

TOWN OF GROTON, CONNECTICUT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2014

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**The Fiscal Year Ended
June 30, 2014**

Prepared By:

The Finance Department

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

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December 10, 2014

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, 2014.

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., and 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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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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 State of Connecticut’s Department of Public Health, the Town’s population is approximately 40,176 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 a portion of their public works and public safety budgets. 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 at 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.

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Services:

The Town of Groton provides a full range of services, including education, public safety, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2014, approximately 268 full-time municipal employees provided services to a community of 38 square miles and 40,176 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 14th. The Board of Education and the political subdivisions within the Town of Groton are required to submit requests for appropriation on or before February 28th. 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 15th. The council is required to hold at least one public hearing on the proposed budget not later than April 6th. On or before April 28th, 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 25th. Following RTM approval of a final budget, the Council shall determine the final tax rate on or before June 9th. 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 seven (7)-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.

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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. For FYE 2014, the Town solicited formal competitive bids for expenditures at or above \$15,000. 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 will 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 2014 the Town had an unemployment rate of 7.3% as compared to the New London County rate of 6.6%, the state's average rate of 6.5% and the national average of 6.1%. New London County has an employed labor force of approximately 135,205 residents.

Grand List increases by 1.0%: The October 1, 2013 net adjusted taxable Grand List increased 1.0% from the 2012 Grand List, after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,897,603,306. Real estate increased to about \$3.418 billion. The net personal property grand list increased 2.7%, from about \$276 million to about \$283 million. The motor vehicles portion of the grand list increased 1.7% from \$192 million to \$195 million. 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 unassigned fund balance in the general fund (9.6% of the total general fund expenditures) is in compliance with the Town Council's Debt Policy and Management/Fiscal Practices that was initially adopted in September 1993 and revised in February 2014. The policy states that the unassigned fund balance shall be maintained in an amount equal to at least seven and three-quarters (7.75%) percent.

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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 \$2,600,000 was reduced by the RTM to \$1,800,000.

Major Initiatives: For the Fiscal Year Ended June 30, 2014:

Road Maintenance and Rehabilitation Program:

On November 6, 2012 the voters of the town approved an Ordinance appropriating \$11,200,000 and authorized the issuance of bonds and notes in the same amount for road maintenance and rehabilitation program for the Town's accepted network of roads. Included in the program are town-accepted roads within the geographical boundaries of the City of Groton and of the Groton Long Point Association. This program is anticipated to be accomplished during calendar years ending December 2013 through December 2017.

Mystic Streetscape – Phase II:

The Phase II project has installed improvements along Water Street (Route 215) from the vicinity of the existing Public Restrooms and extending south to include the intersection of Noank Road at the local portion of Water Street for a total length of approximately 900 feet. Improvements include roadway reconstruction and re-paving, roadway widening to add parking space, drainage improvements, curb and sidewalk installations/pedestrian improvements, and landscaping. The Total Final Project Cost is estimated at \$1.0 million and was funded under the Federal STP-Urban Systems Program with 80% Federal and 20% Local funding participation under State Project #58-326. Construction began in March 2014 and was completed by the end of summer 2014.

Thames Street Rehabilitation:

As per special acts of the state legislature, the Town of Groton provides for certain funding related to the making and repairing of the public road network within the City of Groton and Groton Long Point. Thames Street is located on the east bank of the Thames River and is approximately 5,800 feet long. It has been the subject of numerous studies conducted by the Town and City over the past 30 years. Following the defeat of the November 2009 referendum, the Town Council established the Thames Street Review Committee for the purpose of identifying potential cost-savings alternative to the initial project. In November 2010, the Town Council received the committee's recommendation for a \$6,375,505 upgrade to Thames Street. The Town Council and Representative Town Meeting approved the bonding resolution and the matter was on the May 2, 2011 referendum ballot which was approved by the voters by 3,334 to 2,306. The project went go out to bid in December 2012 with the work commencing in June 2013. The Thames Street Rehabilitation is expected to be completed by the fall 2014.

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Major Initiatives: For the Future:

School Projects, Phase II:

With the completion of Phase I, facilities and educational needs of the Town were evaluated to identify additional school enhancement projects. Phase II, a \$133 million proposal, called for a new middle school to be built where Claude Chester Elementary School now stands, the renovation of Cutler Middle School into an intermediate elementary school and the conversion of S. B. Butler Elementary and West Side Middle into early education centers. About half of the costs were expected to be paid by the State. On May 2, 2011 a voter referendum was held on this project and it was rejected by a vote of 4,184 to 1,437.

The issue of consolidation, which would have been achieved with the referendum's passage, will be considered by the Board of Education as necessary to keep education costs as low as possible and to respond to a declining school population. A School Facilities Initiatives Task Force was formed in January 2013 to determine the best approach to plan the successor to the Phase II school facilities plan. At their August 2014 meeting, the Task Force was provided with the Board of Education's Middle School Educational Specifications that calls for one middle school of grades 6 to 8, preferably located adjacent to the high school. In September 2014, the Board adopted a plan that would also convert its existing middle schools into elementary schools and close three older elementary schools. The Board plan has been forwarded to the Task Force which is evaluating construction costs and sites in an effort to finalize their recommendation to the Town Council. A November 2015 referendum is possible.

Debt Administration:

In March 2014, presentations were made to the three rating agencies; Fitch Ratings, Moody's Investors Service and Standard & Poor's Rating Services. Fitch and Moody's affirmed their previous ratings for the Town as "AA" and "Aa2", respectively. Standard & Poor's upgraded the Town's bond rating from AA to AA+. S & P's rationale was that "The rating reflects our assessment of the town's...strong economy; very strong budgetary flexibility; strong budgetary performance; very strong management; very strong debt and liability position...."

In April 2014 the Town conducted a sale of General Obligation Bonds in the amount of \$9,320,000. Bonds sold for the Thames Street Rehabilitation Program totaled \$5,230,000 and bonds sold for the Road Maintenance and Rehabilitation Program totaled \$3,715,000 while the bonds sold for the remaining balance on the Senior Center Additions/Rehabilitation Project totaled \$375,000.

The bonds pertaining to the Thames Street and Road Maintenance Projects were issued for twenty years maturing in 2034 while the bonds for the Senior Center Project were issued for five years maturing in 2019. The bonds pertaining to Thames Street and the Road Maintenance Projects were sold to Piper Jaffray with a true interest cost of 2.698439%. The bonds pertaining to the Senior Center were sold to Roosevelt & Cross with a true interest cost of 2.115755%.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$35,515,000 of general obligation bonds, \$4,880,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$40,395,000. Last fiscal year that total amount was \$43,775,000.

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In February 2014, 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. This revision increased the unassigned General Fund reserve to an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures. The Town Council had previously adopted the following limits to guide the issuance of debt and they are compared to the FYE 2014 data.

	<u>Adopted Policy</u>	<u>FYE 2014</u>
Comparison to State’s Statutory Debt Limit:	not to exceed 50%	7.4%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.3%
Debt Service as compared to Expenditures	not to exceed 10%	4.1%

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, 2013. 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. Its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for twenty (20) consecutive years (FYE 1994 through FYE 2013). 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 twenty-first (21) consecutive years, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2015 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.

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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. 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,

Cindy R. Landry

Cindy R. Landry
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

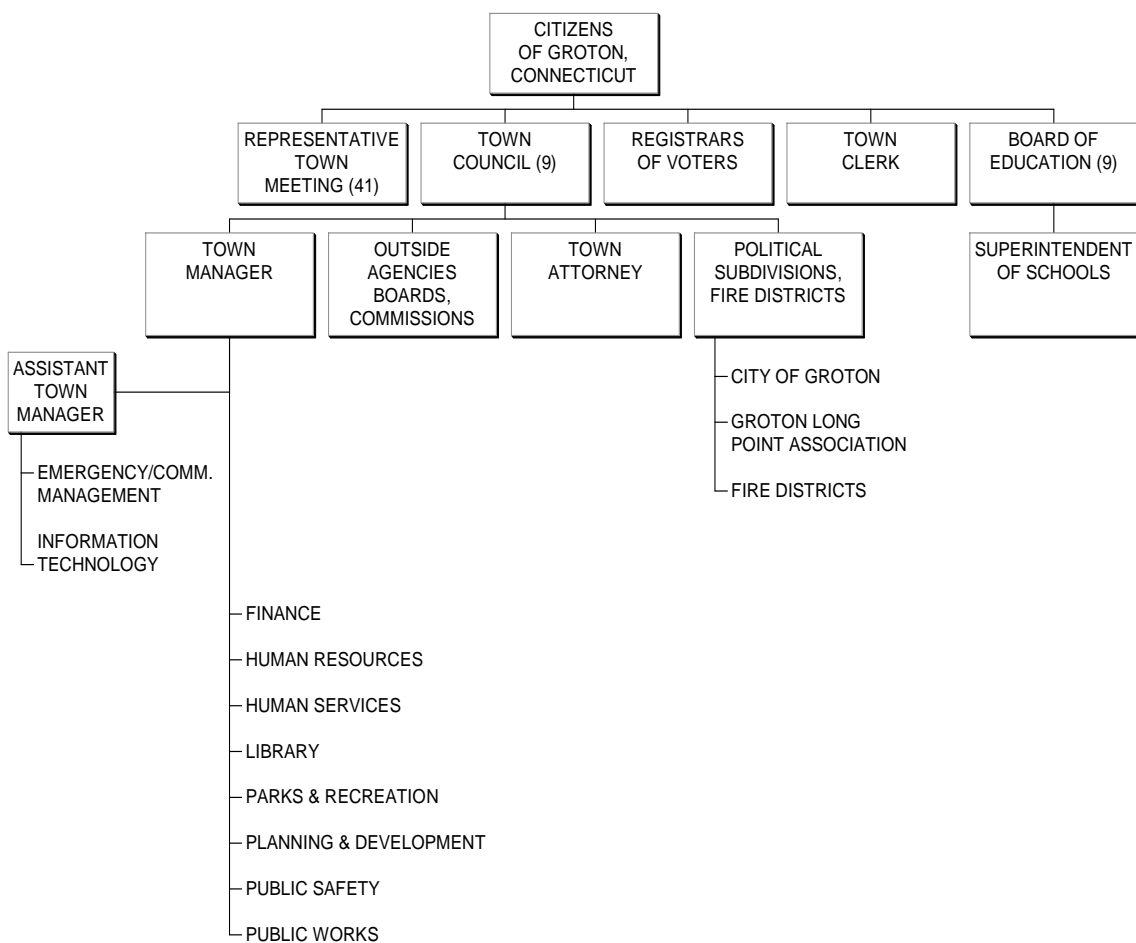
**Town of Groton
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2014

Town Council

Rita M. Schmidt, Mayor
Bob Frink
Genevieve Cerf
Joe de la Cruz
Bruce S. Flax
Rich Moravsik
Deborah L. Peruzzotti
Heather Bond Somers
Harry A. Watson

Board of Education

Rita Volkmann, Chairperson
Kim Shepardson Watson, Vice-Chairperson
Andrea L. Ackerman
Patricia M. Doyle
Beth Gianacoplos
Kirsten E. Hoyt
Mary Kelly
Joey Schick
Katrina Fitzgerald

Appointed Officials

Mark R. Oefinger, Town Manager
Dr. Michael Graner, Superintendent of Schools
Eileen M. Duggan, Town Attorney

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 63 through 67, the schedules of changes in net pension liability and related ratios on pages 68 through 70, the schedules of employer contributions on pages 71 through 73, and the schedule of investment returns on page 74 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Groton, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 18, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* in considering the Town of Groton, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 10, 2014

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, 2014 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 (ooo's).

Financial Highlights:

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$200,694 (net assets). Of this amount, \$45,425 (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 \$3,104. This increase is mainly attributable to an increase in capital assets and a reduction in long term liabilities.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$39,256.
- For the fiscal year ended June 30, 2014, the unassigned fund balance for the General Fund was \$11,442 or 9.6% of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures".
- The Town of Groton's total debt increased by \$5,328 (9.9%) during the current fiscal year. This was mainly due to increases (\$5,940) in the principal amounts due on bonds for general government obligation debt and decreases (\$612) in the loan payment due to the State's Clean Water Fund.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2005 through the current audited fiscal year.

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

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Groton is improving or deteriorating.

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

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Groton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The Town of Groton maintains twenty-eight **individual** non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Improvements Fund which are considered to be major funds. Twenty-three special revenue funds, one Capital Project Fund, a Debt Service Fund and three Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support services to the Town's constituency. The Town has nine fiduciary funds; one pension trust fund, one Other Post-Employment Benefit trust fund (OPEB), four private purpose trust funds and three agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits VIII and IX.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 28-62 of this report.

Other Information. Required supplemental information for the General Fund and pension plans is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 75 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 \$200,694 on June 30, 2014.

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

	Governmental Activities	
	2014	2013
Current assets	\$ 65,339	\$ 55,340
Capital assets, net of accumulated depreciation	215,173	216,398
Total assets	<u>280,512</u>	<u>271,738</u>
Deferred charge on refunding	2,495	2,660
Total deferred outflows of resources	<u>2,495</u>	<u>2,660</u>
Long-term liabilities outstanding	70,435	65,327
Other liabilities	11,878	11,481
Total liabilities	<u>82,313</u>	<u>76,808</u>
Net Position:		
Net investment in capital assets	154,930	161,737
Restricted	339	336
Unrestricted	<u>45,425</u>	<u>35,517</u>
Total Net Position	<u>\$ 200,694</u>	<u>\$ 197,590</u>

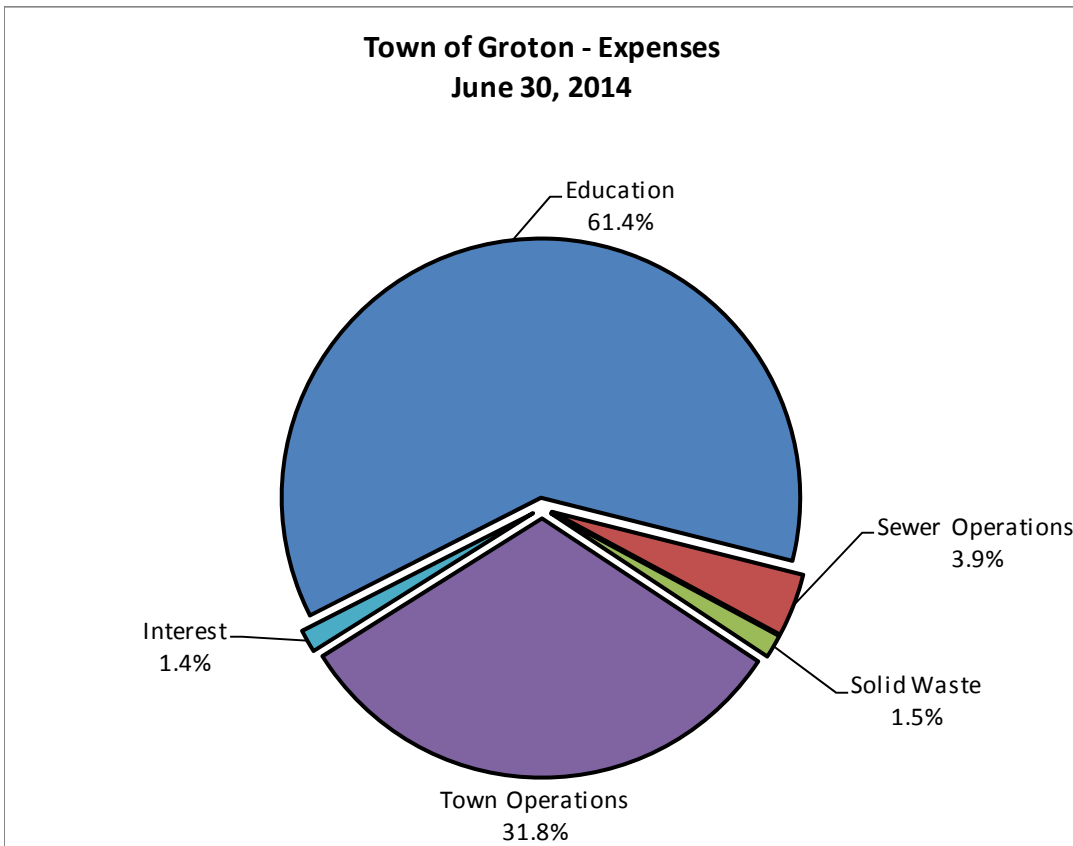
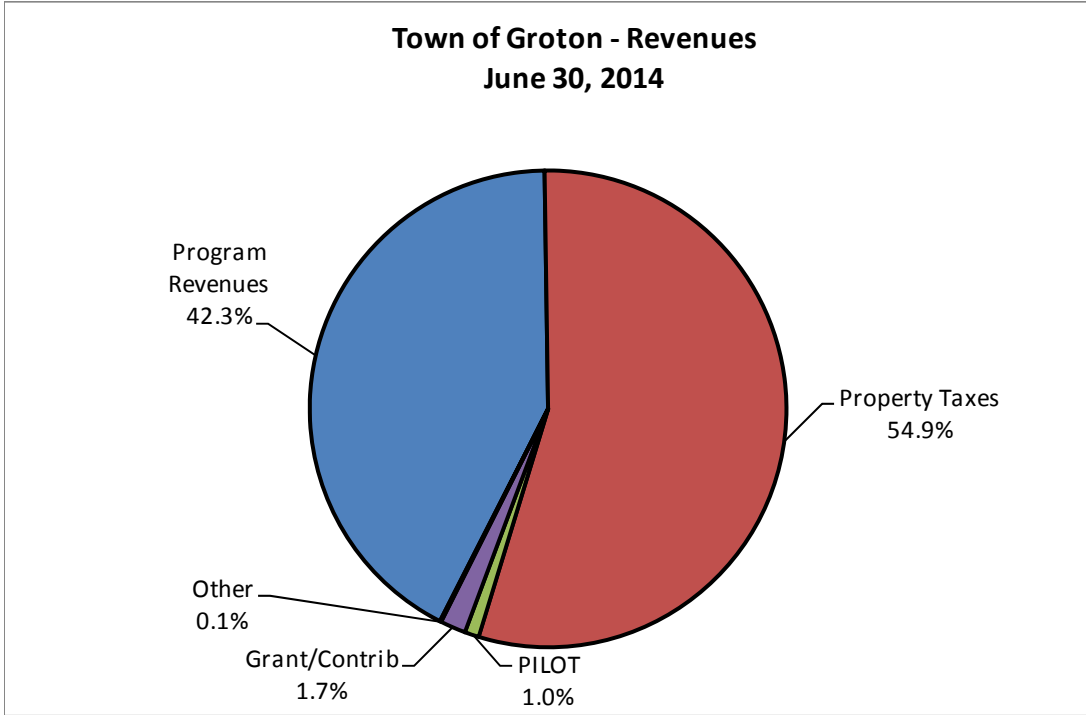
By far the largest portion of the Town of Groton's net position (77 %) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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 (\$45,425) 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 a reduction in bonds and loans payable.

