

# TOWN OF GROTON, CONNECTICUT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2010

# **TOWN OF GROTON, CONNECTICUT**

## **Comprehensive Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2010**

**Prepared By:**

**The Finance Department**

**TOWN OF GROTON, CONNECTICUT**  
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## **Introductory Section**



**TOWN OF GROTON  
DEPARTMENT OF FINANCE**

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Finance Director  
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November 18, 2010

To: Town Manager, Members of the Town Council, Representative Town Meeting and Citizens of the Town of Groton.

Connecticut State Statute requires that all municipal entities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Groton for the fiscal year ended June 30, 2010.

This Report consists of management's representations concerning the finances of the Town of Groton. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Groton has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Groton's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Groton's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Groton's financial statements have been audited by Blum Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Groton for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

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management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Groton was part of broader federally and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town of Groton's separately issued Single Audit Reports. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Groton's MD&A can be found immediately following the report of the independent auditors.

**Profile of the Government:**

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the 2000 U. S. Census, the Town's population is approximately 40,000 residents. Originally part of the City of New London, the Town was incorporated May 10, 1705 and lies equidistant between New York City and Boston.

Within the Town of Groton there are two political subdivisions, the City of Groton (City) and Groton Long Point Association (GLPA). In addition, there are seven (7) special taxing districts within the Town. For the political subdivisions, the Town funds their public works budgets (City: 95% and GLPA: 100%) and their public safety budgets (City: 49% and GLPA: 32%). The special districts are organized units of government within the Town, having separate governing bodies. They were established by special acts of the State legislature for specific purposes such as fire protection. All these governmental units have individual taxing authority.

**Governing Body:**

The structure of the Town's government combines a modern professional approach with the traditional town meeting form. Since 1957, the Town has been governed by a Town Council-Town Manager-Representative Town Meeting (RTM) structure. Revisions to the Town Charter were approved by a voter referendum on November 4, 2008 with those revisions taking effect on January 3, 2009.

The Town Council 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 tax rate. It appoints one of its nine (9) members as Mayor to serve as chairperson of its meetings and as the Town's representative at ceremonial functions. The councilors each are elected for two-year terms.

The Town Manager is appointed by and directly responsible to the Council and serves for no definite term, but at the pleasure of the Council. The Manager is responsible to the Council for the supervision and administration of Town departments. The Council also appoints the Town's independent auditor and the Town Attorney.

Services:

The Town of Groton provides a full range of services, including education, police, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. Approximately 289 full-time municipal employees provide services to a community of 38 square miles and 40,000 residents.

Budgetary process:

The annual budget serves as the foundation for the Town of Groton's financial planning and control. The Town departments are required to submit requests for appropriation to the Town Manager on or before January 14<sup>th</sup>. The Board of Education and the political subdivisions within the Town of Groton are required to submit requests for appropriation on or before February 28<sup>th</sup>. The Town Manager uses these requests as the starting point for developing a proposed budget. The Town Manager presents this proposed budget to the council for review not later than March 15<sup>th</sup>. The council is required to hold at least one public hearing on the proposed budget not later than April 6<sup>th</sup>. On or before April 28<sup>th</sup>, the Council approves a budget that it sends to the RTM for consideration and its final approval. The RTM takes final action on the budget not later than May 25<sup>th</sup>. Following RTM approval of a final budget, the Council shall determine the final tax rate on or before June 9<sup>th</sup>. The appropriated budget is prepared by fund and function (e.g., public works, public safety).

In other matters, the RTM has the power of initiative to institute legislation or force reconsideration of an ordinance already adopted by the Town Council. The forty-one RTM members are elected by eight (8)-voting districts for two-year terms.

Expenditure Control:

The Town maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council and RTM. Activities of the general fund, certain special revenue funds and the debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for several special revenue funds and for the capital project fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the function level within each fund.

At the direction of the Town Manager, all Department Directors are expected to follow strict guidelines for expenditure control within the approved function appropriation. The Town Manager reserves the right to set “administrative spending authority” limits when justified to maintain the fiscal integrity of the budget. Department Directors are evaluated on budget management abilities. The Finance Department also monitors expenditures to budget through the general ledger/accounting system.

The Town maintains an encumbrance accounting system as another method of maintaining budgetary control. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500 require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. State Statute requires formal competitive bids for expenditures over \$7,500. Funds are recorded as encumbered when the purchase order is issued and expenditures are recorded when the Town incurs a liability.

All unencumbered operating appropriations lapse at year-end. In the Capital Projects Funds, appropriations are continued until completion of the projects or five years from date of appropriation, whichever is less. Budgetary control in the Capital Projects Funds is achieved by the constraints imposed by the project's authorization or grant awards related to these funds.

**Local Economy:**

Groton was settled primarily by farmers, but they turned early to shipbuilding and the maritime trade to supplement their livelihood. Groton became known as the Submarine Capital of the World when the Electric Boat Division of General Dynamics delivered 74 diesel submarines to the Navy in World War II. This was followed in 1954 with the launch of the USS Nautilus, the world's first nuclear-powered submarine, now permanently berthed at Goss Cove near the Submarine Base. Today Groton is a regional center for commerce and industry while its shoreline location and its many historical sites have made the region a prime tourist attraction. The three top employers are U. S. Navy Submarine Base, Electric Boat Corporation and Pfizer Inc... As of June 2010 the Town had an unemployment rate of 9.0% as compared to the New London County rate of 8.4%, the state's average rate of 8.9% and the national average of 9.5%. New London County has an employed labor force of approximately 151,539 residents.

**Grand List decreases by 0.1%:** The October 1, 2009 net adjusted taxable Grand List totals \$4,103,932,891, down 0.1% over 2008. Real estate rose about 0.1%, from about \$3.58 billion to \$3.60 billion. The net personal property grand list fell 7%, from about \$357 million to about \$331 million. The motor vehicles portion of the grand list, adjusted for military exemptions, fell from \$171,217,236 in 2008 to \$171,487,201 decreasing about 0.2%. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

**Long-term Financial Planning/Relevant Financial Policies:**

The unreserved, undesignated fund balance in the general fund (7.5% of the total general fund expenditures) is in compliance with the Town Council's Debt Policy and Management/Fiscal Practices that were initially adopted in September 1993 and revised in May 2009. That policy states that the unreserved undesignated fund balance shall be maintained in an amount equal to at least seven and one-half (7.5%) percent.

The Town Charter provides for the Town Manager to propose in the annual budget to the town council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$1,500,000 was approved by the Town Council but further reduced by the RTM to \$1,163,000.

**Major Initiatives: For the Fiscal Year Ended June 30, 2010:**

**School Construction: Phase 1:**

Three school projects were approved by the Town of Groton voters in an April 27, 2004 referendum. These projects totaling \$91.9 million are the first phase of a three-part plan to overhaul the Town's aging schools. The referendum approved three town ordinances that appropriated \$91.9 million and authorized the issuance and sale of bonds and notes to fund the construction of two elementary schools (Catherine Kolnaski Elementary and Northeast Academy Elementary) and renovations and additions to Fitch High School. Subsequently in the fall of 2007 an additional appropriation of \$500,000 was approved for the Catherine Kolnaski Elementary School. The construction of the elementary schools began in August of 2006 and contract close-outs are now complete for both elementary schools. The two elementary schools were opened and occupied in January 2008, after the December holiday break. The addition to the high school and associated site work began in October 2006 and was ready for occupancy upon the return of the students from their February 2008 break. Renovations on the existing building continued through the summer of 2008, with work substantially complete by the time school reopened in the fall. The Board of Education accepted as complete the two elementary schools in April 2009 and the renovations and expansion of the high school in July 2009. This acceptance of the three projects qualified them for finalization of the State Department of Education grants that will partially offset construction, design and contract management costs. The State Department of Education will audit the three school projects in the coming fiscal year. The facilities and educational needs of the Town are being evaluated to identify additional school enhancement projects.

**Water Pollution Control Facility, Additions and Improvements:** Voters of the Town of Groton approved a referendum on the November 5, 1996 ballot for additions and improvements to the Water Pollution Control Facility and Sewer System Evaluation Study. The referendum approved a Town Ordinance that appropriated \$10,388,000 and authorized the issuance and sale of bonds and notes to fund the additions and improvements. The Town Council and Representative Town Meeting approved an additional \$5.1 million appropriation in the spring of 2000 and a voter referendum in May of 2000 also approved the increased appropriation and borrowing authorization. It is anticipated that this project will support the wastewater treatment capability needs through the year 2015. During the 2004 State Legislative process, the Town sought a \$2.0 million grant to the town to offset inflationary costs that have resulted from the town's negotiations with the State DEP concerning the Environmental Impact Evaluation. In June 2004, the Governor signed a bill that included \$2.0 million grant for this project. In September 2004 the Town received a copy of a letter that was sent from the Secretary of OPM to the Deputy Commission of DEP approving the Town of Groton's WPCF Upgrade EIE. In October and December 2004 the Town Council and Representative Town Meeting respectively passed a resolution approving the additional appropriation and extending the appropriations for additions and improvements to the WPCF in the amount of \$17.5 million.

Bid opening for the project was in May 2006. Only one bid was received and it was over budget. Market forces had outpaced the amount of funds appropriated for the project. The project was now estimated to cost \$20.9 million with the increase costs of \$3.4 million to be funded by the balances in the Sewer Operating Fund (\$1,932,000) and Sewer Capital Reserve Fund (\$418,000) and deferring several capital projects (\$1,050,000). The bonding authorization of \$15.5 million remained unchanged. The Water Pollution Control Authority at its August 7, 2006 meeting passed a resolution requesting that the Town Council/RTM appropriate additional funds to complete the project. On August 22, 2006 the Town Council approved a resolution approving additional appropriations as listed above and extending the appropriation for additions and improvements to the Water Pollutions Control Facility. This item was referred to the Representative Town Meeting and approved unanimously at their September 13, 2006 meeting.

In the fall of 2008 the town received additional state grants and could avail itself of the state's low-interest loan program. The funding will allow the town to pursue "sub-projects" in the amount of \$2.044 million that had been deleted because of budget constraints during the long planning process. This most recent change means the town can return most of the \$3.4 million to its reserve funds and instead use state grants and loans at a 2% interest rate.

The main project, the additions and improvements to the main facility, was awarded in February 2007 and is substantially completed. However, the rain event and subsequent flooding of March 2010 caused a significant system disruption; thus the testing phase of the Integrated Fixed Film/Activated Sludge (IFAS) System will be delayed for another year.

The three other related sub-projects were the installation of a second permanent generator, the rehabilitation of one of the old secondary clarifiers, and the effluent force main valve upgrade. By June 30, 2010 all had either reached or were near substantial completion.

The complete project was approved with a combination of grants and loans from the State's Clean Water Fund, local funding and bonds.

**Fort Hill Homes Sewer Rehabilitation Project:** Voters of the Town of Groton approved a referendum on the November 8, 2005 ballot for the rehabilitation and replacement of sewers, manholes and laterals in the Poquonnock Bridge section of town. The referendum approved a Town Ordinance that appropriated \$6,381,200 and authorized the issuance and sale of bonds and notes to fund the improvements. The Town will fund the debt service for this project with revenue generated by the Town's sewer use fee rate. The construction contract for Phase I of this project was executed on July 12, 2007. Work was completed by the end of September 2008. The contract for Phase II was executed on February 27, 2008, with the project substantially completed at the end of October 2008. Final inspections and punch list items were completed by the fall of 2009.

**Animal Shelter Replacement Project:** Voters of the Town of Groton approved a referendum on November 6, 2007 for \$1.385 million which will replace a facility that consists of the original "dog pound" building constructed in 1957 and two additions, one in 1996 and in 1997. The 4,128 square foot building will have 18 dog kennels, an isolation area, a dog-wash room, a cat room with an outdoor area, food storage and preparation area and a public viewing and acquaintance room. In July 2008, 20 bids were received and construction on the new shelter started in the fall of 2008 and was completed in August 2009.

**Senior Center Addition & Renovations Project:** Voters of the Town of Groton approved a referendum on November 6, 2007 for \$11.77 million would add 22,000 square feet to the existing 14,900 square-foot building that was built in 1979. It includes additional activity classrooms, a computer room, a music room, exercise and fitness room and administrative offices. Renovations and additions are planned for the kitchen facilities, entry vestibule and lobby. Work on the building began in March 2009 and was completed by March 2010.

**Major Initiatives: *For the Future:***

**School Projects, Phase 1:**

It is envisioned that Phase 1 will be completed, bills paid, and financial records audited by the State of CT with any outstanding audit issues resolved by October 2011. Once the State has completed its audit of the records, the town will receive the retainage (about \$3.0 million) being held by the state pending completion of their audit.

**Thames Street Rehabilitation:**

On November 3, 2009 Groton voters were asked to authorize bonding in the amount of \$10.725 million for major upgrades to Thames Street. The road has not been overlaid with bituminous asphalt since 1957 and very little has been done to address the underlying road. The road has undergone various patch jobs and its width ranges from 25 feet to 50 feet and core samples found anywhere from 1 inch to 16 inches of asphalt. About 60 percent of the project costs call for reconstruction of the road and fixing drainage and retaining walls while the rest would address lighting, sidewalks and some landscaping. The referendum failed with 56% of the voters voting

against the referendum. In the summer of 2010, the Town Council established a committee to discuss the future of Thames Street with the goal of creating a plan that could be presented to the voters before a referendum in the spring 2011. In November 2010, the Town Council received the committee's recommendation for a 6.3 million dollar upgrade to Thames Street. The Town Council authorized the bond attorney to draw up the documents needed for a referendum. Should the Town Council and Representative Town Meeting approve the bonding resolution; the matter will be on a May 2, 2011 referendum ballot for voter approval.

**School Projects, Phase II:**

Since 2007, the Phase II School Design Committee has been meeting to discuss the potential elements of the second phase of the School Facilities Master Plan for the Town of Groton Public Schools. The Committee spent the last three-and-a-half years working on a plan for the next phase of the school construction. In November 2010, the Committee recommended to the Town Council that a new middle school for seventh and eighth graders be built at the current site of the Claude Chester Elementary School and that two other schools – West Side Middle and Butler Elementary - be converted into early education centers. Under the proposal, Fitch Middle School, Pleasant Valley Elementary School and Claude Chester would be closed. The proposal is estimated to cost \$130 million, about two-thirds of which would be funded by the state. In December 2010, the Town Council is expected to act on whether to authorize the bond attorney to draw up the documents needed for a referendum. Should that authorization be given and the Town Council and Representative Town Meeting approve the bonding resolution; the matter will be on a May 2, 2011 referendum ballot for voter approval.

**Debt Administration:**

During October 2009 the Town conducted a sale of General Obligation Bonds (\$9,675,000), General Obligation Bond Anticipation Notes (\$3,040,000). The bonds were issued for 20 years, maturing in October 2029 and the notes mature in October 2010.

The \$9,675,000 GO Bonds were issued to fund Phase 1 of the school project (\$645,000), the Additions/Renovation to the Senior Center (\$8,925,000) and the Animal Shelter Replacement project (\$105,000). The bonds were sold to Merrill Lynch & Co. with a true interest cost of 3.509228%.

General Obligation Bond Anticipation Notes of \$3,040,000 were issued to fund the following school projects: new Catherine Kolnaski Elementary School (\$745,000), a new Northeast Academy (\$375,000) and for renovations and additions to Fitch High School (\$1,920,000). The BANs were sold to Piper Jaffray with a net interest rate @ 0.548050%.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$48,985,000 of general obligation bonds, \$6,415,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$55,400,000. Last fiscal year that total amount was \$49,735,000.

In May 2009, the Town Council revised its “Debt Policy and Management/Fiscal Practices” that establishes criteria for the issuance of debt as well as setting some benchmarks on which to evaluate the Town’s level of debt. The Town Council adopted the following limits to guide the issuance of debt and are compared to the FYE 2010 data.

	<u>Adopted Policy</u>	<u>FYE 2010</u>
Comparison to State’s Statutory Debt Limit:	not to exceed 50%	11.3%
Net Direct Indebtedness to assessed value	not to exceed 5%	2.0%
Debt Service as compared to Expenditures	not to exceed 10%	4.3%

**Awards and Acknowledgements:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Groton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for the sixteenth (16) consecutive years (FYE 1994 through FYE 2009). We believe that this report continues to conform to the Certificate of Achievement program requirement and we are submitting it to GFOA to determine its eligibility for another certification.

Also, for the seventeenth (17) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2011 Adopted Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The Award is the highest form of recognition in governmental budgeting.

A special thanks to the Town Manager, Department Directors and Division Supervisors for their assistance and contributions to this Comprehensive Annual Financial Report (CAFR). I especially commend the members of the Finance Department, particularly, for their responsible competence and diligence in the continuation of the progressive financial activities of the Town. The preparation of this CAFR on a timely basis was made possible by the efficient and dedicated service of Cindy R. Landry, Treasurer/Accounting Manager.



Appreciation is also expressed to the Mayor, Town Council, Representative Town Meeting and all town employees for their cooperation and assistance throughout the year in matters pertaining to the financial affairs of the Town.

Respectfully submitted,

A handwritten signature in cursive script, reading "SM Pandolfo".

Salvatore M. Pandolfo  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Groton Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

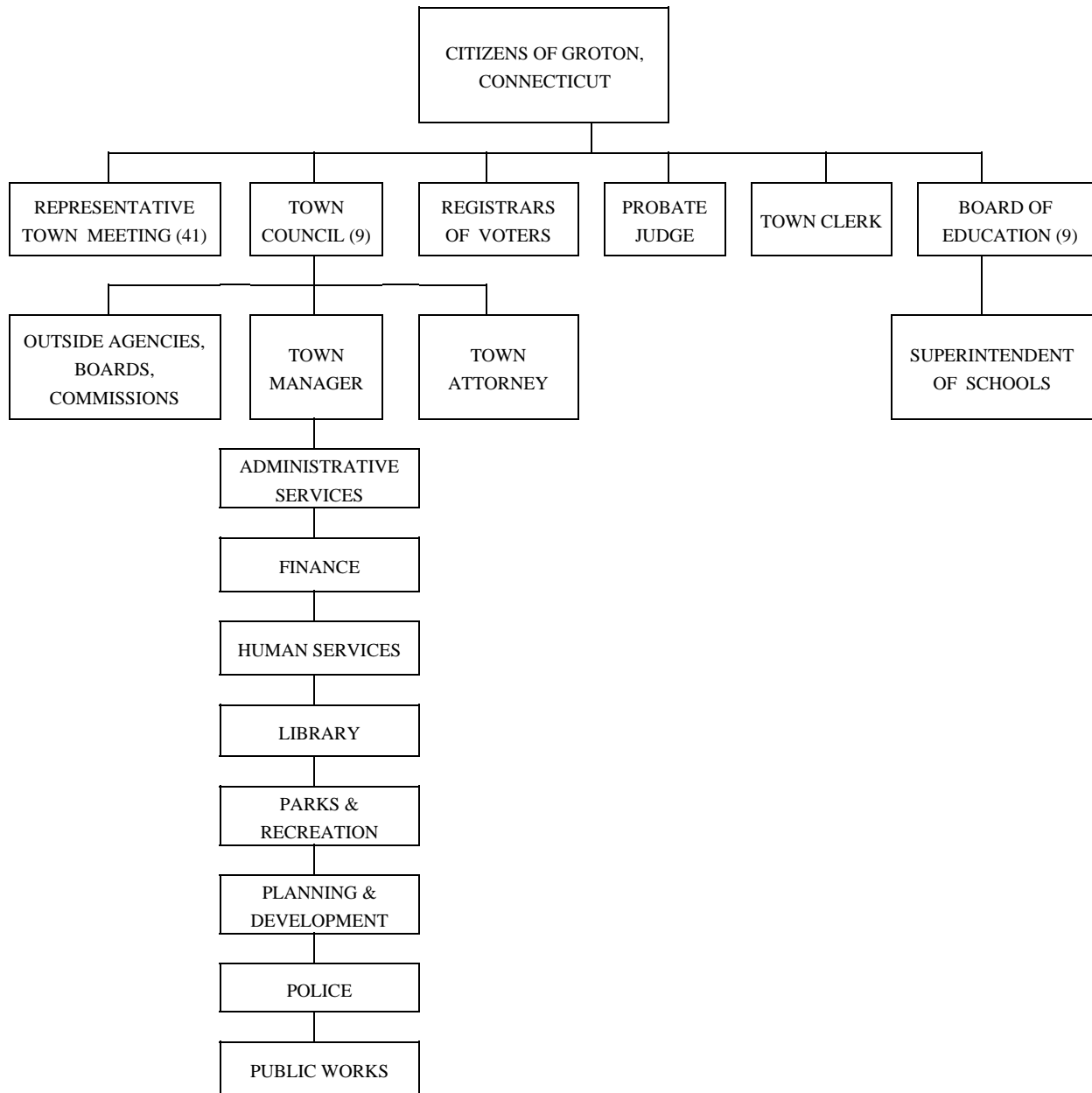


President

Executive Director

# TOWN OF GROTON

## ORGANIZATION CHART



**TOWN OF GROTON**  
**PRINCIPAL OFFICIALS**  
**AS OF JUNE 30, 2010**

Town Council

James L. Streeter, Mayor  
Bruce S. Flax  
Bill Johnson  
Catherine Kolnaski  
Deborah B. Monteiro  
Frank O'Beirne, Jr.  
Deborah L. Peruzzotti  
Paulann H. Sheets  
Harry A. Watson

Board of Education

Robert Peruzzotti, Chairperson  
Beverly H. Washington, Vice Chairperson  
Patricia Monahan Doyle  
Elizabeth B. Gianacoplos  
Kirsten E. Hoyt  
Daniel Campbell, Ed.D.  
Brian M. Shirvell  
Jennifer M. Sim  
Rita P. Volkmann  
Charles Zezulka

Appointed Officials

Mark R. Oefinger, Town Manager  
Paul Kadri, Superintendent of Schools  
Suisman, Shapiro, Wool, Brennan & Gray, Town Attorney

**Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Members of the Town Council  
Town of Groton, Connecticut

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, 2010, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 15, and the budgetary comparison information on pages 61 through 65, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

*Blum, Shapiro & Company, P.C.*

November 18, 2010

## **TOWN OF GROTON, CONNECTICUT**

### **Management's Discussion and Analysis**

#### **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, 2010 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.

#### **Financial Highlights:**

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$183,561 (net assets). Of this amount, \$36,186 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$490 This increase is mainly attributable to revenues exceeding expenses.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$30,763.
- For the fiscal year ended June 30, 2010, the unreserved, undesignated fund balance for the General Fund was \$8,828 or 7.5% of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum undesignated fund balance equal to at least 7.5% of the annual budget.
- The Town of Groton's total debt increased by \$3,340 (4.9%) during the current fiscal year. This was mainly due to increases (\$5,665) in the principal amounts due on bonds for general government obligation debt. That was offset by a reduction in the amount of bond anticipation notes for general obligation debt which was decreased (\$2,325) over the previous year.

#### **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 2001 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 assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets 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, 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.

