminous municipalities ¹	15,169,306
Reimbursement for Revenue Loss On:	
Tax relief for elderly freeze.....	2,000
Base for Debt Limitation Computation	<u>\$ 103,661,239</u>

Debt Limitation:	General		Urban		
	Purpose	Schools	Sewers	Renewal	Past Pension
2 1/4 times base	\$ 233,237,789	\$ -	\$ -	\$ -	\$ -
4 1/2 times base.....	-	466,475,578	-	-	-
3 3/4 times base.....	-	-	388,729,648	-	-
3 1/4 times base.....	-	-	-	336,899,028	-
3 times base.....	-	-	-	-	310,983,718
Total Debt Limitation	<u>233,237,789</u>	<u>466,475,578</u>	<u>388,729,648</u>	<u>336,899,028</u>	<u>310,983,718</u>

Indebtedness:

Outstanding Debt: ²					
Bonds.....	\$ 18,275,000	\$ 14,880,000	\$ 3,070,000	\$ -	\$ -
The Bonds (This Issue).....	-	20,000,000	-	-	-
The Series A Notes (This Issue).....	-	15,000,000	-	-	-
The Series B Notes (This Issue).....	-	-	6,700,000	-	-
State of Connecticut CWF PLO.....	-	-	6,429,814	-	-
Authorized & Unissued	3,221	147,010,248	1,530,000	-	-
Underlying Debt: ^{1,3}					
Bonds & Serial Notes.....	5,033,804	-	6,008,000	-	-
Authorized & Unissued.....	-	-	-	-	-
Total Indebtedness	<u>23,312,025</u>	<u>196,890,248</u>	<u>23,737,814</u>	<u>-</u>	<u>-</u>
Less:					
School Grants Receivable	-	(98,010,248)	-	-	-
Sewer Receivables	-	-	(754,759)	-	-
Total Net Indebtedness for Debt					
Limitation Calculation	<u>23,312,025</u>	<u>98,880,000</u>	<u>22,983,055</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Indebtedness	<u>\$ 209,925,764</u>	<u>\$ 367,595,578</u>	<u>\$ 365,746,593</u>	<u>\$ 336,899,028</u>	<u>\$ 310,983,718</u>

¹ Per Public Act 91-407, Section 12, does not include collections or debt of Mystic Fire District.

² Excludes capital leases.

³ Excludes \$43,842,000 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 \$725,628,673.

Source: Town Officials.

Debt Statement – Town of Groton

As of May 8, 2019 (Pro Forma)

The Bonds (This Issue).....	\$	20,000,000
Public Improvement.....		18,275,000
Schools.....		14,880,000
Sewers ¹		3,070,000
State of Connecticut Clean Water Fund PLO ²		6,429,814
Total Long-Term Debt.....		62,654,814
Short-Term Debt:		
Short-Term Debt		21,700,000
Total Direct Debt.....		84,354,814
Less: Sewer Receivables (as of 6/30/2018) ²		(754,759)
Total Net Direct Debt.....		83,600,055
Plus: Underlying Debt ³		11,041,804
Total Overall Net Debt.....	\$	94,641,859

¹ All sewer bond principal and interest is secured by taxes levied on 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 will be paid with revenue generated by the Town's Sewer User Fee.

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 May 8, 2019 (Pro Forma)

Population ¹	39,492
Net Taxable Grand List (10/1/17)	\$3,679,211,091
Estimated Full Value (70%)	\$5,256,015,844
Equalized Net Taxable Grand List (10/1/16) ²	\$5,310,972,334
Income per Capita ¹	\$35,903

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$84,354,814	\$83,600,055	\$94,641,859
Per Capita	\$2,136	\$2,117	\$2,396
Ratio to Net Taxable Grand List.....	2.29%	2.27%	2.57%
Ratio to Estimated Full Value.....	1.60%	1.59%	1.80%
Ratio to Equalized Grand List.....	1.59%	1.57%	1.78%
Debt per Capita to Per capita income.....	5.95%	5.90%	6.67%

U.S. Department of Commerce, Bureau of the Census, American Community Survey, 2013-2017
Office of Policy and Management, State of Connecticut.

Debt Statement – Town of Groton Sewer District
As of May 8, 2019 (Pro Forma)

<u>Town of Groton Debt Applicable to the Groton Sewer Debt</u>	<u>Town of Groton</u>	<u>Applicable to Groton Sewer Debt ¹</u>
Long-Term Debt:		
The Bonds (This Issue).....	\$ 20,000,000	\$ 13,755,629
Public Improvement.....	18,275,000	12,569,206
Schools.....	14,880,000	10,234,188
Sub-total Long-Term Debt.....	53,155,000	36,559,023
The Series A Notes (This Issue)	15,000,000	10,316,721
The Series B Notes (This Issue)	6,700,000	6,700,000
Total Town of Groton Debt Applicable to Groton Sewer District	\$ 68,155,000	\$ 46,875,744
Groton Sewer Long Term Debt:		
Groton Sewer Operating Fund Bonds ²		\$ 3,070,000
State of Connecticut CWF PLO.....		6,429,814
Total Long-Term Debt.....		56,375,558
Total Direct Debt.....		78,075,558
Less: Sewer Receivable (as of 6/30/2018).....		(754,759)
Total Net Direct Debt.....		77,320,799
Plus: Underlying Debt ³	11,041,804	2,128,804
Total Overall Net Debt.....		\$ 79,449,603

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 10/1/17 or 68.78%, 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 taxes levied on 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 will be paid with revenue generated by the Town's Sewer User Fee.

³ 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.

Current Debt Ratios – Town of Groton Sewer District
As of May 8, 2019 (Pro Forma)

Population ¹	30,308
Net Taxable Grand List (10/1/17).....	\$2,530,493,000
Estimated Full Value (70%)	\$3,614,990,000
Equalized Net Taxable Grand List (10/1/16) ²	\$3,652,788,142
Income per Capita ³	\$35,903

	<u>Total Direct Debt</u>	<u>Total Net Direct Debt</u>	<u>Total Overall Net Debt</u>
	\$78,075,558	\$77,320,799	\$79,449,603
Per Capita.....	\$2,576.07	\$2,551.17	\$2,621.41
Ratio to Net Taxable Grand List	3.09%	3.06%	3.14%
Ratio to Estimated Full Value.....	2.16%	2.14%	2.20%
Ratio to Equalized Grand List.....	2.14%	2.12%	2.18%
Debt per Capita to Per capita Income.....	7.18%	7.11%	7.30%

¹ U.S. Department of Commerce, Bureau of Census, American Community Survey 2013-17, less City of Groton (9,184).

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, 2013-2017. The Amounts are based on data for entire Town.

Historic Debt Statement

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Population ¹	39,492	39,492	39,763	39,986	40,136
Net taxable grand list	\$ 3,705,521,000	\$ 3,789,539,000	\$ 3,808,651,000	\$ 3,897,603,000	\$ 3,857,363,000
Estimated full value.....	\$ 5,293,601,429	\$ 5,413,627,143	\$ 5,440,930,000	\$ 5,568,004,286	\$ 5,510,518,571
Equalized net taxable grand list ² ...	\$5,310,972,334	\$4,914,736,072	\$5,265,116,792	\$5,435,454,547	\$5,453,605,492
Per capita income ¹	\$35,903	\$35,903	\$35,810	\$35,638	\$34,353
Long-Term Debt:					
General Fund	\$ 40,535,000	\$ 33,710,000	\$ 37,390,000	\$ 41,090,000	\$ 44,835,000
Groton Sewer District.....	6,991,146	11,388,510	12,365,873	13,348,236	14,320,599
Short-Term Debt:					
General Fund.....	\$ -	\$ -	\$ -	\$ -	\$ -
Groton Sewer District	-	-	-	-	-
Total Direct Debt.....	47,526,146	45,098,510	49,755,873	54,438,236	59,155,599
Total Net Direct Debt.....	47,526,146	45,098,510	49,755,873	54,438,236	59,155,599
Underlying Debt (City of Groton).....	10,479,010	5,144,891	5,785,937	6,472,070	6,807,311
Total Overall Net Direct Debt.....	\$ 58,005,156	\$ 50,243,401	\$ 55,541,810	\$ 60,910,306	\$ 65,962,910

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

² Office of Policy and Management, State of Connecticut.

Historic Debt Ratios

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Direct Debt:					
Per capita.....	\$1,203.44	\$1,141.97	\$1,251.31	\$1,361.43	\$1,473.88
To net taxable grand list.....	1.28%	1.19%	1.31%	1.40%	1.53%
To estimated full value.....	0.90%	0.83%	0.91%	0.98%	1.07%
To equalized net taxable grand list.....	0.89%	0.92%	0.95%	1.00%	1.08%
Debt per capita to per capita income.....	3.35%	3.18%	3.49%	3.82%	4.29%
Total Net Direct Debt:					
Per capita.....	\$1,203.44	\$1,141.97	\$1,251.31	\$1,361.43	\$1,473.88
To net taxable grand list.....	1.28%	1.19%	1.31%	1.40%	1.53%
To estimated full value.....	0.90%	0.83%	0.91%	0.98%	1.07%
To equalized net taxable grand list.....	0.89%	0.92%	0.95%	1.00%	1.08%
Debt per capita to per capita income.....	3.35%	3.18%	3.49%	3.82%	4.29%
Total Overall Net Debt:					
Per capita.....	\$1,468.78	\$1,272.24	\$1,396.82	\$1,523.29	\$1,643.48
To net taxable grand list.....	1.57%	1.33%	1.46%	1.56%	1.71%
To estimated full value.....	1.10%	0.93%	1.02%	1.09%	1.20%
To equalized net taxable grand list.....	1.09%	1.02%	1.05%	1.12%	1.21%
Debt per capita to per capita income.....	4.09%	3.54%	3.90%	4.27%	4.78%

Outstanding Short-Term Indebtedness

Following on this issue the Town will have \$21,700,000 in outstanding short-term indebtedness.

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:

<i>District or Association</i>	<i>Outstanding Bonds</i>	<i>Outstanding Notes</i>	<i>Authorized But Unissued Debt</i>
Center Groton Fire District	\$ -	\$ -	\$ -
City of Groton ^{1,2}	8,913,000		-
Groton Long Point Association.....	276,057	156,660	-
Mystic Fire District.....	-	662,017	-
Noank Fire District.....	-	-	-
Old Mystic Fire District.....	709,066	-	-
Poquonnock Bridge Fire District.....	325,004	-	-
Mumford Cove.....	-	-	-
West Pleasant Valley Fire District.....	-	-	-
Total Net Underlying Debt			
(applicable to the Town of Groton)	\$ 10,223,127	\$ 818,677	\$ -

¹ Excludes \$43,842,000 of enterprise fund long term debt for outstanding water and electric purposes.

² Consists of General Purpose debt in the amount of \$2,095,000 and Sewer debt in the amount of \$6,008,000.

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 Rate¹</i>	<i>Estimated Grant²</i>
Groton 2020 School Improvements.....	\$ 184,500,000	57.50%	\$ 100,500,000
Total.....	\$ 184,500,000		\$ 100,500,000

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.

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 \$2,489,752 in grants for these projects.

Capital Leases

<i>Fiscal Year</i>	<i>Amount</i>
<i>Ending June 30</i>	
2019	\$ 20,288
Less amount for interest	(374)
	<u>\$ 19,914</u>

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 Fort Hill Sewer Rehabilitation project and are secured by the taxing power of the Groton Sewer District, however debt service associated with 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 May 8, 2019:

<i>Project</i>	<i>Original 2% Loan Amount</i>	<i>Principal Outstanding</i>
CWF PLO 386-C1	\$ 12,121,022	\$ 6,363,537
CWF PLO 386-C2	114,143	66,277
	<u>\$ 12,235,165</u>	<u>\$ 6,429,814</u>

Legal Requirements for Approval of Borrowing

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.

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).

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 2018-19, the Town will contribute \$2,535,000 to the Capital Reserve Fund. The CIP is subject to the approval of the Town Council and the Representative Town Meeting annually.

<u>Proposed Projects \$(000)</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>Total</u>
Board of Education ¹	\$ 50	\$ 2,204	\$ 5,236	\$ 15,712	\$ 4,401	\$ 8,746	\$ 36,349
<i>General Government:</i>							
Roads	300	13,845	2,325	12,960	50	2,000	31,480
Drainage.....	-	209	40	1,375	-	-	1,624
Sidewalks.....	12	112	250	-	-	-	374
Parks and Recreation.....	-	810	250	250	158	170	1,638
Public Buildings.....	506	931	3,835	266	2,555	120	8,213
Technology.....	1,529	2,114	1,237	816	734	208	6,638
Economic Development.....	-	50	225	75	125	75	550
Energy Efficiency and Conservation.....	400	25	-	-	-	-	425
Water Pollution Control Facility.....	731	2,280	2,368	3,331	1,422	775	10,907
Miscellaneous.....	-	-	-	-	-	-	-
<i>Total General Government.....</i>	<u>3,478</u>	<u>20,376</u>	<u>10,530</u>	<u>19,073</u>	<u>5,044</u>	<u>3,348</u>	<u>61,849</u>
Total Project Costs.....	\$ 3,528	\$ 22,580	\$ 15,766	\$ 34,785	\$ 9,445	\$ 12,094	\$ 98,198
 Funding Sources							
Capital Reserve Fund.....	\$ 2,797	\$ 7,044	\$ 11,198	\$ 17,444	\$ 8,023	\$ 9,319	\$ 55,825
General Obligation Bonds ¹	-	10,000	2,000	12,760	-	-	24,760
Other.....	731	5,536	2,568	4,581	1,422	2,775	17,613
Total Funding Sources	\$ 3,528	\$ 22,580	\$ 15,766	\$ 34,785	\$ 9,445	\$ 12,094	\$ 98,198

¹ Excludes borrowing for the Town's Groton 2020 School Facilities Improvement Plan.

Authorized but Unissued Debt

<u>Project</u>	<u>Authorization</u>	<u>Bonds/ Grants/ Pay downs</u>	<u>Debt Authorized but Unissued</u>				
			<u>This Issue</u>		<u>General</u>		
			<u>The Bonds</u>	<u>The Notes</u>	<u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>
Road Rehabilitation & Maintenance.....	\$ 11,200,000	\$ 11,196,779	\$ -	\$ -	\$ 3,221	\$ -	\$ -
WPCF Effluent & Fishtown Rd Pump Stations.....	8,230,000	-	-	6,700,000	-	-	1,530,000
Groton 2020 School Facilities Plan.....	184,500,000	2,489,752	20,000,000	15,000,000	-	147,010,248	-
Totals.....	\$ 203,930,000	\$ 13,686,531	\$ 20,000,000	\$ 21,700,000	\$ 3,221	\$ 147,010,248	\$ 1,530,000

Combined Schedule of Long Term Debt through Maturity

As of May 8, 2019 (Pro Forma)

<i>Fiscal</i> <i>Year</i>	<i>Groton General Fund</i>		<i>Groton Sewer Debt</i>		<i>Total</i>	<i>Pro-forma (Principal Only)</i>		<i>Cumulative</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>		<i>The Bonds</i>	<i>Total</i>	<i>Principal Retired</i>
2019 ¹	\$ -	\$ -	\$ 51,030	\$ 483,941	\$ 534,971	\$ -	\$ 51,030	0.08
2020	4,110,000	1,244,156	612,363	121,962	6,088,481	1,000,000	5,722,363	9.21
2021	4,090,000	1,093,531	612,363	109,715	5,905,609	1,000,000	5,702,363	18.32
2022	4,080,000	940,756	612,363	97,468	5,730,587	1,000,000	5,692,363	27.40
2023	4,065,000	789,169	612,363	85,221	5,551,753	1,000,000	5,677,363	36.46
2024	4,045,000	643,213	612,363	72,973	5,373,549	1,000,000	5,657,363	45.49
2025	3,675,000	502,044	612,363	60,726	4,850,133	1,000,000	5,287,363	53.93
2026	3,465,000	374,931	612,363	48,479	4,500,773	1,000,000	5,077,363	62.03
2027	3,405,000	251,075	612,363	36,231	4,304,669	1,000,000	5,017,363	70.04
2028	2,555,000	149,688	612,363	23,984	3,341,035	1,000,000	4,167,363	76.69
2029	975,000	84,288	612,363	11,737	1,683,388	1,000,000	2,587,363	80.82
2030	720,000	56,950	255,151	1,276	1,033,377	1,000,000	1,975,151	83.98
2031	260,000	40,950	-	-	300,950	1,000,000	1,260,000	85.99
2032	260,000	31,200	-	-	291,200	1,000,000	1,260,000	88.00
2033	260,000	20,800	-	-	280,800	1,000,000	1,260,000	90.01
2034	260,000	10,400	-	-	270,400	1,000,000	1,260,000	92.02
2035	-	-	-	-	-	1,000,000	1,000,000	93.62
2036	-	-	-	-	-	1,000,000	1,000,000	95.21
2037	-	-	-	-	-	1,000,000	1,000,000	96.81
2038	-	-	-	-	-	1,000,000	1,000,000	98.40
2039	-	-	-	-	-	1,000,000	1,000,000	100.00
Total	\$ 36,225,000	\$ 6,233,151	\$ 6,429,813	\$ 1,153,713	\$ 50,041,677	\$ 20,000,000	\$ 62,654,813	

¹ Includes \$4,871,333 of principal paid and \$2,680,534 of interest paid for the period July 1, 2018 through May 8, 2019.

Source: Annual audited financial statements.

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SECTION V - FINANCIAL DATA

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).

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, 2018.

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 Blum Shapiro, P.C., Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. Individuals wishing a complete document should contact the Finance Director of the Town of Groton, Connecticut.

Achievement for 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 comprehensive annual financial reports for fiscal years ended June 30, 1994 through June 30, 2017. 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.

Employee Pension Systems

The Town sponsors a single-employer defined benefit retirement plan which covers substantially all full-time employees, except for the certified members of the Board of Education, who are covered by the Connecticut State Teachers' Retirement Plan. Under the 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 GMEA, Police Officers and Firefighters are required to contribute 4% of pay, while Non-Union Police Officers contribute 7.5%, Union Police Officers contribute 7.75%, Firefighters contribute 6.5% and GMEA employees contribute 5% of pay. An actuarial valuation is prepared annually, and as of the most recent actuarial valuation, July 1, 2018, the plan included 697 members. Based on the July 1, 2018 valuation, the Actuarial Required Contribution for fiscal year 2018-19 increased to \$3.4 million and is expected to increase to \$4.0 million for fiscal year 2019-20. 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, 2018 were as follows:

	<u><i>Town & BOE</i></u>	<u><i>Ledge Light</i></u>	<u><i>Fire</i></u>	<u><i>Total</i></u>
Total pension liability.....	\$ 126,974,381	\$ 731,738	\$ 13,363,954	\$ 141,070,073
Plan fiduciary net position.....	<u>107,670,063</u>	<u>597,252</u>	<u>10,744,271</u>	<u>119,011,586</u>
Net pension liability.....	<u>\$ 19,304,318</u>	<u>\$ 134,486</u>	<u>\$ 2,619,683</u>	<u>\$ 22,058,487</u>
Plan fiduciary net position as a % of total pension liability.....	84.80%	81.62%	80.40%	84.36%

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:

	<u><i>1% Decrease</i></u> <u><i>(6.50%)</i></u>	<u><i>Current</i></u> <u><i>Discount Rate</i></u> <u><i>(7.50%)</i></u>	<u><i>1% Increase</i></u> <u><i>(8.50%)</i></u>
Town and BOE Net Pension Liability.....	\$ 33,189,561	\$ 19,304,318	\$ 7,496,533
Ledge Light Net Pension Liability.....	215,989	134,486	64,479
Fire Net Pension Liability.....	4,229,723	2,619,683	1,269,135

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>
7/1/2018	\$ 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%
7/1/2016	113,334,858	131,547,460	18,212,602	86.2%	23,902,819	76.2%
7/1/2015	109,069,057	125,714,195	16,645,138	86.8%	23,990,468	69.4%
7/1/2014	102,058,326	120,163,310	18,104,984	84.9%	23,447,411	77.2%

Schedule of Employer Contributions

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019 ¹	\$ 3,397,300	\$ 3,397,300	100.0%
2018	3,250,400	3,250,400	100.0%
2017	2,883,207	2,883,207	100.0%
2016	2,955,255	2,955,255	100.0%
2015	3,613,601	3,613,601	100.0%

¹ 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. However, under the Governor's proposed budget, the Town will have to contribute approximately 10% of the cost of the annual contribution or \$288,219. The Town Manager's proposed FY 2019-20 budget did not include the teacher's retirement contribution. The Town will monitor the state budget deliberations and make adjustments as necessary during the budget process.