Governmental Activities. Approximately 54.9% of the revenues were derived from property taxes, followed by 34.5% from grants and contributions, then 9.6% from other program revenues, 1% 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 Position (\$000's)**

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	\$ 14,305	\$ 13,352
Operating grants and contributions	47,200	43,654
Capital grants and contributions	1,808	3,667
General revenues:		
Property taxes	82,291	81,627
Payments in lieu of taxes	1,454	1,480
Grants and contributions (not restricted)	2,602	4,144
Other unrestricted investment earnings	129	127
Total revenues	149,789	148,051
Expenses:		
General government/services	8,691	8,530
Public safety	12,502	12,296
Public works	13,378	13,629
Planning and development	1,716	1,831
Human service	2,760	2,715
Community services	7,563	7,107
Board of Education	90,079	89,023
Sewer operations	5,780	5,864
Solid waste	2,133	2,200
Interest on long-term debt	2,083	1,310
Total expenses	146,685	144,505
Increase in Net Position	3,104	3,546
Net Position July 1	197,590	194,044
Net Position June 30	\$ 200,694	\$ 197,590



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$1,738 higher in 2014 when compared to 2013 or an increase of 1.2%.
- ◆ Grants and Contributions were higher in 2014 as the Town realized more in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2014 increased mainly due to an increase in the amount of current and prior year taxes received. The Town's tax rate increased from 20.22 mills to 20.72.
- ◆ Investment earnings increased by \$2 from the prior fiscal year to \$129 for the fiscal year ended June 30, 2014. The increase to interest and dividend earnings was the result of slightly more funds available for investment purposes.

For Governmental Activities, 61.4% of the Town's expenses relate to education, 9.1% relate to public works, 8.5% relate to public safety, 5.9% to general government/services, 5.2% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$2,180 higher in 2014 when compared to 2013 or an increase of 1.5%.
- ◆ Town Operations expenses were \$502 higher in 2014 when compared to 2013 or an increase of 1.1%.
- ◆ Education expenses were \$1,056 higher in 2014 when compared to 2013 or an increase of 1.2%
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for an increase of \$622 in expenses over 2013 or an increase of 6.6 %.

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

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$39,256, an increase of \$10,441 in comparison with the prior year. Of this amount, \$11,442 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,442, which is included in the total fund balance of \$18,489. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.6% of total general fund expenditures, while total fund balance represents 15.5 % of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$3,868 during the current fiscal year. The unassigned fund balance decreased by \$175. Key factors in the total fund balance increase of \$3,868 are as follows:

- ◆ Revenues were \$5,189 more than budgeted mainly due to increases in current and prior year general property taxes and State and Federal funding.
- ◆ Expenditures were under budget by \$716 due to unexpended funds in Town Operations, Debt Service and Contingency.
- ◆ With revenues over budget and expenditures under budget, the \$2,014 of fund balance applied to FYE 2014 was not required to balance the FYE 2014 budget.
- ◆ The amount designated for the subsequent year budget was increased from \$2,014 to \$3,245. \$2,700 of unassigned fund balance was committed to fund subsequent years' budget to offset anticipated reduction in tax revenues.

Capital Improvements Fund. This fund has a total fund balance of \$12,592, an increase from \$5,694 in the prior year. The increase is mainly explained by the issuance of long term bonds.

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 \$927 for the Fleet Reserve Fund, \$6,185 for the Health Insurance Fund and a deficit of \$938 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total decrease in net assets for the internal service funds was \$555 mainly due to decreases in the Health Insurance Fund and Workers' Compensation Fund.

General Fund Budgetary Highlights:

There was no difference between the original budget and the final budget because there were no supplemental appropriations made during the fiscal year. Transfers of \$350 occurred from the Contingency function to other functions within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$123,129 which was over the adopted budget by \$5,189. The majority of this increase can be attributed to an increase in current and prior property tax revenue and State and Federal revenues.

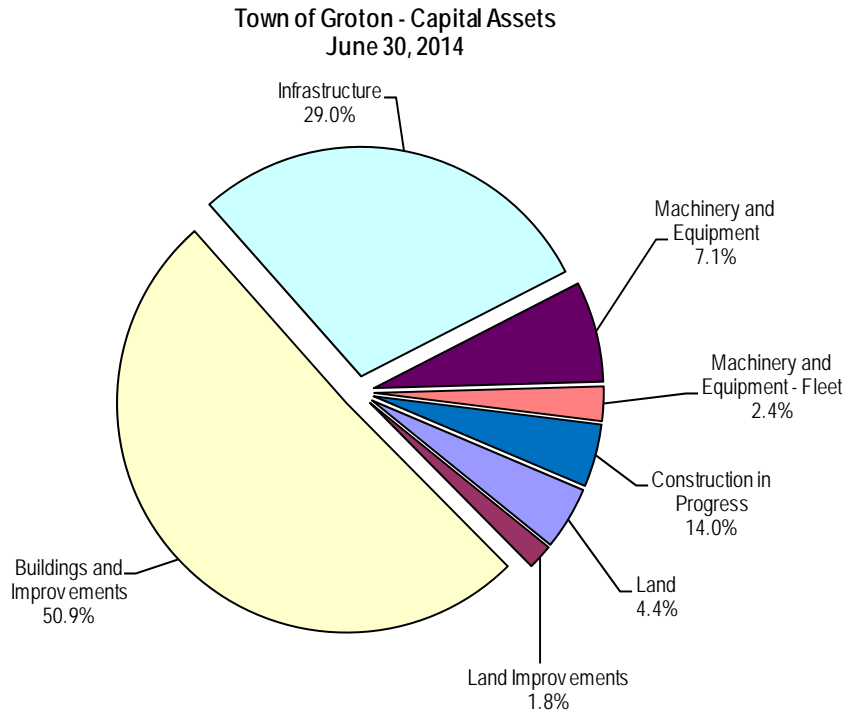
Actual expenditures were under budget by \$716 with town operations returning \$597

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$341,897. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 1.8 % mainly which reflects the purchase of equipment at the Water Pollution Control Facility, acceptance of roads in various subdivisions, road resurfacing and vehicle purchases.

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

	Governmental Activities	
	2014	2013
Land	\$ 15,173	\$ 15,173
Land improvements	6,049	5,519
Buildings and improvements	173,991	174,380
Infrastructure	99,067	97,449
Machinery and equipment	24,228	23,786
Machinery and equipment - fleet	8,281	8,170
Construction in progress	15,108	11,163
Total	\$ 341,897	\$ 335,640



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

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

Golf Course Clubhouse Roof & Trim: \$160

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

Town Hall Annex: \$53

Improvements to Riverview Avenue: \$67

Information Technology Acquisition-Network: \$62

Schools - Energy Efficiency Measures: \$70

Schools-Security: \$196

Water Pollution Control Facility; Facility Renovations: \$369

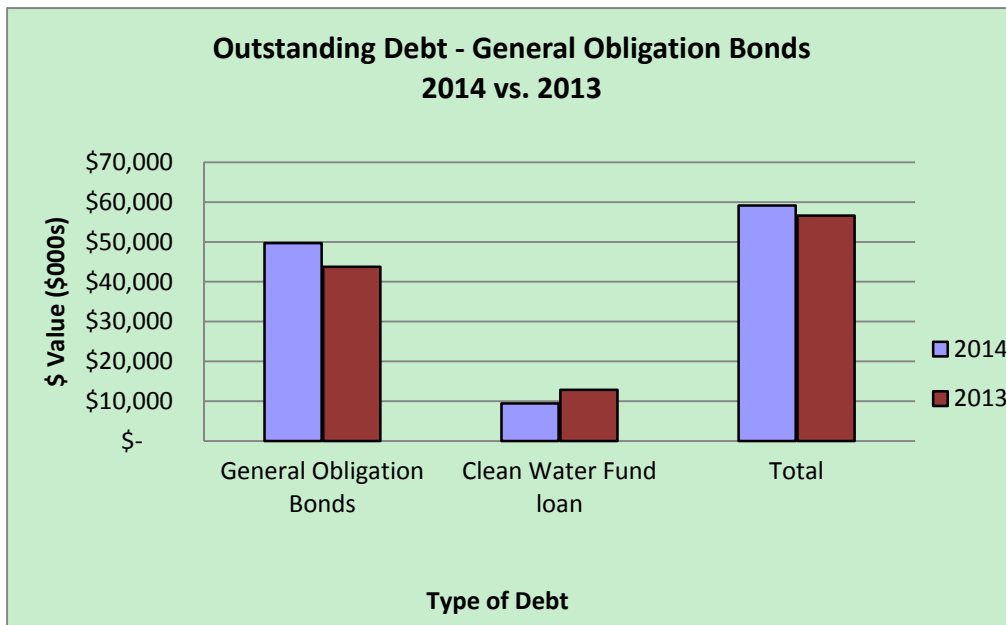
Water Pollution Control Facility; Pump Stations: \$113

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 41-42 and on pages 105 through 107 of this report.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$59,156. Of this amount, \$54,276 comprises debt backed by the full faith and credit of the government and \$4,880 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	Governmental Activities	
	2014	2013
	<u> </u>	<u> </u>
General obligation bonds	\$ 49,715	\$ 43,775
Clean Water Fund loan	9,441	10,053
	<u> </u>	<u> </u>
Total	<u>\$ 59,156</u>	<u>\$ 53,828</u>



The Town of Groton’s general obligation bonds have increased \$5,328 or 9.9% during the current fiscal year mainly due to the issuance of new bonds .

For FYE 2014, the Town of Groton’s bond rating was maintained at an “AA” rating with Fitch Ratings and an “Aa2” rating with Moody’s Investors Service and upgraded to AA+ by Standard & Poor’s. The underlying rating on certain outstanding bonds of the Town was recently affirmed as “AA” by Fitch and the underlying rating on certain outstanding bonds was recently raised to “AA+” by S&P.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$669,871. As of June 30, 2014, the Town recorded total indebtedness of \$67,525 related to Governmental Activities, well below its statutory debt limits.

Additional information on the Town of Groton's long-term debt can be found in Note 3H-I on pages 46-49 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2014, the Town had an unemployment rate of 7.3% as compared to the New London County rate of 6.6%, the state's average rate of 6.5% and the national average of 6.1%.
- New London County has an employed labor force of approximately 135,205 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List increases by 1.0%:

The October 1, 2013 net adjusted taxable Grand List increased 1.0% from last year's after appeals were heard by the Board of Assessment Appeals. The net adjusted grand list now totals \$3,897,603. The combined assessment of the top 10 taxpayers comprises 22.0% of the town's net grand list.

Net real estate increased to about \$3.418 9 billion.

Net residential **real estate** assessments increased 0.2%, from about \$2,249 billion to \$2,253 billion. The residential real estate's share of the entire net grand list decreased slightly - from 58.3% of the 2012 grand List to 57.8% of the 2013 grand list. Net commercial real estate fell this year by 0.8% to \$569 million. The net assessment for industrial property which includes Pfizer and Electric Boat increased by nearly \$30 million or 5.3% due to the expiration of a five year exemption for Electric Boat.

Twenty six single-family homes were started for the October 1, 2013 grand List, compared to seventeen last year.

The **personal property** grand list experienced an increase in net assessments with a 2.7% gain. The grand list rose from \$283 million from \$276 million in 2012.

Although the number of business personal property accounts fell this year and the volume of accounts experiencing penalties for late or non-filing decreased, the assessed value of the penalties increased for the 2013 grand list to \$4.9 million. The final number of businesses for the 2013 grand list was 1,971 accounts, down from 1,995 accounts on the 2012 personal property grand list.

The net assessment on personal property now comprises 7.2% of the grand list, compared to 7.15% of the 2012 grand list.

The **motor vehicle** portion of the grand list, adjusted for military exemptions, grew 1.7% this year increasing from \$192,353 in 2012 to \$195,707. For the second year, questionnaires were mailed to commercial trucks, trailers and utility truck owners in the hopes of identifying truck body types and uses. The original costs reported have been entered into a vin-decoder program that can apply tabled depreciation and will be stored for use on future grand lists.

The net assessment on motor vehicles now comprises 5.0% of the grand list, compared to 4.9% of the 2012 grand list.

Other Information:

During the fiscal year ended June 30, 2014, the Town of Groton's General Fund received 30.2% 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 unassigned fund balance for FYE 2014 is at 9.6% of operating expenses which is above the minimum acceptable guideline set by the Town Council. With a reliance on property taxes, 67.0% of the General Fund revenues are derived from general property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

- ◆ During the current fiscal year, the unassigned fund balance in the General Fund decreased to \$11,442. The Town Council has assigned \$3,245 of the total fund balance to fund the 2015 fiscal year budget and committed \$2,700 of unassigned fund balance to fund subsequent years' budget to offset anticipated reduction in tax revenues.

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 POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 53,909,278
Investments	2,998,000
Receivables (net of allowances for collection losses):	
Property taxes	2,705,948
Special assessments	743,409
Accounts	1,085,323
Federal and state governments	1,222,662
Other	504,168
Other assets	9,525
Net pension asset	1,017,468
Net other postemployment benefit asset	895,268
Capital assets, nondepreciable	30,281,372
Capital assets, net of accumulated depreciation	184,891,538
Restricted assets:	
Cash	122,684
Investments	124,859
Total assets	<u>280,511,502</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	<u>2,495,438</u>
Liabilities:	
Accounts payable and accrued liabilities	10,655,206
Unearned revenue	1,223,206
Noncurrent liabilities:	
Due within one year	6,089,558
Due in more than one year	64,345,452
Total liabilities	<u>82,313,422</u>
Net Position:	
Net investment in capital assets	154,930,034
Restricted for:	
Trust, nonexpendable	338,581
Unrestricted	<u>45,424,903</u>
Total Net Position	<u>\$ 200,693,518</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, 2014

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
					<u>Total</u>
Governmental activities:					
General government/services	\$ 8,691,422	\$ 1,351,390	\$ 249,616	\$ 336,520	\$ (6,753,896)
Public safety	12,501,644	346,820	30,371		(12,124,453)
Public works	13,377,760	807,774	1,575,365	813,883	(10,180,738)
Planning and development	1,716,137	301,056	33,865		(1,381,216)
Health and human services	2,759,569	136,358	179,840		(2,443,371)
Community services	7,563,406	2,185,314	325,021		(5,053,071)
Education	90,079,021	1,066,571	44,806,084	657,466	(43,548,900)
Sewer operations	5,780,402	5,758,271			(22,131)
Solid waste management	2,132,903	2,351,710			218,807
Interest on long-term debt	2,083,263				(2,083,263)
Total Governmental Activities	\$ 146,685,527	\$ 14,305,264	\$ 47,200,162	\$ 1,807,869	(83,372,232)
		General revenues:			
		Property taxes			82,290,623
		Payments in lieu of taxes			1,454,422
		Grants and contributions not restricted to specific programs			2,601,740
		Unrestricted investment earnings			129,179
		Total general revenues			<u>86,475,964</u>
		Change in net position			3,103,732
		Net Position at Beginning of Year			<u>197,589,786</u>
		Net Position at End of Year			<u>\$ 200,693,518</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 24,749,142	\$ 11,555,426	\$ 8,587,984	\$ 44,892,552
Investments	2,998,000		124,859	3,122,859
Receivables, net	2,182,537	780,475	2,155,356	5,118,368
Due from other funds		1,096,467		1,096,467
Other assets	525		9,000	9,525
Total Assets	<u>\$ 29,930,204</u>	<u>\$ 13,432,368</u>	<u>\$ 10,877,199</u>	<u>\$ 54,239,771</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,504,346	\$ 840,496	\$ 796,601	\$ 10,141,443
Due to State			26,961	26,961
Due to other funds	1,049,340		47,127	1,096,467
Unearned revenues	46,630		1,176,576	1,223,206
Total liabilities	<u>9,600,316</u>	<u>840,496</u>	<u>2,047,265</u>	<u>12,488,077</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,841,044			1,841,044
Unavailable revenue - special assessments			18,444	18,444
Unavailable revenue - loans receivable			636,339	636,339
Total deferred inflows of resources	<u>1,841,044</u>	<u>-</u>	<u>654,783</u>	<u>2,495,827</u>
Fund balances:				
Nonspendable			256,543	256,543
Restricted		12,591,872	1,705,437	14,297,309
Committed	2,700,000		6,213,171	8,913,171
Assigned	4,346,530			4,346,530
Unassigned	11,442,314			11,442,314
Total fund balances	<u>18,488,844</u>	<u>12,591,872</u>	<u>8,175,151</u>	<u>39,255,867</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,930,204</u>	<u>\$ 13,432,368</u>	<u>\$ 10,877,199</u>	<u>\$ 54,239,771</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds (Exhibit III)	\$	39,255,867
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	333,615,826	
Less accumulated depreciation		<u>121,200,166</u>	
Net capital assets			212,415,660