The government-wide financial statements (statement of net assets 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 twenty-seven 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, the Capital Improvements Fund and the School Construction Fund which are considered to be major funds. Twenty-two special revenue funds, two Capital Project Funds, a Debt Service Fund and three Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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 three proprietary 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 internal service funds to account for its fleet of vehicles, health insurance and workers' compensation. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on Exhibits V through VII.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support services to the Town's constituency. The Town has four private purpose funds, one pension trust fund, one OPEB trust fund and two 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 its obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 27-60 of this report.

**Other Information.** Required supplemental information for the General Fund is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 66 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 \$183,561 on June 30, 2010.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2010</u>	<u>2009</u>
Current assets	\$ 57,404	\$ 62,641
Capital assets, net of accumulated depreciation	<u>218,395</u>	<u>208,398</u>
Total assets	<u>275,799</u>	<u>271,039</u>
Long-term liabilities outstanding	78,419	71,997
Other liabilities	<u>13,818</u>	<u>15,971</u>
Total liabilities	<u>92,238</u>	<u>87,968</u>
Net Assets:		
Invested in capital assets, net of related debt	147,045	140,662
Restricted	329	329
Unrestricted	<u>36,187</u>	<u>42,080</u>
Total Net Assets	<u>\$ 183,561</u>	<u>\$ 183,071</u>

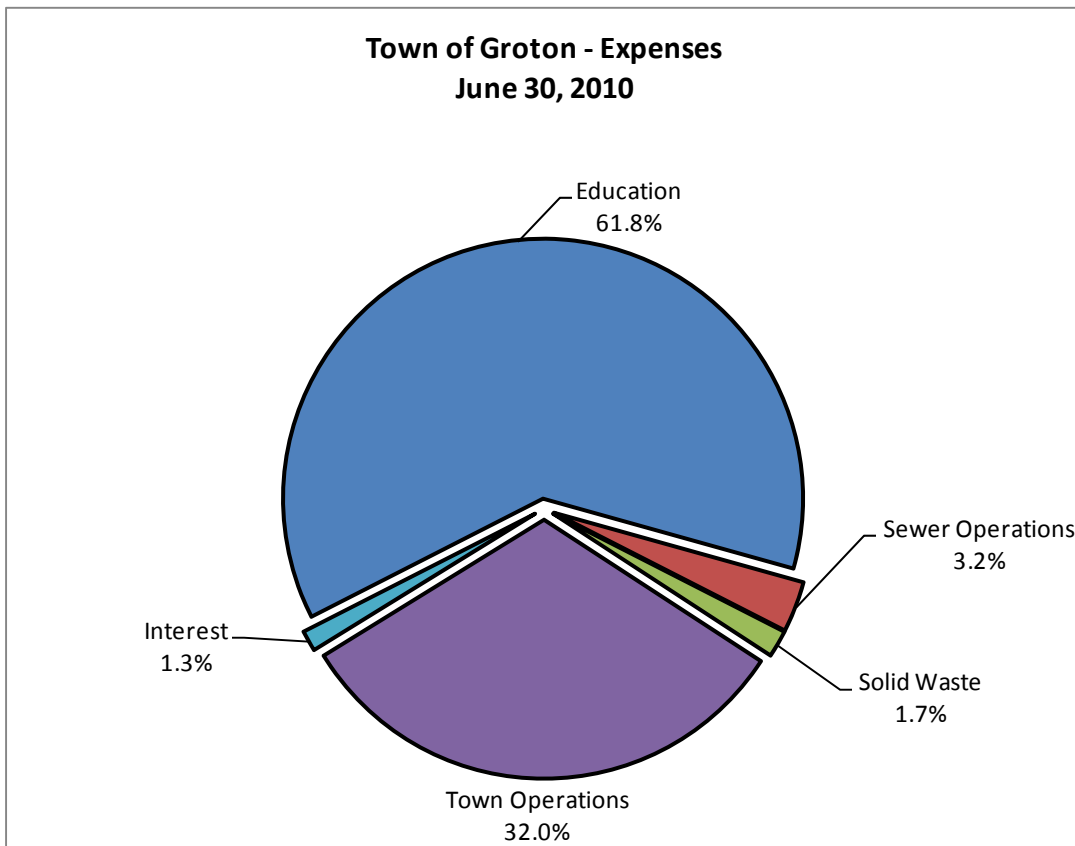
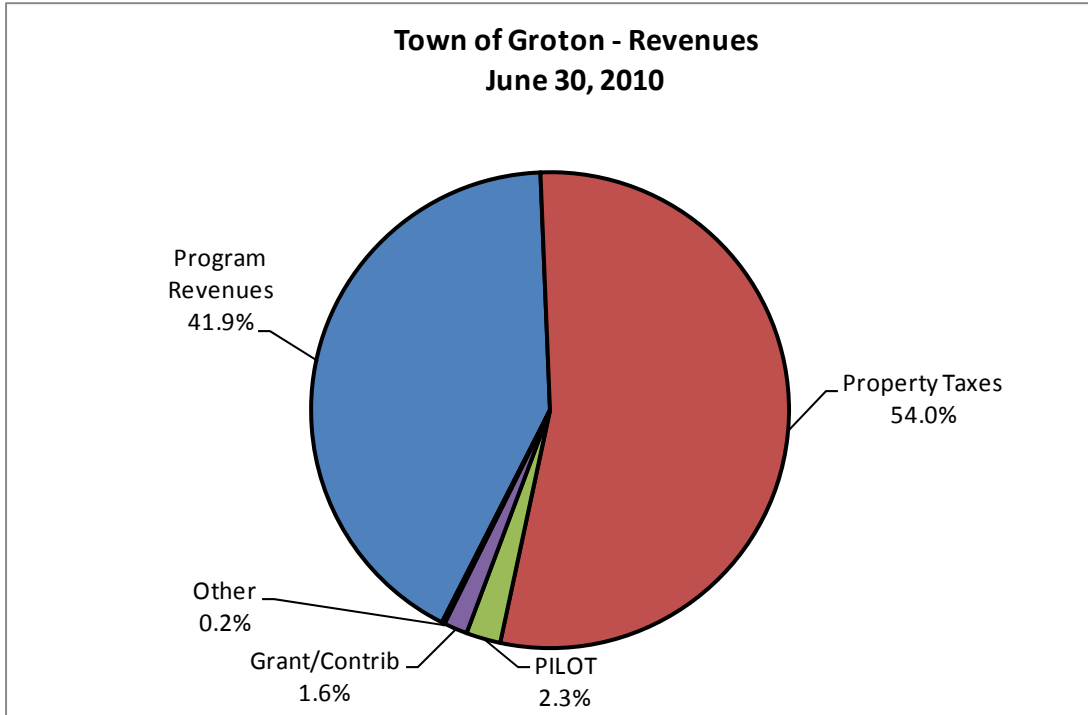
By far the largest portion of the Town of Groton's net assets (80.1%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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. The remaining balance of unrestricted net assets (\$36,187) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Groton is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and proprietary activities. The current year increases in investment in capital assets reflects the school construction, animal shelter replacement and the senior center addition/replacement projects.

**Governmental Activities.** Approximately 54% of the revenues were derived from property taxes, followed by 33.9% from grants and contributions, then 9.5% from other program revenues, 2.3% from payments in lieu of taxes and finally less than 1% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Revenues:		
Program revenues:		
Charges for services	\$ 13,395	\$ 12,878
Operating grants and contributions	42,740	44,123
Capital grants and contributions	2,758	5,624
General revenues:		
Property taxes	75,990	72,729
Payments in lieu of taxes	3,291	4,391
Grants and contributions (not restricted)	2,252	3,358
Other unrestricted investment earnings	281	898
Total revenues	140,707	144,001
Expenses:		
General government/services	8,002	7,868
Public safety	11,562	11,309
Public works	13,719	13,803
Planning and development	1,782	1,677
Human service	2,603	2,329
Community services	7,202	7,238
Board of Education	86,698	84,256
Sewer operations	4,458	4,427
Solid waste	2,370	2,387
Interest on long-term debt	1,821	2,388
Total expenses	140,217	137,682
Increase in Net Assets	490	6,319
Net Assets July 1	183,071	176,752
Net Assets June 30	\$ 183,561	\$ 183,071



Major revenue factors included:

- ◆ Operating Grants were less in 2010 as the Town recognized less in State grants, mainly for Education.
- ◆ Property tax revenues recorded for fiscal year 2010 increased due to a 11.2% increase in the October 1, 2007 Grand List which included the third and final year of the phase-in of the 2006 revaluation. The Town's tax rate decreased from 19.27 mills to 17.95 mills, or 6.9%.
- ◆ Investment earnings decreased by \$617 from the prior fiscal year to \$281 for the fiscal year ended June 30, 2010. The reduction to interest and dividend earnings was the result of lower interest rates on investments and less funds available for investment purposes.

For Governmental Activities, 61.8% of the Town's expenses relate to education, 9.8% relate to public works, 8.2% relate to public safety, 5.7% to general government/services, 5.1% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste, human services and interest on long term debt.

Major expense factors include:

- ◆ Increases in employee wages resulting from negotiated step and general wage increases.
- ◆ Increases in utility costs associated with heating town buildings and fueling town vehicles.
- ◆ Increases associated with the Town's contribution to the retirement, health insurance and the other post employment benefit liability.
- ◆ The cost of education services increased, due to negotiated wage settlements, health insurance, utility costs and special education increases.

**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, unreserved undesignated 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 \$30,763, a decrease of \$3,953 in comparison with the prior year. Of this amount, \$25,697 constitutes unreserved fund balance. The remainder of fund balance is reserved 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 (\$4,021), or 2) for equipment and trust principal (\$1,045).

**General Fund.** The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$8,829, which is included in the total fund balance of \$11,991. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 7.5% of total general fund expenditures, while total fund balance represents 10.2% of that same amount.

The total fund balance of the Town of Groton's General Fund decreased by \$3,892 during the current fiscal year. The unreserved undesignated fund balance decreased by \$1,660. Other key factors in the total fund balance decrease of \$3,892 are as follows:

- ◆ The reserve for encumbrances was reduced by \$1,150.
- ◆ The amount designated for the subsequent year budget was reduced by \$1,082.
- ◆ During the FYE 2010 budget development process, it was anticipated that \$2,014 of fund balance would be needed to balance the FYE 2010 budget. However, because the results of operations for FYE 2009 were more positive than anticipated, a supplemental appropriation of \$240 was made from fund balance to fund the OPEB liability. That supplemental appropriation increased the anticipated use of fund balance from \$2,014 to \$2,254.
- ◆ The expenditures coming in \$788 under budget were offset by revenues coming in under budget by \$1,431:

General Property taxes were over budget by \$841, mainly due to receipt of prior year taxes,

Interest income was under budget by \$159,

State revenues were under budget by \$5,445 with \$3,620 offset by federal ARRA/SFSF grants. State grants for the PILOT Manufacturing Machinery and Equipment grant was under budget by \$1,214 as well as the Pequot/Mohegan grant by \$531.

Federal revenues were over budget by \$3,308 mainly because of the ARRA/SFSF funds mentioned above. However the Pupil Impact Aid was \$586 under budget.

**Capital Improvements Fund.** This fund has a total fund balance of \$4,912, down from \$6,988 in the prior year. The decrease is mainly explained by the reduction in revenue including grants and interest income and an increase in capital outlay for fiscal year 2010.

**School Construction Fund.** This fund has a total fund balance deficit of \$2,786 which is an increase from the prior year deficit of \$2,310. The increase in the fund balance deficit is attributed to a reduction in the receipt of State grant reimbursements pending the audit of completed projects. Retainage held by the State of CT is expected to be released once the audits have been completed by the State.

**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 \$1,270 for the Fleet Reserve Fund, \$4,870 for the Health Insurance Fund and a deficit of \$234 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total increase in net assets for the internal service funds was \$107 mainly due to slight increases in the Fleet Reserve and Health Insurance Funds.

**General Fund Budgetary Highlights:**

There is a difference between the original budget and the final budget due to the supplemental appropriation of \$240 made for the OPEB liability. Transfers of \$248 occurred from the Contingency function that is appropriated within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis were \$114,678 which was under the adopted budget by \$1,431. The majority of this decrease can be attributed to reductions in state revenues and federal assistance associated with pupil impact aid.

Actual expenditures on a budgetary basis and other financing uses totaled \$117,576; with actual revenues totaling \$114,678, expenditures exceeded revenues on a budgetary basis by \$2,898. The fiscal year 2009 audit had a designation of fund balance in the amount of \$2,014 to support FYE 2010 operations and a supplemental appropriation increase that to \$2,254. Actual expenditures were under budget by \$788 with the town operations returning about \$457, and unexpended appropriations for debt service of \$221 and \$102 in the Contingency function.

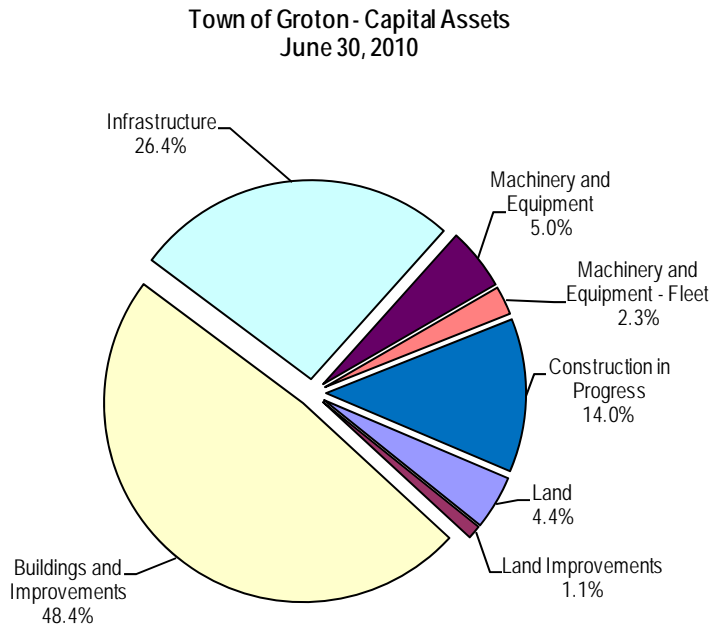
**Capital Asset and Debt Administration:**

**Capital Assets.** The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2010 amounts to \$316. 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 5.1% mainly due to the school construction, animal replacement and senior center addition & renovation projects.

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 13,836	\$ 13,836
Land improvements	3,452	3,523
Buildings and improvements	152,959	140,966
Infrastructure	83,560	77,769
Machinery and equipment	15,943	15,602
Machinery and equipment - fleet	7,347	7,390
Construction in progress	39,252	42,015
<b>Total</b>	<b>\$ 316,349</b>	<b>\$ 301,101</b>





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

- Regarding bonded projects including Clean Water fund grant and loan, the following amounts were expended:
  - School Construction: \$1,404,
  - Water Pollution Control Facility, Additions & Improvements: \$1,714,
  - Senior Center Additions and Renovations: \$6,334,
  - Fort Hill Homes Sewer Rehabilitation Project: \$180,
  - Animal Shelter Replacement: \$352.
  
- Regarding the use of the State's Local Capital Improvement Project funds, the following amounts were expended:
  - Sidewalks Route 1 Downtown: \$93.
  
- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:
  - Board of Education (BOE) Planning Study: \$64
  - BOE Charles Barnum Elementary School Parking Lot Improvements: \$90
  - BOE Fitch Senior High School Running Track: \$204
  - BOE SB Butler Elementary School Parking Lot: \$250
  - BOE West Side Middle School athletic field improvement; \$156
  - BOE West Side Middle School Building Security; \$159
  - Computer Assisted Dispatch/Records Management System \$58
  - Golf Course Facilities: \$122
  - Golf Course Renovations \$60
  - Information Technology-Network Upgrade: \$135

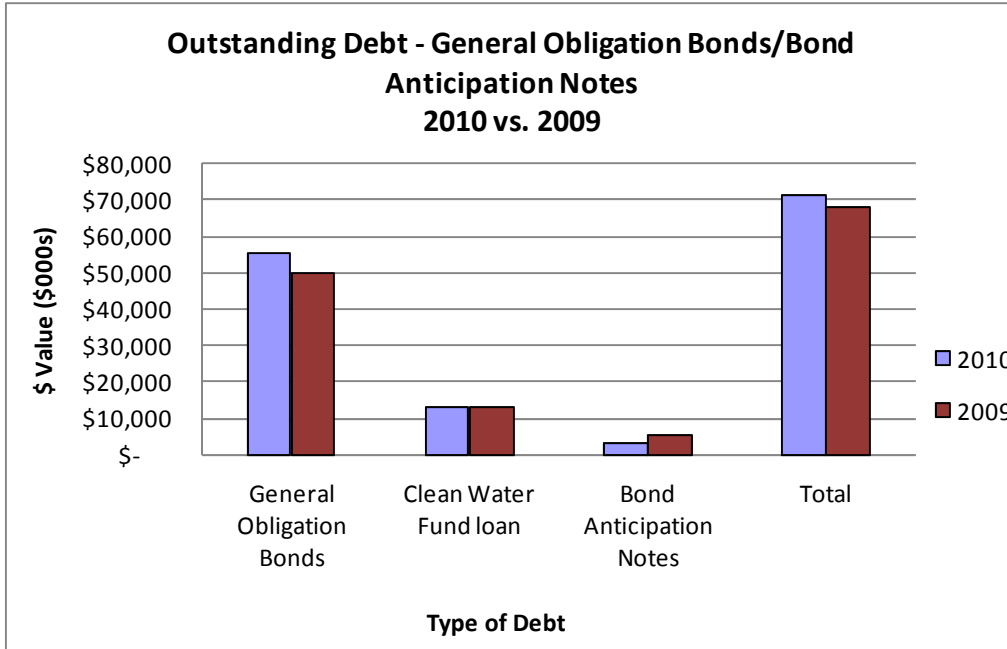
Information Technology Recovery Planning: \$97  
 Mystic Streetscapes Improvements: \$94  
 Pavement Management Program City: \$411  
 Pavement Management Program GLP: \$95  
 Pavement Management Program Town: \$467  
 Police Station Improvements: \$156  
 Thames Street Rehabilitation: \$85  
 Water Pollution Control Facility (WPCF) Additions and Improvements: \$707  
 WPCF Mechanical/Electrical Equipment Repairs \$746  
 WPCF Sewer Line Infrastructure Repairs \$303

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 44-45 of this report.

**Outstanding Debt.** At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$71,304. Of this amount, \$64,889 comprises debt backed by the full faith and credit of the government and \$6,415 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**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
General obligation bonds	\$ 55,400	\$ 49,735
Clean Water Fund loan	12,864	12,864
Bond anticipation notes and notes payable	3,040	5,365
Total	\$ 71,304	\$ 67,964



The Town of Groton’s general obligation bonds have increased \$5,665. The total debt including bond anticipation notes increased \$3,340 or 4.9% during the current fiscal year mainly due to additional bonds issued.

For FYE 2010, the Town of Groton’s bond rating was recalibrated from an “AA-” to an “AA” rating from Fitch Ratings and from an “Aa3” to an “Aa2” rating from Moody’s Investors Service and maintained its “AA” rating from Standard and Poor’s for general obligation debt. The recalibration of municipal finance credit ratings was an effort by Fitch and Moody’s to enhance the comparability of ratings across municipal and non-municipal sectors.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$742,428. As of June 30, 2010, the Town recorded total indebtedness of \$84,069 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 on pages 48-50 of this report.

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

- As of June 2010, the Town had an unemployment rate of 9.0% as compared to the New London County rate of 8.4%, the state’s average rate of 8.9% and the national average of 9.5%.
- New London County has an employed labor force of approximately 151,539 residents.
- Inflationary trends in the region compare similarly to national indices.

**Grand List decreases by 0.1%:**

The October 1, 2009 net adjusted taxable grand list decreased 0.1% over last year’s post-phase-in net adjusted grand list after the Board of Assessment Appeals. The net adjusted grand list now totals \$4.1 billion.

The assessments of the top 10 taxpayers, now totaling some \$892.5 million comprises about 21.7 percent of the net grand list.

Net **real estate** rose about 0.1%, from about \$3.58 billion to about \$3.60 billion, despite continuing demolition at Pfizer and Board of Assessment Appeals adjustments that removed some penalty assessments and reinstated the exempt status of some parcels that were not eligible for exempt status at the time that the 2009 Grand List was finalized.

Net residential real estate assessments rose about 0.7%, from about \$2.34 billion to over \$2.35 billion. The residential real estate's share of the entire net grand list fell from 56.9% of the 2008 Grand List to 57.3% of the 2009 Grand List. Net commercial real estate rose more than 4% to over \$438 million. Almost all of the increase is due to expiring local option enterprise zone exemptions and income and expense penalties. Industrial property, including Pfizer and Electric Boat, dropped about 0.5%, from about \$554 million to about \$552 million. Apartments of four units or more remained essentially flat. Forty-three single-family homes were started for the October 1, 2009 Grand List.

The net **personal property** grand list fell 7%, from about \$357 million to about \$331 million, mostly due to continuing demolition at Pfizer's manufacturing site, although depreciation and a lack of new purchases contributed to the decline. Personal property exemptions also fell dramatically, dropping 22.5% to about \$133 million. The Town is eligible for state reimbursement of the taxes lost on the bulk of the exemptions applied to personal property this year. There were two fewer businesses listed this year, with 2,215 accounts on the grand list. Two hundred forty four accounts were added and 246 were terminated.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, remained essentially flat this year, rising from \$171.2 million in 2008 to \$171.5 million. The assessed value of motor vehicles rose despite the fact that there were 364 fewer motor vehicles registered in town this year.

**Other Information:**

During the fiscal year ended June 30, 2010, the Town of Groton General Fund received 32.2% 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 unreserved, undesignated fund balance for FYE 2010 is at 7.5% of operating expenses which is at the minimum acceptable guideline set by the Town Council. With an overwhelming reliance on property taxes, 65.2% of the General Fund revenues are derived from 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, unreserved fund balance in the General Fund decreased to \$8,829. The Town Council has designated and appropriated \$932 to balance the 2011 fiscal year budget.

The Golf Course Fund increased fees by about 3% for all levels of play. These increases were necessary to begin building a fund balance and stop relying on the General Fund for operating support.