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, 2018 measurement, the discount rate used was 7.50%, and the long-term healthcare cost trend rate was 5.77% decreasing to 4.4% 67 years. Under GASB Statement No. 74, the components of the net OPEB liability of the Town as of June 30, 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Total OPEB liability.....	\$ 59,422,195	\$ 56,548,417
Plan fiduciary net position.....	18,092,403	16,695,795
Net OPEB liability.....	<u>\$ 41,329,792</u>	<u>\$ 39,852,622</u>
Plan fiduciary net position as a % of total pension liability.....	30.45%	29.52%

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 (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Town's Net OPEB Liability.....	\$ 49,617,885	\$ 41,329,792	\$ 34,556,392

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 (4.77% decreasing to 3.4%)</u>	<u>Current Rate (5.77% decreasing to 4.4%)</u>	<u>1% Increase (6.77% decreasing to 5.4%)</u>
Town's Net OPEB Liability.....	\$ 33,105,091	\$ 41,329,792	\$ 51,409,301

The following represents historical information regarding the other post-employment benefit funding progress. Based on the July 1, 2018 Valuation, the actuaries estimate that the Town's OPEB unfunded accrued liability is approximately \$40.1 million with an ARC of \$4.28 million for fiscal year 2019-20.

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>
7/1/2018	\$ 18,136,600	\$ 58,206,245	\$ 40,069,645	31.2%	\$ 47,424,000	84.5%
7/1/2017	16,458,363	56,749,980	40,291,617	29.0%	n/a	n/a
7/1/2016	14,699,000	50,018,000	35,319,000	29.4%	\$ 51,499,000	68.6%
7/1/2015	13,351,000	48,924,000	35,573,000	27.3%	n/a	n/a
7/1/2014	11,636,000	46,371,000	34,735,000	25.1%	\$ 50,195,000	69.2%

Schedule of Employer Contributions

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Actual Contribution</i>	<i>Percentage Contributed</i>
2019 ¹	\$ 4,279,549	\$ 4,279,549	100.0%
2018	3,966,559	3,535,030	89.1%
2017	4,044,025	3,500,259	86.6%
2016	3,799,204	3,709,834	97.6%
2015	3,694,000	4,050,481	109.7%

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.

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, 2016.

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-ration 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.

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 State of Connecticut's 2017-2019 biennium budget legislation amended that statute to provide that (1) for the assessment year October 1, 2016 (the fiscal year ending June 30, 2018), the mill rate for motor vehicles shall not exceed 39 mills, and (2) for the assessment year October 1, 2017 (the fiscal year ending June 30, 2019), and each assessment year thereafter, the mill rate for motor vehicles shall not exceed 45 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.

For the fiscal year ending June 30, 2018, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 39 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 39 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013 (the fiscal year ending June 30, 2015), and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 39 mills. For the fiscal year ending June 30, 2019, and each fiscal year thereafter, motor vehicle property tax grants to municipalities that impose mill rates on real property and personal property other than motor vehicles greater than 45 mills or that, when combined with the mill rate of any district located within the municipality, impose mill rates greater than 45 mills, shall be made in an amount equal to the difference between the amount of property taxes levied by the municipality and any district located within the municipality on motor vehicles for the assessment year October 1, 2013, and the amount such levy would have been if the mill rate on motor vehicles for that assessment year was 45 mills.

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 lien-ed 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.

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>
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
2011 ¹	2,211,044	1,148,272	79,939	512,177	222,949	4,174,381	236,104	3,938,277
2010	2,377,563	1,222,967	87,040	449,628	204,404	4,341,602	231,000	4,110,602
2009	2,362,100	1,220,965	90,875	464,028	197,184	4,335,152	231,220	4,103,932
2008	2,345,563	1,215,002	94,479	528,515	195,983	4,379,542	272,172	4,107,370
2007	2,340,537	1,175,784	79,948	560,878	204,497	4,361,644	669,384	3,692,260

¹ Year of Revaluation.

Source: Town Officials.

(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>
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
2011 ¹	1,859,775	451,472	70,759	96,702	175,970	2,654,678	46,734	2,607,944
2010	1,983,569	516,550	76,247	92,258	160,608	2,829,232	47,460	2,781,772
2009	1,968,894	513,892	80,075	97,077	154,689	2,814,627	42,908	2,771,719
2008	1,953,709	510,251	83,553	94,320	152,966	2,794,799	46,097	2,748,702

¹ Year of Revaluation.

Source: Town Officials.

Tax Exempt Property

	<i>Assessed Value</i>
<i>Public</i>	<i>\$(000)s</i>
United States of America.....	\$ 744,231
State of Connecticut	273,218
Municipal.....	<u>209,932</u>
<i>Sub-Total Public</i>	\$ 1,227,381
<i>Private</i>	
Scientific, educational, historical, charitable	\$ 24,110
Cemeteries.....	5,163
General Hospital (Pequot Medical Center)	6,316
Churches.....	27,811
Veteran's Organizations.....	480
Volunteer Fire Companies.....	4,541
Hospitals & Sanitariums.....	
Miscellaneous.....	<u>10,638</u>
<i>Sub-Total Private</i>	<u>79,059</u>
<i>Total Exempt</i>	<u>\$ 1,306,440</u>

Percent Compared to Net Taxable Grand List ¹ 0.04%

¹ Based on 10/1/17 Net Taxable Grand List of \$3,679,211,091 (after Board of Assessment Appeals action).

Source: Assessor's Office, Town of Groton.

Real Property Tax Levies and Collections

Town of Groton							
<i>Grand List of 10/1</i>	<i>Fiscal Year Ending 6/30</i>	<i>Net Taxable Grand List (In Thousands)</i>	<i>Mill Rate</i>	<i>Adjusted Tax Levy</i>	<i>Percent</i>	<i>Uncollected</i>	
					<i>Annual Levy Collected at End of Fiscal Year</i>	<i>Annual Levy Uncollected at End of Fiscal Year</i>	<i>Annual Levy Uncollected as of 6/30/18</i>
2017	2019	\$ 3,679,211	24.17	\$89,941,670	N/A	N/A	N/A
2016 ¹	2018	3,705,521	23.63	88,529,605	98.8 %	\$ 1,017,125	\$ 1,017,125
2015	2017	3,789,539	21.73	82,404,142	98.8	972,191	169,732
2014	2016	3,808,651	20.95	79,533,483	98.6	1,125,881	122,575
2013	2015	3,897,603	20.13	78,060,622	98.5	1,160,192	30,077
2012	2014	3,857,363	20.72	80,265,647	98.7	1,066,688	14,144
2011 ¹	2013	3,938,277	20.22	80,232,312	98.5	1,240,779	15,105
2010	2012	4,110,602	18.89	77,540,497	97.8	1,672,312	5,701
2009	2011	4,103,932	18.42	76,287,974	98.1	1,445,186	5,702
2008	2010	4,107,370	17.95	73,703,362	98.1	1,408,141	8,353

¹ Revaluation.

Source: Tax Collector and Assessor, Town of Groton.

Groton Sewer District

<i>Grand List of 10/1</i>	<i>Fiscal Year Ending 6/30</i>	<i>Net Taxable Grand List (In Thousands)</i>	<i>Mill Rate</i>	<i>Adjusted Tax Levy</i>	<i>Percent Annual Levy Collected at End of Fiscal Year</i>	<i>Uncollected</i>	
						<i>Annual Levy Uncollected at End of Fiscal Year</i>	<i>Annual Levy Uncollected as of 6/30/18</i>
2017	2019	\$ 2,530,493	0.27	\$ 683,233	N/A	N/A	N/A
2016 ¹	2018	2,525,526	0.27	641,560	99.6 %	\$ 2,387	\$ 2,387
2015	2017	2,622,306	0.25	615,504	99.4	3,681	560
2014	2016	2,610,949	0.25	602,085	99.0	6,296	201
2013	2015	2,600,464	0.25	610,293	99.0	5,863	113
2012	2014	2,599,286	0.25	609,302	99.1	5,661	57
2011 ¹	2013	2,607,944	0.25	610,003	98.7	7,786	44
2010	2012	2,781,772	0.25	658,606	98.2	11,617	61
2009	2011	2,771,719	0.29	760,894	98.6	10,939	66
2008	2010	2,748,702	0.28	731,491	98.5	10,965	32

¹ Revaluation.

Source: Tax Collector and Assessor, Town of Groton.

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</i>
			<i>Grand List¹</i>
Pfizer Incorporated.....	Pharmaceutical Mfg./R&D.....	\$ 290,888,011	7.91%
Electric Boat Corporation	Submarine Mfg./R&D.....	284,054,934	7.72%
LCOR Groton Apartments LLC.....	Ledges Apartments.....	27,845,860	0.76%
Exit 88 Hotel LLC.....	Mystic Marriott Hotel.....	18,251,240	0.50%
Groton Development Associates Ltd.	Country Glen Apartments.....	19,920,670	0.54%
ELK La Triumphe LLC.....	LaTriumphe Apartments.....	16,269,560	0.44%
CW Groton Square LLC.....	Shopping Center.....	18,480,000	0.50%
Winterfell Windham Falls.....	Windal Falls Elderly Apts.....	16,375,051	0.45%
Groton Fuel Cell LLC.....	Fuel Cell at Pfizer.....	19,687,500	0.54%
Dominio Solar LTD.....	Solar Farm at Navy Housing....	15,169,740	0.41%
Total		\$ 726,942,566	19.77%

¹ Based on a 10/1/17 Net Taxable Grand List of \$3,679,211,091(after 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 List¹</i>
LCor Groton Apartments LLC.....	Ledges Apartments.....	\$ 27,845,860	1.10%
Exit 88 Hotel LLC.....	Mystic Marriott Hotel.....	18,251,240	0.72%
Groton Development Associates Ltd.....	Country Glen Apartments.....	19,920,670	0.79%
ELK La Triumphe LLC.....	LaTriumphe Apartments.....	16,269,560	0.64%
CW Groton Square LLC.....	Shopping Center.....	18,480,000	0.73%
Winterfell Windham Falls.....	Windhal Falls Elderly Apts.....	16,375,051	0.65%
Groton Shoppers Mart LLP.....	Groton Shopping Plaza.....	14,872,840	0.59%
Mall Inc.....	Shopping Center.....	10,663,050	0.42%
Cedar-Groton LLC	Cedar Shopping Center.....	9,715,580	0.38%
Dominio Solar LTD.....	Solar Farm at Navy Housing.....	15,169,740	0.60%
Total		\$ 167,563,591	6.62%

¹ Based on a 10/1/17 Net Taxable Grand List of \$2,530,493,000 - (after Board of Assessment Appeals action).

Source: Town of Groton.

Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Revenues are recorded when measurable and available to finance current operations. Town revenues are summarized for fiscal years ended 2014-2018 in "Statement of Revenues, Expenditures and Changes in Fund Balance (GAAP Basis) - General Fund" herein.

Property Tax Revenues

<i>Fiscal Year</i>	<i>General Fund Revenues & Transfers Out</i>	<i>Property Tax Revenues</i>	<i>Property Taxes Revenues as a Percentage of General Fund Revenues</i>
2019 ¹	\$ 125,856,730	\$ 89,147,584	70.8%
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%
2014	131,736,033	81,882,690	62.2%
2013	129,831,232	81,691,813	62.9%
2012	124,474,449	77,709,085	62.4%
2011	123,944,501	78,333,574	63.2%
2010	120,733,064	74,812,435	62.0%

¹ Adopted budget.

Source: Audited financial statements for fiscal years 2010-2018; adopted budget fiscal year 2018-19.

Intergovernmental Revenues

<i>Fiscal Year</i>	<i>General Fund Revenues & Transfers Out</i>	<i>Federal & State Aid</i>	<i>Aid As a Percentage Of General Fund Revenue</i>
2019 ¹	\$ 125,856,730	\$ 33,771,159	26.8%
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%
2014	131,736,033	46,217,827	35.1%
2013	129,831,232	44,883,513	34.6%
2012	124,474,449	43,940,965	35.3%
2011	123,944,501	42,525,983	34.3%
2010	120,733,064	42,969,276	35.6%

¹ *Adopted budget. Budgetary basis, excludes on-behalf payments made by the State of Connecticut to the Teachers' Retirement Fund.*

Source: Annual audited financial statements for fiscal years 2010-2018; adopted budget fiscal year 2018-19

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.

Expenditures

<i>Fiscal Year</i>	<i>Education</i>	<i>Public Safety</i>	<i>Public Works</i>	<i>General Services</i>	<i>Debt Service</i>
2019 ¹	60.8%	5.6%	4.6%	3.6%	4.2%
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%
2014	64.1%	5.0%	5.0%	3.5%	3.5%
2013	63.2%	4.9%	4.9%	3.4%	3.5%
2012	63.7%	5.0%	4.8%	3.2%	4.0%
2011	63.6%	5.1%	5.5%	3.6%	4.2%
2010	63.7%	5.1%	6.0%	3.7%	4.1%

¹ *Adopted budget.*

Source: Annual audited financial statements for fiscal years 2010-2018; adopted budget fiscal year 2018-19.

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Comparative Operating Statement – General Fund
 Budget and Actual (Budgetary Basis)

	<i>Fiscal Year 2017-2018</i>			<i>Fiscal Year</i>
			<i>Variance</i>	<i>2018-19</i>
	<i>Revised</i>	<i>Actual</i>	<i>Favorable</i>	<i>Adopted</i>
	<i>Budget</i>	<i>Operations</i>	<i>(Unfavorable)</i>	<i>Budget</i>
REVENUES				
Property taxes, interest and liens.....	\$ 87,799,970	\$ 88,682,805	\$ 882,835	\$ 89,147,584
Licenses and permits.....	365,575	381,024	15,449	366,050
Interest on investments.....	125,000	381,206	256,206	200,000
Intergovernmental - Federal.....	3,409,019	4,043,788	634,769	3,327,552
Intergovernmental - State.....	24,367,309	30,382,799	6,015,490	30,443,607
Charges for current services.....	1,123,813	1,305,639	181,826	1,680,435
Schools, library and recreation fees.....	207,885	222,374	14,489	129,900
Other revenue.....	450,336	660,699	210,363	561,602
Appropriation of Fund Balance.....	-	-	-	-
TOTAL REVENUES.....	117,848,907	126,060,334	8,211,427	\$ 125,856,730
EXPENDITURES				
Current:				
General government.....	927,346	726,950	200,396	828,382
General services.....	4,592,582	4,454,285	138,297	4,489,676
Public safety.....	6,909,250	6,827,786	81,464	7,003,285
Public works.....	5,846,188	5,829,960	16,228	5,739,146
Planning and development.....	1,294,179	1,284,668	9,511	1,323,531
Health and human services.....	606,785	598,131	8,654	610,523
Community services.....	3,333,306	3,177,349	155,957	3,193,478
Education.....	76,468,239	76,433,630	34,609	76,468,239
Subdivisions.....	4,993,439	4,991,450	1,989	5,317,120
Non-departmental.....	8,493,107	8,257,824	235,283	9,344,154
Outside agencies.....	1,845,751	1,806,402	39,349	1,826,247
Debt service/capital.....	4,510,538	4,460,788	49,750	7,563,790
Contingency	-	-	-	450,000
TOTAL EXPENDITURES.....	119,820,710	118,849,223	971,487	124,157,571
Excess (deficiency) of revenues over expenditures.....	<u>(1,971,803)</u>	<u>7,211,111</u>	<u>9,182,914</u>	<u>1,699,159</u>
Other financing uses:				
Transfers in.....	566,967	566,967	-	-
Bond premium.....	-	394,442	-	-
Transfers out.....	<u>(994,661)</u>	<u>(994,661)</u>	-	<u>(1,699,159)</u>
Total other financing uses.....	<u>(427,694)</u>	<u>(33,252)</u>	-	<u>(1,699,159)</u>
Net Change in Fund Balance.....	\$ (2,399,497)	\$ 7,177,859	\$ 9,182,914	\$ -

Sources: Annual audited financial statement; Groton Finance Department.

Comparative Balance Sheets - General Fund

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assets					
Cash and cash equivalents.....	\$ 24,749,142	\$ 22,296,997	\$ 18,673,391	\$ 18,055,283	\$ 26,138,941
Investments	2,998,000	3,022,000	3,050,000	3,080,120	3,119,000
Receivables, net:.....	2,182,537	3,142,995	2,761,513	2,107,886	1,646,374
Due from other funds.....	-	64,308	-	92,659	276,276
Other assets.....	525	800	9,868	10,568	26,423
Total Assets.....	<u>\$ 29,930,204</u>	<u>\$ 28,527,100</u>	<u>\$ 24,494,772</u>	<u>\$ 23,346,516</u>	<u>\$ 31,207,014</u>
Liabilities, Deferred Inflows of Resources And Fund Balances					
Liabilities					
Accounts payable and accrued items.....	\$ 8,504,346	\$ 9,248,700	\$ 9,165,973	\$ 7,973,215	\$ 9,546,318
Due to other funds.....	1,049,340	-	-	-	-
Unearned revenues.....	46,630	5,564	-	-	-
Total Liabilities.....	<u>9,600,316</u>	<u>9,254,264</u>	<u>9,165,973</u>	<u>7,973,215</u>	<u>9,546,318</u>
Deferred inflows of resources					
Unavailable revenue - property taxes.....	1,841,044	1,703,184	1,815,754	1,097,815	1,080,093
Unavailable revenue - property taxes interest.....	-	803,052	723,013	446,539	271,700
Total deferred inflows of resources.....	<u>1,841,044</u>	<u>2,506,236</u>	<u>2,538,767</u>	<u>1,544,354</u>	<u>1,351,793</u>
Fund Balances					
Nonspendable.....	-	-	-	-	-
Restricted.....	-	-	-	-	-
Committed.....	2,700,000	2,700,000	666,693	481,258	-
Assigned.....	4,346,530	4,556,108	2,026,112	1,889,794	1,420,789
Unassigned.....	11,442,314	9,510,492	10,097,227	11,457,895	18,888,114
Total fund balances	<u>18,488,844</u>	<u>16,766,600</u>	<u>12,790,032</u>	<u>13,828,947</u>	<u>20,308,903</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$ 29,930,204</u>	<u>\$ 28,527,100</u>	<u>\$ 24,494,772</u>	<u>\$ 23,346,516</u>	<u>\$ 31,207,014</u>

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Property taxes, interest and lien fees.....	\$ 81,882,690	\$ 78,601,542	\$ 80,035,498	\$ 83,180,759	\$ 88,271,591
Licenses and permits.....	317,422	342,131	434,229	303,096	381,024
Intergovernmental - State.....	41,989,519	39,835,612	40,110,080	45,622,201	46,457,697
Interest on investments.....	70,528	101,698	99,011	152,744	383,585
Intergovernmental - Federal.....	4,228,308	3,561,626	3,606,861	3,342,695	4,043,787
Charges for current services.....	1,216,243	1,454,536	1,185,665	1,638,519	1,310,152
Schools, library and recreation.....	313,187	260,937	293,474	282,921	222,374
Other revenues.....	703,725	728,898	503,037	565,573	1,055,143
Total Revenues.....	<u>130,721,622</u>	<u>124,886,980</u>	<u>126,267,855</u>	<u>135,088,508</u>	<u>142,125,353</u>
Expenditures					
Current:					
General government.....	947,842	1,129,105	1,378,805	1,147,680	809,029
General services.....	4,482,277	4,475,963	4,307,726	4,289,828	4,428,036
Public safety.....	6,348,521	6,533,128	6,647,355	6,482,005	6,711,418
Public works.....	6,411,003	6,466,672	6,201,908	5,788,184	5,850,200
Planning and development.....	1,105,233	1,021,024	1,238,980	1,230,650	1,384,844
Health and human services.....	580,847	592,923	607,301	547,772	598,136
Community services.....	3,490,344	3,345,250	3,312,209	3,185,432	3,172,103
Education.....	82,192,134	81,862,680	84,010,289	90,690,477	92,235,139
Subdivisions.....	5,212,930	5,045,084	4,192,898	4,897,090	5,588,096
Non-departmental.....	8,850,191	9,283,830	9,136,274	8,186,453	8,257,824
Outside agencies	2,006,878	2,065,358	2,099,187	1,946,308	1,806,403
Debt service.....	4,442,287	5,251,249	5,106,382	4,967,757	4,460,788
Capital Outlay.....	199,702	133,810	125,660	70,823	42,334
Total Expenditures.....	<u>126,270,189</u>	<u>127,206,076</u>	<u>128,364,974</u>	<u>133,430,459</u>	<u>135,344,350</u>
Excess (deficiency) of revenues over expenditures.....	<u>4,451,433</u>	<u>(2,319,096)</u>	<u>(2,097,119)</u>	<u>1,658,049</u>	<u>6,781,003</u>
Other financing sources (uses):					
Issuance of capital lease.....	134,394	-	-	-	-
Operating transfers in.....	1,014,411	2,310,285	908,951	579,596	570,875
Operating transfers out.....	(1,913,433)	(1,713,433)	(2,788,400)	(1,198,730)	(871,922)
Refunding bonds issued.....	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-
Premiums/discounts on bond issuance.....	181,455	-	-	-	-
Total other financing sources (uses).....	<u>(583,173)</u>	<u>596,852</u>	<u>(1,879,449)</u>	<u>(619,134)</u>	<u>(301,047)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses.....	3,868,260	(1,722,244)	(3,976,568)	1,038,915	6,479,956
Fund Balance - Beginning of year.....	<u>14,620,584</u>	<u>18,488,844</u>	<u>16,766,600</u>	<u>12,790,032</u>	<u>13,828,947</u>
Fund Balance - End of year.....	<u>\$ 18,488,844</u>	<u>\$ 16,766,600</u>	<u>\$ 12,790,032</u>	<u>\$ 13,828,947</u>	<u>\$ 20,308,903</u>

Source: Annual audited financial statements.