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

Net pension asset	1,017,468
Net other postemployment benefit asset	895,268
Property taxes and assessments receivable greater than 60 days	1,859,488
Loan receivables greater than 60 days	636,339
Interest receivable on property taxes	744,897

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

	8,931,363
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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	(49,715,000)
Bond premium	(3,456,276)
Deferred charge on refunding	2,495,438
Clean water fund loan payable	(9,440,599)
Interest payable on bonds	(381,641)
Capital lease obligations	(126,439)
Compensated absences	(2,153,115)
Landfill closure costs	<u>(2,285,200)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>200,693,518</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, 2014

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 81,882,690	\$	\$ 644,114	\$ 82,526,804
Assessments			7,999	7,999
Licenses and permits	317,422			317,422
Intergovernmental - state	41,989,519	1,420,133	3,207,582	46,617,234
Interest on investments	70,528	11,856	33,176	115,560
Intergovernmental - federal	4,228,308		1,677,090	5,905,398
Charges for current services	1,216,243		3,527,229	4,743,472
Schools, library and recreation fees	313,187			313,187
Sewer use charges			5,758,271	5,758,271
Solid waste management charges			2,287,817	2,287,817
Other revenue	703,725	13,325	614,739	1,331,789
Total revenues	<u>130,721,622</u>	<u>1,445,314</u>	<u>17,758,017</u>	<u>149,924,953</u>
Expenditures:				
Current:				
General government	947,842		120,831	1,068,673
General services	4,482,277			4,482,277
Public safety	6,348,521		498,926	6,847,447
Public works	6,411,003			6,411,003
Planning and development	1,105,233			1,105,233
Health and human services	580,847		253,919	834,766
Community services	3,490,344		2,400,149	5,890,493
Education	82,192,134		4,629,102	86,821,236
Subdivisions	5,212,930			5,212,930
Sewer operations			4,343,233	4,343,233
Solid waste management			2,132,903	2,132,903
Nondepartmental	8,850,191			8,850,191
Outside agencies	2,006,878		324,186	2,331,064
Debt service	4,442,287		1,264,859	5,707,146
Capital outlay	199,702	6,417,899	463,528	7,081,129
Total expenditures	<u>126,270,189</u>	<u>6,417,899</u>	<u>16,431,636</u>	<u>149,119,724</u>
Revenues over (under) Expenditures	<u>4,451,433</u>	<u>(4,972,585)</u>	<u>1,326,381</u>	<u>805,229</u>
Other Financing Sources (Uses):				
Issuance of bonds		9,320,000		9,320,000
Issuance of capital leases	134,394			134,394
Transfers in	1,014,411	2,600,000	163,433	3,777,844
Transfers out	(1,913,433)	(50,000)	(1,814,411)	(3,777,844)
Premiums/discounts on bond issuance	181,455			181,455
Total other financing sources (uses)	<u>(583,173)</u>	<u>11,870,000</u>	<u>(1,650,978)</u>	<u>9,635,849</u>
Net Change in Fund Balances	3,868,260	6,897,415	(324,597)	10,441,078
Fund Balances at Beginning of Year	<u>14,620,584</u>	<u>5,694,457</u>	<u>8,499,748</u>	<u>28,814,789</u>
Fund Balances at End of Year	<u>\$ 18,488,844</u>	<u>\$ 12,591,872</u>	<u>\$ 8,175,151</u>	<u>\$ 39,255,867</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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)	\$ 10,441,078
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,838,566
Depreciation expense	(7,650,894)
Loss on disposal of capital assets	(245,752)

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	(207,539)
Interest income on property taxes	(36,641)
Revenue on loan receivables greater than 60 days	84,800

Change in pension asset	(2,292)
Change in other postemployment benefit asset	197,539

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

Accrued interest on bonds	(13,067)
Principal payments on bonds	3,380,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	12,058
Issuance of capital lease	(134,394)
Bond proceeds	(9,320,000)
Bond premium	32,545
Deferred charge on refunding	(164,496)
Landfill closure payments	168,200
Bond issuance costs	(404,917)

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	71,495
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>(554,920)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,103,732</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2014

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,139,410
Accounts receivable	398,245
Total current assets	<u>9,537,655</u>
Noncurrent assets:	
Property and equipment, net	<u>2,757,250</u>
Total assets	<u>12,294,905</u>
Liabilities:	
Current liabilities:	
Accounts payable	105,161
Claims incurred but not reported	993,219
Total current liabilities	<u>1,098,380</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,265,162</u>
Total liabilities	<u>3,363,542</u>
Net Position:	
Net investment in capital assets	2,757,250
Unrestricted	<u>6,174,113</u>
Total Net Position	<u>\$ 8,931,363</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 16,442,336
Other revenue	79,302
Total operating revenues	<u>16,521,638</u>
Operating Expenses:	
Operating expenses	757,799
Claims	14,467,119
Depreciation	600,260
Administration	1,271,066
Total operating expenses	<u>17,096,244</u>
Operating Loss	<u>(574,606)</u>
Nonoperating Revenues:	
Interest on investments	13,619
Gain on disposal of capital assets	6,067
Net nonoperating revenues	<u>19,686</u>
Change in Net Position	(554,920)
Net Position at Beginning of Year	<u>9,486,283</u>
Net Position at End of Year	<u>\$ 8,931,363</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, 2014

	<u>Governmental Activities Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 16,339,379
Cash received from other funds	728,284
Cash paid to vendors	(753,812)
Cash paid to beneficiaries	(15,807,817)
Net cash provided by operating activities	<u>506,034</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(444,700)
Proceeds from sale of property and equipment	16,852
Net cash used in capital and related financing activities	<u>(427,848)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>13,619</u>
Net Increase in Cash and Cash Equivalents	91,805
Cash and Cash Equivalents - Beginning of Year	<u>9,047,605</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,139,410</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (574,606)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	600,260
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(222,650)
(Increase) decrease in due from other funds	728,284
(Increase) decrease in other assets	40,391
(Decrease) increase in accounts payable	3,987
(Decrease) increase in claims payable	<u>(69,632)</u>
Net Cash Provided by Operating Activities	<u>\$ 506,034</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2014

	<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	\$ 998,802	\$ 1,194,825	\$ 107,987	\$ 1,744,098
Investments, at fair value:				
Mutual funds	107,192,156	10,388,662		
Accounts receivable	9,426	57,334		
Total assets	<u>108,200,384</u>	<u>11,640,821</u>	<u>107,987</u>	<u>1,744,098</u>
Liabilities:				
Due to employees/others	85,308			
Claims incurred but not reported		287,000		
Due to contractors/developers				1,320,288
Due to student groups				213,955
Due to fire districts				209,855
Other liabilities		5,082		
Total liabilities	<u>85,308</u>	<u>292,082</u>	<u>-</u>	<u>1,744,098</u>
Net Position:				
Held in trust for employees of Ledge Light	578,998			
Held in trust for firefighters	9,470,819			
Held in trust for benefits and other purposes	<u>98,065,259</u>	<u>11,348,739</u>	<u>107,987</u>	
Total Net Position	<u>\$ 108,115,076</u>	<u>\$ 11,348,739</u>	<u>\$ 107,987</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 3,552,078	\$ 3,738,481	\$
Plan members	1,246,159	2,903,105	
Other additions			4,660
Total contributions	<u>4,798,237</u>	<u>6,641,586</u>	<u>4,660</u>
Investment income:			
Net appreciation in fair value of investments	15,168,799	1,239,205	
Interest and dividends			182
	<u>15,168,799</u>	<u>1,239,205</u>	<u>182</u>
Less investment expenses:			
Investment management fees	299,853	559,537	
Net investment income	<u>14,868,946</u>	<u>679,668</u>	<u>182</u>
Total additions	19,667,183	7,321,254	4,842
Deductions:			
Benefits	6,524,046	4,685,126	34,523
Administrative expense	59,871		
Total deductions	<u>6,583,917</u>	<u>4,685,126</u>	<u>34,523</u>
Change in Net Position	13,083,266	2,636,128	(29,681)
Net Position - Beginning of Year	<u>95,031,810</u>	<u>8,712,611</u>	<u>137,668</u>
Net Position - End of Year	<u>\$ 108,115,076</u>	<u>\$ 11,348,739</u>	<u>\$ 107,987</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 because they report only assets and liabilities.

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

Property taxes, when levied for, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town, or specifically identified.

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

The Town reports the following major governmental funds.

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Additionally, the Town reports the following fund types:

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

C. Cash and Cash Equivalents

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

D. Investments

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town does not report any deferred inflows of resources in the government-wide statement of net position. For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

G. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2014 is recorded in the government-wide financial statements since the benefits are to be funded from future financial resources and will be paid from the General Fund, Golf Course Fund or Sewer Operations Fund, as may be appropriate.

H. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

I. 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 GASB 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. In prior years, the General Fund has been used to liquidate the net pension obligation.

Funding Policy

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

J. Other Post Employment Benefits (OPEB) Accounting

OPEB Trust Fund

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

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 GASB 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. In prior years, the General Fund has been used to liquidate the net OPEB obligation.

Funding Policy

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

K. Encumbrances

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

L. Fund Equity and Net Position

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

Net Investment in Capital Assets - This category includes all capital assets, including infrastructure, less accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets.

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

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

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

The Town Council has an adopted policy that a minimum unassigned fund balance be maintained in an amount equal to at least seven and one-half percent (7.5%) of the annual general fund expenditures.

M. 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.

N. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The Town shall propose budgets that provide for an unrestricted fund General Fund balance of not less than 7.75% of the total operating General Fund expenditures.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

After one public hearing and numerous public meetings, the Town Council, on or before April 28th, recommends these budgets, as revised, to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25th. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9th. The Town Council must authorize all transfers of 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, 2014, there were no additional appropriations.

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

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

The Town's budgeting system requires accounting for certain transactions to be on a basis other than GAAP. The major differences between the budget and GAAP bases are as follows:

- Taxes collected within 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year, compared to recognition in the year received for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year, whereas they are shown as a reservation of fund balance under the GAAP basis of accounting.
- State of Connecticut payments on behalf of the Town teachers for the State teacher retirement system are reported for GAAP purposes only.
- The revenues and expenditures for budgeted funds that do not meet the definition for inclusion in the GAAP financial statements as special revenue funds are included in the General Fund, in accordance with GASB Statement No. 54.
- The revenues and expenditures relating to issuance of capital leases are recognized for GAAP purposes only.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2014:

Internal Service:	
Workers' Compensation	\$ (937,645)

The Internal Service Fund deficit will be funded on a current basis with future premiums.

C. Over Expended Appropriations

In the General Fund, the general government line item was overexpended by \$4,622.

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, that is not a "qualified public depository."

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$46,631,408 of the Town's bank balance of \$52,332,235 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 41,947,972
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,683,436</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 46,631,408</u>

Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$10,930,486. The following provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Investments

As of June 30, 2014, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Certificates of deposit	*	\$ 2,998,000	\$ <u>756,000</u>	\$ <u>2,242,000</u>	\$ <u>-</u>
Other investments:					
Common stock	N/A	7,186			
Mutual funds	N/A	<u>117,698,491</u>			
Total Investments		<u>\$ 120,703,677</u>			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town did not have any uninsured and unregistered securities held by counterparties, or by their trust department or agents, that were not in the Town's name.

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

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

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

The Town's investment policy, in conformity with applicable Connecticut General Statutes, authorizes investment in the State Treasurer's Short-Term Investment Fund (STIF) 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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Deposits and investments for retirement and other postemployment benefit funds are also disclosed in Notes 4 and 5.

B. Endowments Received

	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Total
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	149,721	19,189	249	169,159
Total Value	\$ 169,721	\$ 46,732	\$ 200,249	\$ 416,702

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

C. Fund Receivables

Receivables at June 30, 2014, including the applicable allowances for collection losses, are as follows:

	General	Capital Improvement	Nonmajor and Other Funds	Total
Property taxes	\$ 2,167,680	\$	\$ 16,871	\$ 2,184,551
Assessments			663,535	663,535
Intergovernmental	180,425	780,475	261,762	1,222,662
Accounts receivable	54,432		596,370	650,802
User fees receivable			1,250,323	1,250,323
Gross receivables	2,402,537	780,475	2,788,861	5,971,873
Allowance for collection losses	(220,000)		(168,500)	(388,500)
Net Receivables	\$ 2,182,537	\$ 780,475	\$ 2,620,361	\$ 5,583,373

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

D. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,173,157	\$	\$	\$ 15,173,157
Construction in progress	<u>11,162,580</u>	<u>6,609,132</u>	<u>2,663,497</u>	<u>15,108,215</u>
Total capital assets not being depreciated	<u>26,335,737</u>	<u>6,609,132</u>	<u>2,663,497</u>	<u>30,281,372</u>
Capital assets being depreciated:				
Land improvements	5,519,000	529,467		6,048,467
Buildings and improvements	174,379,351	222,139	610,461	173,991,029
Machinery and equipment	23,722,813	338,040	30,809	24,030,044
Machinery and equipment - fleet	8,170,095	444,700	334,077	8,280,718
Infrastructure	97,449,123	1,617,894		99,067,017
Machinery and equipment - capital-leased	<u>63,503</u>	<u>134,394</u>		<u>197,897</u>
Total capital assets being depreciated	<u>309,303,885</u>	<u>3,286,634</u>	<u>975,347</u>	<u>311,615,172</u>
Less accumulated depreciation for:				
Land improvements	2,936,027	138,979		3,075,006
Buildings and improvements	41,215,281	3,714,005	415,706	44,513,580
Machinery and equipment	13,113,344	863,371	30,809	13,945,906
Machinery and equipment - fleet	5,246,500	600,260	323,292	5,523,468
Infrastructure	56,707,767	2,928,697		59,636,464
Machinery and equipment - capital-leased	<u>23,368</u>	<u>5,842</u>		<u>29,210</u>
Total accumulated depreciation	<u>119,242,287</u>	<u>8,251,154</u>	<u>769,807</u>	<u>126,723,634</u>
Total capital assets being depreciated, net	<u>190,061,598</u>	<u>(4,964,520)</u>	<u>205,540</u>	<u>184,891,538</u>
Governmental Activities Capital Assets, Net	<u>\$ 216,397,335</u>	<u>\$ 1,644,612</u>	<u>\$ 2,869,037</u>	<u>\$ 215,172,910</u>

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

Governmental Activities:	
General government services	\$ 1,347,399
Public safety	113,598
Public works, including depreciation of general infrastructure assets	2,249,786
General services	28,207
Community services	21,804
Education	2,486,937
Sewer operating	1,344,327
Planning and development	1,901
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	600,260
Golf Course	<u>56,935</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,251,154</u>

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Construction Commitments

The Town has the following construction commitments as of June 30, 2014:

	Project Amount
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	\$ 177,009
Building Improvements/Modifications:	
Public Buildings	47,707
WPCF Projects:	
Sewer System	237,779
Land Improvements:	
Land Improvements	6,300

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, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Nonmajor Funds	\$ 47,127
	General Fund	1,049,340
		\$ 1,096,467

The balance of \$1,096,467 due from other funds to the Capital Improvement Fund represents amounts committed to the Capital Improvement Fund from various special revenue and capital project funds.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Interfund Transfers

Interfund transfers during the year ended June 30, 2014 were as follows:

	Transfers In			
	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Transfers Out
Transfers out:				
General Fund	\$	\$ 1,800,000	\$ 113,433	\$ 1,913,433
Capital Improvements Fund			50,000	50,000
Nonmajor funds	<u>1,014,411</u>	<u>800,000</u>		<u>1,814,411</u>
Total Transfers In	<u>\$ 1,014,411</u>	<u>\$ 2,600,000</u>	<u>\$ 163,433</u>	<u>\$ 3,777,844</u>