**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.

## **Basic Financial Statements**

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 49,286,877
Receivables (net of allowances for collection losses):	
Property taxes	2,294,039
Special assessments	251,977
Accounts receivable	1,390,179
Federal and state governments	2,408,956
Other receivables	403,531
Other assets	12,495
Net pension asset	1,026,633
Capital assets, nondepreciable	53,087,497
Capital assets, net of accumulated depreciation	165,307,240
Restricted assets:	
Cash	220,901
Investments	108,592
Total assets	<u>275,798,917</u>
Liabilities:	
Accounts payable and accrued liabilities	10,110,143
Unearned revenue	668,168
Bond anticipation notes payable	3,040,000
Noncurrent liabilities:	
Due within one year	6,162,348
Due in more than one year	72,257,138
Total liabilities	<u>92,237,797</u>
Net Assets:	
Investment in capital assets, net of related debt	147,045,269
Restricted for:	
Trust, nonexpendable	329,493
Unrestricted	<u>36,186,358</u>
Total Net Assets	<u>\$ 183,561,120</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, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Total</u>
Governmental activities:					
General government/services	\$ 8,001,661	\$ 1,071,530	\$ 262,848	\$ 222,921	\$ (6,444,362)
Public safety	11,561,486	141,692	71,604		(11,348,190)
Public works	13,719,457	571,102	539,467	2,273,152	(10,335,736)
Planning and development	1,782,280	197,516			(1,584,764)
Health and human services	2,602,544	189,290	41,343		(2,371,911)
Community services	7,202,408	1,952,166	411,238		(4,839,004)
Education	86,698,278	1,052,259	41,403,530	256,228	(43,986,261)
Sewer operations	4,458,483	5,489,977	10,273		1,041,767
Solid waste management	2,369,490	2,729,052			359,562
Interest on long-term debt	1,821,202			5,709	(1,815,493)
Total Governmental Activities	<u>\$ 140,217,289</u>	<u>\$ 13,394,584</u>	<u>\$ 42,740,303</u>	<u>\$ 2,758,010</u>	<u>(81,324,392)</u>
		General revenues:			
		Property taxes			75,989,758
		Payments in lieu of taxes			3,291,461
		Grants and contributions not restricted to specific programs			2,252,493
		Unrestricted investment earnings			280,825
		Total general revenues			<u>81,814,537</u>
		Change in net assets			490,145
		Net Assets at Beginning of Year, as restated			<u>183,070,975</u>
		Net Assets at End of Year			<u>\$ 183,561,120</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,442,735	\$ 8,508,995	\$ 278,082	\$ 11,823,492	\$ 40,053,304
Investments				108,592	108,592
Receivables, net:					
Property taxes	2,083,049			17,660	2,100,709
Assessments		3,257		223,454	226,711
Intergovernmental	290,265			2,200,438	2,490,703
Accounts receivable	43,512	68,459		76,371	188,342
Other				994,383	994,383
Due from other funds	190,947			2,924,059	3,115,006
Other assets	76			12,419	12,495
Total Assets	<u>\$ 22,050,584</u>	<u>\$ 8,580,711</u>	<u>\$ 278,082</u>	<u>\$ 18,380,868</u>	<u>\$ 49,290,245</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 8,084,379	\$ 570,649	\$ 15,185	\$ 749,340	\$ 9,419,553
Due to State				7,492	7,492
Due to other funds		3,094,847	9,138	11,021	3,115,006
Bond anticipation notes payable			3,040,000		3,040,000
Deferred revenues	2,065,213	3,257		876,615	2,945,085
Total liabilities	<u>10,149,592</u>	<u>3,668,753</u>	<u>3,064,323</u>	<u>1,644,468</u>	<u>18,527,136</u>
Fund balances:					
Reserved for:					
Encumbrances	2,139,367	1,408,496	15,415	457,996	4,021,274
Equipment				715,467	715,467
Trust principal				329,493	329,493
Unreserved, reported in:					
General fund	9,761,625				9,761,625
Special revenue funds				8,276,135	8,276,135
Capital projects funds		3,503,462	(2,801,656)	3,642,223	4,344,029
Debt service fund				3,261,289	3,261,289
Permanent fund				53,797	53,797
Total fund balances	<u>11,900,992</u>	<u>4,911,958</u>	<u>(2,786,241)</u>	<u>16,736,400</u>	<u>30,763,109</u>
Total Liabilities and Fund Balances	<u>\$ 22,050,584</u>	<u>\$ 8,580,711</u>	<u>\$ 278,082</u>	<u>\$ 18,380,868</u>	<u>\$ 49,290,245</u>

(Continued on next page)



## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:  
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are  
different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 30,763,109
--	---------------

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

Governmental capital assets	309,001,911	
Less accumulated depreciation	<u>(93,820,395)</u>	
Net capital assets		215,181,516

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

Net pension asset	1,026,633
Property taxes and assessments receivable greater than 60 days	2,111,192
Loan receivables greater than 60 days	165,725
Interest receivable on property taxes	596,868
Receivable from the state for school construction projects	110,542

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 assets.

	9,119,756
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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	(55,400,000)
Clean water fund loan payable	(12,864,411)
Interest payable on bonds	(576,044)
Capital lease obligations	(45,057)
Compensated absences	(2,983,681)
Net OPEB obligation	(687,028)
Landfill closure costs	<u>(2,958,000)</u>

Net Assets of Governmental Activities (Exhibit I)	\$ <u><u>183,561,120</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, 2010

	General Fund	Capital Improvements Fund	School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and lien fees	\$ 74,812,435	\$	\$	\$ 761,819	\$ 75,574,254
Assessments				12,627	12,627
Licenses and permits	203,543				203,543
Intergovernmental - state	34,883,447	662,617	256,228	3,389,622	39,191,914
Interest on investments	149,936	47,977	2,609	45,574	246,096
Intergovernmental - federal	8,085,829			1,018,127	9,103,956
Charges for current services	1,008,535			2,979,920	3,988,455
Schools, library and recreation fees	433,701				433,701
Sewer use charges				5,489,977	5,489,977
Solid waste management charges				2,669,731	2,669,731
Other revenue	485,387	30,240	24,480	655,201	1,195,308
Total revenues	<u>120,062,813</u>	<u>740,834</u>	<u>283,317</u>	<u>17,022,598</u>	<u>138,109,562</u>
Expenditures:					
Current:					
General government	992,409			293,679	1,286,088
General services	4,624,308				4,624,308
Public safety	6,404,464			202,772	6,607,236
Public works	7,438,420			2,254	7,440,674
Planning and development	1,259,708				1,259,708
Health and human services	596,165			284,826	880,991
Community services	4,109,777			1,854,197	5,963,974
Education	79,363,536			4,645,880	84,009,416
Subdivisions	4,964,012				4,964,012
Sewer operations				3,949,168	3,949,168
Solid waste management				2,369,490	2,369,490
Nondepartmental	6,518,577				6,518,577
Outside agencies	1,887,719			314,332	2,202,051
Debt service	5,077,517			1,077,556	6,155,073
Capital outlay		11,719,933	1,404,838	425,639	13,550,410
Total expenditures	<u>123,236,612</u>	<u>11,719,933</u>	<u>1,404,838</u>	<u>15,419,793</u>	<u>151,781,176</u>
Revenue over (under) Expenditures	<u>(3,173,799)</u>	<u>(10,979,099)</u>	<u>(1,121,521)</u>	<u>1,602,805</u>	<u>(13,671,614)</u>
Other Financing Sources (Uses):					
Issuance of bonds		9,030,000	645,000		9,675,000
Issuance of capital lease	43,613				43,613
Transfers in	670,251	1,808,000		2,205,171	4,683,422
Transfers out	(1,432,031)	(1,934,938)		(1,316,453)	(4,683,422)
Total other financing sources (uses)	<u>(718,167)</u>	<u>8,903,062</u>	<u>645,000</u>	<u>888,718</u>	<u>9,718,613</u>
Net Change in Fund Balances	(3,891,966)	(2,076,037)	(476,521)	2,491,523	(3,953,001)
Fund Balances at Beginning of Year	<u>15,792,958</u>	<u>6,987,995</u>	<u>(2,309,720)</u>	<u>14,244,877</u>	<u>34,716,110</u>
Fund Balances at End of Year	<u>\$ 11,900,992</u>	<u>\$ 4,911,958</u>	<u>\$ (2,786,241)</u>	<u>\$ 16,736,400</u>	<u>\$ 30,763,109</u>

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## TOWN OF GROTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

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)	\$ (3,953,001)
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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	14,033,537
Depreciation expense	(6,070,222)
Loss on disposal of capital assets	(25,299)
Donated capital assets	2,096,518

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	305,640
Interest income on property taxes	107,623
Intergovernmental revenue on school bonds	(114,064)
Revenue on loan receivables greater than 60 days	165,725

Change in pension asset	(61,797)
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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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

Accrued interest on bonds	323,946
Principal payments on bonds	4,010,000
Principal payments on capital leases	18,446
Bond proceeds	(9,675,000)
Capital lease proceeds	(63,503)
Landfill closure payments	168,200
Change in other post employment benefit liability	(439,597)

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	(405,849)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>68,842</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 490,145</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2010**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Funds</b> <hr/>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 9,454,467
Accounts receivable	40
Other assets	40,391
<b>Total current assets</b>	<hr/> 9,494,898
<b>Noncurrent assets:</b>	
Property and equipment, net	<hr/> 3,213,221
<b>Total assets</b>	<hr/> 12,708,119
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	107,054
Claims incurred but not reported	1,070,550
<b>Total current liabilities</b>	<hr/> 1,177,604
<b>Noncurrent liabilities:</b>	
Claims incurred but not reported, net of current portion	<hr/> 2,410,759
<b>Total liabilities</b>	<hr/> 3,588,363
<b>Net Assets:</b>	
Invested in capital assets	3,213,221
Unrestricted	5,906,535
<b>Total Net Assets</b>	<hr/> <hr/> \$ 9,119,756

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues:	
Charges for services	\$ 14,720,081
Other revenue	326,828
Total operating revenues	<u>15,046,909</u>
Operating Expenses:	
Operating expenses	682,101
Claims	12,466,904
Depreciation	641,199
Administration	1,255,400
Total operating expenses	<u>15,045,604</u>
Operating income	<u>1,305</u>
Nonoperating Revenues and Expenses:	
Intergovernmental revenue	59,800
Interest on investments	23,865
Loss on disposal of capital assets	(16,128)
Net nonoperating revenues	<u>67,537</u>
Change in Net Assets	68,842
Net Assets at Beginning of Year	<u>9,050,914</u>
Net Assets at End of Year	<u>\$ 9,119,756</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, 2010

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 15,091,010
Cash paid to vendors	(670,550)
Cash paid to beneficiaries	(13,654,115)
Net cash provided by operating activities	<u>766,345</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(619,478)
Capital grants	59,800
Net cash used in capital and related financing activities	<u>(559,678)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>23,865</u>
Net Increase in Cash and Cash Equivalents	230,532
Cash and Cash Equivalents - Beginning of Year	<u>9,223,935</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,454,467</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,305
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	641,199
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	44,101
(Decrease) increase in accounts payable	11,551
(Decrease) increase in claims payable	<u>68,189</u>
Net Cash Provided by Operating Activities	<u>\$ 766,345</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,149,524	\$ 70,458	\$ 215,820	\$ 1,829,949
Investments, at fair value:				
Mutual funds	70,978,128	3,179,143		
Accounts receivable	479			
Total assets	<u>72,128,131</u>	<u>3,249,601</u>	<u>215,820</u>	<u>1,829,949</u>
Liabilities:				
Claims incurred but not reported		279,769		
Due to student groups				230,563
Due to employees/others	58,261		606	
Due to contractors/developers				1,599,386
Other liabilities		15,849		
Total liabilities	<u>58,261</u>	<u>295,618</u>	<u>606</u>	<u>1,829,949</u>
Net Assets:				
Held in Trust for Benefits and Other Purposes	<u>\$ 72,069,870</u>	<u>\$ 2,953,983</u>	<u>\$ 215,214</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 1,441,333	\$ 3,143,700	\$
Plan members	1,364,863	2,378,777	
Other additions			185
Total contributions	<u>2,806,196</u>	<u>5,522,477</u>	<u>185</u>
Investment income (loss):			
Net appreciation in fair value of investments	8,861,586	142,939	
Interest and dividends			559
	<u>8,861,586</u>	<u>142,939</u>	<u>559</u>
Less investment expenses:			
Investment management fees	<u>275,532</u>	<u>471,703</u>	
Net investment income (loss)	<u>8,586,054</u>	<u>(328,764)</u>	<u>559</u>
Net additions	11,392,250	5,193,713	744
Deductions:			
Benefits	<u>4,225,740</u>	<u>3,989,935</u>	<u>30,362</u>
Change in Net Assets	7,166,510	1,203,778	(29,618)
Net Assets Held in Trust - Beginning of Year	<u>64,903,360</u>	<u>1,750,205</u>	<u>244,832</u>
Net Assets Held in Trust - End of Year	<u>\$ 72,069,870</u>	<u>\$ 2,953,983</u>	<u>\$ 215,214</u>

The accompanying notes are an integral part of the financial statements



# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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### 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. The following is a summary of the more significant accounting policies used by the Town.

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 assets 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 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.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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.

#### **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 since 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 required to be accounted for in another fund.

The *Capital Improvements Fund* accounts for individual capital project authorizations.

The *School Construction Fund* accounts for projects associated with construction, renovations and additions for Groton school facilities that have been authorized by voter referendum.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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Additionally, the Town reports the following fund types:

*Internal Service Funds* are used to account for employee health insurance, workers' compensation insurance and for 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 the benefit of individuals, private organizations or other governments.

The *Pension Trust Fund* is used to account for the accumulation of resources to be used for retirement benefits.

The *OPEB Trust Fund* is used to account for the accumulation of resources to be used for other post-employment benefits.

*Agency Funds* account for monies held as a custodian for student groups and contractors/developers.

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 on-going 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.

#### **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.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**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 estimated fair 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. Compensated Absences**

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies and vests according to such contracts and policies. Sick leave and vacation leave expenditures are recognized in the governmental fund financial statements in the current year only if they have matured, for example, as a result of employee resignations and retirements.

Vacation and sick leave expenses to be paid in future periods are accrued when earned in the government-wide and proprietary fund financial statements.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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A summary of the provisions in certain union contracts is as follows:

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Nonunion Employees	<p>15 days per year. Accumulated up to 250 days.</p> <p>Accrued sick leave in excess of 250 days on June 30 is paid out annually in the ratio of 3 days to 1.</p> <p>Payment upon retirement: If employee has a minimum of 100 days accumulated - all accumulated sick leave shall be paid at the rate of 4 sick days equal to 1 day's pay at rate of pay at time of retirement.</p> <p>Employees not participating in the Town of Groton retirement plan providing they have a minimum of 100 days accumulated - accumulated sick leave paid at the rate of 2 sick days equal to 1 day's pay at rate of pay at time of retirement.</p>	<p>&lt; 10 years = 15 days 10 - 15 years = 18 days &gt; 15 years = 24 days</p> <p>2 additional days are accrued every July 1<sup>st</sup>.</p> <p>Employees may carry over leave balances up to twice the number of days accrued the previous year.</p> <p>Each June 30<sup>th</sup>, employees with balances exceeding two years of accruals may convert up to 11 days of excess leave to cash provided they have taken a minimum of 15 days during the fiscal year.</p>
Nonunion Police Officers	<p>Officers retiring with a minimum of 100 accumulated hours are eligible for payment of accumulated sick days up to a maximum of 225 days under either of the following options:</p> <p>a. At the rate of 3/8 of accumulated sick leave with payment subject to retirement withholding and included in average annual pay for the purpose of calculating retirement benefits.</p> <p style="text-align: center;">OR</p> <p>b. At the rate of 3/4 of accumulated sick leave with said payment not subject to retirement withholding and not included in average annual pay for the purpose of calculating retirement benefits.</p>	<p>Upon retirement, officers receive full credit for any accumulated annual leave or paid holidays.</p>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton Municipal Employees Association (GMEA/CILU)	<p>Employees hired before January 1, 2006 accrue 15 days per year up to 200 days.</p> <p>Employees hired after December 31, 2005 accrue 12 days per year. Accumulated up to 200 days.</p> <p>Accrued sick leave in excess of 200 on June 30 is paid out annually at the rate of 3 sick days to 1 day's pay up to 250 days.</p> <p>After vesting (5 years of service), employees with a minimum of 100 days up to 200 days receive 75% of their accrued sick time (maximum of 75 days) when they leave employment or retire.</p>	<p>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>Employees may carry over one year worth of accruals each June 30<sup>th</sup> (can be extended by Director of Administrative Service approval).</p> <p>Employees hired before January 1, 2006 are granted 2.5 additional days each July 1<sup>st</sup>.</p> <p>Employees hired after December 31, 2005 are granted 2 additional days each July 1<sup>st</sup>.</p>
Groton Police Union (AFSCME), Council #15	<p>Employees with less than 5 years of service accrue 12 days. Employees with more than 5 years of service accrue 15 days.</p> <p>Hire date on or before July 1, 1996 - Accumulate up to 275 days.</p> <p>Hire date after July 1, 1996 - Accumulate up to 225 days.</p> <p>Upon retirement - any officer with at least 100 up to a maximum of 225 days accumulated can receive:</p> <p style="margin-left: 20px;">a. At the rate of 3/8 of accumulated sick leave with payment subject to retirement withholding and included in average annual pay for the purpose of calculating retirement benefits.</p> <p style="text-align: center; margin-left: 40px;">OR</p> <p style="margin-left: 20px;">b. At the rate of 3/4 of accumulated sick leave with said payment not subject to retirement withholding and not included in average annual pay for the purpose of calculating retirement benefits.</p>	<p>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>Employees are entitled to carryover up to one year's worth of vacation accrual each June 30.</p>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton Public Works Union (USWA)	<p>Employees with less than 5 years of service accrue 12 days per year. Accumulate up to 200 days.</p> <p>Employees with 5 or more years of service accrue 15 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement up to the maximum of 100 days. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to cash at a ratio of 5 to 1 each June 30<sup>th</sup>.</p>	<p>&lt; 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days &gt; 15 years = 24 days</p> <p>Accrued leave must be taken before June 30<sup>th</sup> of the year following the year in which it is accrued (a six-month extension can be granted).</p> <p>One additional day for each year of employment over 25 years up to a maximum of 5 additional days.</p> <p>Two additional days are accrued every July 1<sup>st</sup>.</p>
Groton Supervisors Union (AFSCME)	<p>12 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to pay at a ratio of 3 to 1 each June 30<sup>th</sup>.</p>	<p>&lt; 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days &gt; 15 years = 24 days</p> <p>Employees are entitled to carryover up to 1 year's worth of vacation accrual each June 30<sup>th</sup>.</p> <p>2 additional days are accrued every July 1<sup>st</sup>. Employees with over 5 years of service shall receive 4 days of leave on July 1.</p>
Groton BOE Paraprofessionals Union	<p>Employees hired prior to July 1, 2008 receive 15 days per year. Accumulate up to 125 days. Employees hired on or after July 1, 2008 receive 12 days per year.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>
Groton BOE Teachers Union	<p>15 days per year. Accumulate up to 165 days.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton BOE Administrators Union	15 days per year. Accumulate up to 165 days.  No provision for pay out of accumulated days at retirement.	No provisions.
Groton BOE Secretaries Union	12 days per year. Accumulate up to 150 days.  No provision for pay out of accumulated days at retirement.	No provisions.
Groton BOE Custodians Union	12 days per year. Accumulate up to 150 days.  No provision for pay out of accumulated days at retirement.	< 5 years = 10 days 5 - 14 years = 15 days > 14 years = 20 days  All vacation accrued as of July 1 of any calendar year must be taken prior to July 31 of the following year (13 months).
Groton BOE Nonunion: Superintendent	18 days per year. Accumulate up to 200 days.	22 days per year.
Central Office Administrators	18 days per year. Accumulate up to 165 days.	22 days per year.
Central Office Clerical	18 days per year. Accumulate up to 165 days.  No provision for pay out of accumulated days at retirement.	< 5 years = 10 days 5-13 years = 15 days > 14 years = 20 days  All vacation accrued as of July 1, of any calendar year must be taken prior to October 31 of the following year.

**G. 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.



# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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.

### **H. 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.

#### **Governmental Funds**

The net pension obligation (asset), the cumulative difference between annual pension cost and the Town's contributions to the plan since 1986, is calculated on an actuarial basis consistent with the requirements of Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is recorded in the government-wide financial statements.

#### **Funding Policy**

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

### **I. 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 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.

#### **Governmental Funds**

The net OPEB obligation (asset), the cumulative difference between annual OPEB cost and the Town's contributions to the plan since 2008, is calculated on an actuarial basis consistent with the requirements of Governmental Accounting Standards Board Statement No. 45. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net OPEB asset is recorded in the government-wide financial statements.

**TOWN OF GROTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**Funding Policy**

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

**J. 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 a reservation of fund balance as they do not constitute expenditures or liabilities.

**K. Fund Equity and Net Assets**

In the government-wide financial statements, net assets are classified in the following categories:

*Invested in Capital Assets, Net of Related Debt* - 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 Assets* - This category includes net assets 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 Assets* - This category represents the net assets of the Town which are 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:

*Reserved Fund Balance* - Indicates that portion of fund equity which has been legally segregated for specific purposes.

*Designated Fund Balance* - Indicates that portion of fund equity for which the Town has made tentative plans.

*Undesignated and Unreserved Fund Balance* - Indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### **L. 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.

#### **M. 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 15<sup>th</sup>, 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 and Computer Replacement Fund) and the Debt Service (Groton Sewer District) Fund to the Town Council.

After one public hearing and numerous public meetings, the Town Council on or before April 28<sup>th</sup> recommends these budgets as revised to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25<sup>th</sup>. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9<sup>th</sup>. The Town Council must authorize all transfers of legally budgeted amounts between functions with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2010, there were additional appropriations of \$240,500.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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) 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 in the Capital Projects Fund. Appropriations for these funds 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 a reservation of fund balance on a 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.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

As explained above, the Town’s budgetary fund structure accounts for certain transactions differently from that utilized in the financial statements in conformity with GAAP. A reconciliation of these differences at June 30, 2010 follows:

	<b>General Fund</b>	
	<b>Revenues and Transfers</b>	<b>Expenditures and Transfers</b>
GAAP basis	\$ 120,776,677	\$ 124,668,643
Property tax revenue receivable:		
June 30, 2009	203,002	
June 30, 2010	(247,942)	
Allowance for collection losses:		
June 30, 2009		220,000
June 30, 2010		(220,000)
Encumbrances:		
June 30, 2009		(3,183,462)
June 30, 2010		2,139,367
State on-behalf payments for teacher retirement	(5,890,176)	(5,890,176)
Pass-through grant not recorded for budget	(120,000)	(120,000)
Capital lease issuance	(43,613)	(43,613)
Miscellaneous adjustments	_____	4,724
Non-GAAP Budgetary Basis	\$ 114,677,948	\$ 117,575,483

A reconciliation of the fund balance on a GAAP basis to budgetary basis is as follows:

GAAP - fund balance	\$ 11,900,992
Encumbrances	(2,139,367)
GAAP accruals not recognized for budget	(27,943)
Budgetary - Fund Balance	\$ 9,733,682

**B. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2010:

Major Funds:	
School Construction	\$ (2,786,241)
Internal Service:	
Workers’ Compensation	(234,103)

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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The School Construction Fund's deficit will be eliminated through future permanent financing. The Internal Service Fund deficit will be funded on a current basis with future premiums.

### 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) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are 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, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$25,807,264 of the Town's bank balance of \$27,739,634 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,282,450
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>12,524,814</u>
<b>Total Amount Subject to Custodial Credit Risk</b>	<b>\$ <u>25,807,264</u></b>

**Cash Equivalents**

At June 30, 2010, the Town's cash equivalents amounted to \$27,498,762. 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.

	<b><u>Standard and Poor's</u></b>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater Asset Management - Connecticut CLASS Plus	AAAm

**Investments**

As of June 30, 2010, the Town had the following investments:

<b><u>Investment Type</u></b>	<b><u>Credit Rating</u></b>	<b><u>Fair Value</u></b>
Common stock	N/A	\$ 12,340
Mutual funds	N/A	<u>74,253,523</u>
<b>Total Investments</b>		<b>\$ <u>74,265,863</u></b>

N/A Not Applicable

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, 2010, the Town did not have any uninsured and unregistered securities held by counterparts, or by their trust department or agents, that were not in the Town's name.