SECTION VI - ADDITIONAL INFORMATION

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 which would have a material adverse effect on the Town's financial position, but considers disclosure of the following litigation to be appropriate:

John P. Tuohy, et. al v. Town of Groton. This class action, residential property tax appeals from the 2011 Grand List, involves approximately six hundred ten (610) properties located within the Groton Long Point Association ("GLPA"). The plaintiffs claim, in general, that the Town illegally applied an inappropriate adjustment factor to all GLPA properties, resulting in manifestly excessive valuation of those properties. The Town successfully defended the action at the trial court, and the matter is now on appeal to the Connecticut Supreme Court, where it was argued in November 2018. We anticipate a decision by the end of summer 2019. The plaintiffs are current on property tax payments; although the Town feels its arguments and position are strong, should the plaintiffs prevail, the estimated tax refund would be approximately \$4 million, assuming the court grants attorneys' fees.

Availability of Continuing Disclosure Information

The Town will enter into a Continuing Disclosure Agreements with respect to the Bonds and the Notes, substantially in the forms attached hereto as Appendices D and E to this Official Statement (the "Continuing Disclosure Agreements"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data with respect to the Bonds, (ii) timely notice of the occurrence of certain events within 10 days after the occurrence of such events with respect to the Bonds and the Notes; and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds.

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 with the exception of the filing of certain financial information and operating data for the fiscal years ended June 30, 2014 through and including 2015. In February 2017, it was brought to the Town's attention that it had inadvertently excluded the percentage of the annual tax levy uncollected as well as certain debt ratios for net direct and net overall debt. All other required financial information and operating data were included in the Town's CAFRs for the fiscal years in question. On February 17, 2017 the Town filed a notice of failure to provide annual financial information and operating data and provided the missing information to the Municipal Security Rulemaking Board's Electronic Municipal Market Access system. The Town provided all required financial information and operating data as required for fiscal year ending June 30, 2016, 2017 and 2018.

Municipal Advisor

The Town has retained Hilltop Securities Inc. (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds and 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 Bond and Note proceeds.

Documents Accompanying Delivery of the Bonds and the Notes

Upon the delivery of the Bonds and the Notes, the purchasers will be furnished with the following:

1. Signature and No Litigation Certificates, signed by the Town Manager and the Finance Director stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds and 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 Finance Director which will be dated the date of delivery and attached to a signed copy of the Official Statement, certifying that to the best of said officials' knowledge and belief, at the date that bids on the Bonds and the Notes were accepted, the descriptions and statements in the Official Statement relating to the Town of Groton 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. Receipts for the purchase prices of the Bonds and the Notes;
 4. Approving opinions of Day Pitney LLP, Bond Counsel, of Hartford, Connecticut substantially in the form set forth in Appendices B and C;
 5. Executed Continuing Disclosure Agreements for the Bonds and the Notes in substantially the form attached hereto as Appendices D and E;
 6. Within seven business days after the award, the Town will furnish the purchasers of the Bonds and the Notes with a reasonable number of copies of the Official Statement as prepared by the Town.

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 Bonds and 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 Bonds and 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 Hilltop Securities Inc. at (860) 290-3002.

TOWN OF GROTON, CONNECTICUT

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

BY: /s/ CINDY LANDRY
Cindy R. Landry, Director of Finance

Dated: April 24, 2019

APPENDIX A - AUDITED FINANCIAL STATEMENTS

TOWN OF GROTON CONNECTICUT

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June 30, 2018

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Appendix A - Financial Statements - is taken from the Comprehensive Annual Report of the Town of Groton for the Fiscal Year ending June 30, 2018 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 Finance Director, Town of Groton, Connecticut.

Independent Auditors' Report

To the Town Council
Town of Groton, Connecticut

Report on the Financial Statements

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, 2018, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2018 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.

Change in Accounting Principle

As discussed in Note 8 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Groton, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Groton, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2018

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, 2018 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 of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$140,119 (net position).
- The government's total net position increased by \$5,315. Increase is mainly attributable to an increase in current assets due to the current year bond sale, which is offset by a decrease in net OPEB asset and actuarial assumptions, along with an increase in bonds payable and pension actuarial experience.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$35,942.
- For the fiscal year ended June 30, 2018, the unassigned fund balance for the General Fund was \$18,888 or 15% of the FYE 2019 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 eleven (11 %) percent of the annual general fund expenditures".
- The Town of Groton's total debt increased by \$2,427 (5.3%) during the current fiscal year. This was mainly due to an increase (\$3,040) in the principal amounts due on bonds for general government obligation debt and decreases (\$613) in the loan payment due to the State's Clean Water Fund.
- The Government Wide statement of net position reflects the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which required recognition of the net Other Postemployment Benefit liability.

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 2009 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.

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 assets 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 Reserve 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.

The Town of Groton maintains thirty **individual** non-major 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 and the Capital Improvements Fund which are considered to be major funds. Twenty-six special revenue funds, a Debt Service Fund and three Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these non-major 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 non-major 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 nine fiduciary funds; one pension trust fund, one Other Post-Employment Benefit trust fund (OPEB), four private purpose trust funds and three agency funds. 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 on pages 28-71 of this report.

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 non-major 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 beginning on page 89 of this report.

Government-Wide Financial Analysis:

As noted earlier, net assets 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 \$140,119 on June 30, 2018.

Town of Groton Net Position (\$000's)	Governmental Activities	
	2018	2017 (as Restated)
	Current assets	\$ 59,870
Capital assets, net of accumulated depreciation	209,024	210,433
Total assets	268,894	257,661
Deferred outflows of resources	6,492	7,941
Long-term liabilities outstanding	117,713	115,604
Other liabilities	13,213	9,833
Total liabilities	130,926	125,437
Deferred inflows of resources	4,341	5,361
Net Position:		
Net investment in capital assets	160,357	164,501
Restricted	339	333
Unrestricted	(20,577)	(30,030)
Total Net Position	\$ 140,119	\$ 134,804

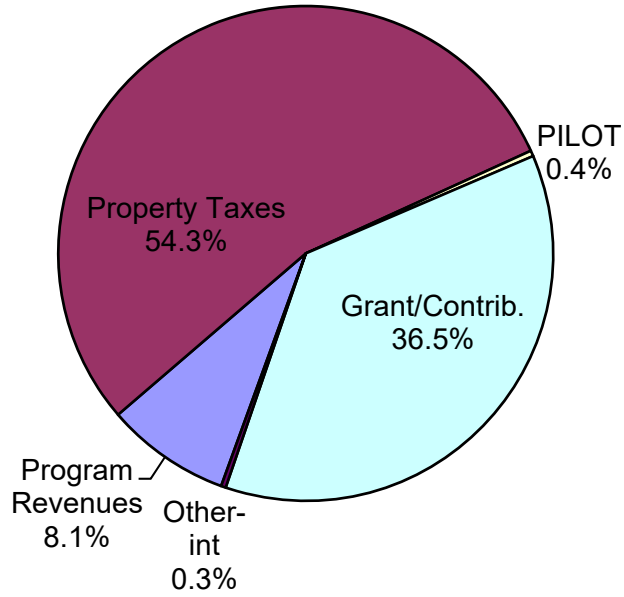
By far the largest portion of the Town of Groton's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to 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.

Governmental Activities. Approximately 54.3% of the revenues were derived from property taxes, followed by 36.5% from grants and contributions, 8.1% from other program revenues, and less than 1% from both payments in lieu of taxes and investment income.

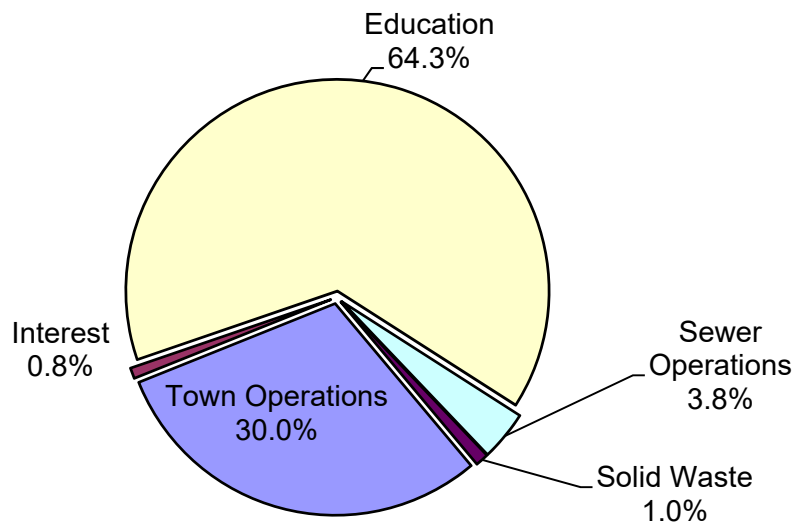
**Town of Groton
Change in Net Position (\$000's)**

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 13,280	\$ 14,155
Operating grants and contributions	55,681	52,018
Capital grants and contributions	1,865	707
General revenues:		
Property taxes	88,753	82,864
Payments in lieu of taxes	606	1,011
Grants and contributions (not restricted)	2,218	1,517
Other unrestricted investment earnings	510	241
Miscellaneous revenue	651	148
Total revenues	<u>163,564</u>	<u>152,661</u>
Expenses:		
General government/services	8,960	8,042
Public safety	13,260	14,091
Public works	12,806	12,658
Planning and development	1,991	2,035
Human services	4,322	4,049
Community services	6,195	6,851
Board of Education	101,768	100,290
Sewer operations	6,051	5,653
Solid waste	1,591	1,614
Interest on long-term debt	1,305	1,463
Total expenses	<u>158,249</u>	<u>156,746</u>
Increase in Net Position	5,315	(4,085)
Net Position July 1	134,804	179,701
Restatement	<u> </u>	<u>(40,812)</u>
Net Position June 30	<u>\$ 140,119</u>	<u>\$ 134,804</u>

Town of Groton - Revenues
June 30, 2018



Town of Groton - Expenses
June 30, 2018



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$10,903 higher in 2018 when compared to 2017 or an increase of 7.1%.
- ◆ Grants and Contributions were higher in 2018 as the Town realized more in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2018 increased primarily due to an increase in the Town's tax rate from 21.73 mills to 23.63 mills.
- ◆ Investment earnings increased by \$269 from the prior fiscal year to \$510 for the fiscal year ended June 30, 2018. The increase to interest and dividend earnings was the result of slightly more funds available for investment purposes and the use of accounts paying a higher rate of return.

For Governmental Activities, 64.3% of the Town's expenses relate to education, 8.1% relate to public works, 8.4% relate to public safety, 5.7% to general government/services, 3.9% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

The implementation of GASB 75 required that the Town's net Other Postemployment Benefits liability be recorded on the statement of net position as of June 30, 2018. As stated in the Notes to Financial Statements a prior period adjustment was required to restate the net position balance as of June 30, 2017. The net impact of this restatement is \$40,812 is now reflected in the FYE2017 net position.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$1,503 higher in 2018 when compared to 2017 or an increase of 1.0%.
- ◆ Town Operations expenses were \$192 lower in 2018 when compared to 2017 or a decrease of 0.4%.
- ◆ Education expenses were \$1,478 higher in 2018 when compared to 2017 or an increase of 1.5%.
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for an increase of \$218 in expenses compared to 2017 or an increase of 2.5%.

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 \$35,942, an increase of \$9,251 in comparison with the prior year. Of this amount, \$18,436 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.

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 \$18,888, which is included in the total fund balance of \$20,308. 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 15% of total FYE 2019 Adopted general fund budget, while total fund balance represents 16.1% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$6,479 during the current fiscal year. The unassigned fund balance increased by \$7,430. Key factors in the total fund balance increase of \$6,479 are as follows:

- ◆ Revenues were \$8,211 more than anticipated primarily due to increases in tax collections, interest income and additional State and Federal intergovernmental revenue.
- ◆ Expenditures were under budget by \$971 due to unexpended funds in Town Operations, Education, and Non-departmentals.
- ◆ The adopted FYE 2018 budget included a total of \$481 of fund balance applied however this was not required and was returned to fund balance.
- ◆ No fund balance was applied to the adopted FYE 2019 budget.

Capital Improvements Fund. This fund has a total fund balance of \$8,168 an increase from \$3,437 in the prior year and is related to the receipt of school construction grants and bond proceeds for road maintenance.

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 assets amounted to \$197 for the Fleet Reserve Fund, \$6,339 for the Health Insurance Fund and a deficit of \$983 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total increase in net position for the internal service funds was \$1,787 and reflects decreases in Fleet Reserve Fund while Health Insurance and Workers' Compensation funds increased.

General Fund Budgetary Highlights:

Two supplemental transfers totaling \$1,918 were required during the year. The Board of Education budget required a transfer of \$1,568 for compliance with the State of CT Minimum Budget Requirement (MBR) and Contingency was increased by \$350 for any unforeseen expenditures. Transfers of \$435 occurred from Contingency to other functions within the General Fund to cover wage adjustments for collective bargaining unit contracts settled during the year and funding for initiatives approved by the Town Council.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$127,021 which was over the adopted budget by \$8,606. The majority of this increase can be attributed to increases in State and Federal revenue. State grants for PILOT (payments in lieu of taxes), Education Cost Sharing and Magnet school transportation were higher than anticipated. Pupil Impact Aid payments were also higher than expected. Pupil impact aid is a federal reimbursement for educating federal dependents.

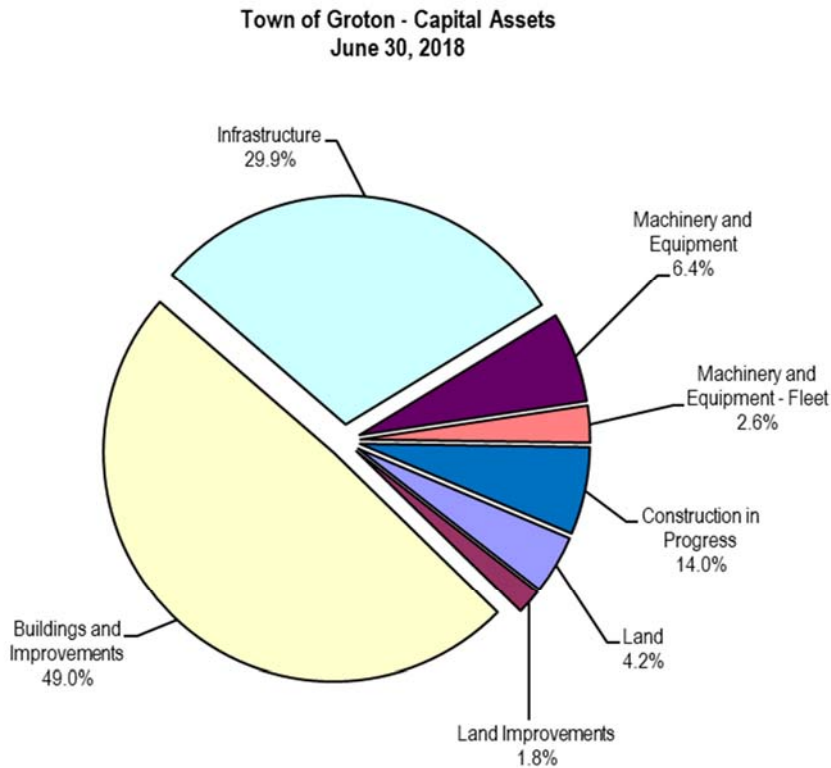
Actual expenditures were under budget by \$971 with town operations returning \$846 and Board of Education returning \$34.

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$364,521. 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 1.1% mainly which reflects Water Pollution Control Facility improvements, road resurfacing and building renovations.

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

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Land	\$ 15,188	\$ 15,187
Land improvements	6,494	6,494
Buildings and improvements	178,794	178,689
Infrastructure	108,923	106,942
Machinery and equipment	23,200	25,823
Machinery and equipment - fleet	9,469	9,359
Construction in progress	<u>22,453</u>	<u>18,154</u>
 Total	 <u>\$ 364,521</u>	 <u>\$ 360,648</u>



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:

Noank Dock	\$86
Police Stations Improvements	\$242
New Sidewalk, Rt. 1 Mystic	\$64
Sidewalk/Curb Pearl St. Noank	\$55

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

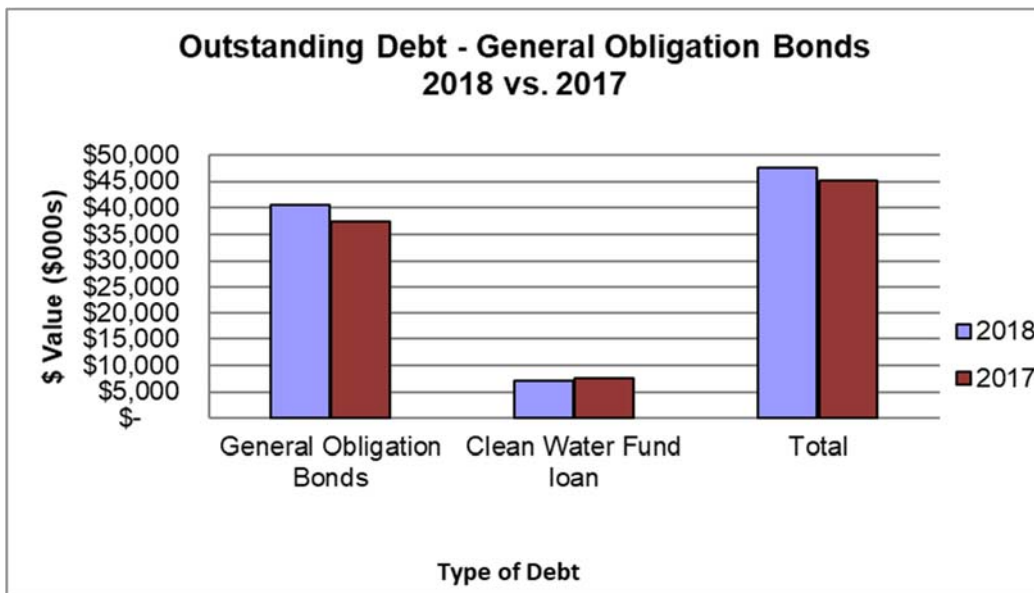
Technology-Replace Radio Console System	\$54
Crystal Lake/Military Hwy. Intersection	\$617
Sidewalk - Thomas Road Bikeway	\$79
Groton Public Library	\$56
Town Hall Complex	\$536
Information Technology Acquisition-Software Systems	\$52
Water Pollution Control Facility; Treatment Facility	\$379

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 40-41 and on pages 121 and 122 of this report.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$47,526. Of this amount, \$44,101 comprises debt backed by the full faith and credit of the government and \$3,425 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	
	2018	2017
General obligation bonds	\$ 40,535	\$ 37,495
Clean Water Fund loan	6,991	7,604
Total	\$ 47,526	\$ 45,099



The Town of Groton’s general obligation bonds have increased \$2,427 or 5.3% during the current fiscal year mainly due to issuance of new long term bonds during the year.