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$	\$	\$ 9,000	\$ 9,000
Endowments			247,543	247,543
Restricted for:				
Public safety grants			35,856	35,856
Human services grants			12,621	12,621
Public works grants			20,401	20,401
Education donations			1,882	1,882
Bonded capital projects		12,591,872		12,591,872
Debt service			1,076,888	1,076,888
Regional probate court			11,289	11,289
Recreation and senior activities			377,341	377,341
Trust purposes			169,159	169,159
Committed to:				
Subsequent year's budget	2,700,000			2,700,000
Community development grant			225,228	225,228
Escrow funds			638,576	638,576
Land acquisition			20,075	20,075
Outside police services			184,413	184,413
Energy conservation			18,331	18,331
Human services donations			148,700	148,700
Emergency energy			10,952	10,952
Public infrastructure improvements			261,684	261,684
Library			86,226	86,226
Golf course operations			19,374	19,374
Parks & recreation			105,535	105,535
School cafeteria			318,887	318,887
Fitch High School library media			10,377	10,377
Education grants			213,805	213,805
Sewer			2,310,803	2,310,803
Solid waste management			1,493,718	1,493,718
Outside agencies			145,970	145,970
Other			517	517
Assigned to:				
Subsequent year's budget	3,245,000			3,245,000
Purchases on order	420,479			420,479
Revaluation	177,006			177,006
Computer replacement	504,045			504,045
Unassigned	11,442,314			11,442,314
Total Fund Balance	\$ 18,488,844	\$ 12,591,872	\$ 8,175,151	\$ 39,255,867

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

G. Leases

Operating Leases

The Town leases buildings and copiers under noncancellable operating leases. The total costs for such leases were \$93,807 for the year ended June 30, 2014. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 37,863
2016	17,695
2017	14,111
2018	12,499
2019	12,116
Thereafter	-

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

Capital Leases

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

	<u>Governmental Activities</u>
Equipment	\$ 134,934
Less accumulated depreciation	<u>-</u>
Total	<u><u>\$ 134,934</u></u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2014 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 30,432
2016	30,432
2017	30,431
2018	30,431
2019	20,288
Thereafter	-
Less amount for interest	<u>(15,575)</u>
Minimum lease payments	<u>\$ 126,439</u>

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable:					
General obligation bonds	\$ 43,775,000	\$ 9,320,000	\$ 3,380,000	\$ 49,715,000	\$ 4,105,000
Clean Water Fund loan	10,052,962		612,363	9,440,599	612,363
Premium	3,488,821	181,455	214,000	3,456,276	
Total bonds and loans payable	<u>57,316,783</u>	<u>9,501,455</u>	<u>4,206,363</u>	<u>62,611,875</u>	<u>4,717,363</u>
Landfill post-closure monitoring	2,453,400		168,200	2,285,200	168,200
Capital lease obligations	4,103	134,394	12,058	126,439	24,674
Compensated absences	<u>2,224,610</u>	<u>260,667</u>	<u>332,162</u>	<u>2,153,115</u>	<u>186,102</u>
Long-Term Liabilities	<u>\$ 61,998,896</u>	<u>\$ 9,896,516</u>	<u>\$ 4,718,783</u>	<u>\$ 67,176,629</u>	<u>\$ 5,096,339</u>

Liability for compensated absences 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 and the current year debt issuance that refunded a portion of this debt will be funded with revenue generated from the Town's sewer use fee rate within the sewer operating fund.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The Town's general obligation bonds bear interest at rates from 2% to 5.75% and mature as follows:

<u>Town of Groton</u>		
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2015	\$ 4,105,000	\$ 1,636,487
2016	4,070,000	1,526,994
2017	4,045,000	1,399,344
2018	3,650,000	1,271,075
2019	3,640,000	1,137,856
2020-2024	17,040,000	3,841,325
2025-2029	11,405,000	1,162,225
2030-2034	1,760,000	160,300
	<u>\$ 49,715,000</u>	<u>\$ 12,135,606</u>

Total authorized but unissued long-term debt at June 30, 2014 consists of the following:

	<u>Bonds Authorized Unissued</u>
Senior Center	\$ 2,470,000
Thames Street Rehabilitation	797,595
Road Maint & Rehab (paving)	<u>7,485,000</u>
	<u>\$ 10,752,595</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
Public improvement	\$ 215,315,617	\$ 38,345,406	\$ 176,970,211
Schools	430,631,233	23,644,500	406,986,733
Sewers	358,859,361	5,535,000	353,324,361
Urban renewal	311,011,446		311,011,446
Pension deficit	287,087,489		287,087,489

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$669,870,807. All long-term debt obligations are retired through General Fund, Debt Service Fund and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$7,057,311 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$10,752,595 at June 30, 2014.

Prior Year Defeasance of Debt

In prior years, the Town defeased general obligation bonds and general obligation sewer bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2014, \$19,225,000 of the prior refunded bonds remains outstanding.

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, 2014, the Town has received total financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of amended funding. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

<u>Fiscal Year</u>	<u>Sewer Construction Fund</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2015	\$ 612,363	\$ 183,199
2016	612,363	170,951
2017	612,363	158,704
2018	612,363	146,457
2019	612,363	134,210
2020-2024	3,061,815	487,342
2025-2029	3,061,815	181,157
2030-2034	<u>255,154</u>	<u>1,276</u>
	<u>\$ 9,440,599</u>	<u>\$ 1,463,296</u>

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town’s municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,218,000 (\$101,500 per year for 12 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$1,067,200 (\$66,700 for 16 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Under the plan, all full-time employees hired are eligible. Police Officers, BOE Secretaries, BOE Central Office Employees and Custodians are 100% vested after 10 years of service. Firefighters are 50% vested after 10 years with 3.3% additional after each of the next 15 years. General Government Nonbargaining, CILU, AFSCME, Steelworkers, Telecommunicators and BOE Central Office Employees (Business Manager, Director of Building & Grounds, Director of IT and Personnel Manager) are 100% vested after 5 years of service. Benefits are calculated as follows:

Board of Education - School Secretaries: 1.25% of average annual pay (for highest paid 5 years of last 7 years) times the number of years of participation.

Board of Education - Custodians/Maintenance: 1.25% of average annual pay (highest 3 years) times years of service before July 1, 1989 and 1.85% of average annual pay times years of service after June 30, 1989 up to 25 years, plus 1.25% for years of service after 6/30/1989 in excess of 25 years. For those who retire after June 30, 2003, 2% average annual pay times number of continuous years of service with the Board after June 30, 2001. No more than 25 years shall be credited at 2% and 1.85% with all additional years credited at 1.25%.

CILU: 2.05% of average annual pay (for highest 3 years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30.

Board of Education - Administrative: 2% of average annual pay (for highest 3 years) times the number of years of continuous service up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25.

General Government AFSCME: 2% of average annual pay (for highest 3 years) times the number of years of continuous service, up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25. Benefit is reduced by 2% for each year of age or service that the sum of age and years of service is less than 85.

General Government Nonbargaining: 2% of average annual pay (for highest paid 3 years out of last 5 years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30.

Steelworkers: 2% of average annual pay (for highest 3 years) times the number of years of continuous service, up to 30 years of service and 1.5% of average annual pay times years of continuous service in excess of 30.

Firefighters: 2.75% of average annual pay (highest paid 4 years) times years of continuous service up to 30 years.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Union Police Officers: 2.667% of average annual pay (highest paid 5 years) times the number of years of continuous service up to 30 years of service. Benefit is reduced for each year of age and service that the sum of age and years of service is less than 75.

Nonunion Police Officers: 2.667% of average annual pay (highest paid 3 years) times the number of years of continuous service up to 30 years of service.

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

At July 1, 2013, TGRS membership consisted of:

	<u>Town of Groton Town and BOE</u>	<u>Poquonnock Fire District</u>	<u>Ledge Light Health District</u>
Retirees and beneficiaries currently receiving benefits	208	15	1
Terminated employees entitled to benefits but not yet receiving them	18	-	1
Active plan members	372	32	1
Total	598	47	3

B. Summary of Significant Accounting Policies

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Funding Policy

Employees other than Police Officers and Firefighters are required to contribute 4% of pay to the Plan. Nonunion Police Officers contribute 7.5%, Union Police Officers 7.75%, Firefighters 6.5% and CILU 5%. Contributions of nonvested employees are returned with interest, if applicable, upon termination or death prior to retirement. The Town funds at least the actuarially determined amounts. Benefits and contributions are established by the Town and may be amended only by the Town Council subject to the terms of collective bargaining agreements with certain unions.

D. Investments

Investment Policy: The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TGRS Board by a majority vote of its members. It is the policy of the TGRS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The overall investment goal is to obtain a competitive rate of return on portfolio assets commensurate with the prudent investment rule and the responsibility to provide retirement benefits to retirees and their beneficiaries. The following was the Board’s adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	37.00%
US Small Cap	7.00
Developed International Equities	11.00
Emerging International Equities	2.00
Core Fixed Income	36.00
High-Yield Bonds	3.00
Real Estate (REITs)	3.00
Cash	<u>1.00</u>
Total	<u><u>100.00%</u></u>

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Net Pension Liability

In accordance with Government Accounting Standards Board Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

	Town and BOE	Ledge Light	Fire
Total pension liability	\$ 115,206,843	\$ 587,337	\$ 11,105,762
Plan fiduciary net position	98,068,205	578,829	9,468,042
Total Net Pension Liability	\$ 17,138,638	\$ 8,508	\$ 1,637,720
Plan fiduciary net position as a percentage of the total pension liability	85.12%	98.55%	85.25%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	Vary by age group
Investment rate of return	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of the actuarial experience study for the period July 1, 2005 through June 30, 2013.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap	7.05%
US Small Cap	7.90
Developed International Equities	7.25
Emerging International Equities	10.00
Core Fixed Income	1.85
High-Yield Bonds	4.85
Real Estate (REITs)	6.25
Cash	0.25

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Town, calculated using the discount rate of 8.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

F. Annual Pension Cost and Net Pension Obligation (Asset)

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation (asset) to the TGRS for the current year were as follows:

	<u>Town of Groton Town and BOE</u>	<u>Poquonnock Fire District</u>	<u>Ledge Light Health District</u>
Annual required contribution	\$ 3,114,144	\$ 428,378	\$ 9,556
Interest on net pension obligation	(81,581)		
Adjustment to annual required contribution	<u>83,873</u>		
Annual pension cost	3,116,436	428,378	9,556
Contributions made	<u>3,114,144</u>	<u>428,378</u>	<u>9,556</u>
Decrease in net pension asset	2,292	-	-
Net Pension Asset, July 1, 2013	<u>(1,019,760)</u>	<u>-</u>	<u>-</u>
Net Pension Asset, June 30, 2014	<u>\$ (1,017,468)</u>	<u>\$ -</u>	<u>\$ -</u>

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

Actuarial valuation date	7/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level \$ amount, open
Remaining amortization period	30 years
Asset valuation method	5-Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases	Vary by age group
Cost-of-living adjustments	None

*includes an inflation rate of 3.25%

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

G. 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>
6/30/2012	\$ 2,970,766	99.9%	\$ (1,022,046)
6/30/2013	3,260,603	99.9%	(1,019,760)
6/30/2014	3,554,370	99.9%	(1,017,468)

H. Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Funding Excess (Unfunded) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>(Unfunded) AAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/08	\$ 86,317,508	\$ 84,196,700	\$ 2,120,808	102.5%	\$ 23,647,808	8.97%
7/1/09	85,476,282	92,732,994	(7,256,712)	92.2%	24,190,793	-30.00%
7/1/10	84,453,080	98,515,524	(14,062,444)	85.7%	24,744,677	-56.83%
7/1/11	85,612,289	105,160,036	(19,547,747)	81.4%	25,075,727	-77.95%
7/1/12	87,003,117	109,105,111	(22,101,994)	79.7%	24,367,375	-90.70%
7/1/13	91,148,488	114,542,269	(23,393,781)	79.6%	25,434,840	-91.98%

I. 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 of 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 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 \$8,964,718 for the year ended June 30, 2014.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

**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 they are 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.

At July 1, 2013, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Retired members	225
Spouses of retired members	95
Active plan members	<u>809</u>
Total Participants	<u><u>1,129</u></u>

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 toward the cost of health insurance premiums as listed below. These are average costs with the actual costs to the retirees based on the employee group they were in when they retired.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$975 per month for retiree only coverage and \$2,088 per month for retiree and spouse coverage, to age 65, and \$658 and \$1,535 per month, respectively, thereafter.

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross is \$756 per month for retiree only coverage and \$1,513 per month for retiree and spouse coverage to age 65. The cost for Medicare eligible employees is \$312 per month for retiree only and \$625 per month for retiree and spouse.

Contributions

For the year ended June 30, 2014, plan members contributed \$2,903,105. 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 \$3,738,481 were made in accordance with actuarially determined requirements. Of this amount, \$1,350,307 represents premium payments, \$696,693 represents implicit rate subsidy and \$1,738,481 was contributed to prefund benefits.

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):

Annual required contribution	\$ 3,552,000
Interest on net OPEB obligation	(52,330)
Adjustment to annual required contribution	<u>41,272</u>
Annual OPEB cost	3,540,942
Contributions made	<u>3,738,481</u>
Increase in net OPEB asset	(197,539)
Net OPEB Asset, July 1, 2013	<u>(697,729)</u>
Net OPEB Asset, June 30, 2014	<u><u>\$ (895,268)</u></u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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, 2014 is presented below.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2012	\$ 3,449,552	\$ 4,697,236	136.2%	\$ (490,489)
6/30/2013	3,557,460	3,764,700	105.8%	(697,729)
6/30/2014	3,540,942	3,738,481	105.6%	(895,268)

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 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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

In the July 1, 2013 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 6.8% initially, reduced by decrements to an ultimate rate of 4.7% after 68 years for pre-65 and 78 years for post-65. The general inflation assumption is 4.5%. 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, 2013 was 25 years.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<i>Retiree Medical Program</i>						
7/1/2008	\$ 1,384,000	\$ 34,026,000	\$ 32,642,000	0.0%	n/a	n/a
7/1/2009	1,911,000	36,645,000	34,734,000	4.0%	n/a	n/a
7/1/2010	3,234,000	38,902,000	35,668,000	5.0%	n/a	n/a
7/1/2011	5,065,000	40,455,000	35,390,000	12.5%	n/a	n/a
7/1/2012	6,433,000	41,378,000	34,945,000	15.5%	52,762,000	66.23%
7/1/2013	8,974,000	43,697,000	34,723,000	20.5%	n/a	n/a

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2012	\$ 3,463,000	97.9%
6/30/2013	3,566,000	131.7%
6/30/2014	3,552,000	106.0%

n/a - The covered payroll is not available.

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, 2014 for claims incurred but not reported to be \$874,000 in the Health Insurance Fund and \$2,384,381 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,608,901. 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>					
2013 - 2014	\$ 871,750	\$ 13,679,095	\$ 13,676,845	\$ 874,000	\$ 874,000
2012 - 2013	801,447	14,001,035	13,930,732	871,750	871,750
<u>Workers' Compensation Fund</u>					
2013 - 2014	\$ 2,455,976	\$ 788,024	\$ 859,619	\$ 2,384,381	\$ 119,219
2012 - 2013	2,529,494	641,251	714,769	2,455,976	122,799

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.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

B. Contingencies

The Town is currently involved in several litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not materially affect the financial condition of the Town.

C. Concentration of Taxes

The Town's two largest taxpayers, based on the October 2012 grand list, comprise 19.0% of the net taxable grand list of the Town and approximately 15.7% of the total General Fund revenues for the year ended June 30, 2014.