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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) and Cutwater Asset Management - Connecticut CLASS Plus Investment. 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. Regulatory oversight for Cutwater Asset Management - Connecticut CLASS Plus Investment is provided by an investment advisory council consisting of members appointed by the municipalities. 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 funds are also disclosed in Note 4.

### B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 101,950	\$ 27,543	\$ 200,000	\$ 329,493
Net appreciation on investments	<u>29,915</u>	<u>23,784</u>	<u>98</u>	<u>53,797</u>
Total Value	\$ <u>131,865</u>	\$ <u>51,327</u>	\$ <u>200,098</u>	\$ <u>383,290</u>

The original principal received remains in the net assets and is restricted for the trust principal. The net appreciation on investments is included in unrestricted net assets 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.



**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**C. Fund Receivables**

Receivables at June 30, 2010, including the applicable allowances for collection losses, are as follows:

	<b>General</b>	<b>Capital Improvement</b>	<b>Nonmajor and Other Funds</b>	<b>Total</b>
Property taxes	\$ 2,303,049	\$	\$ 21,160	\$ 2,324,209
Assessments		3,257	223,454	226,711
Intergovernmental	290,265		2,200,438	2,490,703
Accounts receivable	43,512	68,459	76,371	188,342
User fees receivable			1,294,383	1,294,383
Gross receivables	2,636,826	71,716	3,815,806	6,524,348
Allowance for collection losses	(220,000)		(303,500)	(523,500)
Net Receivables	\$ 2,416,826	\$ 71,716	\$ 3,512,306	\$ 6,000,848

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

	<b>Unavailable</b>	<b>Unearned</b>
General Fund:		
Delinquent property taxes receivable	\$ 2,055,106	\$
Property taxes paid in advance		10,107
Capital Improvements Fund:		
Assessments receivable	3,257	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	52,829	
CDBG loans receivable	165,725	
Various education grants		658,061
Total Deferred/Unearned Revenue for Governmental Funds	\$ 2,276,917	\$ 668,168

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$	\$	\$ 13,835,731
Construction in progress	42,015,318	13,376,879	16,140,431	39,251,766
Total capital assets not being depreciated	55,851,049	13,376,879	16,140,431	53,087,497
Capital assets being depreciated:				
Land improvements	3,522,774		70,809	3,451,965
Buildings and improvements	140,965,841	12,572,459	579,761	152,958,539
Machinery and equipment	15,602,780	466,590	188,988	15,880,382
Machinery and equipment - fleet	7,390,023	619,478	661,964	7,347,537
Infrastructure	77,768,970	5,791,055		83,560,025
Machinery and equipment - capital-leased		63,503		63,503
Total capital assets being depreciated	245,250,388	19,513,085	1,501,522	263,261,951
Less accumulated depreciation for:				
Land improvements	2,583,682	65,155	70,809	2,578,028
Buildings and improvements	28,389,994	2,966,284	566,179	30,790,099
Machinery and equipment	11,825,413	518,207	177,271	12,166,349
Machinery and equipment - fleet	4,138,953	641,199	645,836	4,134,316
Infrastructure	45,765,343	2,514,734		48,280,077
Machinery and equipment - capital-leased		5,842		5,842
Total accumulated depreciation	92,703,385	6,711,421	1,460,095	97,954,711
Total capital assets being depreciated, net	152,547,003	12,801,664	41,427	165,307,240
Governmental Activities Capital Assets, Net	\$ 208,398,052	\$ 26,178,543	\$ 16,181,858	\$ 218,394,737

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

Governmental Activities:	
General government services	\$ 530,535
Public safety	23,661
Public works, including depreciation of general infrastructure assets	2,371,428
General services	140,999
Community services	22,388
Education	2,383,913
Sewer operating	560,270
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	641,199
Golf Course	37,028
Total Depreciation Expense - Governmental Activities	\$ 6,711,421

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Construction Commitments**

The Town has the following construction commitments as of June 30, 2010:

	<b>Project Amount</b>
WPCF Projects:	
Fort Hill Homes Sewer Rehabilitation - Phase II	\$ 131,607
WPCF Upgrade	144,758
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	767,283
Building Improvements/Modifications:	
Senior Center	42,987
Public Buildings	88,454

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

**E. Interfund Receivables, Payables and Transfers**

As of June 30, 2010, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Capital Improvement Fund	\$ 170,788
	School Construction Fund	9,138
	Nonmajor governmental funds	11,021
Nonmajor governmental funds	Capital Improvement Fund	2,924,059
		<b>\$ 3,115,006</b>

The balance of \$3,115,006 due from other funds represents amounts committed to the General Fund from various special revenue and capital project funds and funds committed from the Capital Improvement Fund to the Sewer Operating and Sewer Construction Funds related to Clean Water projects.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Interfund Transfers**

Interfund transfers during the year ended June 30, 2010 were as follows:

	<b>Transfers In</b>			
	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Nonmajor Funds</b>	<b>Total Transfers Out</b>
Transfers out:				
General Fund	\$	\$ 1,163,000	\$ 269,031	\$ 1,432,031
Capital Improvement	2,938		1,932,000	1,934,938
Nonmajor funds	667,313	645,000	4,140	1,316,453
 Total Transfers In	\$ 670,251	\$ 1,808,000	\$ 2,205,171	\$ 4,683,422

Transfers are used to account for revenues collected mainly in the General Fund and appropriated to other funds to finance various programs, i.e., Capital Projects, Revaluation and Computer Replacement, 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 nonmajor governmental funds consisted primarily of budget transfers for the replacement of capital assets in the Capital Improvements Fund, as well as one large transfer from the Capital Improvement Fund related to Clean Water Fund projects.

**F. Leases**

Operating Leases

The Town leases buildings under noncancelable operating leases. The total costs for such leases were \$46,224 for the year ended June 30, 2010. The future minimum lease payments for these leases are as follows:

<b><u>Year Ending June 30</u></b>	<b>Governmental Activities</b>
2011	\$ 80,660
2012	66,797
2013	55,890
2014	53,831
2015	98,975
Thereafter	48,464

The Town also leases various buildings to outside parties for a bargain lease price.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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Capital Leases

The Town has entered into three lease agreements as lessee for financing the acquisition of a police booking station and two pieces of field equipment. The leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through the capital leases are as follows:

	<u><b>Governmental Activities</b></u>
Equipment	\$ 63,503
Less accumulated depreciation	<u>(5,842)</u>
Total	<u><u>\$ 57,661</u></u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2010 were as follows:

<u><b>Year Ending June 30</b></u>	<u><b>Governmental Activities</b></u>
2011	\$ 21,320
2012	15,157
2013	8,321
2014	4,200
Less amount for interest	<u>(3,941)</u>
Minimum lease payments	<u><u>\$ 45,057</u></u>

**G. Bond Anticipation Notes Payable**

Bond anticipation note transactions for the year ended June 30, 2010 were as follows:

Outstanding, July 1, 2010	\$ 5,365,000
New borrowings	3,040,000
Repayments	<u>(5,365,000)</u>
Outstanding, June 30, 2010	<u><u>\$ 3,040,000</u></u>

The Town issued bond anticipation notes in order to fund school construction projects. The bond anticipation notes outstanding at June 30, 2010 bear interest at 0.54% and mature on October 27, 2010.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**H. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 49,735,000	\$ 9,675,000	\$ 4,010,000	\$ 55,400,000	\$ 3,810,000
Clean Water Fund loan	12,864,411			12,864,411	959,581
Landfill post-closure monitoring	3,126,200		168,200	2,958,000	168,200
Capital lease obligations		63,503	18,446	45,057	19,225
Compensated absences	2,577,832	516,210	110,361	2,983,681	134,792
Net OPEB obligation	<u>247,431</u>	<u>439,597</u>		<u>687,028</u>	
Long-Term Liabilities	<u>\$ 68,550,874</u>	<u>\$ 10,694,310</u>	<u>\$ 4,307,007</u>	<u>\$ 74,938,177</u>	<u>\$ 5,091,798</u>

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$2,938,681 as of June 30, 2010. The liability will be funded through the General Fund, the Golf Course Fund and the Sewer Operating Fund.

Bonds

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

The Town's general obligation bonds bear interest at rates from 2% to 6.9% and mature as follows:

<u>Fiscal Year</u>	<u>Groton General Fund</u>		<u>Groton Sewer District</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2011	\$ 3,600,000	\$ 2,109,330	\$ 210,000	\$ 25,200
2012	3,595,000	1,975,130	210,000	16,800
2013	3,360,000	1,847,305	210,000	8,400
2014	3,360,000	1,722,225		
2015	3,355,000	1,593,211		
2016-2020	15,405,000	6,073,060		
2021-2025	14,005,000	3,149,221		
2026-2030	<u>8,090,000</u>	<u>597,938</u>		
	<u>\$ 54,770,000</u>	<u>\$ 19,067,420</u>	<u>\$ 630,000</u>	<u>\$ 50,400</u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

At June 30, 2010, the Town has available from the State of Connecticut \$110,542 of school bond principal subsidies due in installments through 2012.

Total authorized but unissued long-term debt at June 30, 2010 consists of the following:

	<b>Bonds Authorized Unissued</b>
Animal Shelter	\$ 65,459
Senior Center	2,845,000
WPCF Additions/Improvements and Sewer System Evaluation	13,236,766
School Construction	1,650,579
Fort Hill Homes	131,200
	\$ 17,929,004

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

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General purpose	\$ 238,637,595	\$ 26,872,592	\$ 211,765,003
Schools	477,275,189	35,840,037	441,435,152
Sewers	397,729,324	21,356,466	376,372,858
Urban renewal	344,698,748		344,698,748
Pension deficit	318,183,459		318,183,459

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation including coterminous municipalities, or \$742,428,072. All long-term debt obligations are retired through General Fund and Debt Service 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 \$7,732,633 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$17,929,004 at June 30, 2010. School indebtedness is net of school building grants of \$110,542.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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, 2010, the Town has received financing of \$10,932,360. This amount includes the original approved amount of \$9,361,766 and \$1,570,594 of the amended funding of \$3,502,645 that the Town has received to date. The total Clean Water Project funding will be \$12,864,411. The additional funding was recognized in the prior year, and the remaining amended funding not yet received has been recorded as a receivable in the Sewer Construction Fund. The loan bears interest at 2% and is to be repaid over 20 years. Repayments begin in November 2010.

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

<b>Fiscal Year</b>	<b>Sewer Construction Fund</b>	
	<b>Principal Payments</b>	<b>Interest Payments</b>
2011	\$ 959,581	\$ 132,574
2012	606,051	217,673
2013	606,051	205,552
2014	606,051	193,431
2015	606,051	181,310
2016-2020	3,030,256	724,736
2021-2025	3,030,256	421,711
2026-2030	3,420,114	120,453
	\$ 12,864,411	\$ 2,197,440

**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 \$1,624,000 (\$101,500 per year for 16 years). The other landfill site stopped accepting waste in the fall of 2001 and its remaining postclosure cost is \$1,334,000 (\$66,700 for 20 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### 4. PUBLIC EMPLOYEE RETIREMENT SYSTEM

##### A. Plan Description and Provisions

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), a single-employer defined benefit pension plan administered by the Retirement Board. 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 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, GMEA, AFSME, Steelworkers and BOE Central Office Employees 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 service years prior to 1989, 1.85% for service years between 1989 and 2001, and 2% for service years after 2001 (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 (highest 3 years) times years of service after June 30, 1989 and for those retiring after June 30, 2003, 2% of average annual pay times number of continuous years of service 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%.

**GMEA:** 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.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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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. The Rule of 85 (sum of age and years of service) may be applied if under 60 and the Rule of 75 may be applicable if over the age of 60.

**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.

**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 GMEA and USWA. Maximum benefits are 75% of average annual pay for Firefighters and General Government Nonbargaining and 80% for Union and Nonunion Police Officers.

**B. Funding Policy**

Employees other than Police Officers and Firefighters are required to contribute 4% of pay to the Plan. Non-union Police Officers contribute 7.5% and Union Police Officers contribute 7.75%, Firefighters 6.5% and GMEA 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.

At July 1, 2009, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	200
Terminated employees entitled to benefits but not yet receiving them	21
Active plan members	<u>456</u>
Total	<u><u>677</u></u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**C. 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.

**D. Annual Pension Cost and Net Pension Obligation (Asset)**

The Town's annual pension cost and net pension obligation (asset) to the TGRS for the current year were as follows:

Annual required contribution	\$ 1,441,333
Interest on net pension obligation	(89,795)
Adjustment to annual required contribution	<u>151,592</u>
Annual pension cost	1,503,130
Contributions made	<u>1,441,333</u>
Decrease in net pension asset	61,797
Net Pension Asset, July 1, 2009	<u>(1,088,430)</u>
Net Pension Asset, June 30, 2010	<u>\$ (1,026,633)</u>

The following is a summary of certain significant actuarial assumptions and other information:

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	10 years, open
Asset valuation method	5-year smoothed market value
 Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases	3.25% to 6.25% (varies by age and group)
Cost-of-living adjustments	None

\*includes an inflation rate of 3.25%

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**E. Trend Information**

<u>Fiscal Year End</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/08	\$ 1,237,648	94.4	\$ (1,153,946)
6/30/09	1,433,407	95.4	(1,088,430)
6/30/10	1,503,130	95.9	(1,026,633)

**F. Schedule of Funding Progress and Schedule of Employer Contributions**

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding Excess (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess Funded AAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/04	\$ 76,643,163	\$ 68,246,938	\$ 8,396,225	112.3%	\$ 20,256,214	41.5%
7/1/05	76,641,258	71,217,521	5,423,737	107.6	20,531,996	26.4
7/1/06	78,791,829	75,542,546	3,249,283	104.3	21,603,225	15.0
7/1/07	82,698,074	80,107,841	2,590,233	103.2	22,370,382	11.6
7/1/08	86,317,508	84,196,700	2,120,808	102.5	23,647,808	9.0
7/1/09	85,476,282	92,732,994	(7,256,712)	92.2	24,190,793	(30.0)

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/05	\$ 264,070	N/A
6/30/06	534,196	100.0%
6/30/07	848,582	103.0%
6/30/08	1,168,188	100.0%
6/30/09	1,367,891	100.0%
6/30/10	1,441,333	100.0%

**G. Connecticut State Teachers' Retirement System**

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained the age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited services, at least 25 of which are service in the public schools

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

Certain part-time and full-time certified teachers are eligible to participate in the plan and are required to contribute 7.25% of their annual earnings to the plan. The Town does not, and is not legally responsible to, contribute to the plan.

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$5,890,176 for the year ended June 30, 2010.

**5. POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES HEALTHCARE PLAN**

**Summary of Significant Accounting Policies**

Basis of Accounting - The financial statements of the Groton Retired Employees Healthcare Plan (GREHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the GREHP.

Investments are reported at fair value. Investment income is recognized as earned.

**Plan Description**

The GREHP is a single-employer defined benefit healthcare plan administered by the Town of Groton. 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.

**TOWN OF GROTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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At July 1, 2009, plan membership consisted of the following:

	<b>Retiree Health Plan</b>
Retired members	383
Spouses of retired members	165
Active plan members	837
 Total Participants	 1,385

**Funding Policy**

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 towards 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 \$783 per month for retiree only coverage and \$1,534 per month for retiree and spouse coverage, to age 65, and \$553 and \$1,286 per month, respectively, thereafter.

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross is \$669 per month for retiree only coverage and \$1,338 per month for retiree and spouse coverage to age 65. The cost for Medicare eligible employees is \$315 per month for retiree only and \$630 per month for retiree and spouse.

**Contributions**

For the year ended June 30, 2010, plan members contributed \$1,815,691. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$2,618,700 were made in accordance with actuarially determined requirements. Of this amount, \$1,067,802 represents premium payments, \$517,198 represents implicit rate subsidy and \$1,033,700 was contributed to prefund benefits.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Annual OPEB Cost and Net OPEB Obligations**

The Town of Groton’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation (asset):

		<b>Retiree Health Plan</b>
Annual required contribution (ARC)	\$	3,053,000
Interest on net OPEB obligation		18,557
Adjustment to annual required contribution		<u>(13,260)</u>
Annual OPEB cost		3,058,297
Contributions made		<u>2,618,700</u>
Increase in OPEB liability		439,597
Net OPEB liability, July 1, 2009, as restated		<u>247,431</u>
Net OPEB liability, June 30, 2010	\$	<u><u>687,028</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2010 is presented below.

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
June 30, 2008	\$ 2,506,000	\$ 2,689,235	107.3%	\$ (183,235)
June 30, 2009	2,776,866	2,346,200	84.5%	247,431
June 30, 2010	3,058,297	2,618,700	85.6%	687,028

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years. The general inflation assumption is 2.5% - 3.0%. Projected salary increases were 4.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2009 was 28 years.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<i>Retiree Medical Program</i>						
7/1/2006	\$ -	\$ 27,865,000	\$ 27,865,000	0.0%	n/a	n/a
7/1/2007	-	30,780,000	30,780,000	0.0%	n/a	n/a
7/1/2008	1,384,000	34,026,000	32,642,000	4.0%	n/a	n/a
7/1/2009	1,911,000	36,645,000	34,734,000	5.0%	n/a	n/a

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2008	\$ 2,506,000	107.0%
6/30/2009	2,776,866	84.0%
6/30/2010	3,053,000	86.0%



**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**6. 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 health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. Town management has estimated a liability using actuarial methods at June 30, 2010 for claims incurred but not reported to be \$943,688 in the Health Insurance Fund and \$2,537,641 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,872,245. 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>					
2009-2010	\$ 933,131	\$ 11,986,271	\$ 11,975,734	\$ 943,668	\$ 943,668
2008-2009	1,110,936	11,906,891	12,084,696	933,131	933,131
<u>Workers' Compensation Fund</u>					
2009-2010	\$ 2,513,309	\$ 480,633	\$ 456,301	\$ 2,537,641	\$ 126,882
2008-2009	2,462,416	522,236	471,343	2,513,309	125,665

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.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### C. Concentration of Taxes

The Town's two largest taxpayers, based on the October 2008 grand list, comprise 19.1% of the net taxable grand list of the Town and approximately 12.3% of the total General Fund revenues for the year ended June 30, 2010.

#### D. Subsequent Event

On October 13, 2010, the Town held a bond and note sale and issued the following:

- \$3,210,000 of General Obligation Bond Anticipation Notes dated October 27, 2010. These notes bear interest at 0.409% and mature on July 26, 2011.

#### E. Restatements

Due to the use of actual contributions to the Groton Retired Employees Healthcare Plan in calculating the OPEB asset as of June 30, 2009, rather than the actuarially determined contributions, Groton restated its beginning OPEB asset of \$655,569 as of July 1, 2009 to a beginning liability of \$247,431.

### 7. FUTURE STANDARDS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The requirements of this Statement are effective for financial statements for the periods beginning after June 15, 2010 (fiscal year ending June 30, 2011).

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. These classifications are based on the extent to which a government is restricted by constraints imposed upon the use of the resources reported in the governmental funds. The five new fund balance classifications are Nonspendable, Restricted, Committed, Assigned and Unassigned.

In addition, this Statement provides clarification on the existing governmental fund type definitions, some of which could impact the way a government is presenting its various funds.

**Required Supplemental Information**

## TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -  
BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 73,926,483	\$ 73,926,483	\$ 74,767,488	\$ 841,005
Licenses and Permits:				
Building permits	217,621	217,621	184,544	(33,077)
Sporting licenses	1,500	1,500	1,252	(248)
Dog licenses	8,000	8,000	8,517	517
Other licenses and permits	15,500	15,500	8,594	(6,906)
Building permits - education fee	90	90	164	74
State land use fees	115	115	472	357
Total licenses and permits	<u>242,826</u>	<u>242,826</u>	<u>203,543</u>	<u>(39,283)</u>
Interest on Investments	<u>309,025</u>	<u>309,025</u>	<u>149,936</u>	<u>(159,089)</u>
Intergovernmental - State:				
General:				
Town aid road	139,820	139,820	203,490	63,670
Nuclear safety drill	30,000	30,000	26,066	(3,934)
Highway illumination	1,619	1,619	1,619	-
Telephone access	252,500	252,500	167,740	(84,760)
PILOT Enterprise zone	504,023	504,023	503,496	(527)
PILOT manufacturing machinery and equipment	2,619,432	2,619,432	1,405,002	(1,214,430)
PILOT - state and tax exemptions	1,425,724	1,425,724	1,382,964	(42,760)
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,413	31,413	31,434	21
Pequot/Mohegan funds	1,919,770	1,919,770	1,388,508	(531,262)
911 Enhancement	165,482	165,482	165,482	-
Miscellaneous state grants	8,300	8,300	24,846	16,546
Board of Education:				
Education cost sharing	25,374,989	25,374,989	21,705,313	(3,669,676)
Adult education	106,429	106,429	112,102	5,673
Instruction for the blind	40,000	40,000	13,843	(26,157)
Special education	1,000,000	1,000,000	1,177,278	177,278
Transportation - private school	31,417	31,417	28,164	(3,253)
Transportation	476,254	476,254	354,210	(122,044)
School building grants	114,064	114,064	114,064	-
Bond interest subsidy	16,026	16,026	5,709	(10,317)
Nonpublic pupil services	29,360	29,360	30,110	750
Total State of Connecticut	<u>34,295,622</u>	<u>34,295,622</u>	<u>28,850,440</u>	<u>(5,445,182)</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -  
BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 4,700,000	\$ 4,700,000	\$ 4,113,790	\$ (586,210)
Education - Educ Grants ARRA/SFSF			2,333,524	2,333,524
Education - Gov Serv ARRA/SFSF			1,286,599	1,286,599
Education - misc. federal funds	65,000	65,000	108,525	43,525
FEMA Reimbursement			227,677	227,677
Emergency management	10,000	10,000	13,326	3,326
Gen Fund/other - misc. federal funds			2,388	2,388
Total Federal government	<u>4,775,000</u>	<u>4,775,000</u>	<u>8,085,829</u>	<u>3,310,829</u>
Charges for Current Services:				
Planning Commission fees	13,500	13,500	11,200	(2,300)
Recording instruments	165,000	165,000	155,656	(9,344)
Conveyance tax	575,000	575,000	590,622	15,622
Planning department - other	1,000	1,000	1,136	136
Collection subdivisions taxes	76,712	76,712	76,712	-
Accident reports	2,000	2,000	1,782	(218)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	48,573	48,573	48,573	-
Playground aides - Board of Education	28,251	28,251	25,444	(2,807)
Housing Authority shelter rent	45,300	45,300	46,296	996
Coordinated Medical Emergency Director	22,832	22,832	22,832	-
Board of Education - FHS/ground mowing	42,417	42,417	42,417	-
GIS - revenue	500	500	2,073	1,573
Vital statistics	5,000	5,000	5,624	624
Total charges for current services	<u>1,027,085</u>	<u>1,027,085</u>	<u>1,031,367</u>	<u>4,282</u>
Schools, Library and Recreation:				
Tuition from other towns	200,000	200,000	125,515	(74,485)
Other school receipts	60,000	60,000	74,767	14,767
Library fines	23,000	23,000	28,833	5,833
Lost and damaged book fees	3,000	3,000	3,056	56
Senior Center fees	50,000	50,000	65,403	15,403
Park concession and rental	2,000	2,000	1,668	(332)
Other recreational receipts	15,970	15,970	23,958	7,988
Library - copier fees	7,500	7,500	6,848	(652)
Library fees	12,000	12,000	15,004	3,004
Park rentals	2,000	2,000	3,185	1,185
Playground fees	119,500	119,500	85,464	(34,036)
Total schools, library and recreation	<u>494,970</u>	<u>494,970</u>	<u>433,701</u>	<u>(61,269)</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -  
BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 16,000	\$ 16,000	\$ 13,834	\$ (2,166)
Parking tickets	3,700	3,700	2,355	(1,345)
Aircraft registration fees	18,000	18,000	21,780	3,780
Lease fees	101,370	101,370	106,265	4,895
Land record copies	27,000	27,000	26,790	(210)
Vital copies	45,000	45,000	65,669	20,669
Miscellaneous	22,504	22,504	97,320	74,816
Dog warden - sold and redeemed	4,200	4,200	4,996	796
Public Works Disposal fees	126,115	126,115	135,439	9,324
Returned check fees	1,400	1,400	1,320	(80)
Sale of capital assets	4,000	4,000	8,203	4,203
Finance Dept. copies	1,500	1,500	1,422	(78)
Total other revenue	<u>370,789</u>	<u>370,789</u>	<u>485,393</u>	<u>114,604</u>
Other Financing Sources:				
Transfers in:				
Golf course	55,412	55,412	55,412	-
Sewer/landfill services	504,416	504,416	504,415	(1)
Sewer District	99,851	99,851	99,851	-
Mumford Cove	745	745	745	-
Community Investment Act Fund	6,890	6,890	6,890	-
S Pleasant Valley Road Improvement			2,938	2,938
Total other financing sources	<u>667,314</u>	<u>667,314</u>	<u>670,251</u>	<u>2,937</u>
Total Revenues and Other Financing Sources	<u>\$ 116,109,114</u>	<u>\$ 116,109,114</u>	<u>\$ 114,677,948</u>	<u>\$ (1,431,166)</u>

## TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF EXPENDITURES AND ENCUMBRANCES  
COMPARED WITH APPROPRIATIONS - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 51,210	\$ 51,210	\$ 50,247	\$ 963
Voter registration	100,957	100,957	93,487	7,470
Judicial services	17,510	17,510	13,503	4,007
Town Clerk	392,353	392,353	383,502	8,851
Legal services	355,000	460,000	454,104	5,896
Total general government	917,030	1,022,030	994,843	27,187
General Services:				
Executive management	381,925	381,925	376,877	5,048
Financial administration	1,406,036	1,428,761	1,408,990	19,771
Administrative services	2,905,225	2,905,225	2,828,900	76,325
Total general services	4,693,186	4,715,911	4,614,767	101,144
Public Safety:				
Police services	6,575,373	6,575,373	6,467,730	107,643
Public Works	7,077,196	7,197,196	7,188,292	8,904
Planning and Development Services	1,262,560	1,262,560	1,254,896	7,664
Human Services:				
Human services	649,153	649,153	596,167	52,986
Community Services:				
Parks and recreation	2,347,058	2,347,058	2,311,991	35,067
Library	1,812,865	1,812,865	1,763,508	49,357
Total community services	4,159,923	4,159,923	4,075,499	84,424
Nondepartmental:				
Insurance and claims	537,000	537,000	471,461	65,539
Contingency	350,000	102,275		102,275
Self-funded plans	5,807,952	6,048,452	6,047,116	1,336
Total nondepartmental	6,694,952	6,687,727	6,518,577	169,150
Education	72,572,500	72,572,500	72,572,500	-
Debt Service:				
Town	2,114,938	2,114,938	1,938,509	176,429
Board of Education	3,183,162	3,183,162	3,139,008	44,154
Total debt service	5,298,100	5,298,100	5,077,517	220,583

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF EXPENDITURES AND ENCUMBRANCES  
COMPARED WITH APPROPRIATIONS - BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 105,999	\$ 105,999	\$ 105,999	\$ -
Ambulance services	120,451	120,451	119,451	1,000
Health services - cultural agencies	1,452,740	1,452,740	1,445,569	7,171
Other libraries	216,700	216,700	216,700	-
Total outside agencies	<u>1,895,890</u>	<u>1,895,890</u>	<u>1,887,719</u>	<u>8,171</u>
Subdivisions:				
City of Groton	4,398,000	4,398,000	4,398,000	-
Groton Long Point	320,000	320,000	320,000	-
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>4,964,012</u>	<u>4,964,012</u>	<u>4,964,012</u>	<u>-</u>
Total expenditures	<u>116,759,875</u>	<u>117,000,375</u>	<u>116,212,519</u>	<u>787,856</u>
Other Financing Uses:				
Transfers out	<u>1,362,964</u>	<u>1,362,964</u>	<u>1,362,964</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 118,122,839</u>	<u>\$ 118,363,339</u>	<u>\$ 117,575,483</u>	<u>\$ 787,856</u>



**Supplemental and Combining  
Fund Statements and Schedules**

**General Fund**

## TOWN OF GROTON, CONNECTICUT

## GENERAL FUND

## BALANCE SHEET

JUNE 30, 2010 WITH COMPARATIVE TOTALS FOR 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 19,442,735	\$ 18,960,973
Property taxes receivable, net	2,083,049	1,733,748
Other receivables	524,724	3,653,854
Prepaid expenditures and other assets	<u>76</u>	<u>577</u>
Total Assets	<u>\$ 22,050,584</u>	<u>\$ 24,349,152</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 8,084,379	\$ 6,795,495
Deferred revenue - taxes	<u>2,065,213</u>	<u>1,760,699</u>
Total liabilities	<u>10,149,592</u>	<u>8,556,194</u>
Fund Balances:		
Reserved for encumbrances	2,139,367	3,289,619
Unreserved:		
Designated for subsequent year budget	932,201	2,013,725
Unreserved, undesignated	<u>8,829,424</u>	<u>10,489,614</u>
Total fund balance	<u>11,900,992</u>	<u>15,792,958</u>
Total Liabilities and Fund Balance	<u>\$ 22,050,584</u>	<u>\$ 24,349,152</u>

## TOWN OF GROTON, CONNECTICUT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -  
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 73,926,483	\$ 73,926,483	\$ 74,767,488	\$ 841,005
Licenses and permits	242,826	242,826	203,543	(39,283)
Interest on investments	309,025	309,025	149,936	(159,089)
Intergovernmental - Federal	4,775,000	4,775,000	8,085,829	3,310,829
Intergovernmental - State	34,295,622	34,295,622	28,850,440	(5,445,182)
Charges for current services	1,027,085	1,027,085	1,031,367	4,282
Schools, library and recreation fees	494,970	494,970	433,701	(61,269)
Other revenue	370,789	370,789	485,393	114,604
Total revenues	<u>115,441,800</u>	<u>115,441,800</u>	<u>114,007,697</u>	<u>(1,434,103)</u>
Expenditures:				
Current:				
General government	917,030	1,022,030	994,843	27,187
General services	4,693,186	4,715,911	4,614,767	101,144
Public safety	6,575,373	6,575,373	6,467,730	107,643
Public works	7,077,196	7,197,196	7,188,292	8,904
Planning and development	1,262,560	1,262,560	1,254,896	7,664
Health and human services	649,153	649,153	596,167	52,986
Community services	4,159,923	4,159,923	4,075,499	84,424
Education	72,572,500	72,572,500	72,572,500	-
Subdivisions	4,964,012	4,964,012	4,964,012	-
Nondepartmental	6,694,952	6,687,727	6,518,577	169,150
Outside agencies	1,895,890	1,895,890	1,887,719	8,171
Debt service	5,298,100	5,298,100	5,077,517	220,583
Total expenditures	<u>116,759,875</u>	<u>117,000,375</u>	<u>116,212,519</u>	<u>787,856</u>
Deficiency of Revenues over Expenditures	<u>(1,318,075)</u>	<u>(1,558,575)</u>	<u>(2,204,822)</u>	<u>(646,247)</u>
Other Financing Sources (Uses):				
Transfers in	667,314	667,314	670,251	2,937
Transfers out	(1,362,964)	(1,362,964)	(1,362,964)	-
Total other financing uses	<u>(695,650)</u>	<u>(695,650)</u>	<u>(692,713)</u>	<u>2,937</u>
Net Change in Fund Balance	<u>\$ (2,013,725)</u>	<u>\$ (2,254,225)</u>	(2,897,535)	<u>\$ (643,310)</u>
Fund Balance at Beginning of Year			12,525,060	
Encumbrances Cancelled			<u>106,157</u>	
Fund Balance at End of Year			<u>\$ 9,733,682</u>	

## TOWN OF GROTON, CONNECTICUT

**GENERAL FUND SCHEDULE OF BOARD OF EDUCATION EXPENDITURES  
AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS - BUDGETARY BASIS**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 35,359,865	\$ 35,359,865	\$ 34,859,620	\$ 500,245	\$ 35,359,865	\$ -
Special	7,468,875	7,468,875	7,468,364	511	7,468,875	-
Continuing	313,920	313,920	313,920		313,920	-
Total instruction	<u>43,142,660</u>	<u>43,142,660</u>	<u>42,641,904</u>	<u>500,756</u>	<u>43,142,660</u>	<u>-</u>
Supporting Services:						
Pupils	5,291,060	5,291,060	5,285,367	5,693	5,291,060	-
Staff	2,979,980	2,979,980	2,979,596	384	2,979,980	-
General support	5,973,260	5,985,893	5,802,788	183,105	5,985,893	-
Operational support	12,558,910	12,558,910	12,480,642	78,268	12,558,910	-
Total supporting services	<u>26,803,210</u>	<u>26,815,843</u>	<u>26,548,393</u>	<u>267,450</u>	<u>26,815,843</u>	<u>-</u>
Community Services:						
Nonpublic school pupils	134,140	121,507	121,507		121,507	-
Total community services	<u>134,140</u>	<u>121,507</u>	<u>121,507</u>	<u>-</u>	<u>121,507</u>	<u>-</u>
Nonprogrammed Changes:						
Tuition payments	2,492,490	2,492,490	2,482,031	10,459	2,492,490	-
Total	<u>\$ 72,572,500</u>	<u>\$ 72,572,500</u>	<u>\$ 71,793,835</u>	<u>\$ 778,665</u>	<u>\$ 72,572,500</u>	<u>\$ -</u>

**Nonmajor Governmental Funds**

## *Nonmajor Governmental Funds*

### *Special Revenue Funds*

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

**Educational Grants:** Accounts for all specially financed education programs under grants received from the Federal or State government.

**School Cafeteria:** Accounts for revenue and expenditures of the food service operations in the Groton Public Schools.

**Community Development:** Accounts for block grants received from the United States Department of Housing and Urban Development.

**Donation Fund:** Accounts for miscellaneous donations.

**Fitch Senior High Library Media Fund:** Accounts for media fund at the Fitch Senior High School.

**Board of Education Grants (DOD):** Accounts for Federal Grant in accordance with Title II of P.L. 101-511 Department of Defense Appropriations Act.

**Special Library Fund:** Accounts for revenue and expenditures of State grants which can be used for general library purposes only.

**Golf Course Fund:** Accounts for revenue and expenditures of the municipal-owned golf course.

**Sewer Operating Fund:** Accounts for the costs associated with the administration, operation and maintenance of the Water Pollution Control Facility, collection sewers and pumping stations.

**Solid Waste Fund:** Accounts for the administration, operation and environmental management associated with the handling and disposal of solid waste within the Town of Groton.

**Mumford Cove District:** Accounts for taxes paid by residents to cover costs of fire protection contracted through Noank Fire District.

**Emergency Energy Fund:** Fuel assistance for those Groton residents that meet below poverty guidelines.

**Revaluation:** Accounts for revenues and expenditures of the revaluation program.

**Other Special Revenue:** Accounts for miscellaneous special revenue fund grants and other programs.

**Computer Replacement:** Accounts for revenues and expenditures for the computer replacement program.

**Adult Education:** Accounts for the fees paid for Adult Education classes offered by the Groton Board of Education.

**Escrow Fund:** Accounts for fund that are received and held until services are rendered or contract terms are met. Also accounts for miscellaneous planning and zoning fees.

**Parks and Recreation Revolving:** Accounts for parks and recreation programs and trips that are self-supporting.

**Outside Police Work:** Accounts for the revenues and expenditures associated with Police Officers hired for traffic control.

**Land Acquisition:** Accounts for funds set aside for the purchase of open space.

**Economic Assistance:** Accounts for funds provided for the construction of necessary public infrastructure improvements associated with new job-creating development opportunities.

**Vehicle Maintenance:** Accounts for revenues and expenditures associated with fuel and vehicle maintenance provided to agencies outside of the Town.

### ***Capital Projects Fund***

**Sewer Line Infrastructure Repair:** Accounts for repairs made to the Town's sewer lines.

**Sewer Construction:** Accounts for capital improvements to the Town's sewer system.

### ***Debt Service Fund***

The Debt Service Fund accounts for the payment of principal and interest on general long-term debt of the sewer district of the Town.

### ***Permanent Funds***

**Williams Library Trust:** Created by the will of Eliza K. Williams, the income of which is to be used for the purchase of educational books and current periodicals for the library in the Robert E. Fitch High School.

**Julia Bill Library Trust:** Created by the will of Julia Bill, the income of which is to be used to purchase equipment for Fitch Middle School.

**Rispoli Scholarship:** Created by the will of Elizabeth Rispoli's Trust, the income of which is to be used to provide scholarship money for Fitch High School students.



**TOWN OF GROTON, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	<u>Special Revenue Funds</u>								
	<u>Educational Grants</u>	<u>School Cafeteria</u>	<u>Community Development</u>	<u>Donation Fund</u>	<u>Fitch Senior High Library Media Fund</u>	<u>Board of Education Grants (DOD)</u>	<u>Special Library Fund</u>	<u>Golf Course Fund</u>	<u>Sewer Operating Fund</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 58,116	\$ 180,653	\$ 649,866	\$ 94,892	\$ 10,310	\$ 445,248	\$ 129,275	\$ 45,810	\$ 1,202,496
Receivables:									
Taxes receivable, net									
Assessments receivable, net			198,729						
Intergovernmental	65,825	192,289							10,273
Accounts receivable, net							3,955		586,872
User fees receivable, net									1,932,000
Due from other funds									
Investments									
Other assets							4,929		
<b>Total Assets</b>	<b>\$ 123,941</b>	<b>\$ 372,942</b>	<b>\$ 848,595</b>	<b>\$ 94,892</b>	<b>\$ 10,310</b>	<b>\$ 445,248</b>	<b>\$ 129,275</b>	<b>\$ 54,694</b>	<b>\$ 3,731,641</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 84,246	\$	\$ 32,336	\$ 3,852	\$	\$	\$ 998	\$ 54,472	\$ 220,761
Due to State	7,492								
Due to other funds									
Deferred revenue	20,098		165,725			445,248			
<b>Total liabilities</b>	<b>111,836</b>	<b>-</b>	<b>198,061</b>	<b>3,852</b>	<b>-</b>	<b>445,248</b>	<b>998</b>	<b>54,472</b>	<b>220,761</b>
<b>Fund Balances:</b>									
Reserved for encumbrances									78,427
Reserved for equipment			41,413						674,054
Reserved for trust principal									
Unreserved and undesignated	12,105	372,942	609,121	91,040	10,310		128,277	222	2,758,399
<b>Total fund balances</b>	<b>12,105</b>	<b>372,942</b>	<b>650,534</b>	<b>91,040</b>	<b>10,310</b>	<b>-</b>	<b>128,277</b>	<b>222</b>	<b>3,510,880</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 123,941</b>	<b>\$ 372,942</b>	<b>\$ 848,595</b>	<b>\$ 94,892</b>	<b>\$ 10,310</b>	<b>\$ 445,248</b>	<b>\$ 129,275</b>	<b>\$ 54,694</b>	<b>\$ 3,731,641</b>

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**TOWN OF GROTON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	Special Revenue Funds									
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition
ASSETS										
Cash and cash equivalents	\$ 1,371,170	\$ 790	\$ 6,522	\$ 517,766	\$ 498,011	\$ 343,825	\$ 825,926	\$ 370,362	\$ 211,339	\$ 225,102
Receivables:										
Taxes receivable, net		7								
Assessments receivable, net										
Intergovernmental										
Accounts receivable, net						2,838	2,755	16	25,266	
User fees receivable, net	407,511									
Due from other funds										
Investments								7,490		
Other assets										
<b>Total Assets</b>	<b>\$ 1,778,681</b>	<b>\$ 797</b>	<b>\$ 6,522</b>	<b>\$ 517,766</b>	<b>\$ 498,011</b>	<b>\$ 346,663</b>	<b>\$ 828,681</b>	<b>\$ 377,868</b>	<b>\$ 236,605</b>	<b>\$ 225,102</b>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 200,072	\$	\$ 1,417	\$ 22,112	\$ 61,053	\$	\$ 11,272	\$ 44,782	\$ 5,162	\$
Due to State										
Due to other funds										
Deferred revenue					195,845		6,240			
Total liabilities	200,072	-	1,417	22,112	256,898	-	17,512	44,782	5,162	-
Fund Balances:										
Reserved for encumbrances				31,983	44,682	79,030	36,339	21,612		
Reserved for equipment										
Reserved for trust principal										
Unreserved and undesignated	1,578,609	797	5,105	463,671	196,431	267,633	774,830	311,474	231,443	225,102
Total fund balances	1,578,609	797	5,105	495,654	241,113	346,663	811,169	333,086	231,443	225,102
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,778,681</b>	<b>\$ 797</b>	<b>\$ 6,522</b>	<b>\$ 517,766</b>	<b>\$ 498,011</b>	<b>\$ 346,663</b>	<b>\$ 828,681</b>	<b>\$ 377,868</b>	<b>\$ 236,605</b>	<b>\$ 225,102</b>

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2010**

	<u>Special Revenue Funds</u>		<u>Capital Project Funds</u>		<u>Debt Service Fund</u>	<u>Permanent Funds</u>			<u>Totals</u>
	<u>Economic Assistance</u>	<u>Vehicle Maintenance</u>	<u>Sewer Construction</u>	<u>Sewer Line Infrastructure Repair</u>	<u>Groton Sewer District</u>	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 210,558	\$	\$ 624,672	\$ 263,126	\$ 3,262,959	\$ 35,613	\$ 38,987	\$ 200,098	\$ 11,823,492
Receivables:									
Taxes receivable, net					17,653				17,660
Assessments receivable, net					24,725				223,454
Intergovernmental			1,932,051						2,200,438
Accounts receivable, net		41,487			54				76,371
User fees receivable, net									994,383
Due from other funds			992,059						2,924,059
Investments						96,252	12,340		108,592
Other assets									12,419
<b>Total Assets</b>	<b>\$ 210,558</b>	<b>\$ 41,487</b>	<b>\$ 3,548,782</b>	<b>\$ 263,126</b>	<b>\$ 3,305,391</b>	<b>\$ 131,865</b>	<b>\$ 51,327</b>	<b>\$ 200,098</b>	<b>\$ 18,380,868</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$	\$ 2,400	\$	\$ 4,405	\$	\$	\$	\$	\$ 749,340
Due to State									7,492
Due to other funds		11,021							11,021
Deferred revenue					43,459				876,615
Total liabilities	<u>-</u>	<u>13,421</u>	<u>-</u>	<u>4,405</u>	<u>43,459</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,468</u>
<b>Fund Balances:</b>									
Reserved for encumbrances			1,787	163,493	643				457,996
Reserved for equipment									715,467
Reserved for trust principal						101,950	27,543	200,000	329,493
Unreserved and undesignated	210,558	28,066	3,546,995	95,228	3,261,289	29,915	23,784	98	15,233,444
Total fund balances	<u>210,558</u>	<u>28,066</u>	<u>3,548,782</u>	<u>258,721</u>	<u>3,261,932</u>	<u>131,865</u>	<u>51,327</u>	<u>200,098</u>	<u>16,736,400</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 210,558</b>	<b>\$ 41,487</b>	<b>\$ 3,548,782</b>	<b>\$ 263,126</b>	<b>\$ 3,305,391</b>	<b>\$ 131,865</b>	<b>\$ 51,327</b>	<b>\$ 200,098</b>	<b>\$ 18,380,868</b>