In March 2018 presentations were made to three rating agencies in preparation for a sale of General Obligation Bonds in April 2018. The Town of Groton’s bond rating was maintained at an “AA” rating with Fitch Ratings and an “Aa2” rating with Moody’s Investors Service and AA+ by Standard & Poor’s.

The Town Council recently amended the debt policy to increase the unassigned General Fund reserve balance to a minimum of 11% from 7.75%.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$685,610. As of June 30, 2018, the Town recorded total indebtedness of \$58,933 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 3H-I on pages 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2018, the Town had an unemployment rate of 4.1% as compared to the New London County rate of 4.3%, the state's average rate of 4.5% and the national average of 4.0%.
- New London County has an employed labor force of approximately 133,935 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List decreases by 0.7%:

The October 1, 2017 net adjusted taxable Grand List decreased 0.7% from the adjusted 10/1/16 list after appeals were heard by the Board of Assessment Appeals. The net adjusted grand list now totals \$3,679,211 after Board of Assessment adjustments. The combined assessment of the top 10 taxpayers comprises 20% of the town's net grand list.

Net real estate remained flat at \$3.242 billion and comprises 87.6% of the grand list compared to 87.5% of the 2016 grand list. Net residential real estate assessments rose from about \$2.114 billion to \$2.119 billion. The residential real estate's share of the entire net grand list remains level at 57% of the 2017 grand list compared to 56.9% of the 2016 grand list. Net commercial real estate fell this year to \$604 million primarily due to a ten year PILOT agreement with Odd Fellows/Fairview, a congregate care residential community facility (CCRC). The net assessment for industrial property, which includes Pfizer and Electric Boat, rose slightly from \$517 million to \$520 million and represents 14% of the net overall grand list.

Seven single-family homes were started for the October 1, 2017 grand List, compared to twenty five last year.

The **personal property** grand list experienced growth of 13.2% in net assessments. The growth includes three new solar farms located in the navy housing areas and a fuel cell project on the Pfizer campus. The growth in the personal property list was offset by a court settlement with Pfizer related to assets denied for the Manufacturing Machinery & Equipment program on the 2011 grand list. After adjusting for the Pfizer settlement, the grand list dropped from \$264 million in 2016 to \$257 million in 2017. The net assessment of personal property now comprises 6.9% of the grand list compared to 7.1% of the previous grand list.

The number of business personal property accounts fell slightly while the volume of accounts experiencing penalties for late or non-filing has stabilized. The assessed value of the penalties increased for the 2017 grand list to \$7.2 million, up from \$6.1 million in 2016. The final number of taxable businesses for the 2017 grand list was 1,885 accounts.

The **motor vehicle** portion of the grand list, adjusted for military exemptions, grew by 1.4% this year from \$199,151 in 2016 to \$201,874. The net assessment on motor vehicles now comprises 5.4% of the grand list, the same as the 2016 grand list.

Other Information:

During the fiscal year ended June 30, 2018, the Town of Groton's General Fund on a budgetary basis received 27.1% 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 2018 is at 15% of FYE 2019 operating expenses which is above the minimum acceptable guideline set by the Town Council of 11.0%. 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 \$18,888. The Town Council did not assign any funds 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 Finance Director, Groton Town Hall, 45 Fort Hill Road, Groton, CT 06340.

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 51,504,307
Investments	3,119,000
Receivables (net of allowances for collection losses):	
Property taxes	1,455,775
Special assessments	997,290
Accounts	927,656
Federal and state governments	533,716
Other	963,829
Other assets	120,906
Capital assets, nondepreciable	37,640,179
Capital assets, net of accumulated depreciation	171,383,922
Restricted assets:	
Cash	121,458
Investments	126,085
Total assets	<u>268,894,123</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	1,837,454
Deferred outflows related to pension	4,248,027
Deferred outflows related to OPEB	406,612
Total deferred outflows of resources	<u>6,492,093</u>
Liabilities:	
Accounts payable and accrued liabilities	13,055,824
Unearned revenue	156,828
Noncurrent liabilities:	
Due within one year	6,539,083
Due in more than one year	111,174,244
Total liabilities	<u>130,925,979</u>
Deferred Inflows of Resources:	
Deferred inflows related to pension	<u>4,341,265</u>
Net Position:	
Net investment in capital assets	160,357,068
Restricted for:	
Trust, nonexpendable	339,348
Unrestricted	<u>(20,577,444)</u>
Total Net Position	<u>\$ 140,118,972</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Total	
Governmental activities:					
General government/services	\$ 8,960,439	\$ 1,579,665	\$ 1,021,339	\$ 845,082	\$ (5,514,353)
Public safety	13,259,508	364,315	26,823		(12,868,370)
Public works	12,805,514	188,827	1,623,273	86,425	(10,906,989)
Planning and development	1,990,801	11,839			(1,978,962)
Health and human services	4,322,148	60,465	45,431		(4,216,252)
Community services	6,194,652	2,185,130	82,061	68,773	(3,858,688)
Education	101,768,169	1,075,491	52,882,383	864,278	(46,946,017)
Sewer operations	6,050,701	6,283,486			232,785
Solid waste management	1,590,816	1,531,088			(59,728)
Interest on long-term debt	1,304,961				(1,304,961)
Total Governmental Activities	\$ 158,247,709	\$ 13,280,306	\$ 55,681,310	\$ 1,864,558	(87,421,535)
General revenues:					
Property taxes					88,753,308
Payments in lieu of taxes					605,607
Grants and contributions not restricted to specific programs					2,217,558
Unrestricted investment earnings					509,867
Miscellaneous revenue					650,539
Total general revenues					<u>92,736,879</u>
Change in net position					5,315,344
Net Position at Beginning of Year, as Restated					<u>134,803,628</u>
Net Position at End of Year					<u>\$ 140,118,972</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 26,138,941	\$ 9,406,978	\$ 7,604,453	\$ 43,150,372
Investments	3,119,000		126,085	3,245,085
Receivables, net	1,646,374	279,224	2,642,940	4,568,538
Due from other funds	276,276			276,276
Prepaid expenses			91,747	91,747
Other assets	26,423		2,736	29,159
Total Assets	<u>\$ 31,207,014</u>	<u>\$ 9,686,202</u>	<u>\$ 10,467,961</u>	<u>\$ 51,361,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,546,318	\$ 1,518,008	\$ 1,548,240	\$ 12,612,566
Due to State			21,335	21,335
Due to other funds			276,276	276,276
Unearned revenues			156,828	156,828
Total liabilities	<u>9,546,318</u>	<u>1,518,008</u>	<u>2,002,679</u>	<u>13,067,005</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,080,093			1,080,093
Unavailable revenue - property tax interest	271,700			271,700
Unavailable revenue - special assessments			2,875	2,875
Unavailable revenue - loans receivable			997,290	997,290
Total deferred inflows of resources	<u>1,351,793</u>	<u>-</u>	<u>1,000,165</u>	<u>2,351,958</u>
Fund balances:				
Nonspendable			250,279	250,279
Restricted		8,168,194	2,060,638	10,228,832
Committed			5,606,256	5,606,256
Assigned	1,420,789			1,420,789
Unassigned	18,888,114		(452,056)	18,436,058
Total fund balances	<u>20,308,903</u>	<u>8,168,194</u>	<u>7,465,117</u>	<u>35,942,214</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 31,207,014</u>	<u>\$ 9,686,202</u>	<u>\$ 10,467,961</u>	<u>\$ 51,361,177</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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

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

Fund balances - total governmental funds (Exhibit III)	\$	35,942,214
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	355,052,520	
Less accumulated depreciation		<u>148,981,346</u>	
Net capital assets			206,071,174

Other long-term assets 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	1,082,968
Loan receivables greater than 60 days	997,290
Interest receivable on property taxes	271,700
Deferred outflows related pension	4,248,027
Deferred outflows related to OPEB	406,612

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.

8,504,839

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

Bonds payable	(40,535,000)
Bond premium	(2,958,427)
Deferred charge on refunding	1,837,454
Clean water fund loan payable	(6,991,146)
Interest payable on bonds	(285,292)
Capital lease obligations	(19,914)
Net pension liability	(19,304,318)
Deferred inflows related to pension	(4,341,265)
Net OPEB liability	(41,329,792)
Compensated absences	(1,865,752)
Landfill closure costs	<u>(1,612,400)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>140,118,972</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 88,271,591	\$	\$ 670,536	\$ 88,942,127
Assessments			5,374	5,374
Licenses and permits	381,024			381,024
Intergovernmental - state	46,457,697	1,316,059	5,327,043	53,100,799
Interest on investments	383,585	57,839	45,834	487,258
Intergovernmental - federal	4,043,787		2,222,045	6,265,832
Charges for current services	1,310,152	1,674	3,498,406	4,810,232
Schools, library and recreation fees	222,374			222,374
Sewer use charges			6,283,486	6,283,486
Solid waste management charges			1,531,088	1,531,088
Other revenue	1,055,143	15,400	966,555	2,037,098
Total revenues	<u>142,125,353</u>	<u>1,390,972</u>	<u>20,550,367</u>	<u>164,066,692</u>
Expenditures:				
Current:				
General government	809,029		218,465	1,027,494
General services	4,428,036			4,428,036
Public safety	6,711,418		343,593	7,055,011
Public works	5,850,200		17,934	5,868,134
Planning and development	1,384,844		9,838	1,394,682
Health and human services	598,136		1,009,554	1,607,690
Community services	3,172,103		2,391,199	5,563,302
Education	92,235,139		7,537,009	99,772,148
Subdivisions	5,588,096			5,588,096
Sewer operations			4,564,077	4,564,077
Solid waste management			1,590,816	1,590,816
Nondepartmental	8,257,824			8,257,824
Outside agencies	1,806,403		156,851	1,963,254
Debt service	4,460,788		1,221,608	5,682,396
Capital outlay	42,334	6,464,286	388,023	6,894,643
Total expenditures	<u>135,344,350</u>	<u>6,464,286</u>	<u>19,448,967</u>	<u>161,257,603</u>
Revenues over (under) Expenditures	<u>6,781,003</u>	<u>(5,073,314)</u>	<u>1,101,400</u>	<u>2,809,089</u>
Other Financing Sources (Uses):				
Issuance of bonds		6,690,000		6,690,000
Transfers in	570,875	1,817,000	176,000	2,563,875
Transfers out	<u>(871,922)</u>		<u>(1,939,875)</u>	<u>(2,811,797)</u>
Total other financing sources (uses)	<u>(301,047)</u>	<u>8,507,000</u>	<u>(1,763,875)</u>	<u>6,442,078</u>
Net Change in Fund Balances	6,479,956	3,433,686	(662,475)	9,251,167
Fund Balances at Beginning of Year	<u>13,828,947</u>	<u>4,734,508</u>	<u>8,127,592</u>	<u>26,691,047</u>
Fund Balances at End of Year	<u>\$ 20,308,903</u>	<u>\$ 8,168,194</u>	<u>\$ 7,465,117</u>	<u>\$ 35,942,214</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 9,251,167
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,945,647
Depreciation expense	(8,110,328)

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	(91,168)
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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	(19,354)
Interest income on property taxes	(174,839)
Revenue on loan receivables greater than 60 days	(40,000)
Changes in deferred outflows related to pension	(1,690,966)
Changes in deferred outflows related OPEB	406,612

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	27,840
Principal payments on bonds	3,650,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	28,655
Bond proceeds	(6,690,000)
Bond premium	(171,369)
Net pension liability	(243,990)
Change in deferred inflows related to pension	1,019,453
Change in net OPEB liability	(1,165,184)
Deferred charge on refunding	(164,496)
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	(19,973)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>1,787,074</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 5,315,344</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Governmental Activities
	Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 8,475,393
Accounts receivable	309,728
Total current assets	<u>8,785,121</u>
Noncurrent assets:	
Property and equipment	9,468,979
Accumulated depreciation	<u>(6,516,052)</u>
Property and equipment, net	<u>2,952,927</u>
Total assets	<u>11,738,048</u>
Liabilities:	
Current liabilities:	
Accounts payable	136,631
Claims incurred but not reported	<u>932,112</u>
Total current liabilities	<u>1,068,743</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,164,466</u>
Total liabilities	<u>3,233,209</u>
Net Position:	
Invested in capital assets	2,952,927
Unrestricted	<u>5,551,912</u>
Total Net Position	\$ <u>8,504,839</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities Internal Service Funds
Operating Revenues:	
Charges for services	\$ 14,750,293
Other revenue	50,392
Total operating revenues	<u>14,800,685</u>
Operating Expenses:	
Operating expenses	873,657
Claims	10,840,699
Depreciation	514,942
Administration	1,048,458
Total operating expenses	<u>13,277,756</u>
Operating Income	<u>1,522,929</u>
Nonoperating Revenues:	
Interest on investments	22,609
Loss on disposal of capital assets	(6,386)
Total nonoperating revenues	<u>16,223</u>
Income Before Transfers	1,539,152
Transfer In	423,922
Transfers Out	<u>(176,000)</u>
Change in Net Position	1,787,074
Net Position at Beginning of Year	<u>6,717,765</u>
Net Position at End of Year	<u>\$ 8,504,839</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 14,705,273
Cash paid to vendors	(888,157)
Cash paid to beneficiaries	(12,965,975)
Net cash provided by (used in) operating activities	<u>851,141</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	<u>(368,581)</u>
Cash Flows from Noncapital Financing Activities:	
Transfer in	423,922
Transfers out	(176,000)
Net cash provided by (used in) noncapital financing activities	<u>247,922</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>22,609</u>
Net Increase (Decrease) in Cash and Cash Equivalents	753,091
Cash and Cash Equivalents at Beginning of Year	<u>7,722,302</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,475,393</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 1,522,929
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	514,942
Changes in assets and liabilities:	
Increase in accounts receivable	(95,412)
Decrease in accounts payable	(14,500)
Decrease in claims payable	(1,076,818)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 851,141</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 1,023,881	\$ 60,770	\$ 789,826
Investments, at fair value:			
Mutual funds	136,176,933		
Accounts receivable	275,385		
Total assets	<u>137,476,199</u>	<u>60,770</u>	<u>789,826</u>
Liabilities:			
Accounts payable	69,177		
Due to employees/others	34		
Claims incurred but not reported	303,000		
Due to contractors/developers			476,388
Due to student groups			282,085
Due to fire districts			31,353
Total liabilities	<u>372,211</u>	<u>-</u>	<u>789,826</u>
Net Position:			
Restricted for Ledge Light pensions	597,832		
Restricted for firefighters pensions	107,774,608		
Restricted for Town and BOE pensions	28,731,548		
Restricted for trusts		60,770	
Total Net Position	<u>\$ 137,103,988</u>	<u>\$ 60,770</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 6,739,905	\$
Plan members	3,832,336	
Other additions		2,000
Total contributions	<u>10,572,241</u>	<u>2,000</u>
Investment income:		
Net change in fair value of investments	9,705,630	
Interest and dividends		753
	<u>9,705,630</u>	<u>753</u>
Less investment expenses:		
Investment management fees	706,021	
Net investment income	<u>8,999,609</u>	<u>753</u>
Total additions	<u>19,571,850</u>	<u>2,753</u>
Deductions:		
Benefits	13,078,858	8,532
Administrative expense	64,745	
Total deductions	<u>13,143,603</u>	<u>8,532</u>
Change in Net Position	6,428,247	(5,779)
Net Position at Beginning of Year	<u>130,675,741</u>	<u>66,549</u>
Net Position at End of Year	<u>\$ 137,103,988</u>	<u>\$ 60,770</u>

The accompanying notes are an integral part of the financial statements

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 States of America require that the reporting entity include: 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. These criteria have been considered, and there are no agencies or entities that should be presented with the Town.

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.

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, 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.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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. Agency funds use the accrual basis of accounting but have no measurement focus because they report only assets and liabilities.

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 only when cash is received by the Town, or specifically identified.

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.

The Town reports the following major governmental funds.

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.

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 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 are used to account for resources legally held in trust for scholarships, low-income residents and youth and family services.

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 post employment benefits.

Agency Funds are used to account for monies that the Town holds as a custodian for student groups, contractors/developers and its fire districts.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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.

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:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Building improvements	20
Distribution and collection systems	50-100
Public domain infrastructure	50
System infrastructure	30
Land improvements	20
Machinery and equipment	5-20

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 position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The 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 position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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 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.

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, 2018 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.

Funding Policy

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

K. Other Post Employment 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.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

Funding Policy

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 as they do not constitute expenditures or liabilities.

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.

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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.

The Town Council has an adopted policy that a minimum unassigned fund balance be maintained in an amount equal to at least seven and one-half percent (11%) 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 thirty 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.

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 11% of the total operating General Fund expenditures.

After one public hearing and numerous public meetings, the Town Council, on or before April 28th, 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 25th. 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 9th. The Town Council must authorize all transfers of

**TOWN OF GROTON
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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, 2018, additional appropriations of \$1,918,239 were made from fund balance.

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.
- 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 capital leases are recognized for GAAP purposes only.

B. Deficit Fund Equity

The following funds had deficit fund balances/net position at June 30, 2018:

Community Development Fund	\$	222,437
DECD Brownfield		6,900
Other Special Revenue Fund		222,719
Workers' Compensation Fund		983,862

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

C. Expenditures Exceeding Appropriations

The Groton Long Point line item in the General Fund exceeded appropriations by \$474.

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.”

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.

**TOWN OF GROTON
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Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$41,930,558 of the Town's bank balance of \$44,334,742 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 34,414,631
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>7,515,927</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 41,930,558</u></u>

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$11,395,998. 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.

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

Investments

As of June 30, 2018, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Maturity in Years</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificate of Deposit *		\$ 3,119,000	\$ <u>280,849</u>	\$ <u>2,838,151</u>	\$ <u>-</u>
Other investments:					
Mutual Funds	N/A	136,286,341			
Common Stock	N/A	10,277			
Alternative Investments	N/A	<u>6,400</u>			
Total Investments		<u>\$ 139,422,018</u>			

* Subject to coverage by Federal Depository Insurance and Collateralization

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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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, 2018, the Town did not have any uninsured and unregistered securities held by counterparties, 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.