Required Supplemental Information

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 80,251,142	\$ 80,251,142	\$ 82,071,178	\$ 1,820,036
Licenses and Permits:				
Building permits	128,328	128,328	285,407	157,079
Sporting licenses	850	850	763	(87)
Dog licenses	8,000	8,000	9,017	1,017
Other licenses and permits	12,500	12,500	21,832	9,332
Building permits - education fee	100	100	271	171
State land use fees	150	150	132	(18)
Total licenses and permits	<u>149,928</u>	<u>149,928</u>	<u>317,422</u>	<u>167,494</u>
Interest on Investments	<u>52,000</u>	<u>52,000</u>	<u>69,114</u>	<u>17,114</u>
Intergovernmental - State:				
General:				
Town aid road	367,825	367,825	379,197	11,372
Nuclear safety drill	37,041	37,041	30,182	(6,859)
Highway illumination	1,619	1,619	1,812	193
Telephone access	161,000	161,000	162,493	1,493
PILOT Enterprise zone	437,130	437,130	269,975	(167,155)
PILOT - state and tax exemptions	169,783	169,783	1,184,447	1,014,664
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,434	31,434	31,737	303
Pequot/Mohegan funds	179,246	179,246	1,373,412	1,194,166
Manufacturing transition grant	165,158	165,158	164,802	(356)
Municipal Aid Adjustment	1,406,819	1,406,819	539,968	(866,851)
Property tax relief			1,168,576	1,168,576
Miscellaneous state grants	54,837	54,837	104,337	49,500
Board of Education:				
Education cost-sharing	26,712,891	26,712,891	25,571,522	(1,141,369)
Adult education	115,473	115,473	103,198	(12,275)
Instruction for the blind	8,290	8,290	-	(8,290)
Special education	1,083,263	1,083,263	1,418,964	335,701
Transportation - private school	24,923	24,923	29,514	4,591
Transportation			268,332	268,332
Magnet School Transportation	150,000	150,000	161,703	11,703
Nonpublic pupil services	29,916	29,916	29,443	(473)
Total State of Connecticut	<u>31,145,648</u>	<u>31,145,648</u>	<u>33,002,614</u>	<u>1,856,966</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 3,350,000	\$ 3,350,000	\$ 4,042,186	\$ 692,186
Education - misc. federal funds	55,261	55,261	156,390	101,129
FEMA Reimbursement			4,260	4,260
Other Federal Funds			509	509
Emergency management	20,062	20,062	24,963	4,901
Total federal government	<u>3,425,323</u>	<u>3,425,323</u>	<u>4,228,308</u>	<u>802,985</u>
Charges for Current Services:				
Planning Commission fees	10,000	10,000	13,869	3,869
Recording instruments	170,000	170,000	158,132	(11,868)
Conveyance tax	580,000	580,000	649,956	69,956
Planning department - other	1,000	1,000	1,377	377
Collection subdivisions taxes	96,283	96,283	96,283	-
Accident reports	1,620	1,620	1,484	(136)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Stonington ambulance - dispatch	5,000	5,000		(5,000)
Housing Authority shelter rent	54,470	54,470	56,423	1,953
Coordinated Medical Emergency Director	22,832	22,832	22,186	(646)
Board of Education - FHS/ground mowing	51,852	51,852	51,852	-
GIS - revenue	1,000	1,000	848	(152)
Vital statistics	6,000	6,000	5,511	(489)
Snow/Ice control services	74,837	74,837	119,061	44,224
Total charges for current services	<u>1,128,713</u>	<u>1,128,713</u>	<u>1,230,801</u>	<u>102,088</u>
Schools, Library and Recreation:				
Tuition from other towns	156,706	156,706	146,796	(9,910)
Other school receipts	53,286	53,286	73,939	20,653
Library fines	28,000	28,000	21,924	(6,076)
Lost and damaged book fees	3,000	3,000	3,083	83
Senior Center fees	41,000	41,000	40,738	(262)
Park concession and rental	1,200	1,200	900	(300)
Library - copier fees	6,000	6,000	6,393	393
Library fees	15,000	15,000	17,025	2,025
Park rentals	3,000	3,000	2,390	(610)
Total schools, library and recreation	<u>307,192</u>	<u>307,192</u>	<u>313,188</u>	<u>5,996</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF REVENUES AND OTHER
FINANCING SOURCES - BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 14,900	\$ 14,900	\$ 18,131	\$ 3,231
Parking tickets	2,700	2,700	2,825	125
Aircraft registration fees	18,000	18,000	26,500	8,500
Lease fees	138,740	138,740	295,323	156,583
Land record copies	28,000	28,000	33,288	5,288
Vital copies	74,000	74,000	70,258	(3,742)
Miscellaneous	5,000	5,000	40,918	35,918
Dog warden - sold and redeemed	6,550	6,550	3,652	(2,898)
Public Works Disposal fees	199,240	199,240	190,492	(8,748)
Returned check fees	1,100	1,100	1,140	40
Sale of capital assets	5,000	5,000	3,108	(1,892)
Delinquent MV fees			17,080	17,080
Finance Dept. copies	1,200	1,200	1,012	(188)
Total other revenue	<u>494,430</u>	<u>494,430</u>	<u>703,727</u>	<u>209,297</u>
Other Financing Sources:				
Transfers in:				
Golf course	58,870	58,870	58,869	(1)
Sewer/landfill services	674,444	674,444	674,444	-
Sewer District	105,127	105,127	105,127	-
Mumford Cove	1,007	1,007	1,007	-
Rec & Senior Activities Fund			25,735	-
Community Investment Act Fund	5,200	5,200	5,200	-
Outside Police Services	141,074	141,074	141,074	-
Bond premium			181,455	181,455
Total other financing sources	<u>985,722</u>	<u>985,722</u>	<u>1,192,911</u>	<u>207,189</u>
Total Revenues and Other Financing Sources	\$ <u>117,940,098</u>	\$ <u>117,940,098</u>	123,129,263	\$ <u>5,189,165</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			8,964,718	
Property tax revenue receivable accrual basis change			(188,489)	
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only			11,996	
Capital leases issued			<u>134,394</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				\$ <u>132,051,882</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 46,153	\$ 46,153	\$ 39,639	\$ 6,514
Voter registration	103,362	103,362	96,577	6,785
Town Clerk	373,143	373,143	354,913	18,230
Legal services	420,000	420,000	456,151	(36,151)
Total general government	942,658	942,658	947,280	(4,622)
General Services:				
Executive management	432,559	432,559	424,934	7,625
Information technology	998,308	998,308	973,996	24,312
Human resources	340,205	340,205	310,379	29,826
Financial administration	1,366,164	1,366,164	1,360,637	5,527
Emergency communications	1,324,710	1,324,710	1,324,492	218
Total general services	4,461,946	4,461,946	4,394,438	67,508
Public Safety:				
Police services	6,635,275	6,565,455	6,352,143	213,312
Public Works	6,326,191	6,538,191	6,411,754	126,437
Planning and Development Services	1,147,549	1,147,549	1,064,308	83,241
Human Services:				
Human services	581,301	581,301	580,863	438
Community Services:				
Parks and recreation	1,817,606	1,817,606	1,812,508	5,098
Library	1,685,078	1,685,078	1,632,826	52,252
Total community services	3,502,684	3,502,684	3,445,334	57,350
Nondepartmental:				
Insurance and claims	538,784	538,784	487,006	51,778
Contingency	350,000			-
Self-funded plans	8,300,000	8,300,000	8,298,185	1,815
Total nondepartmental	9,188,784	8,838,784	8,785,191	53,593
Education	73,662,715	73,662,715	73,613,686	49,029
Debt Service:				
Town	1,723,793	1,738,443	1,738,393	50
Board of Education	2,703,894	2,703,894	2,703,894	-
Total debt service	4,427,687	4,442,337	4,442,287	50

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER
FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 131,125	\$ 131,125	\$ 131,125	\$ -
Ambulance services	144,455	144,455	144,455	-
Health services - cultural agencies	1,620,357	1,620,357	1,554,731	65,626
Other libraries	190,000	190,000	190,000	-
Total outside agencies	<u>2,085,937</u>	<u>2,085,937</u>	<u>2,020,311</u>	<u>65,626</u>
Subdivisions:				
City of Groton	4,272,278	4,465,448	4,461,604	3,844
Groton Long Point	505,789	505,789	505,314	475
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>5,024,079</u>	<u>5,217,249</u>	<u>5,212,930</u>	<u>4,319</u>
Total expenditures	<u>117,986,806</u>	<u>117,986,806</u>	<u>117,270,525</u>	<u>716,281</u>
Other Financing Uses:				
Transfers out:				
Capital reserve	1,800,000	1,800,000	1,800,000	-
Revaluation	35,000	35,000	35,000	-
Fleet	65,000	65,000	65,000	-
Computer replacement	67,152	67,152	67,152	-
Total other financing uses	<u>1,967,152</u>	<u>1,967,152</u>	<u>1,967,152</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 119,953,958</u>	<u>\$ 119,953,958</u>	119,237,677	<u>\$ 716,281</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	8,964,718
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes	303,556
Encumbrances for purchases and commitments ordered in the current year that were not received and liquidated in the current year are not reported for GAAP purposes	(420,479)
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only	65,908
Elimination of transfers between General Fund and funds combined for GASB 54 purposes	(102,152)
Capital leases issued	<u>134,394</u>

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

\$ 128,183,622

TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR**

TOWN AND BOE

	2014
Total pension liability:	
Service cost	\$ 2,451,526
Interest	8,757,689
Benefit payments, including refunds of member contributions	<u>(5,929,846)</u>
Net change in total pension liability	5,279,369
Total pension liability - beginning	<u>109,927,474</u>
Total pension liability - ending	<u>115,206,843</u>
 Plan fiduciary net position:	
Contributions - employer	3,114,144
Contributions - member	1,114,042
Net investment income	13,481,409
Benefit payments, including refunds of member contributions	(5,929,846)
Administrative expense	(54,307)
Net change in plan fiduciary net position	11,725,442
Plan fiduciary net position - beginning	<u>86,342,763</u>
Plan fiduciary net position - ending	<u>98,068,205</u>
 Net Pension Liability - Ending	 \$ <u>17,138,638</u>
 Plan fiduciary net position as a percentage of the total pension liability	 85.12%
 Covered-employee payroll	 \$ 23,026,395
 Net pension liability as a percentage of covered-employee payroll	 74.43%

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR

LEDGE LIGHT

	<u>2014</u>
Total pension liability:	
Service cost	\$ 6,972
Interest	44,858
Benefit payments, including refunds of member contributions	<u>(35,815)</u>
Net change in total pension liability	16,015
Total pension liability - beginning	<u>571,322</u>
Total pension liability - ending	<u>587,337</u>
Plan fiduciary net position:	
Contributions - employer	9,556
Contributions - member	3,483
Net investment income	79,029
Benefit payments, including refunds of member contributions	(35,815)
Administrative expense	(321)
Net change in plan fiduciary net position	55,932
Plan fiduciary net position - beginning	<u>522,897</u>
Plan fiduciary net position - ending	<u>578,829</u>
Net Pension Liability - Ending	<u>\$ 8,508</u>
Plan fiduciary net position as a percentage of the total pension liability	98.55%
Covered-employee payroll	\$ 120,539
Net pension liability as a percentage of covered-employee payroll	7.06%

TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR**

FIREFIGHTERS

	2014
Total pension liability:	
Service cost	\$ 401,849
Interest	843,728
Benefit payments, including refunds of member contributions	(558,385)
Net change in total pension liability	687,192
Total pension liability - beginning	10,418,570
Total pension liability - ending	11,105,762
Plan fiduciary net position:	
Contributions - employer	428,378
Contributions - member	128,634
Net investment income	1,308,508
Benefit payments, including refunds of member contributions	(558,385)
Administrative expense	(5,243)
Net change in plan fiduciary net position	1,301,892
Plan fiduciary net position - beginning	8,166,150
Plan fiduciary net position - ending	9,468,042
Net Pension Liability - Ending	\$ 1,637,720
Plan fiduciary net position as a percentage of the total pension liability	85.25%
Covered-employee payroll	\$ 2,287,906
Net pension liability as a percentage of covered-employee payroll	71.58%

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

TOWN AND BOE

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 248,307	\$ 391,132	\$ 736,891	\$ 1,055,860	\$ 1,253,592	\$ 1,305,560	\$ 2,073,417	\$ 2,614,225	\$ 2,886,997	\$ 3,114,144
Contributions in relation to the actuarially determined contribution	<u>225,222</u>	<u>431,192</u>	<u>754,335</u>	<u>1,055,860</u>	<u>1,253,592</u>	<u>1,305,560</u>	<u>2,073,417</u>	<u>2,614,225</u>	<u>2,886,997</u>	<u>3,114,144</u>
Contribution Deficiency (Excess)	<u>\$ 23,085</u>	<u>\$ (40,060)</u>	<u>\$ (17,444)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 23,026,395
Contributions as a percentage of covered-employee payroll										13.52%

Notes to Schedule

Valuation date: July 1, 2013
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Normal Actuarial Cost
Remaining amortization period	25 years
Asset valuation method	Adjusted value of assets
Inflation	3%
Salary increases	Vary by age group
Investment rate of return	8.00%, net of pension plan investment expenses
Retirement age	Varies by group
Mortality	RP-2000 Healthy Annuitant Mortality Table

N/A Not Available

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

LEDGE LIGHT

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Actuarially determined contribution	\$ 15,763	\$ 18,221	\$	\$	\$ 4,902	\$	\$ 1,940	\$ 6,918	\$ 10,599	\$ 9,556
Contributions in relation to the actuarially determined contribution	<u>15,763</u>	<u>18,221</u>			<u>4,902</u>		<u>1,940</u>	<u>6,918</u>	<u>10,599</u>	<u>9,556</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 120,539
Contributions as a percentage of covered-employee payroll										7.93%

Notes to Schedule

Valuation date: July 1, 2013
Measurement date: June 30, 2014
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Normal Actuarial Cost
Remaining amortization period	25 years
Asset valuation method	Adjusted value of assets
Inflation	3%
Salary increases	Vary by age group
Investment rate of return	8.00%, net of pension plan investment expenses
Retirement age	Age 62 with 15 years or age 65 with 10 years
Mortality	RP-2000 Healthy Annuitant Mortality Table
N/A	Not Available

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS

FIREFIIGHTERS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$	\$ 124,843	\$ 111,691	\$ 112,328	\$ 109,397	\$ 135,773	\$ 208,535	\$ 347,332	\$ 378,701	\$ 428,378
Contributions in relation to the actuarially determined contribution		124,843	111,691	112,328	109,397	135,773	208,535	347,332	378,701	428,378
Contribution Deficiency (Excess)	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 2,287,906
Contributions as a percentage of covered-employee payroll										18.72%

Notes to Schedule

Valuation date: July 1, 2013
 Measurement date: June 30, 2014
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age
 Amortization method: Normal Actuarial Cost
 Remaining amortization period: 25 years
 Asset valuation method: Adjusted value of assets
 Inflation: 3%
 Salary increases: Vary by age group
 Investment rate of return: 8.00%, net of pension plan investment expenses
 Retirement age: Age 57 with 25 years
 Mortality: RP-2000 Healthy Annuitant Mortality Table

N/A Not Available

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FISCAL YEAR

2014

Annual money-weighted rate of return, net of investment expense

15.51%

**Supplemental and Combining
Fund Statements and Schedules**

General Fund

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 24,749,142	\$ 16,381,411
Investments	2,998,000	2,980,000
Property taxes receivable, net of allowance of \$220,000 in 2013 and 2012	2,182,537	3,983,484
Due from other funds		1,815,440
Prepaid expenditures and other assets	<u>525</u>	<u>9,957</u>
Total Assets	<u>\$ 29,930,204</u>	<u>\$ 25,170,292</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 8,504,346	\$ 8,456,038
Due to other funds	1,049,340	
Unearned revenues	<u>46,630</u>	<u>52,862</u>
Total liabilities	<u>9,600,316</u>	<u>8,508,900</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	<u>1,841,044</u>	<u>2,040,808</u>
Fund Balance:		
Committed:		
Subsequent years' budget	2,700,000	
Assigned:		
Subsequent years' budget	3,245,000	2,013,860
Revaluation	177,006	141,313
Computer replacement	504,045	491,498
Encumbrances	420,479	356,443
Unassigned	<u>11,442,314</u>	<u>11,617,470</u>
Total fund balance	<u>18,488,844</u>	<u>14,620,584</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 29,930,204</u>	<u>\$ 25,170,292</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 80,251,142	\$ 80,251,142	\$ 82,071,178	\$ 1,820,036
Licenses and permits	149,928	149,928	317,422	167,494
Interest on investments	52,000	52,000	69,114	17,114
Intergovernmental - Federal	3,425,323	3,425,323	4,228,308	802,985
Intergovernmental - State	31,145,648	31,145,648	33,002,614	1,856,966
Charges for current services	1,128,713	1,128,713	1,230,801	102,088
Schools, library and recreation fees	307,192	307,192	313,188	5,996
Other revenue	494,430	494,430	703,727	209,297
Total revenues	<u>116,954,376</u>	<u>116,954,376</u>	<u>121,936,352</u>	<u>4,981,976</u>
Expenditures:				
Current:				
General government	942,658	942,658	947,280	(4,622)
General services	4,461,946	4,461,946	4,394,438	67,508
Public safety	6,635,275	6,565,455	6,352,143	213,312
Public works	6,326,191	6,538,191	6,411,754	126,437
Planning and development	1,147,549	1,147,549	1,064,308	83,241
Health and human services	581,301	581,301	580,863	438
Community services	3,502,684	3,502,684	3,445,334	57,350
Education	73,662,715	73,662,715	73,613,686	49,029
Subdivisions	5,024,079	5,217,249	5,212,930	4,319
Nondepartmental	9,188,784	8,838,784	8,785,191	53,593
Outside agencies	2,085,937	2,085,937	2,020,311	65,626
Debt service	4,427,687	4,442,337	4,442,287	50
Total expenditures	<u>117,986,806</u>	<u>117,986,806</u>	<u>117,270,525</u>	<u>716,281</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,032,430)</u>	<u>(1,032,430)</u>	<u>4,665,827</u>	<u>5,698,257</u>
Other Financing Sources (Uses):				
Transfers in	985,722	985,722	1,011,456	25,734
Transfers out	(1,967,152)	(1,967,152)	(1,967,152)	-
Bond premium			181,455	181,455
Total other financing uses	<u>(981,430)</u>	<u>(981,430)</u>	<u>(774,241)</u>	<u>207,189</u>
Net Change in Fund Balance	<u>\$ (2,013,860)</u>	<u>\$ (2,013,860)</u>	3,891,586	<u>\$ 5,905,446</u>
Fund Balance at Beginning of Year			13,336,226	
Encumbrances Cancelled			<u>52,887</u>	
Fund Balance at End of Year			<u>\$ 17,280,699</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, 2014