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds								
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut	2,751,814	76,429					48,757		
Federal government		775,592				206,365			10,273
Investments earnings		731	6,104		46	1,219	265		1,451
Charges for services		851,977						1,093,156	
Sewer use charges									5,489,977
Solid waste management									
Other revenue	125,156		23,565	53,280				617	1,732
Total revenues	<u>2,876,970</u>	<u>1,704,729</u>	<u>29,669</u>	<u>53,280</u>	<u>46</u>	<u>207,584</u>	<u>49,022</u>	<u>1,093,773</u>	<u>5,503,433</u>
Expenditures:									
General government									
Public safety									
Public works									
Human services			145,013	53,721					
Community services							43,263	1,050,913	
Education	2,938,513	1,698,560							
Sewer operations									3,949,168
Solid waste management									
Outside agencies									
Capital outlay						207,584			
Debt service									588,556
Total expenditures	<u>2,938,513</u>	<u>1,698,560</u>	<u>145,013</u>	<u>53,721</u>	<u>-</u>	<u>207,584</u>	<u>43,263</u>	<u>1,050,913</u>	<u>4,537,724</u>
Revenues Over (Under) Expenditures	<u>(61,543)</u>	<u>6,169</u>	<u>(115,344)</u>	<u>(441)</u>	<u>46</u>	<u>-</u>	<u>5,759</u>	<u>42,860</u>	<u>965,709</u>
Other Financing Sources (Uses):									
Transfers in									1,932,000
Transfers out							(2,000)	(55,717)	(964,373)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(55,717)</u>	<u>967,627</u>
Net Change in Fund Balances	(61,543)	6,169	(115,344)	(441)	46	-	3,759	(12,857)	1,933,336
Fund Balance - Beginning of Year	<u>73,648</u>	<u>366,773</u>	<u>765,878</u>	<u>91,481</u>	<u>10,264</u>	<u>-</u>	<u>124,518</u>	<u>13,079</u>	<u>1,577,544</u>
Fund Balance - End of Year	<u>\$ 12,105</u>	<u>\$ 372,942</u>	<u>\$ 650,534</u>	<u>\$ 91,040</u>	<u>\$ 10,310</u>	<u>\$ -</u>	<u>\$ 128,277</u>	<u>\$ 222</u>	<u>\$ 3,510,880</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds										
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition
Revenues:											
Property taxes, interest and lien fees	\$	\$ 20,868	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments											
State of Connecticut					334,883						
Federal government					25,897						
Investments earnings	4,567			1,464	182	858					536
Charges for services						26,375		550,180	115,356		
Sewer use charges											
Solid waste management	2,669,731										
Other revenue	59,321		33,052		140,532			109,331	98,615		
Total revenues	<u>2,733,619</u>	<u>20,868</u>	<u>33,052</u>	<u>1,464</u>	<u>501,494</u>	<u>27,233</u>	<u>-</u>	<u>109,331</u>	<u>648,795</u>	<u>115,356</u>	<u>536</u>
Expenditures:											
General government				140,255	36,978			111,399			
Public safety		20,000			65,846					116,926	
Public works					2,254						
Human services			34,388		51,704						
Community services					176,700			576,087			
Education							8,807				
Sewer operations											
Solid waste management	2,369,490										
Outside agencies											
Capital outlay						37,704					
Debt service											
Total expenditures	<u>2,369,490</u>	<u>20,000</u>	<u>34,388</u>	<u>140,255</u>	<u>333,482</u>	<u>37,704</u>	<u>8,807</u>	<u>111,399</u>	<u>576,087</u>	<u>116,926</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>364,129</u>	<u>868</u>	<u>(1,336)</u>	<u>(138,791)</u>	<u>168,012</u>	<u>(10,471)</u>	<u>(8,807)</u>	<u>(2,068)</u>	<u>72,708</u>	<u>(1,570)</u>	<u>536</u>
Other Financing Sources (Uses):											
Transfers in				110,000	69,569	93,602					
Transfers out	(186,877)	(745)			(6,890)						
Total other financing sources (uses)	<u>(186,877)</u>	<u>(745)</u>	<u>-</u>	<u>110,000</u>	<u>62,679</u>	<u>93,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	177,252	123	(1,336)	(28,791)	230,691	83,131	(8,807)	(2,068)	72,708	(1,570)	536
Fund Balance - Beginning of Year	<u>1,401,357</u>	<u>674</u>	<u>6,441</u>	<u>524,445</u>	<u>10,422</u>	<u>263,532</u>	<u>8,807</u>	<u>813,237</u>	<u>260,378</u>	<u>233,013</u>	<u>224,566</u>
Fund Balance - End of Year	<u>\$ 1,578,609</u>	<u>\$ 797</u>	<u>\$ 5,105</u>	<u>\$ 495,654</u>	<u>\$ 241,113</u>	<u>\$ 346,663</u>	<u>\$ -</u>	<u>\$ 811,169</u>	<u>\$ 333,086</u>	<u>\$ 231,443</u>	<u>\$ 225,102</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds		Capital Projects Funds		Debt Service Fund	Permanent Funds			Totals
	Economic Assistance	Vehicle Maintenance	Sewer Construction	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$ 740,951	\$	\$	\$	\$ 761,819
Sewer assessments					12,627				12,627
State of Connecticut			176,634		1,105				3,389,622
Federal government									1,018,127
Investments earnings	849		276	1,002	7,441	15,448	3,135		45,574
Charges for services		342,398						478	2,979,920
Sewer use charges									5,489,977
Solid waste management									2,669,731
Other revenue			10,000						655,201
Total revenues	<u>849</u>	<u>342,398</u>	<u>186,910</u>	<u>1,002</u>	<u>762,124</u>	<u>15,448</u>	<u>3,135</u>	<u>478</u>	<u>17,022,598</u>
Expenditures:									
General government					5,047				293,679
Public safety									202,772
Public works									2,254
Human services									284,826
Community services						6,711		523	1,854,197
Education									4,645,880
Sewer operations									3,949,168
Solid waste management									2,369,490
Outside agencies		314,332							314,332
Capital outlay				180,351					425,639
Debt service					489,000				1,077,556
Total expenditures	<u>-</u>	<u>314,332</u>	<u>-</u>	<u>180,351</u>	<u>494,047</u>	<u>6,711</u>	<u>-</u>	<u>523</u>	<u>15,419,793</u>
Revenues Over (Under) Expenditures	<u>849</u>	<u>28,066</u>	<u>186,910</u>	<u>(179,349)</u>	<u>268,077</u>	<u>8,737</u>	<u>3,135</u>	<u>(45)</u>	<u>1,602,805</u>
Other Financing Sources (Uses):									
Transfers in									2,205,171
Transfers out					(99,851)				(1,316,453)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>888,718</u>
Net Change in Fund Balances	849	28,066	186,910	(179,349)	168,226	8,737	3,135	(45)	2,491,523
Fund Balance - Beginning of Year	209,709	-	3,361,872	438,070	3,093,706	123,128	48,192	200,143	14,244,877
Fund Balance - End of Year	<u>\$ 210,558</u>	<u>\$ 28,066</u>	<u>\$ 3,548,782</u>	<u>\$ 258,721</u>	<u>\$ 3,261,932</u>	<u>\$ 131,865</u>	<u>\$ 51,327</u>	<u>\$ 200,098</u>	<u>\$ 16,736,400</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - SPECIAL LIBRARY FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 1,000	\$ 1,000	\$ 265	\$ (735)
State grants	1,200	1,200	1,104	(96)
ConnectiCard grant	42,000	42,000	47,653	5,653
Total revenues	<u>44,200</u>	<u>44,200</u>	<u>49,022</u>	<u>4,822</u>
Expenditures:				
Payroll charges	13,435	13,435	12,841	594
Software maintenance fees	15,000	15,000	13,928	1,072
Equipment, machinery and furniture	10,000	10,000	10,000	-
Computer equipment	4,945	4,945	4,706	239
Total expenditures	<u>43,380</u>	<u>43,380</u>	<u>41,475</u>	<u>1,905</u>
Revenues over Expenditures	820	820	7,547	6,727
Other Financing Uses:				
Transfers Out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,180)</u>	<u>\$ (1,180)</u>	<u>\$ 5,547</u>	<u>\$ 6,727</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GOLF COURSE FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,203,538	\$ 1,203,538	\$ 1,093,765	\$ (109,773)
Expenditures:				
Community services	<u>1,117,775</u>	<u>1,117,775</u>	<u>1,050,914</u>	<u>66,861</u>
Revenues over Expenditures	85,763	85,763	42,851	(42,912)
Other Financing Uses:				
Transfers out	<u>(55,717)</u>	<u>(55,717)</u>	<u>(55,717)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>30,046</u></u>	\$ <u><u>30,046</u></u>	\$ <u><u>(12,866)</u></u>	\$ <u><u>(42,912)</u></u>



## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - SEWER OPERATING FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer use charges	\$ 5,478,329	\$ 5,478,329	\$ 5,489,977	\$ 11,648
Interest income	5,455	5,455	1,451	(4,004)
FEMA Reimbursement			13,073	13,073
Other revenue			1,732	1,732
Total revenues	<u>5,483,784</u>	<u>5,483,784</u>	<u>5,506,233</u>	<u>22,449</u>
Expenditures:				
Sewer system maintenance	<u>4,658,871</u>	<u>4,658,871</u>	<u>4,526,911</u>	<u>131,960</u>
Revenues over Expenditures	824,913	824,913	979,322	154,409
Other Financing Uses:				
Transfers in			1,932,000	1,932,000
Transfers out	<u>(964,373)</u>	<u>(964,373)</u>	<u>(964,373)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (139,460)</u>	<u>\$ (139,460)</u>	<u>\$ 1,946,949</u>	<u>\$ 2,086,409</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - SOLID WASTE FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste management	\$ 2,414,666	\$ 2,414,666	\$ 2,729,056	\$ 314,390
Interest income	6,485	6,485	4,567	(1,918)
Total revenues	<u>2,421,151</u>	<u>2,421,151</u>	<u>2,733,623</u>	<u>312,472</u>
Expenditures:				
Solid waste management	<u>2,395,477</u>	<u>2,395,477</u>	<u>2,369,491</u>	<u>25,986</u>
Revenues over Expenditures	25,674	25,674	364,132	338,458
Other Financial Uses:				
Transfers out	<u>(186,877)</u>	<u>(186,877)</u>	<u>(186,877)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (161,203)</u>	<u>\$ (161,203)</u>	<u>\$ 177,255</u>	<u>\$ 338,458</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - MUMFORD COVE DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes, interest and lien fees	\$ 20,765	\$ 20,765	\$ 20,868	\$ 103
Expenditures:				
Public safety	<u>20,020</u>	<u>20,020</u>	<u>20,000</u>	<u>20</u>
Revenues over Expenditures	745	745	868	123
Other Financial Uses:				
Transfers out	<u>(745)</u>	<u>(745)</u>	<u>(745)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>123</u></u>	\$ <u><u>123</u></u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - REVALUATION FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 4,360	\$ 4,360	\$ 1,464	\$ (2,896)
Expenditures:				
Property revaluation	<u>129,250</u>	<u>129,250</u>	<u>127,681</u>	<u>1,569</u>
Revenues over Expenditures	(124,890)	(124,890)	(126,217)	(1,327)
Other Financing Sources:				
Transfers in	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (14,890)</u>	<u>\$ (14,890)</u>	<u>\$ (16,217)</u>	<u>\$ (1,327)</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - COMPUTER REPLACEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2010**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 2,285	\$ 2,285	\$ 857	\$ (1,428)
Other agencies	1,545	1,545	5,280	3,735
Outside agencies - MDT	24,820	24,820	21,095	(3,725)
Total revenues	<u>28,650</u>	<u>28,650</u>	<u>27,232</u>	<u>(1,418)</u>
Expenditures:				
Computer equipment	<u>53,490</u>	<u>53,490</u>	<u>51,204</u>	<u>2,286</u>
Revenues under Expenditures	(24,840)	(24,840)	(23,972)	868
Other Financing Sources:				
Transfers in	<u>93,602</u>	<u>93,602</u>	<u>93,602</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 68,762</u>	<u>\$ 68,762</u>	<u>\$ 69,630</u>	<u>\$ 868</u>

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GROTON SEWER DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes and other	\$ 754,134	\$ 754,134	\$ 754,634	\$ 500
Interest income	25,800	25,800	7,441	(18,359)
Total revenues	<u>779,934</u>	<u>779,934</u>	<u>762,075</u>	<u>(17,859)</u>
Expenditures:				
Debt service	1,059,000	1,059,000	489,000	570,000
Operating expense	4,338	4,338	5,223	(885)
Total expenditures	<u>1,063,338</u>	<u>1,063,338</u>	<u>494,223</u>	<u>569,115</u>
Revenues over (under) Expenditures	(283,404)	(283,404)	267,852	551,256
Other Financing Uses:				
Transfers out	<u>(99,851)</u>	<u>(99,851)</u>	<u>(99,851)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (383,255)</u>	<u>\$ (383,255)</u>	<u>\$ 168,001</u>	<u>\$ 551,256</u>

**Internal Service Funds**

## **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the Town, or to other governments, on a cost reimbursement basis. The Town has three such funds.

**Fleet Reserve Fund** - is used to account for the use and replacement of motor vehicles to other departments and related costs.

**Health Insurance Fund** - is used to account for the revenues and related expenses for the health self-insurance plan.

**Workers' Compensation Fund** - is used to account for the revenues and related expenses for the workers' compensation and heart and hypertension benefits.



**TOWN OF GROTON, CONNECTICUT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**

**JUNE 30, 2010**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,329,922	\$ 5,814,423	\$ 2,310,122	\$ 9,454,467
Accounts receivable		40		40
Other assets		40,391		40,391
Total current assets	<u>1,329,922</u>	<u>5,854,854</u>	<u>2,310,122</u>	<u>9,494,898</u>
Noncurrent assets:				
Property and equipment, net	<u>3,213,221</u>			<u>3,213,221</u>
Total assets	<u>4,543,143</u>	<u>5,854,854</u>	<u>2,310,122</u>	<u>12,708,119</u>
Liabilities:				
Current liabilities:				
Accounts payable	60,079	40,391	6,584	107,054
Claims incurred but not reported		943,668	126,882	1,070,550
Total current liabilities	<u>60,079</u>	<u>984,059</u>	<u>133,466</u>	<u>1,177,604</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,410,759</u>	<u>2,410,759</u>
Total liabilities	<u>60,079</u>	<u>984,059</u>	<u>2,544,225</u>	<u>3,588,363</u>
Net Assets:				
Invested in capital assets	3,213,221			3,213,221
Unrestricted	<u>1,269,843</u>	<u>4,870,795</u>	<u>(234,103)</u>	<u>5,906,535</u>
Total Net Assets	<u>\$ 4,483,064</u>	<u>\$ 4,870,795</u>	<u>\$ (234,103)</u>	<u>\$ 9,119,756</u>

## TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET ASSETS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,290,171	\$ 12,867,532	\$ 562,378	\$ 14,720,081
Other revenue	73,888	237,614	15,326	326,828
Total operating revenue	<u>1,364,059</u>	<u>13,105,146</u>	<u>577,704</u>	<u>15,046,909</u>
Operating Expenses:				
Operating expenses	682,101			682,101
Claims - operating		11,986,271		11,986,271
Claims - workers' compensation			333,749	333,749
Claims - heart and hypertension			146,884	146,884
Administrative		1,114,157	141,243	1,255,400
Depreciation	641,199			641,199
Total operating expenses	<u>1,323,300</u>	<u>13,100,428</u>	<u>621,876</u>	<u>15,045,604</u>
Operating income (loss)	<u>40,759</u>	<u>4,718</u>	<u>(44,172)</u>	<u>1,305</u>
Nonoperating Revenue and Expenses:				
Intergovernmental revenue	59,800			59,800
Interest on investments	3,794	14,552	5,519	23,865
Loss on disposal of capital assets	(16,128)			(16,128)
Total nonoperating revenue and expenses	<u>47,466</u>	<u>14,552</u>	<u>5,519</u>	<u>67,537</u>
Change in Net Assets	88,225	19,270	(38,653)	68,842
Net Assets - Beginning of Year	<u>4,394,839</u>	<u>4,851,525</u>	<u>(195,450)</u>	<u>9,050,914</u>
Net Assets - End of Year	<u>\$ 4,483,064</u>	<u>\$ 4,870,795</u>	<u>\$ (234,103)</u>	<u>\$ 9,119,756</u>

## TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 1,408,067	\$ 13,105,239	\$ 577,704	\$ 15,091,010
Cash paid to vendors	(670,550)			(670,550)
Cash paid to beneficiaries		(13,049,500)	(604,615)	(13,654,115)
Net cash provided by (used in) operating activities	<u>737,517</u>	<u>55,739</u>	<u>(26,911)</u>	<u>766,345</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(619,478)			(619,478)
Capital Grants	59,800			59,800
Net cash used in capital and related financing activities	<u>(559,678)</u>	<u>-</u>	<u>-</u>	<u>(559,678)</u>
Cash Flows from Investing Activities:				
Interest on investments	3,794	14,552	5,519	23,865
Net Increase (Decrease) in Cash and Cash Equivalents	181,633	70,291	(21,392)	230,532
Cash and Cash Equivalents - Beginning of Year	<u>1,148,289</u>	<u>5,744,132</u>	<u>2,331,514</u>	<u>9,223,935</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,329,922</u>	<u>\$ 5,814,423</u>	<u>\$ 2,310,122</u>	<u>\$ 9,454,467</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 40,759	\$ 4,718	\$ (44,172)	\$ 1,305
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	641,199			641,199
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	44,008	93		44,101
(Decrease) increase in accounts payable	11,551			11,551
(Decrease) increase in claims payable		50,928	17,261	68,189
Net Cash Provided by (Used in) Operating Activities	<u>\$ 737,517</u>	<u>\$ 55,739</u>	<u>\$ (26,911)</u>	<u>\$ 766,345</u>

**Fiduciary Funds**

## *Fiduciary Funds*

Fiduciary funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, OPEB Trust, Private Purpose Trusts and Agency Funds.

- i. Pension Trust Fund** - utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for retirement benefits. The financial statements for the Pension Trust Fund can be found at Exhibits IX and X.
- ii. OPEB Trust Fund** - utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for other post-employment benefits. The financial statements for the OPEB Trust Fund can be found at Exhibits IX and X.
- iii. Private Purpose Trust Funds** - are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. The Town's Private Purpose Trust Funds are listed below:

**Francis A. Nye:** Scholarship fund established to encourage the artistic talents of elementary school students.

**Charles and Claudia Dominioni Fund:** Scholarship fund established with the recipient to be the student attaining the highest standard at West Side Middle School.

**Elihu Spicer Trust:** Fund established by stipulated judgment that specified it would be used for the benefit, maintenance and support of poor residents of the Town.

**Flora Perkins Trust:** This Trust, established in memory of Flora Perkins, is to be used by Groton for youth and family services.

- iv. Agency Funds** - Agency funds are custodial in nature (assets equal liabilities). The Town's Agency Funds are listed below:

**Performance Bonds:** Accounts for all cash and cash equivalents held by the Town until the completion of a project.

**Student Activities:** Accounts for the various student activities and clubs.

## TOWN OF GROTON, CONNECTICUT

## COMBINING STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2010

	<u>Private Purpose Trust Funds</u>				
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	<u>Total</u>
Assets:					
Cash	\$ <u>2,277</u>	\$ <u>5,634</u>	\$ <u>120,193</u>	\$ <u>87,716</u>	\$ <u>215,820</u>
Liabilities:					
Due to employees/others			<u>606</u>		<u>606</u>
Net Assets Held in Trust	\$ <u><u>2,277</u></u>	\$ <u><u>5,634</u></u>	\$ <u><u>119,587</u></u>	\$ <u><u>87,716</u></u>	\$ <u><u>215,214</u></u>

## TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CHANGES IN NET ASSETS -  
PRIVATE PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$ 3	\$ 13	\$ 329	\$ 214	\$ 559
Other additions			100	85	185
Total additions	<u>3</u>	<u>13</u>	<u>429</u>	<u>299</u>	<u>744</u>
Deductions:					
Benefits		14	25,620	4,728	30,362
Change in Net Assets	3	(1)	(25,191)	(4,429)	(29,618)
Net Assets Held in Trust - Beginning of Year	<u>2,274</u>	<u>5,635</u>	<u>144,778</u>	<u>92,145</u>	<u>244,832</u>
Net Assets Held in Trust - End of Year	<u>\$ 2,277</u>	<u>\$ 5,634</u>	<u>\$ 119,587</u>	<u>\$ 87,716</u>	<u>\$ 215,214</u>

## TOWN OF GROTON, CONNECTICUT

## COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS

JUNE 30, 2010

	<b>Agency Funds</b>		
	<b>Performance Bonds</b>	<b>Student Activities</b>	<b>Total</b>
Assets:			
Cash	\$ 1,599,386	\$ 230,563	\$ 1,829,949
Liabilities:			
Due to student groups		230,563	230,563
Due to contractors/developers	1,599,386		1,599,386
Total liabilities	1,599,386	230,563	1,829,949
Net Assets Held in Trust	\$ -	\$ -	\$ -



## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>Performance Bonds</b>				
Assets:				
Cash	\$ <u>1,768,100</u>	\$ <u>72,504</u>	\$ <u>241,218</u>	\$ <u>1,599,386</u>
Liabilities:				
Due to contractors/developers	\$ <u>1,768,100</u>	\$ <u>72,504</u>	\$ <u>241,218</u>	\$ <u>1,599,386</u>
<b>Student Activities</b>				
Assets:				
Cash	\$ <u>184,663</u>	\$ <u>425,281</u>	\$ <u>379,381</u>	\$ <u>230,563</u>
Liabilities:				
Due to student groups	\$ <u>184,663</u>	\$ <u>425,281</u>	\$ <u>379,381</u>	\$ <u>230,563</u>
<b>Total</b>				
Assets:				
Cash	\$ <u>1,952,763</u>	\$ <u>497,785</u>	\$ <u>620,599</u>	\$ <u>1,829,949</u>
Liabilities:				
Due to contractors/developers	\$ 1,768,100	\$ 72,504	\$ 241,218	\$ 1,599,386
Due to student groups	<u>184,663</u>	<u>425,281</u>	<u>379,381</u>	<u>230,563</u>
Total Liabilities	\$ <u>1,952,763</u>	\$ <u>497,785</u>	\$ <u>620,599</u>	\$ <u>1,829,949</u>

**Other Schedules**

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Grand List Year	Uncollected Taxes July 1, 2009	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2010	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2008	\$	\$ 74,126,586	\$ 222,008	\$ 430,208	\$ 215,024	\$ 73,703,362	\$ 72,295,221	\$ 213,093	\$ 943	\$ 72,509,257	\$ 1,408,141
2007	1,339,169		813,388	84,819	133,840	1,933,898	1,373,817	157,254	16,621	1,547,692	560,081
2006	368,082		312,890	23,901	66,154	590,917	429,440	77,207	24,483	531,130	161,477
2005	124,981		1,235	20,927	12,252	93,037	27,015	36,069	23,196	86,280	66,022
2004	40,441		71	34	1,661	38,817	4,916	9,046	6,871	20,833	33,901
2003	29,328		33	34	126	29,201	1,682	5,749	4,394	11,825	27,519
2002	24,260				67	24,193	1,288	5,607	3,547	10,442	22,905
2001	14,087		41		60	14,068	1,165	4,703	2,053	7,921	12,903
2000	5,228		34	34		5,228	1,308	7,137	3,778	12,223	3,920
1999	4,543					4,543	1,308	6,906	2,835	11,049	3,235
1998	2,772					2,772	236	3,475	1,768	5,479	2,536
1997	27					27		2,579	1,034	3,613	27
1996	25					25		3,616	1,626	5,242	25
1995	178					178		1,521	702	2,223	178
1994	179					179		1,285	404	1,689	179
1993	448				448	-				-	-
	<u>\$ 1,953,748</u>	<u>\$ 74,126,586</u>	<u>\$ 1,349,700</u>	<u>\$ 559,957</u>	<u>\$ 429,632</u>	<u>\$ 76,440,445</u>	<u>\$ 74,137,396</u>	<u>\$ 535,247</u>	<u>\$ 94,255</u>	<u>\$ 74,766,898</u>	<u>\$ 2,303,049</u>

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**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - MUMFORD COVE DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

<u>Grand List Year</u>	<u>Uncollected Taxes July 1, 2009</u>	<u>Current Levy</u>	<u>Lawful Corrections</u>		<u>Suspense Transfers and Adjustments</u>	<u>Adjusted Uncollected Taxes</u>	<u>Collections</u>			<u>Uncollected Taxes June 30, 2010</u>	
			<u>Additions</u>	<u>Deletions</u>			<u>Taxes</u>	<u>Interest, Liens and Other Fees</u>	<u>Suspense Taxes Collected</u>		<u>Total</u>
2008	\$	\$ 20,845	\$ 14	\$ 11	\$ 3	\$ 20,845	\$ 20,838	\$ 28	\$	\$ 20,866	\$ 7
2007	<u>7</u>	<u></u>	<u></u>	<u>1</u>	<u></u>	<u>6</u>	<u>6</u>	<u>1</u>	<u></u>	<u>7</u>	<u>-</u>
	<u>\$ 7</u>	<u>\$ 20,845</u>	<u>\$ 14</u>	<u>\$ 12</u>	<u>\$ 3</u>	<u>\$ 20,851</u>	<u>\$ 20,844</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 20,873</u>	<u>\$ 7</u>

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING -  
GROTON SEWER DISTRICT - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2010