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 post employment 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, 2018:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common Stock	\$ 10,277	\$ 10,277	\$	\$
Mutual Funds	136,286,341	136,240,784	45,557	
Alternative Investments	<u>6,400</u>	<u>6,400</u>		
Total Investments by Fair Value Level	<u>\$ 136,303,018</u>	<u>\$ 136,257,461</u>	<u>\$ 45,557</u>	<u>\$ -</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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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

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>161,500</u>	<u>23,496</u>	<u>250</u>	<u>185,246</u>
Total Value	<u>\$ 181,500</u>	<u>\$ 51,039</u>	<u>\$ 200,250</u>	<u>\$ 432,789</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, 2018, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 1,400,366	\$	\$ 3,709	\$ 1,404,075
Property tax interest	271,700			271,700
Assessments			997,290	997,290
Intergovernmental	54,573	279,224	611,008	944,805
Accounts receivable	139,735		670,417	810,152
User fees receivable			1,105,629	1,105,629
Gross receivables	<u>1,866,374</u>	<u>279,224</u>	<u>3,388,053</u>	<u>5,533,651</u>
Allowance for collection losses	<u>(220,000)</u>	<u></u>	<u>(160,000)</u>	<u>(380,000)</u>
Net Receivables	<u>\$ 1,646,374</u>	<u>\$ 279,224</u>	<u>\$ 3,228,053</u>	<u>\$ 5,153,651</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,187,657	\$	\$	\$ 15,187,657
Construction in progress	<u>18,154,007</u>	<u>6,488,067</u>	<u>2,189,552</u>	<u>22,452,522</u>
Total capital assets not being depreciated	<u>33,341,664</u>	<u>6,488,067</u>	<u>2,189,552</u>	<u>37,640,179</u>
Capital assets being depreciated:				
Land improvements	6,493,681			6,493,681
Buildings and improvements	178,688,562	105,069		178,793,631
Machinery and equipment	25,688,172	561,333	3,182,094	23,067,411
Machinery and equipment - fleet	9,359,299	368,581	258,901	9,468,979
Infrastructure	106,942,251	1,980,728		108,922,979
Machinery and equipment - capital-leased	<u>134,639</u>			<u>134,639</u>
Total capital assets being depreciated	<u>327,306,604</u>	<u>3,015,711</u>	<u>3,440,995</u>	<u>326,881,320</u>
Less accumulated depreciation for:				
Land improvements	3,505,038	153,030		3,658,068
Buildings and improvements	55,802,498	3,876,786		59,679,284
Machinery and equipment	15,971,012	1,022,347	3,090,928	13,902,431
Machinery and equipment - fleet	6,253,626	514,942	252,516	6,516,052
Infrastructure	68,636,662	3,042,961		71,679,623
Machinery and equipment - capital-leased	<u>46,736</u>	<u>15,204</u>		<u>61,940</u>
Total accumulated depreciation	<u>150,215,572</u>	<u>8,625,270</u>	<u>3,343,444</u>	<u>155,497,398</u>
Total capital assets being depreciated, net	<u>177,091,032</u>	<u>(5,609,559)</u>	<u>97,551</u>	<u>171,383,922</u>
Governmental Activities Capital Assets, Net	<u>\$ 210,432,696</u>	<u>\$ 878,508</u>	<u>\$ 2,287,103</u>	<u>\$ 209,024,101</u>

**TOWN OF GROTON
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Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:	
General government services	\$ 1,889,377
Public safety	707,218
Public works, including depreciation of general infrastructure assets	2,027,406
Community services	28,490
Education	2,543,959
Sewer operating	1,364,342
Golf Course	<u>64,478</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>8,625,270</u></u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2018:

	<u>Project Amount</u>
Roads/Streets/Sidewalks:	
Streetlight pole grounding	\$ 334
Pearl Street Noank	16,086
WPCF Projects:	
WPCF roofs and handrails	2,032
Fishtown Road pump station	304,946
Land Improvements:	
Noank Dock	1,750
Building Improvements:	
Fitch Middle School Renovation	108,768

The commitments are being financed with capital reserve and sewer sinking fund monies, general obligation bonds, and state and federal grants.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

E. Interfund Receivables, Payables and Transfers

As of June 30, 2018, 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>276,276</u>

Interfund Transfers

Interfund transfers during the year ended June 30, 2018 were as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	
Transfers out:					
General Fund	\$	\$ 448,000	\$	\$ 423,922	\$ 871,922
Nonmajor Funds	570,875	1,369,000			1,939,875
Internal Service Funds			176,000		176,000
Total Transfers In	\$ <u>570,875</u>	\$ <u>1,817,000</u>	\$ <u>176,000</u>	\$ <u>423,922</u>	\$ <u>2,987,797</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
NOTES TO FINANCIAL STATEMENTS
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F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Endowments	\$	\$	\$ 250,279	\$ 250,279
Restricted for:				
Bonded capital projects		8,168,194		8,168,194
Debt service			395,602	395,602
Regional probate court			18,787	18,787
Recreation and senior activities			407,383	407,383
Trust purposes			185,246	185,246
Education			1,053,620	1,053,620
Committed to:				
Escrow funds			598,934	598,934
Land acquisition			62,733	62,733
Outside police services			164,989	164,989
Energy conservation			18,867	18,867
Human services donations			239,567	239,567
Emergency energy			20,547	20,547
Public infrastructure improvements			603,602	603,602
Library			38,483	38,483
Golf course operations			324,225	324,225
Parks & recreation			142,393	142,393
School cafeteria			452,474	452,474
Fitch High School library media			492	492
LED Conversion Project			49,484	49,484
Undersea supply project trip			89,416	89,416
Sewer			2,258,453	2,258,453
Solid waste management			350,792	350,792
Outside agencies			189,964	189,964
Other			841	841
Assigned to:				
General services - encumbrances	33,325			33,325
Public safety - encumbrances	226,715			226,715
Public works - encumbrances	115,034			115,034
Planning and development - encumbrances	151,726			151,726
Parks and recreation - encumbrances	18,817			18,817
Education services - encumbrances	511,947			511,947
Revaluation	33,375			33,375
Technology	329,850			329,850
Unassigned	<u>18,888,114</u>		<u>(452,056)</u>	<u>18,436,058</u>
Total Fund Balance	<u>\$ 20,308,903</u>	<u>\$ 8,168,194</u>	<u>\$ 7,465,117</u>	<u>\$ 35,942,214</u>

Encumbrances of \$1,078,414, including \$20,850 relating to computer replacement fund, are contained in the above table in the assigned category of the General Fund at June 30, 2018. Encumbrances of \$263,374 are contained in the above table in the committed category of the Nonmajor Governmental Funds at June 30, 2018.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

G. Leases

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$99,184 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 101,704
2020	89,139
2021	67,802
2022	54,192
2023	29,215

The Town also leases various buildings, portions of buildings and tracts of land to outside parties for a bargain lease price.

Capital Leases

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

	<u>Governmental Activities</u>
Equipment	\$ 134,639
Less accumulated depreciation	<u>(61,940)</u>
Total	<u>\$ 72,699</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2018 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 20,288
Less amount for interest	<u>(374)</u>
Minimum Lease Payments	<u>\$ 19,914</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable:					
General obligation bonds	\$ 37,495,000	\$ 6,690,000	\$ 3,650,000	\$ 40,535,000	\$ 4,310,000
Clean Water Fund loan	7,603,509		612,363	6,991,146	612,363
Premium	2,787,058	394,442	223,073	2,958,427	242,795
Total bonds and loans payable	<u>47,885,567</u>	<u>7,084,442</u>	<u>4,485,436</u>	<u>50,484,573</u>	<u>5,165,158</u>
Landfill post-closure monitoring	1,780,600		168,200	1,612,400	168,200
Capital lease obligations	48,569		28,655	19,914	19,914
Compensated absences	1,845,779	267,505	247,532	1,865,752	253,699
Claims payable	4,170,983	94,567	1,168,972	3,096,578	932,112
Net pension liability	19,060,328	243,990		19,304,318	
Net OPEB Liability	<u>40,164,608</u> *	<u>1,165,184</u>		<u>41,329,792</u>	
Long-Term Liabilities	<u>\$ 114,956,434</u>	<u>\$ 8,855,688</u>	<u>\$ 6,098,795</u>	<u>\$ 117,713,327</u>	<u>\$ 6,539,083</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. *Beginning balance of Net OPEB Liability has been restated.

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 current year 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
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The Town's general obligation bonds bear interest at rates from 2% to 5.5% and mature as follows:

Town of Groton		
Fiscal Year	Principal Payments	Interest Payments
2019	\$ 4,310,000	\$ 1,403,325
2020	4,110,000	1,244,156
2021	4,090,000	1,093,531
2022	4,080,000	940,756
2023	4,065,000	789,169
2024-2028	17,145,000	1,920,950
2029-2033	2,475,000	234,188
2034	260,000	10,400
	<u>\$ 40,535,000</u>	<u>\$ 7,636,475</u>

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	\$ 220,374,920	\$ 25,560,420	\$ 194,814,500
Schools	440,749,841	16,623,000	424,126,841
Sewers	367,291,534	16,749,146	350,542,388
Urban renewal	318,319,329		318,319,329
Pension deficit	293,833,227		293,833,227

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$685,610,863. 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 \$10,497,010 (and \$906,189 authorized and unissued) is included in the calculation of indebtedness. Total authorized but unissued long-term debt at June 30, 2018 consists of \$3,221 remaining for road maintenance and Rehabilitation (Paving).

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, 2018, 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.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Annual debt service payments to the State of Connecticut are as follows:

<u>Fiscal Year</u>	<u>Debt Service Fund</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2019	\$ 612,363	\$ 134,210
2020	612,363	121,962
2021	612,363	109,715
2022	612,363	97,468
2023	612,363	85,221
2024-2028	3,061,816	242,394
2029-2030	<u>867,515</u>	<u>13,012</u>
	<u>\$ 6,991,146</u>	<u>\$ 803,982</u>

I. 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 \$812,000 (\$101,500 per year for 8 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$800,400 (\$66,700 for 12 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**TOWN OF GROTON
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4. TAX ABATEMENTS

The Town of Groton currently has five individual agreements with local businesses that qualify under the implementation of 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	AHEPA 250-III Inc.	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 elderly or disabled.	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	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.	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 a 40 unit complex for low income elderly.	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 tax are reduced	A payment schedule of taxes has been agreed upon per the agreement through January 1, 2037 totaling 7,759,264.	53.5% Abated	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 offset the cost of the project.	Discount needed to maintain low rents and offset the cost of the project.	Buyer paid backed taxes after purchasing the bankrupt facility. Discount needed to offset 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	\$17,803 Town \$203 Sewer \$4,317 Mumford Cove	\$148,843 Town \$1,700 Sewer \$9,385 Mumford Cove	\$18,212 Town \$208 Sewer \$2,274 Mumford Cove

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 5 years of service. Benefits are calculated as follows:

Board of Education - School Secretaries

1.25% of average annual pay (for highest paid 5 years of last 7 years) times the number of years of participation.

Board of Education - Custodians/Maintenance

1.25% of average annual pay (highest 3 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 6/30/1989 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%.

CILU

2.05% of average annual pay (for highest 3 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.

Board of Education - Administrative

2% of average annual pay (for highest 3 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 3 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.

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General Government Nonbargaining

2% of average annual pay (for highest paid 3 years out of last 5 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 3 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 4 years) times years of continuous service up to 30 years.

Union Police Officers

2.667% of average annual pay (highest paid 5 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 3 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 CILU and USWA. Maximum benefits are 75% of average annual pay for Firefighters and General Government Nonbargaining and 80% for Union and Nonunion Police Officers.

At July 1, 2017, TGRS membership consisted of:

	<u>Town of Groton Town and BOE</u>	<u>Poquonnock Fire District</u>	<u>Ledge Light Health District</u>
Retirees and beneficiaries currently receiving benefits	267	18	1
Terminated employees entitled to benefits but not yet receiving them	26		1
Active plan members	<u>345</u>	<u>24</u>	<u>1</u>
Total	<u><u>638</u></u>	<u><u>42</u></u>	<u><u>3</u></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.

**TOWN OF GROTON
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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 6.5% and CILU 5%. 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.

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, 2018:

<u>Asset Class</u>	<u>Target Allocation</u>
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)	<u>3.00</u>
Total	<u><u>100.00%</u></u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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E. Net Pension Liability

The components of the net pension liability of the Town at June 30, 2018 were as follows:

	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 126,974,362	\$ 731,739	\$ 13,363,971	\$ 141,070,072
Plan fiduciary net position	<u>107,670,044</u>	<u>597,253</u>	<u>10,744,288</u>	<u>119,011,585</u>
Total Net Pension Liability	<u>\$ 19,304,318</u>	<u>\$ 134,486</u>	<u>\$ 2,619,683</u>	<u>\$ 22,058,487</u>
Plan fiduciary net position as a percentage of the total pension liability	84.80%	81.62%	80.40%	84.36%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary increases	Vary by age group
Investment rate of return	7.34%

Mortality rates were based on the RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on the 2014 Experience Study Report published in August 2014.

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, 2018 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	6.00%
U.S. Small Cap	6.40
Developed International Equities	6.10
Emerging International Equities	7.10
Core Fixed Income	2.25
High-Yield Bonds	4.50
Real Estate (REITs)	4.50

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 as of July 1, 2017	\$ 122,644,163	\$ 103,583,835	\$ 19,060,328
Changes for the year:			
Service cost	2,569,350		2,569,350
Interest on total pension liability	9,112,990		9,112,990
Differences between expected and actual experience	646,369		646,369
Changes in assumptions	(447,999)		(447,999)
Employer contributions		2,848,100	(2,848,100)
Member contributions		1,220,752	(1,220,752)
Net investment income		7,613,030	(7,613,030)
Benefit payments, including refund to employee contributions	(7,550,511)	(7,550,511)	-
Administrative expenses		(45,162)	45,162
Net changes	<u>4,330,199</u>	<u>4,086,209</u>	<u>243,990</u>
Balances as of June 30, 2018	\$ <u>126,974,362</u>	\$ <u>107,670,044</u>	\$ <u>19,304,318</u>

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Ledge Light

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 692,241	\$ 575,415	\$ 116,826
Changes for the year:			
Service cost	8,701		8,701
Interest on total pension liability	51,179		51,179
Differences between expected and actual experience	21,741		21,741
Changes in assumptions	(4,319)		(4,319)
Employer contributions		13,200	(13,200)
Member contributions		4,442	(4,442)
Net investment income		42,251	(42,251)
Benefit payments, including refund to employee contributions	(37,804)	(37,804)	-
Administrative expenses		(251)	251
Net changes	<u>39,498</u>	<u>21,838</u>	<u>17,660</u>
Balances as of June 30, 2018	<u>\$ 731,739</u>	<u>\$ 597,253</u>	<u>\$ 134,486</u>

Poquonnock Fire District

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 13,063,971	\$ 10,132,682	\$ 2,931,289
Changes for the year:			
Service cost	267,597		267,597
Interest on total pension liability	976,011		976,011
Differences between expected and actual experience	(243,622)		(243,622)
Changes in assumptions	(52,104)		(52,104)
Employer contributions		389,100	(389,100)
Member contributions		120,435	(120,435)
Net investment income		754,460	(754,460)
Benefit payments, including refund to employee contributions	(647,882)	(647,882)	-
Administrative expenses		(4,507)	4,507
Net changes	<u>300,000</u>	<u>611,606</u>	<u>(311,606)</u>
Balances as of June 30, 2018	<u>\$ 13,363,971</u>	<u>\$ 10,744,288</u>	<u>\$ 2,619,683</u>

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

**TOWN OF GROTON
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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 discount rate of 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Town and BOE Net Pension Liability	\$ 19,304,318	\$ 19,304,318	\$ 17,063,262
Ledge Light Net Pension Liability	134,486	134,486	121,090
Fire Net Pension Liability	2,619,683	2,619,683	2,352,825

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

For the year ended June 30, 2018, the Town and BOE, Ledge Light and Fire Pensions recognized pension expense of \$3,763,604, \$(130,272) and \$542,789, respectively. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Town and BOE</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 534,926	\$ (1,826,005)
Changes of assumptions	1,256,057	(2,515,260)
Net difference between projected and actual earning on pension plan investments	<u>2,457,044</u>	
Total	<u>\$ 4,248,027</u>	<u>\$ (4,341,265)</u>
	<u>Ledge Light</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,313	\$ (138,337)
Changes of assumptions	5,772	(4,234)
Net difference between projected and actual earning on pension plan investments	<u>14,443</u>	
Total	<u>\$ 48,528</u>	<u>\$ (142,571)</u>

**TOWN OF GROTON
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	Poquonnock Fire District	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 220,848	\$ (789,906)
Changes of assumptions	541,349	(88,423)
Net difference between projected and actual earning on pension plan investments	<u>233,806</u>	
Total	<u>\$ 996,003</u>	<u>\$ (878,329)</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>
2019	\$ 895,779	\$ (109,947)	\$ 169,797
2020	47,241	17,043	86,017
2021	(1,247,774)	(1,169)	(60,640)
2022	184,156	30	(17,337)
2023	27,360		(46,077)
Thereafter			(14,086)

Connecticut State Teachers' Retirement System

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 3 years of highest salary).

**TOWN OF GROTON
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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.

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.

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, 2018, 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		<u>125,979,335</u>
Total	\$	<u>125,979,335</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

**TOWN OF GROTON
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For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$14,572,129.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-7650%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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%.

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%.

**TOWN OF GROTON
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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 target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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.

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. 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
 NOTES TO FINANCIAL STATEMENTS
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6. POST EMPLOYMENT 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 post employment 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, 2017, plan membership consisted of the following:

<u>Retiree Health Plan</u>	
Number of members	711
Active members	216
Beneficiaries	28
Spouses of retirees	<u>60</u>
Total Participants	<u><u>1,015</u></u>

B. Funding Policy

The Town has established a trust fund to irrevocably segregate assets to fund the liability associated with post employment 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.

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$1,945 per month for retiree only coverage and \$2,417 per month for retiree and spouse coverage, to age 65, and \$1,059 and \$1,359 per month, respectively, thereafter.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross is \$943 per month for retiree only coverage and \$1,108 per month for retiree and spouse coverage to age 65. The cost for Medicare eligible employees is \$469 per month for retiree only and \$565 per month for retiree and spouse.

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.

Investment Policy

Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.48%. 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, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB Liability	\$	59,422,195
Plan fiduciary net position		<u>18,092,403</u>
Net OPEB Liability	\$	<u>41,329,792</u>
percentage of the total OPEB liability		30.45%

E. Actuarial Assumptions

The total OPEB liabilities was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increase	Graded by service from 6.50% to 3.25% for teachers and administrators, 3.50% for all others
Investment rate of return	7.50%
Healthcare cost trend rates	5.77% - 4.40% over 67 years

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Healthy Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. This assumption included a margin for mortality improvement beyond the valuation date. (Prior: RP-2000 Combined Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with a one-year age set forward. This assumption included a margin for mortality improvement beyond the valuation date.)
All Others	RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with one-year age set forward. This assumption includes a margin for motility improvement beyond the valuation date.
Disabled Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with an eight-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Disabled Mortality Table for males and females. This assumption does not include a margin for mortality improvement beyond

The plan has not had a formal actuarial experience study performed.

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	6 %	0.52 %
Core Fixed Income	35	2.65
U.S. Large Cap Equities	59	4.57
	<u>100 %</u>	

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

F. Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. 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.

G. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 56,548,417	\$ 16,383,809	\$ 40,164,608
Changes for the year:			
Service cost	1,216,495		1,216,495
Interest on total OPEB liability	4,229,669		4,229,669
Differences between expected and actual experience	216,681		216,681
Employer contributions		3,535,030	(3,535,030)
Net investment income		977,456	(977,456)
Benefit payments	(2,789,067)	(2,789,067)	-
Administrative expense		(14,825)	14,825
Net Changes	<u>2,873,778</u>	<u>1,708,594</u>	<u>1,165,184</u>
Balances as of June 30, 2018	<u>\$ 59,422,195</u>	<u>\$ 18,092,403</u>	<u>\$ 41,329,792</u>

H. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, 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 (6.50%) or 1 percentage point higher (8.50%) than the current discount rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB Liability \$	\$ 49,617,885	\$ 41,329,792	\$ 34,556,392

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

7. PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	<u>Trust Funds</u>		
	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Trust Funds</u>
Assets:			
Cash and cash equivalents	\$ 196	\$ 1,023,685	\$ 1,023,881
Investments, at fair value:			
Mutual funds	118,946,369	17,230,564	136,176,933
Accounts receivable	133,648	141,737	275,385
Total assets	<u>119,080,213</u>	<u>18,395,986</u>	<u>137,476,199</u>
Liabilities:			
Accounts payable	68,594	583	69,177
Due to employees/others	34		34
Claims incurred but not reported		303,000	303,000
Total liabilities	<u>68,628</u>	<u>303,583</u>	<u>372,211</u>
Net Position:			
Restricted for employees of Ledge Light	597,832		597,832
Restricted for firefighters	107,774,608		107,774,608
Restricted for benefits and other purposes	<u>10,639,145</u>	<u>18,092,403</u>	<u>28,731,548</u>
Total Net Position	<u>\$ 119,011,585</u>	<u>\$ 18,092,403</u>	<u>\$ 137,103,988</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

	<u>Trust Funds</u>		
	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 3,250,400	\$ 3,489,505	\$ 6,739,905
Plan members	1,345,629	2,486,707	3,832,336
Total contributions	<u>4,596,029</u>	<u>5,976,212</u>	<u>10,572,241</u>
Investment income:			
Change in fair value of investments	8,682,650	1,022,980	9,705,630
Less investment expenses:			
Investment management fees	272,909	433,112	706,021
Net investment income	<u>8,409,741</u>	<u>589,868</u>	<u>8,999,609</u>
Total additions	<u>13,005,770</u>	<u>6,566,080</u>	<u>19,571,850</u>
Deductions:			
Benefits	8,236,197	4,842,661	13,078,858
Administrative expense	49,920	14,825	64,745
Total deductions	<u>8,286,117</u>	<u>4,857,486</u>	<u>13,143,603</u>
Change in Net Position	4,719,653	1,708,594	6,428,247
Net Position - Beginning of Year	<u>114,291,932</u>	<u>16,383,809</u>	<u>130,675,741</u>
Net Position - End of Year	<u>\$ 119,011,585</u>	<u>\$ 18,092,403</u>	<u>\$ 137,103,988</u>

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of year net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at June 30, 2017, as previously reported	\$ 175,616,294
Adjustments:	
Eliminate net OPEB asset reported per GASB No. 45	(648,058)
Record net OPEB liability per GASB No. 75	<u>(40,164,608)</u>
Net Position at July 1, 2017, as Restated	<u>\$ 134,803,628</u>

9. OTHER POST EMPLOYMENT 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 post employment 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 health care 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 Supplemental 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 health care 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 health care 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.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

Medicare Supplement with Prescriptions	\$ 92
Medicare Supplement with Prescriptions and Dental	136
Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

Those participants electing vision, hearing and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the plan for these benefits.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Survivor Health Care 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 Supplemental 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.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 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.