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 32,009,933	\$ 32,009,933	\$ 30,910,447	\$ 230,842	\$ 31,141,289	\$ 868,644
Special	10,437,008	10,437,008	10,731,514	3,867	10,735,381	(298,373)
Continuing	298,706	298,706	308,197	29	308,226	(9,520)
Total instruction	<u>42,745,647</u>	<u>42,745,647</u>	<u>41,950,158</u>	<u>234,738</u>	<u>42,184,896</u>	<u>560,751</u>
Supporting Services:						
Pupils	5,395,058	5,395,058	5,255,391	435	5,255,826	139,232
Staff	2,542,120	2,542,120	2,051,244	5,146	2,056,390	485,730
General support	6,038,957	6,038,957	6,195,815	26,282	6,222,097	(183,140)
Operational support	13,419,653	13,419,653	13,097,688	39,894	13,137,582	282,071
Total supporting services	<u>27,395,788</u>	<u>27,395,788</u>	<u>26,600,138</u>	<u>71,757</u>	<u>26,671,895</u>	<u>723,893</u>
Community Services:						
Nonpublic school pupils	<u>130,000</u>	<u>130,000</u>	<u>119,700</u>	<u>-</u>	<u>119,700</u>	<u>10,300</u>
Nonprogrammed Changes:						
Tuition payments	<u>3,391,280</u>	<u>3,391,280</u>	<u>4,637,195</u>	<u>-</u>	<u>4,637,195</u>	<u>(1,245,915)</u>
Total	<u>\$ 73,662,715</u>	<u>\$ 73,662,715</u>	<u>\$ 73,307,191</u>	<u>\$ 306,495</u>	<u>\$ 73,613,686</u>	<u>\$ 49,029</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

COMBINING BALANCE SHEET SCHEDULE - GENERAL FUND

JUNE 30, 2014

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Total Combined Funds</u>
ASSETS				
Cash and cash equivalents	\$ 24,067,971	\$ 177,006	\$ 504,165	\$ 24,749,142
Investments	2,998,000			2,998,000
Receivables, net	2,182,537			2,182,537
Other assets	<u>525</u>			<u>525</u>
Total Assets	<u>\$ 29,249,033</u>	<u>\$ 177,006</u>	<u>\$ 504,165</u>	<u>\$ 29,930,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,504,226	\$	\$ 120	\$ 8,504,346
Due to other funds	1,049,340			1,049,340
Unearned revenues	46,630			46,630
Total liabilities	<u>9,600,196</u>	<u>-</u>	<u>120</u>	<u>9,600,316</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>1,841,044</u>			<u>1,841,044</u>
Fund balances:				
Committed	2,700,000			2,700,000
Assigned	3,665,479	177,006	504,045	4,346,530
Unassigned	11,442,314			11,442,314
Total fund balances	<u>17,807,793</u>	<u>177,006</u>	<u>504,045</u>	<u>18,488,844</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,249,033</u>	<u>\$ 177,006</u>	<u>\$ 504,165</u>	<u>\$ 29,930,204</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Revaluation Fund	Computer Replacement Fund	Total Combined Funds
Revenues:				
Property taxes, interest and lien fees	\$ 81,882,690	\$	\$	\$ 81,882,690
Licenses and permits	317,422			317,422
Intergovernmental - state	41,989,519			41,989,519
Interest on investments	69,114	693	721	70,528
Intergovernmental - federal	4,228,308			4,228,308
Charges for current services	1,208,616		7,627	1,216,243
Schools, library and recreation fees	313,187			313,187
Other revenue	703,725			703,725
Total revenues	<u>130,712,581</u>	<u>693</u>	<u>8,348</u>	<u>130,721,622</u>
Expenditures:				
Current:				
General government	947,242		600	947,842
General services	4,482,277			4,482,277
Public safety	6,348,521			6,348,521
Public works	6,411,003			6,411,003
Planning and development	1,105,233			1,105,233
Health and human services	580,847			580,847
Community services	3,490,344			3,490,344
Education	82,192,134			82,192,134
Subdivisions	5,212,930			5,212,930
Nondepartmental	8,850,191			8,850,191
Outside agencies	2,006,878			2,006,878
Debt service	4,442,287			4,442,287
Capital outlay	134,394		65,308	199,702
Total expenditures	<u>126,204,281</u>	<u>-</u>	<u>65,908</u>	<u>126,270,189</u>
Revenues over (under) Expenditures	<u>4,508,300</u>	<u>693</u>	<u>(57,560)</u>	<u>4,451,433</u>
Other Financing Sources (Uses):				
Issuance of capital leases	134,394			134,394
Transfers in	909,304	35,000	70,107	1,014,411
Transfers out	(1,913,433)			(1,913,433)
Premiums/discounts on bond issuance	181,455			181,455
Total other financing sources (uses)	<u>(688,280)</u>	<u>35,000</u>	<u>70,107</u>	<u>(583,173)</u>
Net Change in Fund Balances	3,820,020	35,693	12,547	3,868,260
Fund Balances at Beginning of Year	<u>13,987,773</u>	<u>141,313</u>	<u>491,498</u>	<u>14,620,584</u>
Fund Balances at End of Year	<u>\$ 17,807,793</u>	<u>\$ 177,006</u>	<u>\$ 504,045</u>	<u>\$ 18,488,844</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 grants 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 that 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.

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 Town residents that meet below-poverty guidelines.

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

Escrow Fund: Accounts for funds 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 mostly 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.

Rec & Senior Activities: Accounts for revenues and expenditures associated with certain recreation and senior activities.

SECT Regional Probate Court: Accounts for revenues and expenditures associated with the Southeastern Connecticut Regional Probate Court, which is now located on the premises of the Town of Groton Town Hall.

Energy Conservation Fund: Accounts for revenues from energy rebates and expenditures funded by those rebates for energy efficiency improvements.

Pequot Village Paving Fund: Accounts for revenues and expenditures associated with the Pequot Village Paving project, for which Groton will perform the work and be partially reimbursed.

Capital Projects Fund

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

Debt Service Fund

Groton Sewer District: Accounts for revenues and expenditures related to the maintenance of the Groton Sewer District. This fund also 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, 2014

08

	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	Solid Waste Fund
ASSETS										
Cash and cash equivalents	\$ 424,587	\$ 99,651	\$ 204,371	\$ 151,139	\$ 10,377	\$ 1,083,112	\$ 86,542	\$ 55,922	\$ 1,911,381	\$ 1,168,317
Receivables, net	43	219,236	657,436					4,755	558,157	527,166
Investments										
Other assets										
Total Assets	\$ 424,630	\$ 318,887	\$ 861,807	\$ 151,139	\$ 10,377	\$ 1,083,112	\$ 86,542	\$ 60,677	\$ 2,469,538	\$ 1,695,483
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 78,948	\$	\$ 240	\$ 2,439	\$	\$ 11,452	\$ 316	\$ 41,303	\$ 158,735	\$ 201,765
Due to State	26,961									
Due to other funds										
Deferred revenue	279,206					897,370				
Total liabilities	385,115	-	240	2,439	-	908,822	316	41,303	158,735	201,765
Deferred inflows of resources:										
Unavailable revenue - special assessments										
Unavailable revenue - loans receivable			636,339							
Total deferred inflows of resources	-	-	636,339	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										
Restricted										
Committed	39,515	318,887	225,228	148,700	10,377	174,290	86,226	19,374	2,310,803	1,493,718
Total fund balances	39,515	318,887	225,228	148,700	10,377	174,290	86,226	19,374	2,310,803	1,493,718
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 424,630	\$ 318,887	\$ 861,807	\$ 151,139	\$ 10,377	\$ 1,083,112	\$ 86,542	\$ 60,677	\$ 2,469,538	\$ 1,695,483

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

JUNE 30, 2014

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities
ASSETS										
Cash and cash equivalents	\$ 517	\$ 12,171	\$ 287,926	\$ 643,987	\$ 109,637	\$ 113,968	\$ 20,075	\$ 261,684	\$ 100,808	\$ 443,996
Receivables, net	9		42,483	378		79,874			45,809	528
Investments										
Other assets										9,000
Total Assets	\$ 526	\$ 12,171	\$ 330,409	\$ 644,365	\$ 109,637	\$ 193,842	\$ 20,075	\$ 261,684	\$ 146,617	\$ 453,524
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 1,219	\$ 212,522	\$ 5,789	\$ 4,102	\$ 9,429	\$	\$	\$ 647	\$ 67,183
Due to State										
Due to other funds			47,127							
Deferred revenue										
Total liabilities	-	1,219	259,649	5,789	4,102	9,429	-	-	647	67,183
Deferred inflows of resources:										
Unavailable revenue - special assessments	9									
Unavailable revenue - loans receivable										
Total deferred inflows of resources	9	-	-	-	-	-	-	-	-	-
Fund Balances:										
Nonspendable										9,000
Restricted			70,760							377,341
Committed	517	10,952		638,576	105,535	184,413	20,075	261,684	145,970	
Total fund balances	517	10,952	70,760	638,576	105,535	184,413	20,075	261,684	145,970	386,341
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 526	\$ 12,171	\$ 330,409	\$ 644,365	\$ 109,637	\$ 193,842	\$ 20,075	\$ 261,684	\$ 146,617	\$ 453,524

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

JUNE 30, 2014

	Special Revenue Funds			Capital Project Fund	Debt Service Fund	Permanent Funds			Totals
	SECT Regional Probate Court	Energy Conservation Fund	Pequot Village Paving Fund	Sewer Construction	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
ASSETS									
Cash and cash equivalents	\$ 11,726	\$ 18,331	\$ -	\$ -	\$ 1,075,916	\$ 52,048	\$ 39,546	\$ 200,249	\$ 8,587,984
Receivables, net					19,482				2,155,356
Investments						117,673	7,186		124,859
Other assets									9,000
Total Assets	\$ 11,726	\$ 18,331	\$ -	\$ -	\$ 1,095,398	\$ 169,721	\$ 46,732	\$ 200,249	\$ 10,877,199
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 437	\$ -	\$ -	\$ -	\$ 75	\$ -	\$ -	\$ -	\$ 796,601
Due to State									26,961
Due to other funds									47,127
Deferred revenue									1,176,576
Total liabilities	437	-	-	-	75	-	-	-	2,047,265
Deferred inflows of resources:									
Unavailable revenue - special assessments					18,435				18,444
Unavailable revenue - loans receivable									636,339
Total deferred inflows of resources	-	-	-	-	18,435	-	-	-	654,783
Fund Balances:									
Nonspendable						20,000	27,543	200,000	256,543
Restricted	11,289				1,076,888	149,721	19,189	249	1,705,437
Committed		18,331							6,213,171
Total fund balances	11,289	18,331	-	-	1,076,888	169,721	46,732	200,249	8,175,151
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,726	\$ 18,331	\$ -	\$ -	\$ 1,095,398	\$ 169,721	\$ 46,732	\$ 200,249	\$ 10,877,199

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	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	Solid Waste Fund
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut	2,265,027	106,928	131,648			165,269	28,987			
Federal government	27,498	1,346,741				295,664				
Investment earnings			233		37	4,469	343		1,168	1,440
Charges for services		842,990						1,153,766		
Sewer use charges									5,758,271	
Solid waste management										2,287,817
Other revenue	181,826	21,042	45,985	68,502			687			63,893
Total revenues	<u>2,474,351</u>	<u>2,317,701</u>	<u>177,866</u>	<u>68,502</u>	<u>37</u>	<u>465,402</u>	<u>29,330</u>	<u>1,154,453</u>	<u>5,759,439</u>	<u>2,353,150</u>
Expenditures:										
General government										
Public safety										
Human services			179,958	48,671						
Community services							48,357	1,104,303		
Education	2,439,899	2,188,020			51					
Sewer operations									4,343,233	
Solid waste management										2,132,903
Outside agencies										
Capital outlay						295,665				
Debt service									457,050	
Total expenditures	<u>2,439,899</u>	<u>2,188,020</u>	<u>179,958</u>	<u>48,671</u>	<u>51</u>	<u>295,665</u>	<u>48,357</u>	<u>1,104,303</u>	<u>4,800,283</u>	<u>2,132,903</u>
Revenues over (under) Expenditures	<u>34,452</u>	<u>129,681</u>	<u>(2,092)</u>	<u>19,831</u>	<u>(14)</u>	<u>169,737</u>	<u>(19,027)</u>	<u>50,150</u>	<u>959,156</u>	<u>220,247</u>
Other Financing Sources (Uses):										
Transfers in		100,000								
Transfers out							(810)	(59,139)	(1,231,576)	(244,743)
Total other financing sources (uses)	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(810)</u>	<u>(59,139)</u>	<u>(1,231,576)</u>	<u>(244,743)</u>
Net Change in Fund Balances	34,452	229,681	(2,092)	19,831	(14)	169,737	(19,837)	(8,989)	(272,420)	(24,496)
Fund Balance - Beginning of Year	5,063	89,206	227,320	128,869	10,391	4,553	106,063	28,363	2,583,223	1,518,214
Fund Balance - End of Year	<u>\$ 39,515</u>	<u>\$ 318,887</u>	<u>\$ 225,228</u>	<u>\$ 148,700</u>	<u>\$ 10,377</u>	<u>\$ 174,290</u>	<u>\$ 86,226</u>	<u>\$ 19,374</u>	<u>\$ 2,310,803</u>	<u>\$ 1,493,718</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, 2014

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities
Revenues:										
Property taxes, interest and lien fees	\$ 20,876	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut			509,128		528					
Federal government			7,187							
Investment earnings							28	338		
Charges for services			11,460		19,596	304,941			345,898	848,578
Sewer use charges										
Solid waste management										
Other revenue		13,088	30,570	142,229	32,901		265			
Total revenues	<u>20,876</u>	<u>13,088</u>	<u>558,345</u>	<u>142,229</u>	<u>53,025</u>	<u>304,941</u>	<u>293</u>	<u>338</u>	<u>345,898</u>	<u>848,578</u>
Expenditures:										
General government			7,995	81,324						
Public safety	20,020		43,669			435,237				
Human services		17,682	7,608							
Community services			333,699		33,084					868,300
Education			1,132							
Sewer operations										
Solid waste management										
Outside agencies									324,186	
Capital outlay			165,195							
Debt service										
Total expenditures	<u>20,020</u>	<u>17,682</u>	<u>559,298</u>	<u>81,324</u>	<u>33,084</u>	<u>435,237</u>	<u>-</u>	<u>-</u>	<u>324,186</u>	<u>868,300</u>
Revenues over (under) Expenditures	<u>856</u>	<u>(4,594)</u>	<u>(953)</u>	<u>60,905</u>	<u>19,941</u>	<u>(130,296)</u>	<u>293</u>	<u>338</u>	<u>21,712</u>	<u>(19,722)</u>
Other Financing Sources (Uses):										
Transfers in								50,000		57,157
Transfers out	(1,007)		(5,200)		(57,157)	(141,074)				(25,735)
Total other financing sources (uses)	<u>(1,007)</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>(57,157)</u>	<u>(141,074)</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>31,422</u>
Net Change in Fund Balances	(151)	(4,594)	(6,153)	60,905	(37,216)	(271,370)	293	50,338	21,712	11,700
Fund Balance - Beginning of Year	<u>668</u>	<u>15,546</u>	<u>76,913</u>	<u>577,671</u>	<u>142,751</u>	<u>455,783</u>	<u>19,782</u>	<u>211,346</u>	<u>124,258</u>	<u>374,641</u>
Fund Balance - End of Year	<u>\$ 517</u>	<u>\$ 10,952</u>	<u>\$ 70,760</u>	<u>\$ 638,576</u>	<u>\$ 105,535</u>	<u>\$ 184,413</u>	<u>\$ 20,075</u>	<u>\$ 261,684</u>	<u>\$ 145,970</u>	<u>\$ 386,341</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, 2014