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Grand List Year	Uncollected Taxes July 1, 2009	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2010	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2008	\$	\$ 733,234	\$ 1,308	\$ 1,877	\$ 1,174	\$ 731,491	\$ 720,526	\$ 2,998	\$	\$ 723,524	\$ 10,965
2007	10,411		617	542	560	9,926	6,464	4,184	105	10,753	3,462
2006	3,816		1,109	295	284	4,346	2,583	1,245	28	3,856	1,763
2005	2,764		33	642	12	2,143	548	769	13	1,330	1,595
2004	974				12	962	83	117	2	202	879
2003	894					894	42	66		108	852
2002	621					621	42	74		116	579
2001	364					364	42	81		123	322
2000	368					368	97	173		270	271
1999	334					334	97	191		288	237
1998	185					185		121	65	186	185
1997	12					12		114	56	170	12
1996	16					16		92	41	133	16
1995	15					15		62	26	88	15
1994	12					12	12	92	20	124	-
1993	2				2	-				-	-
	\$ 20,788	\$ 733,234	\$ 3,067	\$ 3,356	\$ 2,044	\$ 751,689	\$ 730,536	\$ 10,379	\$ 356	\$ 741,271	\$ 21,153

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Interest Paid
Public Safety Project Bond Issue of 2002	3.0-4.55	6-1-2002	1-15-2017	\$ 5,700,000	\$ 3,240,000	\$	\$ 405,000	\$ 2,835,000	\$ 136,890
Open Space Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,706,300	300,000		300,000	-	6,750
Road Improvement Bond of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	321,100	35,000		35,000	-	788
Library Additions/Alt of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	1,009,000	469,000		166,000	303,000	12,713
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	3,705,000	3,130,000		195,000	2,935,000	119,294
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	1,410,000		80,000	1,330,000	54,510
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	45,000		5,000	40,000	1,663
General Purpose Bond Issue of 2009 ( animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000	1,200,000		120,000	1,080,000	50,550
General Purpose Bond Issue of 2010 ( animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000		9,030,000		9,030,000	148,016
Fort Hill Water Line of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	566,000	266,000		94,000	172,000	7,213
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	2,850,000		150,000	2,700,000	112,875
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000	3,250,000		165,000	3,085,000	160,681
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	840,000		210,000	630,000	33,600
Sewer Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,200,000	240,000		240,000	-	5,400
School Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	917,600	100,000		100,000	-	2,250
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	1,080,000		70,000	1,010,000	41,180
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	13,500,000		750,000	12,750,000	522,375
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	14,680,000		770,000	13,910,000	567,963
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000	3,100,000		155,000	2,945,000	149,575
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000		645,000		645,000	10,666
<b>Total Bonded Debt</b>					<u>\$ 49,735,000</u>	<u>\$ 9,675,000</u>	<u>\$ 4,010,000</u>	<u>\$ 55,400,000</u>	<u>\$ 2,144,952</u>

## TOWN OF GROTON, CONNECTICUT

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND

FOR THE YEAR ENDED JUNE 30, 2010

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2009	Current Year	Balance June 30, 2010		
Bond Projects:						
S. Pleasant Valley Road improvements	\$ 3,833,986	\$ 3,063,127	\$ 2,938	\$ 3,066,065	\$	767,921
LOCIP Projects:						
Golf Course Facilities	50,000	34,400	6,397	40,797	9,143	60
Rt 215 Mosher to NL Road	50,000	23,866	26,134	50,000		-
Gungywamp Pavement Management	200,000	196,700	3,300	200,000		-
Sidewalks Rt 1 Downtown	150,000		93,424	93,424		56,576
Golf Course Replace Fuel Tank & Windows	110,000			-	4,217	105,783
Golf Course Clubhouse Renovations	240,000		18,790	18,790	2,360	218,850
FYE 2006 Capital Improvement Projects:						
Poq/South Rd Underpass	65,000	38,500	-	38,500		26,500
Sidewalk-Thomas Rd. Bikeway	90,000	8,650	25,440	34,090		55,910
Info Tech Recovery Planning	23,000	500	22,500	23,000		-
Info Tech Acq - Network	76,000	70,670	5,330	76,000		-
Info Tech Acq - Hansen	92,000	67,318	24,682	92,000		-
Transfer Station	49,999	44,378	3,152	47,530		2,469
Asbestos Tile Removal Wm Seeley	120,000	105,368		105,368		14,632
Park Improvement Plan	25,000	12,732		12,732		12,268
Trail Improvement Program	15,000	13,778	1,222	15,000		-
Mobile Data Terminals	30,000		30,000	30,000		-
Mech/Elec Equip Repair-WPCF	290,000	89,148	200,852	290,000		-
Facility Repairs-WPCF	380,000	309,895		309,895		70,105
Pavement Management Program	150,000	146,780	3,220	150,000		-
Voicemail System	54,000	29,169	24,770	53,939		61
SB Butler-parking lot	30,000	1,179	28,821	30,000		-
Claude Chester Elem-resurface-playscape-steps	60,000	30,112		30,112		29,888
Kronos Payroll Sys-Police	36,000		35,940	35,940		60
Downtown Gateway/Streetscapes	20,000	9,561	2,243	11,804		8,196

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2010

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2009	Current Year	Balance June 30, 2010		
FYE 2007 Capital						
Improvement Projects:						
Golf Course Facilities	\$ 135,000	\$ 15,857	\$ 118,540	\$ 134,397	\$	\$ 603
Roads Crystal Lake Rd	50,000	330	4,520	4,850	5,280	39,870
Sewer Line Infrs Replace-WPCF	100,000	197	91,425	91,622	8,378	-
Sidewalk-Thomas Rd bikeway	40,000	6,900	8,295	15,195	14,030	10,775
Information Technology-Network	55,000	5,200	49,800	55,000		-
Jabez Smith House	55,000	49,779	2,820	52,599	2,401	-
Mobile Data Terminals	40,000		3,956	3,956	36,044	-
WPCF Add/Improvements	3,400,000	2,198,017	706,531	2,904,548	161,076	334,376
Roof Replacements-WPCF	25,000	2,211		2,211		22,789
BOE-Westside Middle	50,000	26,440	9,479	35,919		14,081
BOE-Charles Barnum	50,000	10,800	39,200	50,000		-
BOE-Planning Study	200,000	135,726	64,274	200,000		-
Eastern Pt School re-use	45,000	13,500	23	13,523		31,477
Hurricane/Disaster Project	65,000	34,868		34,868	28,232	1,900
FYE 2008 Capital						
Improvement Projects:						
Golf Course Renovations	60,000	38,296	7,297	45,593		14,407
Golf Course Facilities	30,000	25,558	3,377	28,935	1,065	-
Improvement to Riverview Ave	75,000		27	27		74,973
Thames St Rehabilitation	134,000	111,560	19,084	130,644		3,356
Police Station	205,000	29,371	42,702	72,073	69,480	63,447
Sidewalk-Thomas Rd Bikeway	70,000		5,580	5,580		64,420
Sidewalk-Rte 1 Downtown	182,000	28,085	1,514	29,599	2,658	149,743
Info Tech Acq - Network	72,000		72,000	72,000		-
Annex-Salt/Sand Storage	770,000	556,534		556,534		213,466
Jabez Smith House	25,000		1,347	1,347	8,176	15,477
Park Improvement Plan	60,000	50,753	5,148	55,901		4,099
Mech/Elec Equip Repair WPCF	722,000	367,370	275,019	642,389	4,610	75,001
Pavement Management Program	200,000	197,634	2,366	200,000		-
SB Butler	400,000	167,263	220,725	387,988		12,012
Vacated School Property Reuse	10,000	6,250		6,250	100	3,650
CAD/RMS Software Implementation	270,000	25,000	36,917	61,917	178,084	29,999
William Seely School	25,000	3,136	1,780	4,916	1,044	19,040
Submarine Capital of the World	25,000		3,380	3,380		21,620
Kolnaski Elementary School	500,000	358,491		358,491		141,509

(Continued on next page)



## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2009</u>	<u>Current Year</u>	<u>Balance June 30, 2010</u>		
FYE 2009 Capital						
Improvement Projects:						
Golf Course Renovations	\$ 50,000	\$ 39,547	\$ 6,165	\$ 45,712	\$	\$ 4,288
Thames St Rehabilitation	117,000	6,245	65,520	71,765		45,235
Flanders Rd Utility Installation	100,000			-		100,000
Police Station	57,500	4,130	5,310	9,440	2,360	45,700
Swr Line Infrs Replc - WPCF	260,000		170,541	170,541	27,074	62,385
Bridge Reconstruction	25,000	13,800	11,200	25,000		-
Sidewalk-Rte 1 Downtown	25,000		22,320	22,320	2,480	200
Sidewalk-Poq Rd Kolnaski School	45,000	280		280		44,720
Traffic Signal Rep/Upgrade	35,000		6,560	6,560	1,530	26,910
Park Improvement Plan	15,000			-		15,000
Trail Improvement Program	15,000	4,421	1,206	5,627		9,373
Replace Roadside Barrier System	50,000		42,820	42,820	2,207	4,973
Mech/Elec Equip Repair-WPCF	685,000	998	269,777	270,775	111,059	303,166
Facility Repairs-WPCF	100,000			-		100,000
Pavement Management Program	575,000	273,849	114,681	388,530	3,700	182,770
BOE-Fitch Sr High School	20,000	10,000		10,000		10,000
BOE-West Side Middle School	230,000	16,849	146,320	163,169		66,831
BOE-Charles Barnum Elem	500,000	124	51,101	51,225	296,082	152,693
BOE-Pleasant Valley Elem	30,000			-		30,000
Hurricane/Disaster Project	35,000	553	6,567	7,120	780	27,100
Educ Tech-Video Furnace	73,000			-		73,000
Educ Tech-21st Century Classroom	86,000	85,668		85,668		332
Educ Tech-Remediation software	30,000	27,182		27,182		2,818
Educ Tech- Attendance/Gradebook	140,000	13,295	41,703	54,998	35,397	49,605
Remediation of Town Land	45,000	18,804	19,211	38,015		6,985
Spicer House P&R Office	25,000	4,500	2,205	6,705	745	17,550
CAD/RMS Software Implementation	85,000		21,250	21,250	63,750	-
Email Archiving	103,000		21,770	21,770		81,230

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS - CAPITAL IMPROVEMENTS FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2009</u>	<u>Current Year</u>	<u>Balance June 30, 2010</u>		
FYE 2010 Capital						
Improvement Projects:						
Golf Course Renovations	\$ 50,000	\$	\$ 46,509	\$ 46,509	\$	\$ 3,491
Police Station	120,000		108,146	108,146		11,854
Swr Line Infrs Replc - WPCF	460,000		40,750	40,750	59,250	360,000
Info Tech Recovery Planning	74,000		74,000	74,000		-
Bridge Reconstruction	20,000		14,250	14,250		5,750
Sidewalk-New - Drozdyk Dr	30,000		330	330		29,670
Info Tech Acq - Network	60,000		7,849	7,849	9,601	42,550
Info Tech Replace Town Radio System	25,000			-		25,000
Info Tech Radio/Telephonevoice recorder	25,000			-		25,000
Park Improvement Plan	76,000		560	560		75,440
Mech/Elec Equip Repair-WPCF	125,000			-		125,000
Facility Repairs-WPCF	60,000		51,264	51,264	2,636	6,100
Pavement Management Program	526,000		347,232	347,232	116,953	61,815
Pavement Management - City	411,000		411,000	411,000		-
Pavement Management - Groton Long Point	95,000		95,000	95,000		-
BOE-West Side Middle School	175,000		158,640	158,640		16,360
BOE-Fitch Sr High School	250,000		204,400	204,400		45,600
BOE-Claude Chester Elementary	29,888			-		29,888
Spicer House P&R Office	10,000			-		10,000
Other Projects:						
School St RR Hwy Grade Crossing	369,000	343,112		343,112		25,888
Mystic Streetscapes Improvements	1,226,000	372,301	94,369	466,670	81,500	677,830
Mystic Streetscapes Utility Reloc	118,276	111,396	65	111,461	6,815	-
Mystic Streetscapes Demand Deposit		18,800		18,800		(18,800)
Total before retainage payable	22,276,649	10,126,811	5,036,872	15,163,683	1,360,297	5,752,669
Retainage Payable - 2009		80,836	(80,836)			-
Retainage Payable - 2010			105,758	105,758		(105,758)
Total	\$ 22,276,649	\$ 10,207,647	\$ 5,061,794	\$ 15,269,441	\$ 1,360,297	\$ 5,646,911

**Statistical Section**

## *Statistical Section*

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## TOWN OF GROTON, CONNECTICUT

## NET ASSETS BY COMPONENT

SINCE INCEPTION OF GASB 34  
(Accrual Basis of Accounting)

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:									
Invested in capital assets, net of related debt	\$ 62,817,503	\$ 66,992,502	\$ 64,173,597	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269
Restricted				129,493	329,493	329,493	329,493	329,493	329,493
Unrestricted	<u>24,016,294</u>	<u>17,159,527</u>	<u>28,026,939</u>	<u>34,005,368</u>	<u>37,764,291</u>	<u>52,232,356</u>	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>
Total Governmental Activities Net Assets	<u>\$ 86,833,797</u>	<u>\$ 84,152,029</u>	<u>\$ 92,200,536</u>	<u>\$ 97,153,740</u>	<u>\$ 102,810,066</u>	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>

∞ Note: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year 2002.

## TOWN OF GROTON, CONNECTICUT

## CHANGES IN NET ASSETS

## SINCE INCEPTION OF GASB 34

(Accrual Basis of Accounting)

## FISCAL YEAR

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental activities:									
General government/services	\$ 7,020,669	\$ 6,298,542	\$ 7,121,638	\$ 6,556,489	\$ 6,783,421	\$ 6,955,299	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661
Public safety	9,603,327	9,488,936	9,593,919	9,318,994	9,562,141	10,019,373	10,434,585	11,309,083	11,561,486
Public works	10,345,121	11,289,191	11,231,581	10,953,441	12,491,299	9,627,837	11,459,914	13,803,509	13,719,457
Planning and development	1,250,363	1,294,398	1,232,639	1,316,039	1,417,725	1,369,035	1,535,356	1,676,990	1,782,280
Human services	2,770,971	2,289,607	2,337,982	2,384,276	2,265,894	2,310,585	2,377,926	2,329,037	2,602,544
Community services	5,927,450	5,885,209	6,410,212	6,082,289	6,545,450	6,644,300	6,927,015	7,237,528	7,202,408
Board of Education	64,873,769	66,871,403	69,084,296	70,362,735	75,498,717	76,799,870	100,501,071	84,256,384	86,698,278
Sewer operations	3,319,235	3,440,434	3,985,526	3,899,926	4,120,740	3,977,467	4,113,078	4,426,909	4,458,483
Solid waste management	3,508,196	3,677,443	3,409,455	3,378,654	2,651,573	2,642,280	2,297,780	2,386,667	2,369,490
Interest on long-term debt	1,160,784	914,390	886,717	554,543	750,785	1,111,142	1,706,630	2,388,266	1,821,202
Total governmental activities expenses	<u>109,779,885</u>	<u>111,449,553</u>	<u>115,293,965</u>	<u>114,807,386</u>	<u>122,087,745</u>	<u>121,457,188</u>	<u>149,759,663</u>	<u>136,779,723</u>	<u>140,217,289</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	707,510	1,341,965	1,733,133	1,653,662	1,867,504	1,718,340	1,887,556	1,106,270	1,071,530
Public safety	433,080	144,800	135,563	288,405	149,981	190,702	199,673	82,126	141,692
Public works	37,451	40,117	41,433	230,889	221,897	252,087	268,966	243,104	571,102
Planning and development	218,976	364,159	605,452	473,359	285,056	381,547	312,445	224,149	197,516
Health and human services	39,387	102,497	18,973	30,132	136,439	136,124	98,099	6,263	189,290
Community services	1,723,683	1,400,473	1,698,472	1,674,622	1,783,601	1,730,036	1,874,307	1,829,784	1,952,166
Education	1,064,466	1,056,092	1,087,146	1,219,312	183,077	1,105,975	1,228,048	1,207,114	1,052,259
Sewer system maintenance	3,863,860	4,271,282	4,339,224	4,448,245	4,630,430	4,659,486	5,202,296	5,339,960	5,489,977
Solid waste management	3,089,175	2,673,748	2,881,820	2,869,354	2,856,433	2,877,959	2,930,894	2,839,702	2,729,052
Operating grants and contributions	38,882,890	35,764,639	39,835,750	37,313,290	38,689,866	39,341,065	61,978,581	44,123,462	42,740,303
Capital grants and contributions	638,403	424,815	1,155,334	476,168	3,518,613	25,209,627	24,753,713	5,624,084	2,758,010
Total governmental activities program revenues	<u>50,698,881</u>	<u>47,584,587</u>	<u>53,532,300</u>	<u>50,677,438</u>	<u>54,322,897</u>	<u>77,602,948</u>	<u>100,734,578</u>	<u>62,626,018</u>	<u>58,892,897</u>
Net Expenses	<u>(59,081,004)</u>	<u>(63,864,966)</u>	<u>(61,761,665)</u>	<u>(64,129,948)</u>	<u>(67,764,848)</u>	<u>(43,854,240)</u>	<u>(49,025,085)</u>	<u>(74,153,705)</u>	<u>(81,324,392)</u>
General Revenues and Other									
Changes in Net Assets:									
Governmental activities:									
Property taxes	57,922,102	54,297,192	61,013,523	58,113,695	61,283,570	67,663,380	69,586,226	72,729,198	75,989,758
Payments in lieu of taxes		5,355,847	6,974,514	6,839,719	7,071,935	5,128,088	4,976,112	4,391,044	3,291,461
Grants and contributions not restricted to specific programs	2,328,742	1,098,676	1,339,721	3,043,004	2,585,131	3,263,385	3,342,172	3,357,808	2,252,493
Unrestricted investment earnings	1,221,053	431,383	537,626	1,086,734	2,280,538	3,771,081	3,025,296	897,313	280,825
Contributions received					200,000				
Donated assets						1,900			
Special item - loss on disposal of capital assets			(55,212)						
Total governmental activities	<u>61,471,897</u>	<u>61,183,098</u>	<u>69,810,172</u>	<u>69,083,152</u>	<u>73,421,174</u>	<u>79,827,834</u>	<u>80,929,806</u>	<u>81,375,363</u>	<u>81,814,537</u>
Change in Net Assets	<u>\$ 2,390,893</u>	<u>\$ (2,681,868)</u>	<u>\$ 8,048,507</u>	<u>\$ 4,953,204</u>	<u>\$ 5,656,326</u>	<u>\$ 35,973,594</u>	<u>\$ 31,904,721</u>	<u>\$ 7,221,658</u>	<u>\$ 490,145</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year 2002.

TOWN OF GROTON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund:										
Reserved	\$ 2,046,685	\$ 2,255,314	\$ 1,868,182	\$ 2,627,220	\$ 2,650,083	\$ 1,569,628	\$ 1,846,901	\$ 2,655,295	\$ 3,289,619	\$ 2,139,367
Designated for subsequent year budget	4,067,004	4,081,919		2,506,713	3,521,736	2,298,358	3,943,110	2,665,505	2,013,725	932,201
Unreserved/undesignated	6,141,472	5,046,766	4,890,837	8,566,229	8,556,581	9,157,831	9,036,656	10,412,092	10,489,614	8,829,424
<b>Total General Fund</b>	<b>\$ 12,255,161</b>	<b>\$ 11,383,999</b>	<b>\$ 6,759,019</b>	<b>\$ 13,700,162</b>	<b>\$ 14,728,400</b>	<b>\$ 13,025,817</b>	<b>\$ 14,826,667</b>	<b>\$ 15,732,892</b>	<b>\$ 15,792,958</b>	<b>\$ 11,900,992</b>
All other governmental funds:										
Reserved	\$ 3,454,611	\$ 3,051,279	\$ 1,251,408	\$ 1,022,290	\$ 14,556,754	\$ 10,579,502	\$ 34,362,546	\$ 12,579,522	\$ 10,698,121	\$ 2,926,867
Unreserved, reported in:										
Special revenue funds	3,332,357	4,187,014	4,898,851	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135
Capital projects funds	(2,774,558)	2,628,687	1,225,099	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029
Debt service funds	1,125,501	1,825,003	1,938,037	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289
Permanent fund		154,231	148,574	156,837	31,457	43,678	65,196	61,576	41,970	53,797
<b>Total All Other Governmental Funds</b>	<b>\$ 5,137,911</b>	<b>\$ 11,846,214</b>	<b>\$ 9,461,969</b>	<b>\$ 10,393,891</b>	<b>\$ 9,922,719</b>	<b>\$ 14,109,137</b>	<b>\$ 10,955,757</b>	<b>\$ 6,126,570</b>	<b>\$ 18,923,152</b>	<b>\$ 18,862,117</b>