**TOWN OF GROTON
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2018, 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	<u>32,425,655</u>
Total	<u>\$ 32,425,655</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,502,769 in Exhibit II for on-behalf amounts for the benefits provided by the State.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 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 (0.04%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

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. 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.

10. 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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

maximum per year. The OPEB Trust fund covers all retired employee claims. Town management has estimated a liability using actuarial methods at June 30, 2018 for claims incurred but not reported to be \$827,000 in the Health Insurance Fund and \$2,269,578 in the Workers' Compensation Fund, which includes heart and hypertension of \$858,220, and \$300,338 in the OPEB Trust Fund. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

Changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>	<u>Due Within One Year</u>
<u>Health Insurance Fund</u>					
2017 - 2018	\$ 1,036,000	\$ 10,756,612	\$ 10,965,612	\$ 827,000	\$ 827,000
2016 - 2017	1,020,000	12,930,529	12,914,529	1,036,000	1,036,000
<u>Workers' Compensation Fund</u>					
2017 - 2018	\$ 3,134,983	\$ 84,087	\$ 949,492	\$ 2,269,578	\$ 105,112
2016 - 2017	2,598,727	1,406,206	869,950	3,134,983	132,972
<u>OPEB Trust Fund</u>					
2017 - 2018	\$ 312,000	\$ 4,842,661	\$ 4,854,323	\$ 300,338	-
2016 - 2017	295,338	4,901,580	4,884,918	312,000	-

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 June 30, 2016 grand list, comprise 17.1% of the net taxable grand list of the Town and approximately 10.6% of the total General Fund revenues for the year ended June 30, 2018.

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 87,799,970	\$ 87,799,970	\$ 88,682,805	\$ 882,835
Licenses and Permits:				
Building permits	338,550	338,550	355,236	16,686
Sporting licenses	550	550	668	118
Dog licenses	7,000	7,000	7,467	467
Other licenses and permits	19,000	19,000	17,175	(1,825)
Building permits - education fee	325	325	412	87
State land use fees	150	150	66	(84)
Total licenses and permits	<u>365,575</u>	<u>365,575</u>	<u>381,024</u>	<u>15,449</u>
Interest on Investments	<u>125,000</u>	<u>125,000</u>	<u>381,206</u>	<u>256,206</u>
Intergovernmental - State:				
General:				
Town aid road	381,016	381,016	377,036	(3,980)
Nuclear safety drill	37,041	37,041	34,490	(2,551)
Highway illumination	1,619	1,619	3,730	2,111
Telephone access	170,000	170,000	138,891	(31,109)
PILOT - state and tax exemptions	1,011,019	1,011,019	605,607	(405,412)
TVCCA - supp housing program			750	750
Youth Service Bureau	27,242	27,242	26,510	(732)
Pequot/Mohegan funds	881,831	881,831	1,336,108	454,277
911 Enhancement	165,318	165,318	163,431	(1,887)
Municipal project grant			1,242,507	1,242,507
Municipal revenue sharing grant	433,177	433,177		(433,177)
Municipal aid adjustment grant			325,643	325,643
Miscellaneous state grants			167	167
Board of Education:				
Education cost sharing	19,979,526	19,979,526	24,903,311	4,923,785
Adult education	105,000	105,000	102,900	(2,100)
Special education	915,000	915,000	891,571	(23,429)
Transportation - private school	49,520	49,520		(49,520)
Magnet School transportation	188,000	188,000	209,300	21,300
Nonpublic pupil services	22,000	22,000	20,847	(1,153)
Total State of Connecticut	<u>24,367,309</u>	<u>24,367,309</u>	<u>30,382,799</u>	<u>6,015,490</u>
Intergovernmental - Federal:				
Pupil impact aid	3,250,000	3,250,000	3,751,870	501,870
Education - misc. federal funds	139,000	139,000	271,834	132,834
Emergency management	20,019	20,019	20,084	65
Total federal government	<u>3,409,019</u>	<u>3,409,019</u>	<u>4,043,788</u>	<u>634,769</u>

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for Current Services:				
Planning Commission fees	\$ 10,000	\$ 10,000	\$ 10,610	\$ 610
Recording instruments	150,000	150,000	142,639	(7,361)
Conveyance tax	700,000	700,000	869,372	169,372
Planning department - other	500	500	751	251
Collection subdivisions taxes	103,277	103,277	103,277	-
Accident reports	4,000	4,000	3,986	(14)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Coordinated Medical Emergency Director	22,257	22,257	29,134	6,877
Board of Education - FHS/ground mowing	58,360	58,360	58,360	-
GIS - revenue	600	600	1,052	452
Vital statistics	5,000	5,000	4,567	(433)
Snow/Ice control services	16,000	16,000	28,072	12,072
Total charges for current services	<u>1,123,813</u>	<u>1,123,813</u>	<u>1,305,639</u>	<u>181,826</u>
Schools, Library and Recreation:				
Tuition from other towns	145,487	145,487	120,822	(24,665)
Other school receipts	18,998	18,998	58,289	39,291
Library fines	18,000	18,000	15,597	(2,403)
Lost and damaged book fees	2,900	2,900	2,464	(436)
Senior Center fees	2,500	2,500	2,643	143
Library - copier fees	5,500	5,500	6,905	1,405
Library fees	14,000	14,000	15,654	1,654
Park rentals	500	500		(500)
Total schools, library and recreation	<u>207,885</u>	<u>207,885</u>	<u>222,374</u>	<u>14,489</u>
Other Revenue:				
Court fines	15,000	15,000	13,563	(1,437)
Parking tickets	350	350	1,021	671
Welfare - local receipts	-	-	-	-
Aircraft registration fees	21,000	21,000	20,910	(90)
Lease fees	156,786	156,786	171,039	14,253
Land record copies	28,000	28,000	34,313	6,313
Vital copies	64,000	64,000	64,997	997
Miscellaneous	10,000	10,000	139,535	129,535
Dog warden - sold and redeemed	4,000	4,000	2,530	(1,470)
Public Works Disposal fees	130,000	130,000	184,978	54,978
Returned check fees	1,200	1,200	1,337	137
Sale of capital assets	2,500	2,500	7,774	5,274
Delinquent MV fees	16,600	16,600	17,836	1,236
Finance Dept. copies	900	900	866	(34)
Total other revenue	<u>450,336</u>	<u>450,336</u>	<u>660,699</u>	<u>210,363</u>
Total revenues	<u>117,848,907</u>	<u>117,848,907</u>	<u>126,060,334</u>	<u>8,211,427</u>

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers in:				
Golf course	\$ 58,853	\$ 58,853	\$ 58,853	\$ -
Sewer/landfill services	457,572	457,572	457,572	-
Sewer District	44,534	44,534	44,534	-
Mumford Cove	1,008	1,008	1,008	-
Community Investment Act Fund	5,000	5,000	5,000	-
Bond premium			394,442	394,442
Total other financing sources	<u>566,967</u>	<u>566,967</u>	<u>961,409</u>	<u>394,442</u>
Total Revenues and Other Financing Sources	<u>\$ 118,415,874</u>	<u>\$ 118,415,874</u>	127,021,743	<u>\$ 8,605,869</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 pension are not budgeted			14,572,129	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers OPEB are not budgeted			1,502,769	
Property tax revenue receivable accrual basis change			(411,214)	
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			6,893	
Transfers in from other funds			<u>3,908</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>\$ 142,696,228</u>	

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Legislative policy	\$ 61,155	\$ 76,219	\$ 76,219	\$
Voter registration	117,002	118,007	108,002	10,005
Town Clerk	312,896	333,120	322,847	10,273
Legal services	400,000	400,000	219,882	180,118
Total general government	<u>891,053</u>	<u>927,346</u>	<u>726,950</u>	<u>200,396</u>
General Services:				
Executive management	308,110	407,549	406,833	716
Information technology	997,716	1,020,261	955,454	64,807
Human resources	316,244	329,559	329,559	-
Financial administration	1,395,374	1,449,847	1,390,192	59,655
Emergency communications	1,382,809	1,385,366	1,372,247	13,119
Total general services	<u>4,400,253</u>	<u>4,592,582</u>	<u>4,454,285</u>	<u>138,297</u>
Public Safety:				
Police services	<u>6,621,975</u>	<u>6,909,250</u>	<u>6,827,786</u>	<u>81,464</u>
Public Works	<u>5,751,672</u>	<u>5,846,188</u>	<u>5,829,960</u>	<u>16,228</u>
Planning and Development Services	<u>1,247,174</u>	<u>1,294,179</u>	<u>1,284,668</u>	<u>9,511</u>
Human Services:				
Human services	<u>577,399</u>	<u>606,785</u>	<u>598,131</u>	<u>8,654</u>
Community Services:				
Parks and recreation	1,586,586	1,622,071	1,560,939	61,132
Library	1,648,049	1,711,235	1,616,410	94,825
Total community services	<u>3,234,635</u>	<u>3,333,306</u>	<u>3,177,349</u>	<u>155,957</u>
Nondepartmental:				
Insurance and claims	622,425	622,425	604,704	17,721
Contingency	650,000	214,525		214,525
Self-funded plans	7,656,157	7,656,157	7,653,120	3,037
Total nondepartmental	<u>8,928,582</u>	<u>8,493,107</u>	<u>8,257,824</u>	<u>235,283</u>
Education	<u>74,900,000</u>	<u>76,468,239</u>	<u>76,433,630</u>	<u>34,609</u>
Debt Service:				
Town	2,090,795	2,090,795	2,041,045	49,750
Board of Education	2,419,743	2,419,743	2,419,743	-
Total debt service	<u>4,510,538</u>	<u>4,510,538</u>	<u>4,460,788</u>	<u>49,750</u>

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 132,034	\$ 132,034	\$ 132,033	\$ 1
Health services - cultural agencies	1,713,717	1,713,717	1,674,369	39,348
Total outside agencies	<u>1,845,751</u>	<u>1,845,751</u>	<u>1,806,402</u>	<u>39,349</u>
Subdivisions:				
City of Groton	4,320,620	4,320,620	4,318,157	2,463
Groton Long Point	426,819	426,819	427,293	(474)
Fire districts	246,000	246,000	246,000	-
Total subdivisions	<u>4,993,439</u>	<u>4,993,439</u>	<u>4,991,450</u>	<u>1,989</u>
Total expenditures	<u>117,902,471</u>	<u>119,820,710</u>	<u>118,849,223</u>	<u>971,487</u>
Other Financing Uses:				
Transfers out:				
Capital Reserve	448,000	448,000	448,000	-
Revaluation	87,500	87,500	87,500	-
Fleet	423,922	423,922	423,922	-
Computer Replacement	35,239	35,239	35,239	-
Total other financing uses	<u>994,661</u>	<u>994,661</u>	<u>994,661</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 118,897,132</u>	<u>\$ 120,815,371</u>	119,843,884	<u>\$ 971,487</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers pension are not budgeted	14,572,129
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers OPEB are not budgeted	1,502,769
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	1,228,508
Encumbrances for purchases and commitments ordered in the current year that were not received and liquidated in the current year are not reported for GAAP purposes	(920,150)
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	111,871
Elimination of transfers between General Fund and funds combined for GASB 54 purposes	<u>(122,739)</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 136,216,272

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
TOWN AND BOE

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 2,451,526	\$ 2,525,072	\$ 2,318,892	\$ 2,409,250	\$ 2,569,350
Interest	8,757,689	9,188,020	8,666,967	9,011,518	9,112,990
Differences between expected and actual experience		(3,089,277)	(831,909)	(198,443)	646,369
Changes of assumptions		(5,208,074)	1,002,922	1,129,130	(447,999)
Benefit payments, including refunds of member contributions	(5,929,846)	(5,876,377)	(6,589,487)	(7,020,884)	(7,550,511)
Net change in total pension liability	5,279,369	(2,460,636)	4,567,385	5,330,571	4,330,199
Total pension liability - beginning	<u>109,927,474</u>	<u>115,206,843</u>	<u>112,746,207</u>	<u>117,313,592</u>	<u>122,644,163</u>
Total pension liability - ending	<u>115,206,843</u>	<u>112,746,207</u>	<u>117,313,592</u>	<u>122,644,163</u>	<u>126,974,362</u>
Plan fiduciary net position:					
Contributions - employer	3,114,144	3,192,047	2,553,991	2,488,575	2,848,100
Contributions - member	1,114,042	1,131,674	1,169,678	1,201,342	1,220,752
Net investment income	13,481,409	3,540,403	(53,985)	9,878,756	7,613,030
member contributions	(5,929,846)	(5,876,377)	(6,589,487)	(7,020,884)	(7,550,511)
Administrative expense	(54,307)	(37,255)	(30,685)	(32,163)	(45,162)
Net change in plan fiduciary net position	<u>11,725,442</u>	<u>1,950,492</u>	<u>(2,950,488)</u>	<u>6,515,626</u>	<u>4,086,209</u>
Plan fiduciary net position - beginning	<u>86,342,763</u>	<u>98,068,205</u>	<u>100,018,697</u>	<u>97,068,209</u>	<u>103,583,835</u>
Plan fiduciary net position - ending	<u>98,068,205</u>	<u>100,018,697</u>	<u>97,068,209</u>	<u>103,583,835</u>	<u>107,670,044</u>
Net Pension Liability - Ending	<u>\$ 17,138,638</u>	<u>\$ 12,727,510</u>	<u>\$ 20,245,383</u>	<u>\$ 19,060,328</u>	<u>\$ 19,304,318</u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%	88.71%	82.74%	84.46%	84.80%
Covered payroll	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290	\$ 22,096,847	\$ 22,229,457
Net pension liability as a percentage of covered payroll	74.43%	53.92%	92.33%	86.26%	86.84%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
LEDGE LIGHT

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 6,972	\$ 7,181	\$ 621,108	\$ 7,714	\$ 8,701
Interest	44,858	46,078	94,625	48,675	51,179
Differences between expected and actual experience		(7,730)	(651,642)	29,608	21,741
Changes of assumptions		23,355	(5,817)	5,161	(4,319)
Benefit payments, including refunds of member contributions	(35,815)	(37,804)	(37,804)	(37,804)	(37,804)
Net change in total pension liability	16,015	31,080	20,470	53,354	39,498
Total pension liability - beginning	<u>571,322</u>	<u>587,337</u>	<u>618,417</u>	<u>638,887</u>	<u>692,241</u>
Total pension liability - ending	<u>587,337</u>	<u>618,417</u>	<u>638,887</u>	<u>692,241</u>	<u>731,739</u>
Plan fiduciary net position:					
Contributions - employer	9,556	6,764	8,971	8,958	13,200
Contributions - member	3,483	3,627	4,052	4,265	4,442
Net investment income	79,029	19,083	(380)	55,221	42,251
Benefit payments, including refunds of member contributions	(35,815)	(37,804)	(37,804)	(37,804)	(37,804)
Administrative expense	(321)	(212)	(172)	(179)	(251)
Net change in plan fiduciary net position	55,932	(8,542)	(25,333)	30,461	21,838
Plan fiduciary net position - beginning	<u>522,897</u>	<u>578,829</u>	<u>570,287</u>	<u>544,954</u>	<u>575,415</u>
Plan fiduciary net position - ending	<u>578,829</u>	<u>570,287</u>	<u>544,954</u>	<u>575,415</u>	<u>597,253</u>
Net Pension Liability - Ending	<u>\$ 8,508</u>	<u>\$ 48,130</u>	<u>\$ 93,933</u>	<u>\$ 116,826</u>	<u>\$ 134,486</u>
Plan fiduciary net position as a percentage of the total pension liability	98.55%	92.22%	85.30%	83.12%	81.62%
Covered payroll	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308	\$ 105,474
Net pension liability as a percentage of covered payroll	7.06%	53.69%	104.23%	115.32%	127.51%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS
FIREFIGHTERS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 401,849	\$ 413,904	\$ 299,682	\$ 257,236	\$ 267,597
Interest	843,728	889,636	918,671	983,590	976,011
Changes of benefit terms			96		
Differences between expected and actual experience		(520,189)	390,732	(439,015)	(243,622)
Changes of assumptions		799,434	(78,888)	158,125	(52,104)
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>	<u>(647,882)</u>
Net change in total pension liability	687,192	768,710	877,445	312,054	300,000
Total pension liability - beginning	<u>10,418,570</u>	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>	<u>13,063,971</u>
Total pension liability - ending	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>	<u>13,063,971</u>	<u>13,363,971</u>
Plan fiduciary net position:					
Contributions - employer	428,378	414,790	392,293	385,674	389,100
Contributions - member	128,634	94,356	106,863	116,552	120,435
Net investment income	1,308,508	326,423	(4,042)	956,168	754,460
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>	<u>(647,882)</u>
Administrative expense	<u>(5,243)</u>	<u>(3,534)</u>	<u>(2,949)</u>	<u>(3,149)</u>	<u>(4,507)</u>
Net change in plan fiduciary net position	1,301,892	17,960	(160,683)	807,363	611,606
Plan fiduciary net position - beginning	<u>8,166,150</u>	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>	<u>10,132,682</u>
Plan fiduciary net position - ending	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>	<u>10,132,682</u>	<u>10,744,288</u>
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>
Plan fiduciary net position as a percentage of the total pension liability	85.25%	79.89%	73.13%	77.56%	80.40%
Covered payroll	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664	\$ 1,724,791
Net pension liability as a percentage of covered payroll	71.58%	104.67%	170.43%	171.96%	151.88%

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
TOWN AND BOE**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 1,253,592	\$ 1,305,560	\$ 2,073,417	\$ 2,614,225	\$ 2,886,997	\$ 3,114,144	\$ 3,192,047	\$ 2,553,991	\$ 2,488,575	\$ 2,848,100
Contributions in relation to the actuarially determined contribution	1,253,592	1,305,560	2,073,417	2,614,225	2,886,997	3,114,144	3,192,047	2,553,991	2,488,575	2,848,100
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290	\$ 22,096,847	\$ 22,229,457
Contributions as a percentage of covered payroll						13.52%	13.52%	11.65%	11.26%	12.81%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 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: 22 years (Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN FISCAL YEARS
 LEDGE LIGHT**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 4,902	\$ -	\$ 1,940	\$ 6,918	\$ 10,599	\$ 9,556	\$ 6,764	\$ 8,971	\$ 8,958	\$ 13,200
Contributions in relation to the actuarially determined contribution	4,902	-	1,940	6,918	10,599	9,556	6,764	8,971	8,958	13,200
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308	\$ 105,474
Contributions as a percentage of covered payroll						7.93%	7.54%	9.95%	8.84%	12.51%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 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: 22 years (Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
FIREFIGHTERS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 109,397	\$ 135,773	\$ 208,535	\$ 347,332	\$ 378,701	\$ 428,378	\$ 414,790	\$ 392,293	\$ 385,674	\$ 389,100
Contributions in relation to the actuarially determined contribution	109,397	135,773	208,535	347,332	378,701	428,378	414,790	392,293	385,674	389,100
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664	\$ 1,724,791
Contributions as a percentage of covered payroll						18.72%	18.18%	19.51%	22.62%	22.56%

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 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: 22 years(Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	15.51%	3.62%	-0.03%	7.10%	7.44%

This schedule is intended to show information for ten 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 FOUR FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	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	<u>93,604,919</u>	<u>101,271,189</u>	<u>132,909,163</u>	<u>125,979,335</u>
Total	<u>\$ 93,604,919</u>	<u>\$ 101,271,189</u>	<u>\$ 132,909,163</u>	<u>\$ 125,979,335</u>
Town's covered payroll	\$ 36,486,290	\$ 36,797,537	\$ 37,787,402	\$ 36,426,040
Town's proportionate share of the net pension liability as a percentage of its covered payroll	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%	55.93%

Notes to Schedule

Changes in benefit terms
Changes of assumptions

None

During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.