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Permanent Funds			Elimination	Totals
	SECT Regional Probate Court	Energy Conservation Fund	Pequot Village Paving Fund	Sewer Construction	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship		
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$ 623,238	\$	\$	\$	\$	\$ 644,114
Sewer assessments					7,999					7,999
State of Connecticut					67					3,207,582
Federal government										1,677,090
Investment earnings		26			1,690	19,893	2,511	1,000		33,176
Charges for services										3,527,229
Sewer use charges										5,758,271
Solid waste management										2,287,817
Other revenue	13,267	(1)				485				614,739
Total revenues	<u>13,267</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>632,994</u>	<u>20,378</u>	<u>2,511</u>	<u>1,000</u>	<u>-</u>	<u>17,758,017</u>
Expenditures:										
General government	23,473				8,039					120,831
Public safety										498,926
Human services										253,919
Community services						7,970	3,436	1,000		2,400,149
Education										4,629,102
Sewer operations										4,343,233
Solid waste management										2,132,903
Outside agencies										324,186
Capital outlay			2,668							463,528
Debt service					807,809					1,264,859
Total expenditures	<u>23,473</u>	<u>-</u>	<u>2,668</u>	<u>-</u>	<u>815,848</u>	<u>7,970</u>	<u>3,436</u>	<u>1,000</u>	<u>-</u>	<u>16,431,636</u>
Revenues over (under) Expenditures	<u>(10,206)</u>	<u>25</u>	<u>(2,668)</u>	<u>-</u>	<u>(182,854)</u>	<u>12,408</u>	<u>(925)</u>	<u>-</u>	<u>-</u>	<u>1,326,381</u>
Other Financing Sources (Uses):										
Transfers in	13,433			250,281					(307,438)	163,433
Transfers out					(355,408)				307,438	(1,814,411)
Total other financing sources (uses)	<u>13,433</u>	<u>-</u>	<u>-</u>	<u>250,281</u>	<u>(355,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,650,978)</u>
Net Change in Fund Balances	3,227	25	(2,668)	250,281	(538,262)	12,408	(925)	-	-	(324,597)
Fund Balance - Beginning of Year	<u>8,062</u>	<u>18,306</u>	<u>2,668</u>	<u>(250,281)</u>	<u>1,615,150</u>	<u>157,313</u>	<u>47,657</u>	<u>200,249</u>	<u>-</u>	<u>8,499,748</u>
Fund Balance - End of Year	<u>\$ 11,289</u>	<u>\$ 18,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,888</u>	<u>\$ 169,721</u>	<u>\$ 46,732</u>	<u>\$ 200,249</u>	<u>\$ -</u>	<u>\$ 8,175,151</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 800	\$ 800	\$ 343	\$ (457)
State grants	1,200	1,200	422	(778)
ConnectiCard grant	31,500	31,500	28,565	(2,935)
Total revenues	<u>33,500</u>	<u>33,500</u>	<u>29,330</u>	<u>(4,170)</u>
Expenditures:				
Payroll charges	11,979	11,979	10,774	1,205
Repairs & Maint-Fac/Equip	1,500	1,500	2,968	(1,468)
Software maintenance fees	41,999	41,999	32,780	9,219
Equipment, machinery and furniture	2,000	2,000	494	1,506
Computer equipment	1,500	1,500	1,341	159
Total expenditures	<u>58,978</u>	<u>58,978</u>	<u>48,357</u>	<u>10,621</u>
Revenues under Expenditures	(25,478)	(25,478)	(19,027)	6,451
Other Financing Uses:				
Transfers Out	<u>(810)</u>	<u>(810)</u>	<u>(810)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (26,288)</u>	<u>\$ (26,288)</u>	<u>\$ (19,837)</u>	<u>\$ 6,451</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,184,500	\$ 1,184,500	\$ 1,154,453	\$ (30,047)
Expenditures:				
Community services	<u>1,121,064</u>	<u>1,121,064</u>	<u>1,104,303</u>	<u>16,761</u>
Revenues over Expenditures	63,436	63,436	50,150	(13,286)
Other Financing Uses:				
Transfers out	<u>(59,139)</u>	<u>(59,139)</u>	<u>(59,139)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>4,297</u>	\$ <u>4,297</u>	\$ <u>(8,989)</u>	\$ <u>(13,286)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,739,827	\$ 5,739,827	\$ 5,758,271	\$ 18,444
Interest income	1,800	1,800	1,168	(632)
Total revenues	<u>5,741,627</u>	<u>5,741,627</u>	<u>5,759,439</u>	<u>17,812</u>
Expenditures:				
Sewer system maintenance	<u>4,812,607</u>	<u>4,812,607</u>	<u>4,679,523</u>	<u>133,084</u>
Revenues over Expenditures	929,020	929,020	1,079,916	150,896
Other Financing Uses:				
Transfers out	<u>(1,231,576)</u>	<u>(1,231,576)</u>	<u>(1,231,576)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (302,556)</u>	<u>\$ (302,556)</u>	<u>\$ (151,660)</u>	<u>\$ 150,896</u>
<u>Reconciliation to GAAP Basis</u>			<u>Change in</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>	
Current year encumbrances		\$ 185,678	\$ 185,678	
Liquidated prior year encumbrances		(306,438)	<u>(306,438)</u>	
Net Change in Fund Balance, GAAP			<u>\$ (272,420)</u>	

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 2,237,031	\$ 2,237,031	\$ 2,351,710	\$ 114,679
Interest income	1,885	1,885	1,440	(445)
Total revenues	<u>2,238,916</u>	<u>2,238,916</u>	<u>2,353,150</u>	<u>114,234</u>
Expenditures:				
Solid waste management	<u>2,303,386</u>	<u>2,303,386</u>	<u>2,132,903</u>	<u>170,483</u>
Revenues (under) over Expenditures	(64,470)	(64,470)	220,247	284,717
Other Financial Uses:				
Transfers out	<u>(244,743)</u>	<u>(244,743)</u>	<u>(244,743)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (309,213)</u>	<u>\$ (309,213)</u>	<u>\$ (24,496)</u>	<u>\$ 284,717</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property taxes, interest and lien fees	\$ 20,678	\$ 20,678	\$ 20,876	\$ 198
Expenditures:				
Public safety	<u>20,071</u>	<u>20,071</u>	<u>20,020</u>	<u>51</u>
Revenues over Expenditures	607	607	856	249
Other Financial Uses:				
Transfers out	<u>(1,007)</u>	<u>(1,007)</u>	<u>(1,007)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (400)</u>	<u>\$ (400)</u>	<u>\$ (151)</u>	<u>\$ 249</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 890	\$ 890	\$ 693	\$ (197)
Expenditures:				
Property revaluation	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Revenues over (under) Expenditures	(4,110)	(4,110)	693	4,803
Other Financing Sources:				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 30,890</u>	<u>\$ 30,890</u>	<u>\$ 35,693</u>	<u>\$ 4,803</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 770	\$ 770	\$ 721	\$ (49)
Other agencies	2,055	2,055	899	(1,156)
Outside agencies - MDT	6,470	6,470	6,727	257
Total revenues	<u>9,295</u>	<u>9,295</u>	<u>8,347</u>	<u>(948)</u>
Expenditures:				
Computer equipment	<u>58,960</u>	<u>58,960</u>	<u>55,356</u>	<u>3,604</u>
Revenues under Expenditures	(49,665)	(49,665)	(47,009)	2,656
Other Financing Sources:				
Transfers in	<u>70,107</u>	<u>70,107</u>	<u>70,107</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 20,442</u>	<u>\$ 20,442</u>	<u>\$ 23,098</u>	<u>\$ 2,656</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<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	\$ 629,610	\$ 629,610	\$ 630,896	\$ 1,286
Interest income	2,200	2,200	1,690	(510)
Total revenues	<u>631,810</u>	<u>631,810</u>	<u>632,586</u>	<u>776</u>
Expenditures:				
Debt service	807,810	807,810	807,809	1
Operating expense	5,865	5,865	7,586	(1,721)
Total expenditures	<u>813,675</u>	<u>813,675</u>	<u>815,395</u>	<u>(1,720)</u>
Revenues under Expenditures	(181,865)	(181,865)	(182,809)	(944)
Other Financing Uses:				
Transfers out	<u>(368,135)</u>	<u>(368,135)</u>	<u>(355,408)</u>	<u>12,727</u>
Net Change in Fund Balance	<u>\$ (550,000)</u>	<u>\$ (550,000)</u>	<u>\$ (538,217)</u>	<u>\$ 11,783</u>
<u>Reconciliation to GAAP Basis</u>			<u>Change in</u>	
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>	
Property tax revenue receivable accrual basis change	\$ 405	\$	\$ 405	
Liquidation of prior year encumbrance		(450)	<u>(450)</u>	
Net Change in Fund Balance, GAAP			<u>\$ (538,262)</u>	

TOWN OF GROTON, CONNECTICUT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REC & SENIOR ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Recreation programs	\$ 420,000	\$ 420,000	\$ 396,148	\$ (23,852)
Summer camp	200,316	200,316	141,078	(59,238)
Special needs programs	29,455	29,455	52,063	22,608
Senior trips	118,610	118,610	112,615	(5,995)
Senior programs	65,316	65,316	54,838	(10,478)
Senior food concession	113,000	113,000	91,836	(21,164)
Total revenues	<u>946,697</u>	<u>946,697</u>	<u>848,578</u>	<u>(98,119)</u>
Expenditures:				
Recreation programs	377,399	377,399	392,026	(14,627)
Summer camp	191,168	191,168	160,155	31,013
Special needs programs	77,589	77,589	69,955	7,634
Senior trips	113,179	113,179	112,919	260
Senior programs	78,675	78,675	49,674	(29,001)
Senior food concession	110,104	110,104	76,545	(33,559)
Total expenditures	<u>948,114</u>	<u>948,114</u>	<u>861,274</u>	<u>(38,280)</u>
Revenues under Expenditures	<u>(1,417)</u>	<u>(1,417)</u>	<u>(12,696)</u>	<u>(11,279)</u>
Other Financing Sources (Uses):				
Transfers in			57,157	57,157
Transfers out			(25,735)	(25,735)
Total other financing sources	<u>-</u>	<u>-</u>	<u>31,422</u>	<u>31,422</u>
Net Change in Fund Balance	\$ <u>(1,417)</u>	\$ <u>(1,417)</u>	\$ <u>18,726</u>	\$ <u>20,143</u>

Reconciliation to GAAP Basis

	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>
Liquidation of prior year encumbrance		\$ (7,026)	\$ <u>(7,026)</u>
Net Change in Fund Balance, GAAP			\$ <u>11,700</u>

Proprietary Funds / 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 POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2014

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 995,714	\$ 6,667,290	\$ 1,476,406	\$ 9,139,410
Accounts receivable	59	398,186		398,245
Total current assets	<u>995,773</u>	<u>7,065,476</u>	<u>1,476,406</u>	<u>9,537,655</u>
Noncurrent assets:				
Property and equipment, net	<u>2,757,250</u>			<u>2,757,250</u>
Total assets	<u>3,753,023</u>	<u>7,065,476</u>	<u>1,476,406</u>	<u>12,294,905</u>
Liabilities:				
Current liabilities:				
Accounts payable	68,991	6,500	29,670	105,161
Claims incurred but not reported		874,000	119,219	993,219
Total current liabilities	<u>68,991</u>	<u>880,500</u>	<u>148,889</u>	<u>1,098,380</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,265,162</u>	<u>2,265,162</u>
Total liabilities	<u>68,991</u>	<u>880,500</u>	<u>2,414,051</u>	<u>3,363,542</u>
Net Position:				
Invested in capital assets	2,757,250			2,757,250
Unrestricted	<u>926,782</u>	<u>6,184,976</u>	<u>(937,645)</u>	<u>6,174,113</u>
Total Net Position	<u>\$ 3,684,032</u>	<u>\$ 6,184,976</u>	<u>\$ (937,645)</u>	<u>\$ 8,931,363</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,294,972	\$ 14,626,221	\$ 521,143	\$ 16,442,336
Other revenue	3,673		75,629	79,302
Total operating revenue	<u>1,298,645</u>	<u>14,626,221</u>	<u>596,772</u>	<u>16,521,638</u>
Operating Expenses:				
Operating expenses	757,799			757,799
Claims - operating		13,679,095		13,679,095
Claims - workers' compensation			880,326	880,326
Claims - heart and hypertension			(92,302)	(92,302)
Administrative		1,221,006	50,060	1,271,066
Depreciation	600,260			600,260
Total operating expenses	<u>1,358,059</u>	<u>14,900,101</u>	<u>838,084</u>	<u>17,096,244</u>
Operating loss	<u>(59,414)</u>	<u>(273,880)</u>	<u>(241,312)</u>	<u>(574,606)</u>
Nonoperating Revenue:				
Interest on investments	1,964	9,310	2,345	13,619
Gain on disposal of capital assets	6,067			6,067
Total nonoperating revenue	<u>8,031</u>	<u>9,310</u>	<u>2,345</u>	<u>19,686</u>
Change in Net Position	(51,383)	(264,570)	(238,967)	(554,920)
Net Position - Beginning of Year	<u>3,735,415</u>	<u>6,449,546</u>	<u>(698,678)</u>	<u>9,486,283</u>
Net Position - End of Year	<u>\$ 3,684,032</u>	<u>\$ 6,184,976</u>	<u>\$ (937,645)</u>	<u>\$ 8,931,363</u>

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<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	\$ 1,300,681	\$ 14,398,680	\$ 640,018	\$ 16,339,379
Cash received from other funds		728,284		728,284
Cash paid to vendors	(753,812)			(753,812)
Cash paid to beneficiaries		(14,925,552)	(882,265)	(15,807,817)
Net cash provided by (used in) operating activities	<u>546,869</u>	<u>201,412</u>	<u>(242,247)</u>	<u>506,034</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(444,700)			(444,700)
Proceeds from sale of property and equipment	16,852			16,852
Net cash used in capital and related financing activities	<u>(427,848)</u>	<u>-</u>	<u>-</u>	<u>(427,848)</u>
Cash Flows from Investing Activities:				
Interest on investments	1,964	9,310	2,345	13,619
Net Increase (Decrease) in Cash and Cash Equivalents	120,985	210,722	(239,902)	91,805
Cash and Cash Equivalents - Beginning of Year	<u>874,729</u>	<u>6,456,568</u>	<u>1,716,308</u>	<u>9,047,605</u>
Cash and Cash Equivalents - End of Year	<u>\$ 995,714</u>	<u>\$ 6,667,290</u>	<u>\$ 1,476,406</u>	<u>\$ 9,139,410</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating loss	\$ (59,414)	\$ (273,880)	\$ (241,312)	\$ (574,606)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	600,260			600,260
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	2,036	(267,932)	43,246	(222,650)
Decrease (increase) in due from other funds		728,284		728,284
Decrease (increase) in other assets		40,391		40,391
(Decrease) increase in accounts payable	3,987			3,987
(Decrease) increase in claims payable		(25,451)	(44,181)	(69,632)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 546,869</u>	<u>\$ 201,412</u>	<u>\$ (242,247)</u>	<u>\$ 506,034</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 VIII and IX.
- ii. OPEB Trust Fund** - utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for other postemployment benefits. The financial statements for the OPEB Trust Fund can be found at Exhibits VIII and IX.
- 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.

Fire District Tax Collections: Accounts for tax collections by the Town on behalf of its fire districts.

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2014

	<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>2,278</u>	\$ <u>5,626</u>	\$ <u>34,021</u>	\$ <u>66,062</u>	\$ <u>107,987</u>
Net Position Held in Trust	\$ <u>2,278</u>	\$ <u>5,626</u>	\$ <u>34,021</u>	\$ <u>66,062</u>	\$ <u>107,987</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$	\$ 28	\$ 59	\$ 95	\$ 182
Other additions			4,660		4,660
Total additions	-	28	4,719	95	4,842
Deductions:					
Benefits		28	28,236	6,259	34,523
Change in Net Position	-	-	(23,517)	(6,164)	(29,681)
Net Position - Beginning of Year	2,278	5,626	57,538	72,226	137,668
Net Position - End of Year	\$ 2,278	\$ 5,626	\$ 34,021	\$ 66,062	\$ 107,987

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
Performance Bonds				
Assets:				
Cash	\$ 1,230,923	\$ 109,903	\$ 20,538	\$ 1,320,288
Liabilities:				
Due to contractors/developers	\$ 1,230,923	\$ 109,903	\$ 20,538	\$ 1,320,288
Student Activities				
Assets:				
Cash	\$ 224,344	\$ 382,435	\$ 392,824	\$ 213,955
Liabilities:				
Due to student groups	\$ 224,344	\$ 382,435	\$ 392,824	\$ 213,955
Fire District Tax Collections				
Assets:				
Cash	\$ 43,447	\$ 14,311,840	\$ 14,145,432	\$ 209,855
Liabilities:				
Due to fire districts	\$ 43,447	\$ 14,311,840	\$ 14,145,432	\$ 209,855
Total				
Assets:				
Cash	\$ 1,498,714	\$ 14,804,178	\$ 14,558,794	\$ 1,744,098
Liabilities:				
Due to contractors/developers	\$ 1,230,923	\$ 109,903	\$ 20,538	\$ 1,320,288
Due to student groups	224,344	382,435	392,824	213,955
Due to fire districts	43,447	14,311,840	14,145,432	209,855
Total Liabilities	\$ 1,498,714	\$ 14,804,178	\$ 14,558,794	\$ 1,744,098