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

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues:</b>										
Taxes, interest and lien fees	\$ 45,621,027	\$ 46,427,732	\$ 52,015,970	\$ 58,899,886	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254
Assessments	232,002	213,315	151,823	98,251	40,927	73,258	61,887	12,420	20,255	12,627
Licenses and permits	407,496	233,495	374,585	613,593	473,777	284,774	378,273	308,948	229,903	203,543
Intergovernmental - state	41,947,084	43,645,471	37,882,523	40,858,233	39,281,530	46,049,528	66,093,137	87,984,022	48,749,945	39,191,914
Intergovernmental - federal	7,057,486	8,458,523	6,875,474	9,743,461	7,755,470	4,354,411	6,169,237	6,470,582	8,133,140	9,103,956
Interest on investments	2,209,901	1,174,286	575,446	454,514	921,353	1,954,655	3,276,658	2,540,983	768,421	246,096
Charges for current services	2,531,909	2,888,763	3,001,852	4,252,119	4,453,847	4,454,353	4,316,112	4,641,836	3,641,867	3,988,455
Schools, library and recreation fees	744,723	685,732	642,550	395,262	437,436	397,320	341,499	461,072	455,396	433,701
Sewer use charges	3,477,270	3,863,860	4,271,282	4,246,585	4,448,245	4,615,730	4,659,486	5,202,296	5,339,960	5,489,977
Solid waste management charges	3,178,280	3,089,175	2,673,748	2,795,602	2,870,209	2,856,433	2,877,959	2,930,894	2,839,702	2,669,731
Other revenue	1,560,084	1,591,839	970,650	868,045	1,068,011	1,345,114	1,388,699	1,292,668	1,211,107	1,195,308
Total revenues	<u>108,967,262</u>	<u>112,272,191</u>	<u>109,435,903</u>	<u>123,225,551</u>	<u>119,779,294</u>	<u>127,727,158</u>	<u>157,138,889</u>	<u>181,349,107</u>	<u>143,965,810</u>	<u>138,109,562</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	7,551,332	1,390,464	1,235,650	1,190,848	1,241,886	1,357,931	1,504,677	2,975,801	1,299,574	1,286,088
General services	913,448	4,650,593	4,669,418	4,641,646	3,989,388	4,167,487	4,263,014	4,408,325	4,589,704	4,624,308
Public safety	8,624,775	7,785,993	7,600,361	7,310,931	5,979,573	5,849,705	6,323,410	6,393,154	6,563,875	6,607,236
Public works	6,122,337	5,695,425	6,117,905	6,134,964	6,134,737	7,100,724	6,579,008	7,382,546	7,763,799	7,440,674
Planning and development	1,280,577	1,284,668	1,323,106	1,167,475	1,012,183	1,038,921	1,037,790	1,185,564	1,209,680	1,259,708
Health and human services	2,830,479	2,820,481	2,340,852	2,135,895	849,213	772,496	828,779	814,920	726,667	880,991
Community services	5,515,008	5,933,310	5,881,783	5,649,969	5,298,690	5,538,010	5,741,133	6,048,468	6,098,640	5,963,974
Education	63,795,811	64,291,407	66,295,799	67,852,694	69,780,332	74,848,015	76,797,640	99,693,643	80,526,482	84,009,416
Subdivisions	3,537,603	4,362,735	4,439,591	4,325,510	4,262,479	4,581,248	4,719,027	4,838,436	5,092,447	4,964,012
Sewer operations	2,742,314	2,887,694	3,004,914	3,017,330	2,946,567	3,338,937	3,514,978	3,550,353	3,771,722	3,949,168
Solid waste management	3,283,254	3,691,499	4,019,679	3,534,354	2,813,917	2,651,573	2,626,356	2,297,780	2,386,667	2,369,490
Nondepartmental (1)	578,554	1,110,178	719,725	823,330	4,115,410	4,520,784	4,931,331	5,166,273	5,954,633	6,518,577
Outside agencies (2)					1,610,548	1,632,556	1,662,697	1,771,930	1,782,982	2,202,051
Debt service miscellaneous	205,379	250,426	300	114,287	465					
Debt service interest	955,451	910,359	914,090	811,639	692,503	695,072	966,583	1,568,804	4,130,000	4,010,000
Debt service principal	2,590,000	2,370,000	2,450,000	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252	2,145,073
Capital outlay	4,904,602	7,137,689	5,152,660	3,746,504	5,364,941	9,144,864	49,989,332	52,446,072	17,636,449	13,550,410
Total expenditures	<u>115,430,924</u>	<u>116,572,921</u>	<u>116,165,833</u>	<u>115,147,376</u>	<u>118,902,832</u>	<u>129,978,323</u>	<u>174,435,755</u>	<u>203,772,069</u>	<u>151,523,573</u>	<u>151,781,176</u>
Excess (Deficiency) of Revenues over Expenditures	(6,463,662)	(4,300,730)	(6,729,930)	8,078,175	876,462	(2,251,165)	(17,296,866)	(22,422,962)	(7,557,763)	(13,671,614)
<b>Other Financing Sources (Uses):</b>										
Proceeds of bonds		7,810,000				5,005,000	16,570,000	18,500,000	7,550,000	9,675,000
Issuance of capital lease										43,613
Proceeds of loans										12,864,411
Proceeds of refunding bonds	6,185,555			5,175,000						
Payment to refunding escrow	(6,103,337)			(5,319,102)						
Premiums on bond issuance				258,388						
Operating transfers in	3,753,274	5,313,293	4,187,509	4,697,234	4,256,774	4,286,604	5,622,237	3,894,290	3,378,880	4,683,422
Operating transfers out	(3,753,274)	(4,269,486)	(4,466,804)	(5,016,630)	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)	(3,378,880)	(4,683,422)
Total other financing sources (uses)	<u>82,218</u>	<u>8,853,807</u>	<u>(279,295)</u>	<u>(205,110)</u>	<u>(319,396)</u>	<u>4,735,000</u>	<u>15,944,336</u>	<u>18,500,000</u>	<u>20,414,411</u>	<u>9,718,613</u>
Net Change in Fund Balances	(6,381,444)	4,553,077	(7,009,225)	7,873,065	557,066	2,483,835	(1,352,530)	(3,922,962)	12,856,648	(3,953,001)
Fund Balance at Beginning of Year	25,106,237	18,677,136	23,230,213	16,220,988	24,094,053	24,651,119	27,134,954	25,782,424	21,859,462	34,716,110
Fund Balance at End of Year	\$ <u>18,724,793</u>	\$ <u>23,230,213</u>	\$ <u>16,220,988</u>	\$ <u>24,094,053</u>	\$ <u>24,651,119</u>	\$ <u>27,134,954</u>	\$ <u>25,782,424</u>	\$ <u>21,859,462</u>	\$ <u>34,716,110</u>	\$ <u>30,763,109</u>
Debt Service as a Percentage to Noncapital Expenditures	3.21%	3.00%	3.03%	3.13%	3.08%	2.84%	3.15%	3.20%	4.58%	4.47%

(1) Employee benefits were budgeted at the function level for Fiscal Years 2001-2004. For all other years, Employee benefits were included in Non-Departmental.

(2) In Fiscal Year 2005, Outside Agencies was created as a new Area of Service. In prior years these agencies were included in various areas of service.

Total Debt Service	\$ 3,545,451	\$ 3,280,359	\$ 3,364,090	\$ 3,481,639	\$ 3,502,503	\$ 3,435,072	\$ 3,916,583	\$ 4,798,804	\$ 6,120,252	\$ 6,155,073
Non capital expenditures	110,526,322	109,435,232	111,013,173	111,400,872	113,537,891	120,833,459	124,446,423	150,005,958	133,696,485	137,747,639



## TOWN OF GROTON, CONNECTICUT

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
(000's)  
LAST TEN FISCAL YEARS**

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2000	\$ 869,189	\$ 642,481	\$ 125,512	\$ 392,392	\$ 1,341,738	\$ 233,770	1,795,804	24.00	\$ 2,768,892	64.9 %
2001	879,200	687,512	138,202	419,297	1,319,648	296,833	1,827,378	23.50	3,210,063	56.9
2002	903,316	714,349	162,882	543,819	1,314,506	453,385	1,870,981	23.50	3,379,770	55.4
2003**	1,337,947	787,520	174,543	541,208	574,415	426,179	2,415,040	20.57	3,450,057	70.0
2004	1,344,379	816,332	174,543	541,208	574,415	426,179	2,450,282	22.75	4,348,601	56.3
2005	1,367,849	826,284	174,832	530,053	569,118	397,142	2,501,875	22.62	5,092,046	49.1
2006	1,374,504	845,102	190,416	537,173	573,603	366,266	2,580,928	22.95	5,718,342	45.1
2007	1,392,856	865,827	200,815	515,071	593,531	254,868	2,719,702	24.05	6,111,010	44.5
2008**	1,713,224	1,009,245	190,854	536,897	789,245	255,073	3,195,147	21.21	5,789,799	55.2
2009	2,059,143	1,110,085	191,697	560,878	847,697	229,543	3,692,260	19.27	6,114,730	60.4
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,250,151	78.2

Source: Town Assessor's office

Note: By state law, property is assessed at 70% of actual value with periodic revaluation of real property.

\*\* Denotes years in which a revaluation of real estate properties occurred.

Except in years of a revaluation, the estimated actual amount is calculated using the sales ratios developed by the State of Connecticut, Office of Policy and Management.

FYE 2008 reflects the 2006 revaluation, the increases of which were phased-in over a three-year period.

**TOWN OF GROTON, CONNECTICUT**  
**PRINCIPAL TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**  
(In Thousands)

	Taxpayer	Nature of Business	2010			2001		
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
103	Pfizer, Inc.	Pharmaceutical	\$ 597,364	1	14.5%	\$ 304,844	1	16.7%
	Electric Boat Corp.	Submarine Mfg./R&D	188,468	2	4.6%	158,858	2	8.7%
	Exit 88 Hotel LLC	Mystic Marriott Hotel	27,325	3	0.7%			
	LCOR Groton Apartments LLC	Ledges Apartments	21,802	4	0.5%			
	Groton Devel Assoc Ltd	Country Glen Apartments	18,670	5	0.5%	8,635	7	0.5%
	CW Groton Square LLC	Groton Square Shopping Center	17,671	6	0.4%	9,755	4	0.5%
	ELK La Triumphe LLC	LaTriumphe Apartments	15,832	7	0.4%	7,817	9	0.4%
	Groton Estates LLC	Colonial Manor Apartments	13,067	8	0.3%	6,865	10	0.4%
	Groton Shoppers Mart LLC	Shopping Center	10,393	9	0.3%			
	Cedar Groton LLC	Shopping Center	10,461	10	0.3%			
	Branford Manor Assoc	Apartment Complex	8,314	9	0.2%			
	CSC Outsourcing Inc	Leased Equipment at Electric Boat	7,531	10	0.2%	14,819	3	0.8%
	Wyman-Gordon Inv. Castings	Manufacturer of Metal Products				8,710	5	0.5%
	Groton Residence Retirement Ltd	Retirement Residence				8,697	6	0.5%
	Groton Assoc of CT LP	Convalescent Home				7,994	8	0.4%
			<u>\$ 934,941</u>		<u>25.1%</u>	<u>\$ 489,199</u>		<u>26.7%</u>

Source: Town Assessor's office

**TOWN OF GROTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
(In Thousands)

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year *</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount *</u>	<u>Percentage of Levy</u>
2001	\$ 43,277	\$ 42,351	97.86 %	\$ 987	\$ 43,338	100.14 %
2002	44,489	43,381	97.51	1,010	44,391	99.78
2003	50,226	49,200	97.96	1,412	50,612	100.77
2004	56,684	55,467	97.85	968	56,435	99.56
2005	56,978	56,033	98.34	693	56,726	99.56
2006	59,700	58,714	98.35	1,435	60,149	100.75
2007	65,828	64,595	98.13	958	65,553	99.58
2008	68,586	67,315	98.15	1,076	68,391	99.72
2009	71,554	70,215	98.13	1,400	71,615	100.09
2010	73,703	72,295	98.09	n/a	72,295	98.09

Source: Town Assessor's office and Finance office

\* The "Taxes Levied for the Fiscal Year" figure is based on the original October 1 Grand List for each of the fiscal years listed. The Total Collections to Date amount could exceed the levy due to subsequent adjustments to the original levy and thus the Percentage of levy collected to date may be higher than 100%.

**TOWN OF GROTON, CONNECTICUT**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Rate per \$1,000 of Assessed Value)**

Fiscal Year	Town Direct Rate	Overlapping Rates											
	Basic Rate	City of Groton	Groton Long Point Association	Center Groton Fire District	First Taxing District	Groton Sewer District	Mumford Cove District	Mystic Fire District	Noank Fire District	Old Mystic Fire District	West Pleasant Valley Fire District	Poquonnock Bridge Fire District	Second Taxing District
2001	23.50	4.950	5.100	5.500	2.970	1.750	0.420	4.090	1.870	2.900	3.540	5.900	5.710
2002	23.50	4.950	5.100	5.500	3.900	1.750	0.410	3.950	2.000	2.950	3.540	5.900	5.810
2003	20.57	4.905	3.400	4.500	3.670	0.750	0.270	2.830	1.270	2.800	3.380	5.300	4.350
2004	22.75	4.905	3.300	4.500	3.900	0.750	0.260	2.770	1.170	2.600	3.500	5.300	5.710
2005	22.62	4.905	3.300	4.500	N/A	0.750	0.260	2.720	1.170	2.850	3.500	5.600	N/A
2006	22.95	4.905	3.450	4.500	N/A	0.750	0.260	2.750	1.000	2.800	3.400	5.900	N/A
2007	24.05	4.905	3.830	4.500	N/A	0.750	0.248	2.820	1.000	2.850	3.400	6.100	N/A
2008	21.21	4.400	3.410	3.500	N/A	0.390	0.197	2.390	1.350	2.800	3.000	5.400	N/A
2009	19.27	4.300	3.000	3.000	N/A	0.330	0.162	2.150	1.320	2.370	2.690	5.200	N/A
2010	17.95	4.135	2.580	3.000	N/A	0.280	0.279	1.960	1.140	2.200	3.100	4.800	N/A

## TOWN OF GROTON, CONNECTICUT

**RATIO OF NET GENERAL BONDED DEBT TO  
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Bonded Debt</u>		<u>Debt as a Percentage of Actual Taxable Value of Property (1)</u>	<u>Total Primary Government</u>	<u>Debt as a Percentage of Personal Income (2)</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>				
2001	\$ 12,785,000	\$ 4,760,000	1.0%	\$ 17,545,000	1.75%	\$ 434
2002	16,980,000	6,005,000	1.3%	22,985,000	2.32%	575
2003	15,370,000	5,165,000	1.1%	20,535,000	2.19%	524
2004	13,585,000	4,385,000	0.7%	17,970,000	1.86%	446
2005	11,555,000	3,605,000	0.6%	15,160,000	1.58%	379
2006	14,585,000	2,840,000	0.7%	17,425,000	1.80%	430
2007	28,940,000	2,105,000	1.2%	31,045,000	3.13%	750
2008	41,725,000	4,590,000	1.7%	46,315,000	5.33%	1,172
2009	42,555,000	7,180,000	1.3%	49,735,000	5.77%	1,270
2010	48,985,000	6,415,000	1.3%	55,400,000	6.37%	1,401

(1) See Table 5 for taxable property value data.

(2) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Tax Base:	
Total tax collections (including interest and lien fees)	\$ 90,425,836
Total tax collections (including interest and lien fees) of coterminous municipalities	15,631,317
Reimbursement of Revenue Loss from Tax Relief for the Elderly	<u>4,000</u>
Total Base	<u>\$ 106,061,153</u>

	<u>Public Improvement</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 238,637,595	\$	\$	\$	\$
4 1/2 times base		477,275,189			
3 3/4 times base			397,729,324		
3 1/4 times base				344,698,748	
3 times base					318,183,459
Total limitations	<u>238,637,595</u>	<u>477,275,189</u>	<u>397,729,324</u>	<u>344,698,748</u>	<u>318,183,459</u>
Indebtedness:					
Bonds outstanding	17,553,000	31,260,000	6,415,000		
Serial notes		3,040,000			
Authorized and unissued	2,910,459	1,650,579	13,367,966		
Underlying debt:					
Bonds and serial notes	6,159,133		1,573,500		
Authorized and unissued	250,000				
Less school building grants		(110,542)			
Total indebtedness	<u>26,872,592</u>	<u>35,840,037</u>	<u>21,356,466</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 211,765,003</u>	<u>\$ 441,435,152</u>	<u>\$ 376,372,858</u>	<u>\$ 344,698,748</u>	<u>\$ 318,183,459</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 84,069,095

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 742,428,072

(2) Bonds authorized and unissued represent bond authorizations (excluding \$245,000 of water projects) for which bonds have been issued to partially finance the project or bond anticipation notes are outstanding.

(3) Bonds and serial notes do not include water bonds of \$172,000 in accordance with State Statutes.

(4) The State of Connecticut Bureau of School Building Grants will reimburse the Town of eligible principal and interest costs over the life of any bonds issued for projects authorized by the General Assembly prior to July 1, 1996. School construction grants receivable stated above are for principal reimbursement only.

(5) The Town anticipates that the State of Connecticut will reimburse the Town approximately 50% of the costs associated with these school projects.

TOWN OF GROTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS  
(In Thousands)

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 372,319	\$ 378,926	\$ 427,460	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428
Total net debt applicable to limit	<u>49,905</u>	<u>48,366</u>	<u>52,206</u>	<u>62,803</u>	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>
Legal Debt Margin	<u>\$ 322,414</u>	<u>\$ 330,560</u>	<u>\$ 375,254</u>	<u>\$ 411,988</u>	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>	<u>\$ 658,359</u>
Total net debt applicable to the limit as a percentage of debt limit	13.40%	12.76%	12.21%	13.23%	30.19%	26.06%	20.03%	15.21%	10.99%	11.32%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2008 debt limit can be found on Table 10.

**TOWN OF GROTON, CONNECTICUT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>High School Graduate or Higher</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2001	39,988	\$ 990,303	\$ 24,765	28.1	88.0%	5,921	3.3%
2002	39,224	939,611	23,955	32.5	88.0%	5,846	4.3%
2003	40,270	964,668	23,955	32.5	88.0%	5,780	5.5%
2004	40,020	958,679	23,955	32.5	88.0%	5,750	5.2%
2005	40,522	970,705	23,955	32.5	88.0%	5,572	4.9%
2006	41,366	990,923	23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	7.7%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	9.0%

Sources: Per capita income, median age and education level provided by U.S. Census Bureau, Census 2000

(1) Population provided by State of Connecticut, Department of Public Health

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor



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

Name	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
U.S. Navy Submarine Base	Military Base	10,150	1	36.2%	10,870	1	37.9%
Electric Boat Corporation	Submarine Mfg/R&D	8,277	2	29.5%	7,500	2	26.2%
Pfizer, Inc.	Pharmaceutical	5,736	3	20.5%	5,200	3	18.1%
Town of Groton	Municipality	947	4	3.4%	1,001	4	3.5%
AVCRAD	Helicopter repair	466	5	1.7%	372	7	1.3%
City of Groton	Municipality	266	6	0.9%	166	8	0.6%
Mystic Marriott	Hotel/Conference Center	211	7	0.8%			
PCC Structurals (1)	Manufacturer	190	8	0.7%	320	5	1.1%
Pequot Medical Center	Hospital	169	9	0.6%			
Zachary Engineering (2)	Engineering/Design	122	10	0.4%	145	9	0.5%
Doncasters Precision Castings	Manufacturer				99	6	0.3%
Engineering Technology Center	Engineering/Technology				90	10	0.3%
		<u>26,534</u>		<u>94.7%</u>	<u>25,763</u>		<u>89.8%</u>

(1) Formerly known as Wyman Gordon Company

(2) Formerly known as Proto-Power Corporation

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

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	37.00	56.50	57.00	55.00	52.00	52.00	53.00	54.00	54.00	53.00
Public safety	88.00	73.00	74.00	73.00	72.00	72.00	73.00	75.00	77.00	75.00
Public works	50.00	47.50	47.50	46.50	52.25	52.25	52.25	60.25	58.25	57.25
Planning and development	19.00	19.00	19.00	18.00	18.00	18.00	18.00	17.00	18.00	18.00
Human services	18.00	17.00	16.00	13.00	13.00	10.00	10.00	8.00	8.00	8.00
Community services	42.00	45.25	43.50	42.75	42.75	43.00	44.00	44.00	43.00	43.00
Golf course	7.00	7.75	7.50	7.25	7.25	7.00	7.00	7.00	7.00	7.00
Sewer system maintenance	19.00	20.25	20.25	17.75	17.75	17.75	17.75	17.75	17.75	17.75
Solid waste management	10.00	8.75	10.25	7.75	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	0.00	0.00	0.00	1.00	2.00	2.00	1.00	0.00
Fleet reserve	0.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00	0.00	0.00
Subtotal town government	295.00	308.00	308.00	294.00	288.00	286.00	290.00	290.00	289.00	284.00
Board of Education	779.00	722.00	722.00	670.00	665.00	659.00	655.00	659.00	665.00	667.00
Total	<u>1,074.00</u>	<u>1,030.00</u>	<u>1,030.00</u>	<u>964.00</u>	<u>953.00</u>	<u>945.00</u>	<u>945.00</u>	<u>949.00</u>	<u>954.00</u>	<u>951.00</u>

Source: Adopted Town Budgets

Notes: A full-time employee is scheduled to work either 2,080 or 1,820 hours per year (including vacation and sick leave) depending on bargaining unit.

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

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>General Government</u>										
Marriages and civil unions of residents	403	432	405	479	456	524	507	474	488	515
Births to Groton residents	581	594	616	634	619	610	580	608	565	554
Deaths of Groton residents	361	362	331	375	365	350	394	381	402	408
<u>Boards and Agencies</u>										
Registered voters	17,824	17,447	17,187	17,718	18,723	17,909	17,824	18,025	19,559	22,901
Elections and referenda	2	2	1	3	2	1	2	3	1	1
<u>Planning and Development</u>										
Building permits issued	1,510	1,472	1,596	1,614	1,523	1,600	1,438	1,520	1,359	1,388
Building inspections conducted	4,600	4,900	5,400	5,510	4,389	4,500	5,800	5,400	4,600	4,000
Value of building permits	\$ 41,826,402	\$ 19,116,598	\$ 33,033,853	\$ 53,865,153	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289
<u>Public Safety</u>										
Arrests	1,114	1,273	1,207	1,151	905	672	685	1,058	1,016	1,112
Parking violations	697	903	960	903	450	336	175	292	313	198
Traffic violations	4,573	5,750	4,756	4,270	3,547	4,752	4,334	6,331	7,028	5,526
<u>Public Works</u>										
Street resurfacing (in miles)	5.08	3.17	3.16	5.85	2.73	3.94	3.27	3.03	1.20	1.59
Number of snow and ice control callouts	16	9	20	13	21	9	12	14	19	17
Miles of roads maintained (excludes GLP in 2006)	93.50	94.00	94.00	97.00	97.50	91.77	92.78	92.78	92.85	93.40
<u>Parks and Recreation</u>										
Athletic field permits issued	1,072	1,269	1,233	1,189	1,325	1,198	698	625	330	240
Summer season programs	180	196	232	204	163	181	170	161	201	197
Indoor season programs	530	627	599	541	637	583	603	606	640	706
Acres of grounds maintained	1,527	1,545	1,561	1,686	1,710	1,726	1,726	1,726	1,726	1,726
<u>Public Libraries</u>										
Volumes in collection	119,032	123,869	129,603	132,398	134,280	136,759	149,416	152,212	140,875	141,527
Items circulated	339,765	344,517	367,490	362,455	355,310	347,833	347,448	343,423	372,993	367,159
<u>Senior Center</u>										
Meals on wheels provided	27,328	31,595	35,207	34,620	31,046	34,068	36,982	23,800	23,800	17,888
Senior mini-bus trips	122	107	88	81	61	54	69	60	60	53
<u>Human Services</u>										
Households provided energy assistance	1,300	1,300	1,300	1,300	1,500	1,500	1,600	1,600	1,650	1,660
Households utilizing Groton Food Locker	4,300	4,300	4,300	4,500	4,500	4,500	4,500	4,500	4,500	4,600
Households receiving rent assistance	1,500	1,500	1,500	1,700	1,700	1,700	1,800	1,800	1,850	1,860
<u>Education</u>										
Elementary schools	10	10	10	9	9	9	9	8	7	7
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	128.0	129.1	129.8	130.0	130.7	130.7	132.9	134.0	135.3	135.3

Source(s): Various Town Departments

N/A Information not available

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

	FISCAL YEAR									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	44	42	45	45	47	46	46	46	46	45
<u>Public Works</u>										
Miles of town streets	93.6	97.88	97.88	98.76	97.66	98.9	99.81	99.81	99.88	100.43
Streetlights	1,292	1,308	1,308	1,308	1,350	1,330	1,334	1,334	1,325	1,337
Public works vehicles	194	194	194	228	228	227	213	213	203	197
<u>Parks and Recreation</u>										
Acreage	360	641	641	754	768	780	780	780	1,018	1,019
Parks	17	22	22	30	32	33	33	33	33	53
<u>Public Libraries</u>										
Libraries	3	3	3	3	3	3	3	3	3	3
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	7	7	7	7	5	5	5	5	5
<u>Education</u>										
Schools	14	14	14	13	13	13	13	12	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	128	128	128	130	130	132.86	132.86	134	135.3	135.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	7,500	7,500

Source(s): Various Town Departments