Actuarial cost method
Amortization method
Remaining amortization period
Asset valuation method
Investment rate of return

Entry age
Level percent of salary, closed
20.4
4-year smoothed market
8.50%, net of investment related expense

This schedule is intended to show information for ten years.
Additional information will be added as it becomes available.

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB
LAST TWO FISCAL YEARS

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 1,130,295	\$ 1,216,495
Interest	4,020,268	4,229,669
Changes of benefit terms	180,725	
Differences between expected and actual experience		216,681
Benefit payments	<u>(2,467,692)</u>	<u>(2,789,067)</u>
Net change in total OPEB liability	2,863,596	2,873,778
Total OPEB liability - beginning	<u>53,684,821</u>	<u>56,548,417</u>
Total OPEB liability - ending	<u>56,548,417</u>	<u>59,422,195</u>
Plan fiduciary net position:		
Contributions - employer	3,500,259	3,535,030
Net investment income	1,420,995	977,456
Benefit payments	<u>(2,779,678)</u>	<u>(2,789,067)</u>
Administrative expense	<u>(456,671)</u>	<u>(14,825)</u>
Other		
Net change in plan fiduciary net position	1,684,905	1,708,594
Plan fiduciary net position - beginning	<u>14,698,904</u>	<u>16,383,809</u>
Plan fiduciary net position - ending	<u>16,383,809</u>	<u>18,092,403</u>
Net OPEB Liability - Ending	<u>\$ 40,164,608</u>	<u>\$ 41,329,792</u>
Plan fiduciary net position as a percentage of the total OPEB liability	28.97%	30.45%
Covered payroll	\$ 50,195,108	\$ 51,499,012
Net OPEB liability as a percentage of covered payroll	80.02%	80.25%

This schedule is intended to show information for ten years.
Additional information will be added as it becomes available.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarially determined contribution (1)	\$ 2,781,000	\$ 3,053,000	\$ 3,315,000	\$ 3,463,000	\$ 3,566,000	\$ 3,552,000	\$ 3,694,000	\$ 3,799,204	\$ 4,044,025	\$ 3,966,559
Contributions in relation to the actuarially determined contribution	<u>3,249,200</u>	<u>3,143,700</u>	<u>3,258,700</u>	<u>3,226,700</u>	<u>3,764,700</u>	<u>3,738,481</u>	<u>4,050,481</u>	<u>3,709,834</u>	<u>3,500,259</u>	<u>3,535,030</u>
Contribution Deficiency (Excess)	\$ <u>(468,200)</u>	\$ <u>(90,700)</u>	\$ <u>56,300</u>	\$ <u>236,300</u>	\$ <u>(198,700)</u>	\$ <u>(186,481)</u>	\$ <u>(356,481)</u>	\$ <u>89,370</u>	\$ <u>543,766</u>	\$ <u>431,529</u>
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 52,762,000	\$ 52,762,000	\$ 50,195,108	\$ 50,195,108	\$ 51,499,012
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	7.09%	7.68%	7.39%	6.97%	6.86%

(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, 2017
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	20 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	5.47% - 4.4% over 67 years
Salary increases	Graded by service from 6.50% to 3.25% for teachers and administrators, 3.50% for all others
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	
Healthy Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. This assumption included a margin for mortality improvement beyond the valuation date. (Prior: RP-2000 Combined Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with a one-year age set forward. This assumption included a margin for mortality improvement beyond the valuation date.)
All Others	RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with one-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
Disabled Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with an eight-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Disabled Mortality Table for males and females. This assumption does not include a margin for mortality improvement beyond the valuation date.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST TWO FISCAL YEARS**

	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.83%	5.48%

This schedule is intended to show information for ten 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 FISCAL YEAR**

	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>32,425,655</u>
Total	<u>\$ 32,425,655</u>
Town's covered payroll	\$ 36,426,040
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment related expense including price inflation

This schedule is intended to show information for ten years. Additional information will be added as it becomes available.

APPENDIX B – OPINION OF BOND COUNSEL AND TAX STATUS- THE BONDS AND SERIES A NOTES

The following information has been prepared by Bond Counsel in connection with this *bond and note* issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Bonds and Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Bonds and Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds and Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Bonds and Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Groton
Groton, Connecticut

We have represented the Town of Groton, Connecticut as Bond Counsel in connection with the issuance by the Town of \$20,000,000 General Obligation Bonds, Issue of 2019, dated as of May 8, 2019 and \$15,000,000 Bond Anticipation Notes, Series A dated as of May 8, 2019.

We have examined a record of proceedings authorizing the Bonds and Notes, and based on our examination, we are of the opinion that the Town of Groton is authorized to issue the Bonds and Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Bonds and Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Bonds and Notes; the Bonds and Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Bonds and Notes against all the taxable property in the Town without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that the rights of the holders of the Bonds and Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Bonds and Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Bonds and Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Bonds and Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Bonds and Notes are not "private activity bonds" and interest on the Bonds and Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

Based on the record of proceedings authorizing the Bonds and Notes, it is our opinion that, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Bonds and Notes 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.

Very truly yours,
Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Bonds and Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Bonds and Notes. Failure to comply with any of these requirements may cause the interest on the Bonds and Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Bonds and Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Bonds and Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Bonds and Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Bonds and Notes are not "private activity bonds" so that interest on the Bonds and Notes will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Bonds and Notes will not be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Bonds and Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Bonds and Notes should be aware that the ownership of tax-exempt obligations, such as the Bonds and Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. Prospective purchasers of the Bonds and 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 OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Bonds and Notes, under existing statutes: (1) interest on the Bonds and Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Bonds and Notes 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.

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

Owners of the Bonds and Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Bonds and Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Bonds and Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE DISCOUNT.

The initial public offering price of certain of the Bonds may be less than the amount payable on the Bonds at maturity. The excess of the amount payable at maturity over the initial public offering price at which a substantial amount of such Bonds are sold constitutes original issue discount. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds having original issue discount. Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any such bond during each day it is owned by a taxpayer is added to the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Accrued original issue discount on a bond is excluded from gross income of the owners thereof for federal income tax purposes. Accrued original issue discount on a bond is also 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. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest payable on such bond during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Owners of Bonds having original issue discount, and especially any owner who is not an original owner of a bond who bought the bond at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Bonds and Notes may be greater than the amount payable on the Bonds and Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Bonds and Notes are sold over the amount payable thereon at maturity constitutes original issue premium. Any prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds and Notes were ultimately sold to the public.

The discussion in this paragraph applies to those Bonds and Notes having original issue premium. Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as having amortized with respect to any bond during each day it is owned by a taxpayer is subtracted from the cost basis of such owner for purposes of determining gain or loss upon the sale or other disposition of such bond by such owner. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity on such bond using the taxpayer's cost basis and a constant semiannual compounding method. As a consequence of the resulting cost basis reduction, under certain circumstances an owner of a bond acquired with original issue premium may realize a taxable gain upon disposition thereof even though it is sold or redeemed for an amount equal to or less than such owner's original cost of acquiring the bond. Amortized original issue premium on a bond is not allowed as a deduction from gross income for federal income tax purposes. Amortized original issue premium on a bond also does not reduce Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates and does not reduce 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. Owners of the Bonds and Notes having original issue premium, and especially any owner who is not an original owner of a bond or note who bought the bond or note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such bonds and 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 or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Bonds and Notes will not have an effect on the federal tax status or the market price of the Bonds and Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Bonds and Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Bonds and Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Bonds and Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, state, or local taxation that may be relevant to a particular owner of the Bonds and Notes. Prospective owners of the Bonds and Notes, particularly those who may be subject to special rules, are advised to consult their tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Bonds and Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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APPENDIX C – OPINION OF BOND COUNSEL AND TAX STATUS - THE SERIES B NOTES

The following information has been prepared by Bond Counsel in connection with this *note* issue. Bond Counsel are not passing upon and do not assume responsibility for the accuracy or completeness of the statements made in the Official Statement (other than matters in this Appendix), and they make no representation that they have independently verified the same.

BOND COUNSEL OPINION

The legal opinion of the firm of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, will be furnished to the successful bidder when the Notes are delivered, and a copy of the legal opinion will be included in the record of proceedings of the Town authorizing the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the successful bidder.

The opinion of Day Pitney LLP with respect to the Notes will be substantially in the following form:

[FORM OF BOND COUNSEL OPINION]

(date of closing)

Town of Groton
Groton, Connecticut

We have represented the Town of Groton, Connecticut as Bond Counsel in connection with the issuance by the Town of \$6,700,000 Bond Anticipation Notes, Series B dated as of May 8, 2019.

We have examined a record of proceedings authorizing the Notes, and based on our examination, we are of the opinion that the Town of Groton is authorized to issue the Notes; the Town is duly and legally organized; all proper proceedings for the issuance and delivery of the Notes have been taken; no limitation of indebtedness under the laws of the State of Connecticut has been exceeded in the issuance of the Notes; the Notes will be valid and binding general obligations of the Town when certified as provided thereon by a duly authorized official of U.S. Bank National Association; and the Town has the power to levy ad valorem taxes to pay the Notes against all the taxable property in the Town, *other than property in the City of Groton*, without limit as to rate or amount except certified forest land taxable at a limited rate and dwelling houses of qualified elderly people of low income or of qualified disabled persons taxable at limited amounts.

It is to be understood that 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 heretofore or hereafter enacted and to the exercise of judicial discretion.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met in order that interest on the Notes is excluded from gross income for Federal income tax purposes. The Town officials authorized to issue the Notes have executed written representations and agreements on behalf of the Town relating to compliance with such provisions of the Code to ensure that the interest on the Notes will be excluded from gross income for Federal income tax purposes.

Based on such representations and agreements and on the record of proceedings authorizing the Notes, and assuming the accuracy of such representations and compliance with such agreements, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and (2) the Notes are not “private activity bonds” and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax.

Based on the record of proceedings authorizing the Notes, it is our opinion that, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and (2) interest on the Notes 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.

Very truly yours,

Day Pitney LLP

FEDERAL INCOME TAX.

Interest Excluded From Gross Income. The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met in order that interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes. Some of these requirements must be continuously met subsequent to delivery of the Notes. Failure to comply with any of these requirements may cause the interest on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of their issuance irrespective of the date on which such noncompliance occurs.

The Town officials authorized to issue the Notes will enter into a Tax Compliance Agreement in connection with the delivery of the Notes, which will contain certain representations and covenants on behalf of the Town relating to compliance with such requirements of the Code to ensure that the interest on the Notes will be excluded from the gross income of the owners thereof for federal income tax purposes.

Alternative Minimum Tax. The Code imposes an alternative minimum tax on individuals. The alternative minimum tax is imposed on alternative minimum taxable income, which includes preference items. The interest on certain tax-exempt "private activity bonds" is treated as a preference item. The Town's Tax Compliance Agreement will contain certain representations and covenants to ensure that the Notes are not "private activity bonds" so that interest on the Notes will not be treated as a preference item for individuals.

Financial Institutions. The Code provides that commercial banks, thrift institutions and certain other financial institutions may not deduct the portion of their interest expense allocable to tax-exempt obligations acquired after August 7, 1986, other than "qualified tax-exempt obligations". The Notes will not be "qualified tax-exempt obligations" for purposes of the deduction for federal income tax purposes by financial institutions of a portion of interest expense allocable to tax-exempt obligations.

Additional Federal Income Tax Matters. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity ("qualified stated interest"), or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity ("original issue discount"). For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to short-term debt obligations, taxpayers holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of the Notes and the treatment elected.

In addition to the matters addressed above, prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, taxpayers otherwise eligible for the earned income credit, recipients of Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, certain insurance companies, certain S corporations and foreign corporations subject to the branch profits tax. 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 OF CONNECTICUT TAX ON INTEREST.

The opinion of Bond Counsel will state in substance that, based on the record of proceedings authorizing the Notes, under existing statutes: (1) interest on the Notes is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts, and estates; and (2) interest on the Notes 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.

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

Owners of the Notes should consult their tax advisors with respect to other applicable state and local tax consequences of ownership of the Notes and the disposition thereof, including the extent to which gains and losses from the sale or exchange of the Notes held as capital assets reduce and increase, respectively, amounts taken into account in computing the Connecticut income tax on individuals, trusts and estates and may affect the net Connecticut minimum tax on such taxpayers who are also required to pay the federal alternative minimum tax.

ORIGINAL ISSUE PREMIUM.

The initial public offering price of certain of the Notes may be greater than the amount payable on the Notes at maturity. The excess of the initial public offering price at which a substantial amount of such Notes are sold over the amount payable thereon at maturity constitutes original issue premium. No representation is made by the Town regarding the prices at which a substantial amount of the Notes ultimately will be sold to the public. An owner who purchases a note with original issue premium must amortize such original issue premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the note for federal income tax purposes. Owners of Notes having original issue premium, and especially any owner who is not an original owner of a note who bought the note at its initial public offering price, should consult their tax advisors with respect to the federal and state income tax consequences of the disposition of such 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 or the interpretation thereof that may occur after the date of its opinion. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. No assurance can be given that pending federal legislation, if any, or federal legislation enacted or proposed after the date of issuance of the Notes will not have an effect on the federal tax status or the market price of the Notes or will not change the effect of other federal tax law consequences, including those discussed above, of owning and disposing of the Notes, and Bond Counsel expresses no opinion thereon. No assurance can be given that future legislation or amendments to the income tax law of the State of Connecticut, if enacted into law, will not contain provisions that could, directly or indirectly, reduce the benefit of the exclusion of the interest on the Notes or any gain made on the sale or exchange thereof from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and Bond Counsel expresses no opinion thereon. Prospective owners of the Notes are advised to consult their tax advisors regarding the potential tax consequences of proposed federal or State of Connecticut tax legislation, if any, affecting municipal bonds.

The discussion above does not purport to address all aspects of federal, 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 tax advisors regarding the federal, state, and local tax consequences of owning and disposing of the Notes, including any tax consequences arising under the laws of any other state or other taxing jurisdiction.

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APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE BONDS

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 for Bonds to be executed by the Town substantially in the following form, to provide, or cause to be provided, (i) annual financial information and operating data, (ii) in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of certain events with respect to the Bonds and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds.

Continuing Disclosure Agreement for Bonds

This Continuing Disclosure Agreement for Bonds ("Agreement") is made as of May 8, 2019 by the Town of Groton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$20,000,000 General Obligation Bonds, Issue of 2019, dated as of May 8, 2019 (the "Bonds"), for the benefit of the beneficial owners from time to time of the Bonds.

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 24, 2019 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. Annual Financial Information.

(a) The Issuer agrees to provide or cause to be provided to each Repository, in accordance with the provisions of the Rule and of this Agreement, annual financial information and operating data (commencing with information and data for the fiscal year ending June 30, 2019) as follows:

(i) Financial statements of the Issuer's general fund and, any special revenue, capital projects, permanent enterprise, internal service and trust or agency funds, for the prior fiscal year which statements shall be prepared in accordance with generally accepted accounting principles or mandated state statutory principles as in effect from time to time. As of the date of this Agreement, the Issuer prepares its financial statements in accordance with generally accepted accounting principles. The financial statements will be audited.

(ii) The following financial information and operating data to the extent not included in the financial statements described in (i) above:

- (A) amounts of the net taxable grand list applicable to the fiscal year,
- (B) listing of the ten largest taxpayers on the applicable grand list, together with each such taxpayer's taxable valuation thereon,
- (C) percentage of the annual property tax levy uncollected as of the close of the fiscal year,
- (D) schedule of annual debt service on outstanding long-term bonded indebtedness as of the close of the fiscal year,

- (E) calculation of total net direct debt, total direct debt and total overall net debt (reflecting overlapping and underlying debt), as of the close of the fiscal year,
- (F) total direct debt, total net direct debt and total overall net debt of the Issuer per capita,
- (G) ratios of the total direct debt, total net direct debt and total overall net debt of the Issuer to the Issuer's applicable full value or net taxable grand list,
- (H) statement of statutory debt limitation as of the close of the fiscal year, and
- (I) funding status of the pension benefit obligation.

(b) The financial information and operating data described above will be provided on or before the date eight months after the close of the fiscal year for which such information is being provided (the "Filing Due Date"). The Issuer's fiscal year currently ends on June 30. The Issuer reserves the right to provide unaudited financial statements if audited financial statements are not available as of the Filing Due Date, provided that the Issuer shall promptly provide audited financial statements when available.

(c) Annual financial information and operating data may be provided in whole or in part by cross-reference to other documents available to the public on the MSRB's Internet Web site referenced in the Rule as amended from time to time or filed with the SEC. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report.

(d) The Issuer reserves the right (i) to provide financial statements which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in accounting principles adopted by the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

Section 3. 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 Bonds:

- (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 bonds, or other material events affecting the tax status of the Bonds;
- (g) modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) release, substitution, or sale of property securing repayment of the Bonds, 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 of the Issuer, 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 a 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 Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

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 Bonds, unless the Issuer applies for or participates in obtaining the enhancement.

Event (f). Event (f) is relevant only to the extent interest on the Bonds 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 Bonds will be redeemed in the case of a partial redemption, (C) notice of redemption is given to the holders of the Bonds to be redeemed as required under the terms of the Bonds, 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 Bond 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 4. Notice of Failure to Provide Annual Financial Information.

The Issuer agrees to provide or cause to be provided, in a timely manner, to each Repository notice of any failure by the Issuer to provide annual financial information as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 5. Use of Agents.

Annual financial information and operating data and 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 6. 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 Bonds, or (ii) such time as the Issuer ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 7. Enforcement.

The Issuer acknowledges that the undertakings set forth in this Agreement are intended to be for the benefit of, and enforceable by, the beneficial owners from time to time of the Bonds. 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 30 days with respect to the undertakings set forth in Section 2 of this Agreement or five business days with respect to the undertakings set forth in Sections 3 and 4 of this Agreement) from the time the Issuer's Director of Finance, or a successor, receives written notice from any beneficial owner of the Bonds 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 Bonds 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 Bonds.

Section 8. Miscellaneous.

(a) All documents provided by the Issuer to a Repository pursuant to the Issuer's undertakings set forth in Sections 2, 3 and 4 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 additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Agreement to update or continue to provide further additional information, data or 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 Bonds, 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. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

(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

By _____
John Burt
Town Manager

By _____
Cindy R. Landry
Director of Finance

APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT – THE SERIES A & B NOTES

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 for Notes 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 For Notes

This Continuing Disclosure Agreement for Notes ("Agreement") is made as of May 8, 2019 by the Town of Groton, Connecticut (the "Issuer") acting by its undersigned officers, duly authorized, in connection with the issuance of \$15,000,000 Bond Anticipation Notes, Series A and \$6,700,000 Bond Anticipation Notes, Series B, each dated as of May 8, 2019 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:

"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;
- (d) substitution of credit or liquidity providers, or their failure to perform;
- (e) 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;
- (f) modifications to rights of holders of the Notes, if material;
- (g) Note calls, if material, and tender offers;
- (h) Note defeasances;
- (i) release, substitution, or sale of property securing repayment of the Notes, if material;
- (j) rating changes;
- (k) bankruptcy, insolvency, receivership or similar event of the Issuer;

(l) 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;

(m) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(n) 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

(o) 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

By: _____
John Burt
Town Manager.

By: _____
Cindy R. Landry
Director of Finance.

APPENDIX F – NOTICE OF SALE – THE BONDS

**NOTICE OF SALE
\$20,000,000
Town of Groton, Connecticut
General Obligation Bonds, Issue of 2019
(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of Groton, Connecticut at Town Hall, Finance Conference Room, 45 Fort Hill Road, Groton, Connecticut, until **11:00 A.M. Eastern Time on WEDNESDAY,**

APRIL 24, 2019

for the purchase, when issued, at not less than par and accrued interest from the date of the Bonds to the date of delivery, of the whole of

**\$20,000,000 General Obligation Bonds, Issue of 2019
Payable annually on May 1 as follows:
\$1,000,000 in 2020 through 2039**

The Bonds will be dated May 8, 2019, with interest payable on November 1, 2019 and thereafter semiannually on each May 1st and November 1st.

The Bonds will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town, without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book Entry. The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity 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 Bonds 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, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of, redemption premium, if any, and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Principal, redemption premium, if any, and interest payments by DTC to Participants of DTC will be the responsibility of DTC; principal, redemption premium, if any, and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town 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.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds, the Town will authenticate and deliver replacement Bonds in the form of fully registered certificates. Any such replacement Bonds will provide that interest will be payable by check mailed by the Paying Agent to the registered owner whose name appears on the registration books of the Town as of the close of business on the record date preceding each interest payment date. The record dates will be the fifteenth day of October and April (or the preceding business day if such fifteenth day is not a business day).

Redemption. Bonds maturing on May 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after May 1, 2024, at any time, either in whole or in part, and in such amounts and in such order of maturity (but by lot within a maturity) as the Town may determine, following notice mailed by first class mail at least 30 days prior to the redemption date to the registered owners of the Bonds to be redeemed, at the following redemption price, expressed as a percentage of the principal amount, plus accrued interest to the date set for redemption:

<u>Period During Which Redeemed</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Prices</u>
May 1, 2024 and thereafter	100%

Proposals. Each proposal must specify the amount bid for the Bonds (which shall be the aggregate par value of the Bonds, and, at the option of the bidder, a premium), and must specify in a multiple of one-twentieth or one eighth of one percent the rate or rates of interest per annum which the Bonds are to bear, but shall not specify (a) more than one interest rate for any Bonds having a like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate specified in such proposal for any other Bonds by more than three (3%) percentage points. In addition to the amount bid for the Bonds, the purchaser must pay an amount equal to the interest on the Bonds accrued to the date of delivery. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Bonds via PARITY®, the bidder represents and warrants to the Town that such bidder's bid for the purchase of the Bonds 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 Town will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice of Sale. **The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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 Town 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 Town 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 Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Bonds. The Town 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 Town 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 Bonds, the prospective bidder should telephone PARITY® at (212) 849-5021. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Basis of Award. As between proposals which comply with this Notice of Sale, the Bonds will be sold to the responsible bidder offering to purchase the Bonds at the lowest true interest cost to the Town. For the purpose of determining the successful bidder, the true interest cost to the Town will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to May 8, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, excluding interest accrued to the date of delivery. If there is more than one responsible bidder making said offer at the same lowest true interest cost, the Bonds will be sold to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost completed to four decimal places. Such statement shall not be considered as part of the proposal.

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 Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Bonds in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Bonds will be authenticated by U.S. Bank National Association, Hartford, Connecticut. U.S. Bank National Association will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Bonds the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Bonds, and stating that there is no litigation pending, or to the knowledge of the signer or signers thereof threatened, affecting the validity of the Bonds or the power of the Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this bond issue; (d) a certificate of Town Officials relating to the accuracy and completeness of the Official Statement; (e) a Continuing Disclosure Agreement; and (f) a receipt of payment for the Bonds. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Bonds, a bidder, other than a bidder purchasing the Bonds for its own account and not with a view to distribution or resale to the Public, represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Bonds for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use the initial offering price to the Public as of the Sale Date of any maturity of the Bonds as the issue price of that maturity. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Bonds of that maturity or the sale of all Bonds of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds 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 retail distribution agreement, as applicable, to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, 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 Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public, 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 Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “Public” means any person other than an Underwriter or a Related Party,
2. “Underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
3. a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. “Sale Date” means the date that the Bonds are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Bonds will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; and the Bonds are not "private activity bonds" and interest on the Bonds is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates; and interest on the Bonds 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.

The Bonds will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expense that is allocable to tax-exempt obligations.

Municipal Advisor. The Town of Groton has retained Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (the "Municipal Advisor") to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Groton has prepared a preliminary Official Statement for the Bond issue which is dated April 17, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1), but it is subject to revision or amendment. The Town will make available to the winning purchaser a reasonable number of copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser at the office of the Town's Municipal Advisor by the delivery of the Bonds or by the seventh business day after the day bids on the Bonds are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Bonds are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Bonds and any corrections. The purchaser shall arrange with the Municipal Advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the form attached as Appendix D to the Official Statement (the "Continuing Disclosure Agreement for Bonds"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2 12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement for Bonds. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for Bonds.

CUSIP Numbers. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the Municipal Advisor to apply for CUSIP numbers for the Bonds. Neither the failure to print such CUSIP number on any bond, 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 Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid for by the Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services 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.

Delivery Date and Payment. It is expected that the closing on the Bonds will occur on or about May 8, 2019 through the facilities of the Depository Trust Company, New York, New York, against payment in immediately available Federal funds.

More Information. For more information regarding this issue and the Town reference is made to the Official Statement. Copies of the Official Statement may be obtained from Mr. William N. Lindsay, Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (860) 290-3002) or from Ms. Cindy R. Landry, Director of Finance, Town of Groton, Town Hall, 45 Fort Hill Road, Groton, Connecticut 06340 (telephone: (860) 441-6685).

JOHN BURT,
Town Manager

CINDY R. LANDRY,
Director of Finance

April 17, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF GROTON, CONNECTICUT
\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by Underwriter Short Name in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Bonds.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Bonds.

2. ***Defined Terms.***

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 24, 2019.

(d) *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 Bonds 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 paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(e) *Issuer* means the Town of Groton, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____
Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

TOWN OF GROTON, CONNECTICUT
\$20,000,000 GENERAL OBLIGATION BONDS, ISSUE OF 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds").

1. **Sale of the Bonds.** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "Issuer" means the Town of Groton, Connecticut.

(b) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "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 Bonds 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 paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

APPENDIX G – NOTICE OF SALE – THE SERIES A NOTES

**NOTICE OF SALE
\$15,000,000
Town of Groton, Connecticut
Bond Anticipation Notes, 2019 Series A
(BOOK-ENTRY)**

ELECTRONIC BIDS via PARITY® will be received by the Town of Groton, Connecticut at Town Hall, Finance Conference Room, Groton, Connecticut until **11:30 A.M. Eastern Time on WEDNESDAY,**

APRIL 24, 2019

for the purchase of \$15,000,000 Bond Anticipation Notes, 2019 Series A of the Town of Groton, dated May 8, 2019, maturing on April 30, 2020 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. 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, 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 Town 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 Town 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.

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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town 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 Town 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 Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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 Town 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 Town 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 Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town 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 Town 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](#). If any provision of this Notice [of Sale](#) shall conflict with information provided by PARITY®, this Notice [of Sale](#) shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice [of Sale](#).

Basis of Award. As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. 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 Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix B to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, 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 Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town 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. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation 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 Requirements”) because:

1. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
2. all bidders shall have an equal opportunity to bid;
3. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use 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. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to 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 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, 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 retail 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 retail distribution agreement to 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 10% Test has been satisfied as to the Notes of that

maturity or all Notes of that maturity have been sold to the Public, 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 to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "Public" means any person other than an Underwriter or a Related Party,
2. "Underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
3. a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
4. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) 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 interest on the Notes 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. The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

Municipal Advisor. The Town of Groton has retained Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Groton has prepared a preliminary Official Statement for the Note issue which is dated April 17, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser a reasonable number of copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix E to the Official Statement (the "Continuing Disclosure Agreement for Notes"), 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 with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

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 Municipal Advisor to apply for CUSIP numbers for the Notes. 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 Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services 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.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on May 8, 2019.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. William N. Lindsay, Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (860) 290-3002) or from Ms. Cindy R. Landry, Director of Finance, Town of Groton, Town Hall, 45 Fort Hill Road, Groton, Connecticut 06340 (telephone: (860) 441-6685).

JOHN BURT,
Town Manager

CINDY R. LANDRY,
Director of Finance

April 17, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF GROTON, CONNECTICUT
\$15,000,000 BOND ANTICIPATION NOTES, SERIES A DATED MAY 8, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of *Name of the Underwriter* ("*Underwriter Short Name*"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by *Underwriter Short Name* are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by *Underwriter Short Name* in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by *Underwriter Short Name* to purchase the Notes.

(b) *Underwriter Short Name* was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by *Underwriter Short Name* constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is April 24, 2019.

(d) *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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of Groton, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents *Underwriter Short Name's* interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

TOWN OF GROTON, CONNECTICUT
\$15,000,000 BOND ANTICIPATION NOTES, SERIES A DATED MAY 8, 2019

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. **Sale of the Notes.** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "Issuer" means the Town of Groton, Connecticut.

(b) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

APPENDIX H – NOTICE OF SALE – THE SERIES B NOTES

NOTICE OF SALE
\$6,700,000
Town of Groton, Connecticut
Bond Anticipation Notes, 2019 Series B
(BOOK-ENTRY)

ELECTRONIC BIDS via PARITY® will be received by the Town of Groton, Connecticut at Town Hall, Finance Conference Room, Groton, Connecticut until **12 Noon Eastern Time on WEDNESDAY,**

APRIL 24, 2019

for the purchase of \$6,700,000 Bond Anticipation Notes, Series B of the Town of Groton, dated May 8, 2019, maturing on April 30, 2020 (the "Notes").

The Notes will be payable with interest at maturity. Interest shall be computed on the basis of a 30-day month and a 360-day year. The Notes are not subject to redemption prior to maturity.

The Notes will be general obligations of the Town payable from ad valorem taxes levied on all taxable property in the Town, *other than property in the City of Groton*, without limitation as to rate or amount except classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts.

DTC Book-Entry. 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, 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 Town 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 Town 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.

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 to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered certificates. Any such replacement Notes, will provide that principal of and interest on the Notes will be payable to the registered owner upon presentation and surrender of the Notes at the principal office of the Paying Agent, or of its successors as paying agent for the Notes.

Proposals. Proposals may be made for all or any part of the Notes. No proposal for less than the minimum denomination or for less than par and accrued interest will be entertained. Each proposal must state one rate of interest in a multiple of one-hundredth (1/100) of one-percent (1%) per annum for each part of the Notes bid for in the proposal, and may, at the option of the bidder, include a premium. For the purpose of the bidding process, the time as maintained on PARITY® shall constitute the official time. For information purposes only, bidders are requested to state in their bids the net interest rate to the Town, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Notes must be submitted through the facilities of PARITY®. Any prospective bidder must be a subscriber of I-Deal's Bidcomp competitive bidding system. Further information about PARITY®, including any fee charged, may be obtained from PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018, Attention: Customer Service Department (telephone: (212) 849-5021, email notice: parity@i-deal.com). The Town neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of PARITY® is communicated to the Town, it shall constitute an irrevocable offer, in response to this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. By submitting a bid for the Notes via PARITY®, the bidder represents and warrants to the Town 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 Town 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 Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, the use of such facilities being the sole risk of the prospective bidder.**

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 Town 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 Town 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 Town is using PARITY® as a communication mechanism, and not as the Town's agent, to conduct the electronic bidding for the Notes. The Town 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 Town 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. If any provision of this Notice of Sale shall conflict with information provided by PARITY®, this Notice of Sale shall control.

All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale.

Basis of Award. As between proposals which comply with this Notice of Sale, the Notes will be sold to the responsible bidder or bidders offering to purchase the Notes at the lowest net interest rate, which will be determined for each interest rate stated in the proposal based on the total interest to be payable at such rate and deducting therefrom any premium. If there is more than one responsible bidder making said offer at the same lowest net interest rate, the Notes will be sold to the responsible bidder with a proposal for the highest principal amount of Notes specified or, if the same principal amount of Notes is specified in such proposals, to the responsible bidder whose proposal is selected by the Town by lot from among all such proposals. If a bidder is awarded only a part of the Notes, any premium offered in such proposal will be proportionately reduced so that the resulting net interest rate with respect to the Notes awarded is the same as that contained in the bidder's proposal with respect to the entire amount bid at such rate, carried to four places.

The Town reserves the right to award to any bidder all or any part of the Notes bid for in its proposal. 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 Town further reserves the right to postpone the sale to another time and date in its sole discretion for any reason, including internet difficulties. The Town will use its best efforts to notify prospective bidders in a timely manner of any need for a postponement. If the sale is postponed, an alternative bid date will be published on Bloomberg at least 48 hours prior to such alternative bid date. Upon the establishment of an alternative bid date, any bidder may submit proposals for the purchase of the Notes in accordance with the provisions of this Notice of Sale.

Certifying and Paying Agent. The Notes will be authenticated by U.S. Bank National Association, Hartford, Connecticut, which will act as Registrar and Paying Agent.

Delivery. At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with (a) the approving opinion of Day Pitney LLP of Hartford, Connecticut, Bond Counsel, substantially in the form set out in Appendix C to the Official Statement; (b) a signature and no litigation certificate, in form satisfactory to said firm, dated as of the date of delivery of the Notes and receipt of payment therefor, 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 Town to levy and collect taxes to pay them; (c) a signed copy of the Official Statement prepared for this Note issue; (d) a certificate of Town 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. U.S. Bank National Association will keep the original opinion and certificates and copies of the supporting documents, which may be examined at its principal office in Hartford, Connecticut, upon reasonable notice.

Establishment of Issue Price. The winning bidder shall assist the Town in establishing the issue price of the Notes and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Notes, together with the supporting pricing wires or equivalent communications, substantially in the applicable form set out in the Appendix hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Town by the Town’s Municipal Advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s Municipal Advisor.

By submitting a bid for the Notes, a bidder represents that it has an established industry reputation for underwriting new issuances of municipal obligations.

If the winning bidder has purchased the Notes for its own account and not with a view to distribution or resale to the Public, then, whether or not the Competitive Sale Requirements, as herein defined, were met, the certificate will recite such facts and identify the price or prices at which the purchase of the Notes was made.

The Town intends that the provisions of Treasury Regulation 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 Requirements”) because:

5. the Town shall disseminate this Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
6. all bidders shall have an equal opportunity to bid;
7. the Town may receive bids from at least three Underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
8. the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Notes (the “10% Test”) is sold to the Public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Notes satisfies the 10% Test as of the date and time of the award of the Notes. The Town will not require bidders to comply with the “Hold-The-Offering-Price Rule”, as described in Treasury Regulations Section 1.148-1(f)(2)(ii), and therefore does not intend to use 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. **Bids will not be subject to cancellation in the event that the Competitive Sale Requirements are not satisfied.**

If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the Town the prices at which the unsold Notes of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the earlier to occur of the satisfaction of the 10% Test as to the Notes of that maturity or the sale of all Notes of that maturity.

By submitting a bid, each bidder confirms that: (i) any agreement among Underwriters, any selling group agreement and each retail 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 retail distribution agreement, as applicable, to 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 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, 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 retail 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 retail distribution agreement to 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 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public, 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 to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

9. "Public" means any person other than an Underwriter or a Related Party,
10. "Underwriter" means (A) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public),
11. a purchaser of any of the Notes is a "Related Party" to an Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
12. "Sale Date" means the date that the Notes are awarded by the Town to the winning bidder.

Bond Counsel Opinion. The opinion of Bond Counsel will cover the following matters: (1) that the Notes will be valid general obligations of the Town when duly certified; (2) that, assuming the accuracy of and compliance by the Town with its representations and covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code; the Notes are not "private activity bonds" and interest on the Notes is not treated as a preference item for purposes of calculating the Federal alternative minimum tax; and (3) 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 interest on the Notes 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. The Notes will *not* be "qualified tax-exempt obligations" for purposes of the deduction by financial institutions of interest expenses that is allocable to tax-exempt obligations.

Municipal Advisor. The Town of Groton has retained Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, to serve as its municipal advisor (the "Municipal Advisor") in connection with the issuance of the Notes. The Municipal Advisor has not independently verified any of the information contained in the Notice of Sale and its appendices and makes no guarantee as to their completeness or accuracy.

Official Statement. The Town of Groton has prepared a preliminary Official Statement for the Note issue which is dated April 17, 2019. The Town deems such preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1) but it is subject to revision or amendment. The Town will make available to each winning purchaser a reasonable number of copies of the Official Statement as prepared by the Town at the Town's expense. The copies of the Official Statement will be made available to the winning purchaser(s) at the office of the Town's Municipal Advisor by the delivery of the Notes or by the seventh business day after the day bids on the Notes are received if earlier. If the Town's Municipal Advisor is provided with the necessary information from the winning purchaser by noon of the day following the day bids on the Notes are received, the copies of the Official Statement will include an additional or revised cover page and other pages indicating the interest rates, ratings, yields or reoffering prices, the name of the managing underwriter, the name of the insurer, if any, on the Notes and any corrections. The purchaser shall arrange with the financial advisor the method of delivery of the copies of the Official Statement to the purchaser. Additional copies of the Official Statement may be obtained by the purchaser at its own expense by arrangement with the printer.

Continuing Disclosure Agreement. The Town will enter into a Continuing Disclosure Agreement with respect to the Notes, substantially in the form attached as Appendix E to the Official Statement (the "Continuing Disclosure Agreement for Notes"), 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 with respect to the Notes. The winning bidder's obligation to purchase the Notes shall be conditioned upon its receiving, at or prior to the delivery of the Notes, an executed copy of the Continuing Disclosure Agreement for Notes.

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 Municipal Advisor to apply for CUSIP numbers for the Notes. 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 Town; provided, however, that the Town assumes no responsibility for any CUSIP Global Services 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.

Delivery Date and Payment. The Notes will be delivered against payment in immediately available Federal funds through the facilities of The Depository Trust Company, New York, New York on May 8, 2019.

More Information. For more information regarding this issue and the Town reference is made to Official Statement. Proposal forms and copies of the Official Statement may be obtained from Mr. William N. Lindsay, Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 (telephone: (860) 290-3002) or from Ms. Cindy R. Landry, Director of Finance, Town of Groton, Town Hall, 45 Fort Hill Road, Groton, Connecticut 06340 (telephone: (860) 441-6685).

JOHN BURT,
Town Manager

CINDY R. LANDRY,
Director of Finance

April 17, 2019

**APPENDIX TO NOTICE OF SALE
FORM OF ISSUE PRICE CERTIFICATE**

Competitive Sale Requirements Satisfied

**TOWN OF GROTON, CONNECTICUT
\$6,700,000 BOND ANTICIPATION NOTES, DATED MAY 8, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Notes").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by Underwriter Short Name are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by Underwriter Short Name in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by Underwriter Short Name to purchase the Notes.

(b) Underwriter Short Name was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by Underwriter Short Name constituted a firm offer to purchase the Notes.

2. ***Defined Terms.***

(a) *Maturity* means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is April 24, 2019.

(d) *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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

(e) *Issuer* means the Town of Groton, Connecticut.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachments:

**SCHEDULE A
EXPECTED OFFERING PRICES**

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

[Remainder of page intentionally left blank]

Competitive Sale Requirements Not Satisfied - 10% Test Applied

**TOWN OF GROTON, CONNECTICUT
\$6,700,000 BOND ANTICIPATION NOTES, DATED MAY 8, 2019**

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Name of the Underwriter ("Underwriter Short Name"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Notes").

1. **Sale of the Notes.** As of the date of this certificate, for each Maturity of the Notes, the first price at which at least 10% of such Maturity of the Notes was sold to the Public is the respective price listed in Schedule A.

2. **Defined Terms.**

(a) "*Issuer*" means the Town of Groton, Connecticut.

(b) "*Maturity*" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "*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. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) "*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 paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Underwriter Short Name's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules affecting the Notes, and by Day Pitney LLP, as bond counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Notes.

Name of the Underwriter

By: _____

Name: _____

Dated: __/__/2019

Attachment:

**SCHEDULE A
SALE PRICES**

[Remainder of page intentionally left blank]

Municipal Advisory Services
Provided By