Other Schedules

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Taxes 7/1/2013	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2014
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2012	\$ -	\$ 80,465,951	\$ 781,331	\$ 577,835	\$ 403,800	\$ 80,265,647	\$ 79,198,959	\$ 249,844	\$ -	\$ 79,448,803	\$ 1,066,688
2011	1,240,779		4,218	84,203	74,025	1,086,769	715,274	192,693	60,250	968,217	371,495
2010	615,819		792,544	14,331	30,575	1,363,457	1,120,111	126,216	17,460	1,263,787	243,346
2009	322,296		1,457	709	8,122	314,922	146,187	83,437	9,422	239,046	168,735
2008	175,227		140	395	887	174,085	46,165	33,245	7,028	86,438	127,920
2007	93,213		2,048	1,730	516	93,015	7,104	11,602	5,147	23,853	85,911
2006	48,427				372	48,055	2,502	7,157	4,289	13,948	45,553
2005	26,721		368		1,010	26,079	345	3,786	2,518	6,649	25,734
2004	8,928				458	8,470		2,713	1,621	4,334	8,470
2003	8,226				253	7,973		2,510	1,327	3,837	7,973
2002	7,729				233	7,496		3,335	1,697	5,032	7,496
2001	6,048				210	5,838		2,452	1,207	3,659	5,838
2000	1,557					1,557		1,691	780	2,471	1,557
1999	823					823		334	135	469	823
1997	141					141		596	118	714	141
	<u>\$ 2,555,934</u>	<u>\$ 80,465,951</u>	<u>\$ 1,582,106</u>	<u>\$ 679,203</u>	<u>\$ 520,461</u>	<u>\$ 83,404,327</u>	<u>\$ 81,236,647</u>	<u>\$ 721,611</u>	<u>\$ 112,999</u>	<u>\$ 82,071,257</u>	<u>\$ 2,167,680</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2014

Grand List Year	Uncollected Taxes 7/1/2013	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2014	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2012	\$ -	\$ 20,732	\$	\$ 27	\$ 2	\$ 20,703	\$ 20,694	\$ 21	\$	\$ 21	\$ 9
2011	108				3	105	105	50	3	158	-
2009	-					-		1	2	3	-
2008	-					-				-	-
	<u>\$ 108</u>	<u>\$ 20,732</u>	<u>\$ -</u>	<u>\$ 27</u>	<u>\$ 5</u>	<u>\$ 20,808</u>	<u>\$ 20,799</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 182</u>	<u>\$ 9</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, 2014

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Grand List Year	Uncollected Taxes 7/1/2013	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2014	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2012	\$ -	\$ 612,097	\$ 540	\$ 2,777	\$ 558	\$ 609,302	\$ 603,641	\$ 2,143	\$ -	\$ 605,784	\$ 5,661
2011	7,786		30	710	140	6,966	3,993	4,025	51	8,069	2,973
2010	4,337		19	143	53	4,160	2,123	2,585	20	4,728	2,037
2009	3,130		1	3	11	3,117	1,523	1,575	28	3,126	1,594
2008	1,598			2	5	1,591	252	521	15	788	1,339
2007	921		35	29	6	921	18	76	10	104	903
2006	674				6	668	15	60	18	93	653
2005	742				19	723		38	11	49	723
2004	274				8	266				-	266
2003	261				8	253				-	253
2002	249				8	241				-	241
2001	81				8	73				-	73
2000	90					90				-	90
1999	56					56				-	56
1998	10					10	10	73	9	92	-
1997	10					10	10			10	-
	<u>\$ 20,219</u>	<u>\$ 612,097</u>	<u>\$ 625</u>	<u>\$ 3,664</u>	<u>\$ 830</u>	<u>\$ 628,447</u>	<u>\$ 611,585</u>	<u>\$ 11,096</u>	<u>\$ 162</u>	<u>\$ 622,843</u>	<u>\$ 16,862</u>

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF CHANGES IN BOND INDEBTEDNESS

FOR THE YEAR ENDED JUNE 30, 2014

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Interest Paid
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	\$ 1,570,000	\$ 80,000		\$ 80,000	\$ -	\$ 1,600
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	10,000		5,000	5,000	281
General Purpose Bond Issue of 2009 (animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000	120,000		120,000	-	3,000
General Purpose Bond Issue of 2010 (animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000	929,000		464,500	464,500	24,967
General Purpose Bond Issue of 2014 (Rd Maint & Thames St)	2.0-4.0	4-16-2014	4-1-2034	8,945,000	-	8,945,000		8,945,000	
General Purpose Bond Issue of 2014 (Sr Center)	2.0-2.25	4-16-2014	4-1-2019	375,000	-	375,000		375,000	
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	5,675,000	5,257,000		608,000	4,649,000	172,545
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	6,752,000			6,752,000	243,850
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	300,000		150,000	150,000	9,000
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000	165,000		165,000	-	3,713
Sewer Refunding Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	2,710,000	2,710,000			2,710,000	70,600
Sewer Refunding Issue of 2013	2.75-3.0	3-12-2013	10-1-2029	2,020,000	2,020,000			2,020,000	58,738
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	750,000		750,000	-	15,000
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	1,540,000		770,000	770,000	43,313
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000	155,000		155,000	-	3,875
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000	61,000		30,500	30,500	1,639
School Bond Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	10,630,000	10,618,000		82,000	10,536,000	391,868
School Bond Issue of 2013	2.75-.3.0	3-12-2013	10-1-2029	12,308,000	12,308,000			12,308,000	460,700
Total Bonded Debt					\$ 43,775,000	\$ 9,320,000	\$ 3,380,000	\$ 49,715,000	\$ 1,504,689

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2013	Current Year	Balance June 30, 2014		
LOCIP Projects:						
Probate Office Modifications	\$ 25,000	\$ 18,375	\$	\$ 18,375	\$	\$ 6,625
Golf Course Chemical Storage Building	35,000			-	29,500	5,500
Town Hall Annex Boiler Replacement	65,000		4,500	4,500	1,500	59,000
New Sidewalk, Rt 1 Mystic	80,000			-		80,000
Intersection Claude Chester/Vergennes/Rt 1	118,000			-		118,000
Golf Course Clubhouse Renovations	240,000	209,900	29,523	239,423	576	1
Thomas Road Bikeway	138,000	18,064	833	18,897	995	118,108
Town Hall Annex Roof & Ex	65,000		16,381	16,381	-	48,619
GC Clubhouse - Roof/Trim	242,000	18,730	155,925	174,655	19,196	48,149
Sidewalk High Meadow/Ice House	60,000			-		60,000
FYE 2010 Capital						
Improvement Projects:						
Golf Course Renovations	50,000	49,393	606	49,999		1
Sidewalk-New - Drozdyk Dr	30,000	330		330		29,670
Info Tech Acq - Network	60,000	14,951	45,049	60,000		-
Info Tech Replace Town Radio System	25,000	3,975	21,025	25,000		-
Park Improvement Plan	76,000	10,517		10,517		65,483
Mech/Elec Equip Repair-WPCF	125,000	14,600	24,500	39,100		85,900
Facility Repairs-WPCF	60,000	53,900		53,900		6,100
BOE-Claude Chester Elementary	29,888	1,250	8,900	10,150		19,738
Spicer House P&R Office	10,000	7,071		7,071		2,929
FYE 2011 Capital						
Improvement Projects:						
Roads - River Road	300,000	273,538		273,538		26,462
Drainage Improv New Install	45,000	251		251		44,749
Info Tech Acq - Network	40,000	20,708	19,292	40,000		-
WPCF Add/Improvements	325,000	43,161		43,161		281,839
WPCF Facility Renovations	1,765,000	1,378,389	1,703	1,380,092	1,500	383,408
Pavement Management Program	300,000	175,196		175,196		124,804
Timekeeper	38,000	128		128		37,872
Spicer House P&R Office	30,000	5,524	2,126	7,650	549	21,801
Town Hall Annex Complex	105,000	52,348	52,652	105,000		-

(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, 2014

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2013</u>	<u>Current Year</u>	<u>Balance June 30, 2014</u>		
FYE 2012 Capital						
Improvement Projects:						
Thames St Retaining Wall	\$ 241,540	\$ 113,068	\$ 10,707	\$ 123,775	\$	\$ 117,765
Crystal Lake/Military Hwy Intersection	34,000	6,046	18,885	24,931	9,069	-
Judson Ave Drainage	165,000	156,153		156,153		8,847
Swr Line Insfrs Replace - WPCF	685,000	523,205	31,314	554,519	2,861	127,620
Human Services Bldg Repair/Renovation	38,000	33,645		33,645		4,355
Bridge Reconstruction	140,000	101,176	29,529	130,705		9,295
Info Tech Acq-Network	25,000		25,000	25,000		-
Town Fire/EMS Radio System	165,000	30,800	11,497	42,297		122,703
Jabez Smith House	30,000	25,585		25,585		4,415
BOE - Fitch Sr High	25,000	20,742	4,258	25,000		-
All Schools - Security	200,000	70,896	102,986	173,882		26,118
Middle School Modifications	1,185,800	1,132,640	16,543	1,149,183		36,617
FYE 2013 Capital						
Improvement Projects:						
Golf Course Renovations	25,000	24,592	408	25,000		-
Improvements to Riverview Avenue	90,000	1,131	66,613	67,744		22,256
Crystal Lake/Military Hwy Intersection	20,300			-	20,300	-
Drainage Improv New Install	85,000	7,521	27,042	34,563		50,437
Groton Public Library	35,000	9,919	12,430	22,349		12,651
Sidewalk-Thomas Rd. Bikeway	176,000		8,270	8,270		167,730
Info Tech Acq-Replace Radio Console System	55,000			-		55,000
Jabez Smith House	13,000			-		13,000
Park Improvement Plan	5,000		5,000	5,000		-
Trail Improvement Plan	40,000			-		40,000
WPCF-Treatment Facility	220,000	78,375	100,302	178,677	19,343	21,980
WPCF-Pump Stations	360,000	24,000	112,845	136,845	162,500	60,655
City-Pavement Management	400,000	220,554		220,554		179,446
GLP-Pavement Management	131,230	128,363		128,363		2,867
BOE-Fitch Sr High School	835,000		6,183	6,183		828,817
BOE-Charles Barnum	108,000			-		108,000
BOE-Mary Morrison	90,000			-		90,000
School Design Phase II	75,000	23,509	40,351	63,860	11,141	(1)
Mystic Education Center	25,000			-		25,000
Town Hall Annex Complex	79,000		14,771	14,771	4,829	59,400
Rec Facilities Improvement	75,000	58,767	1,490	60,257		14,743
CAD/RMS MDT Implementation	40,000			-		40,000

(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, 2014

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2013	Current Year	Balance June 30, 2014		
FYE 2014 Capital						
Golf Course Renovations	\$ 25,000	\$	\$ 24,775	\$ 24,775	\$	\$ 225
Crystal Lake/Military Hwy Intersection	96,000			-	18,296	77,704
Drainage Improvement New Installation	23,000		5,691	5,691		17,309
Fishtown Rd. Improvements	45,000			-		45,000
Groton Public Library	45,000			-	4,000	41,000
Traffic Signal Replacement/Upgrade	25,000		10,425	10,425	9,075	5,500
Economic Assistance Fund	50,000		50,000	50,000		-
Info Tech Acq-Network	105,000		61,845	61,845		43,155
Tech-Replace Radio Console System	640,000			-		640,000
Info Tech Acq-Software Systems	75,000			-		75,000
Info Tech-Phone System	45,000			-		45,000
Jabez Smith House	12,000		1,502	1,502		10,498
Park Improvement Plan	15,000			-		15,000
WPCF-Treatment Facility	800,000		269,303	269,303	184,590	346,107
All Schools - Security	110,000		92,831	92,831		17,169
School Facilities Initiation	125,000		4,000	4,000		121,000
BOE-Energy Efficiency Measures	83,000		69,547	69,547		13,453
Noank Town Dock Area Improvements	20,000			-		20,000
TOG- Energy Efficiency Measures	30,000			-		30,000
Rec Facilities Improvement	50,000		21,145	21,145	27,855	1,000
Other Projects:						
Mystic Streetscapes Improvements	1,226,000	627,578	10,324	637,902		588,098
Mystic Streetscapes Utility Reloc	118,276	134,912	3,117	138,029		(19,753)
Mystic Streetscapes Demand Deposit	1,224,174	231,402		231,402		992,772
Mystic Streetscapes Construction (TCSP)	849,311	912,143		912,143		(62,832)
Mystic Streetscapes Construction (ARRA)	3,561,200	3,425,513	4,625	3,430,138		131,062
Mystic Streetscapes Phase 2	22,523	85,258		85,258		(62,735)
Total before retainage payable	19,819,242	10,577,792	1,658,569	12,236,361	527,675	7,055,206
Retainage Payable - 2013		1,693		1,693		(1,693)
Total	\$ 19,819,242	\$ 10,579,485	\$ 1,658,569	\$ 12,238,054	\$ 527,675	\$ 7,053,513

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 POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net investment in capital assets	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570	\$ 155,538,608	\$ 161,736,383	\$ 154,930,034
Restricted	129,493	329,493	329,493	329,493	329,493	329,493	325,935	247,543	336,163	338,581
Unrestricted	<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>	<u>40,302,575</u>	<u>38,257,761</u>	<u>35,517,240</u>	<u>45,424,903</u>
Total Governmental Activities										
Net Position	<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>	<u>\$ 192,168,080</u>	<u>\$ 194,043,912</u>	<u>\$ 197,589,786</u>	<u>\$ 200,693,518</u>

TOWN OF GROTON, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental activities:										
General government/services	\$ 6,556,489	\$ 6,783,421	\$ 6,955,299	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840	\$ 9,060,730	\$ 8,529,609	\$ 8,691,422
Public safety	9,318,994	9,562,141	10,019,373	10,434,585	11,309,083	11,561,486	11,270,325	12,370,594	12,295,551	12,501,644
Public works	10,953,441	12,491,299	9,627,837	11,459,914	13,803,509	13,719,457	11,857,453	17,351,740	13,628,816	13,377,760
Planning and development	1,316,039	1,417,725	1,369,035	1,535,356	1,676,990	1,782,280	1,576,259	1,640,918	1,830,563	1,716,137
Human services	2,384,276	2,265,894	2,310,585	2,377,926	2,329,037	2,602,544	2,861,366	2,743,285	2,715,295	2,759,569
Community services	6,082,289	6,545,450	6,644,300	6,927,015	7,237,528	7,202,408	7,031,916	6,797,684	7,107,094	7,563,406
Board of Education	70,362,735	75,498,717	76,799,870	100,501,071	84,256,384	86,698,278	84,644,995	87,768,560	89,023,978	90,079,021
Sewer operations	3,899,926	4,120,740	3,977,467	4,113,078	4,426,909	4,458,483	4,550,117	4,925,362	5,863,816	5,780,402
Solid waste management	3,378,654	2,651,573	2,642,280	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903
Interest on long-term debt	554,543	750,785	1,111,142	1,706,630	2,388,266	1,821,202	2,226,005	2,639,790	1,310,199	2,083,263
Total governmental activities expenses	<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>	<u>136,607,803</u>	<u>147,585,504</u>	<u>144,504,875</u>	<u>146,685,527</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,653,662	1,867,504	1,718,340	1,887,556	1,106,270	1,071,530	1,053,881	1,003,874	1,158,126	1,351,390
Public safety	288,405	149,981	190,702	199,673	82,126	141,692	316,817	653,758	398,165	346,820
Public works	230,889	221,897	252,087	268,966	243,104	571,102	584,879	672,005	745,253	807,774
Planning and development	473,359	285,056	381,547	312,445	224,149	197,516	205,591	166,196	159,644	301,056
Health and human services	30,132	136,439	136,124	98,099	6,263	189,290	252,668	141,195	135,357	136,358
Community services	1,674,622	1,783,601	1,730,036	1,874,307	1,829,784	1,952,166	1,988,062	2,094,870	2,010,172	2,185,314
Education	1,219,312	183,077	1,105,975	1,228,048	1,207,114	1,052,259	1,013,632	1,060,826	1,042,262	1,066,571
Sewer system maintenance	4,448,245	4,630,430	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271
Solid waste management	2,869,354	2,856,433	2,877,959	2,930,894	2,839,702	2,729,052	2,799,026	2,489,314	2,411,917	2,351,710
Operating grants and contributions	37,313,290	38,689,866	39,341,065	61,978,581	44,123,462	42,740,303	43,753,008	45,276,670	43,653,893	47,200,162
Capital grants and contributions	476,168	3,518,613	25,209,627	24,753,713	5,624,084	2,758,010	3,762,656	6,163,449	3,667,168	1,807,869
Total governmental activities program revenues	<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>	<u>61,120,850</u>	<u>64,762,745</u>	<u>60,673,209</u>	<u>63,313,295</u>
Net Expenses	<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>	<u>(75,486,953)</u>	<u>(82,822,759)</u>	<u>(83,831,666)</u>	<u>(83,372,232)</u>
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	58,113,695	61,283,570	67,663,380	69,586,226	72,729,198	75,989,758	79,309,946	79,097,987	81,627,072	82,290,623
Payments in lieu of taxes	6,839,719	7,071,935	5,128,088	4,976,112	4,391,044	3,291,461	1,946,018	1,622,860	1,479,465	1,454,422
Grants and contributions										
not restricted to specific programs	3,043,004	2,585,131	3,263,385	3,342,172	3,357,808	2,252,493	2,595,727	3,848,708	4,144,285	2,601,740
Unrestricted investment earnings	1,086,734	2,280,538	3,771,081	3,025,296	897,313	280,825	242,222	129,036	126,718	129,179
Contributions received		200,000								
Total governmental activities	<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>	<u>84,093,913</u>	<u>84,698,591</u>	<u>87,377,540</u>	<u>86,475,964</u>
Change in Net Position	<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>	<u>\$ 8,606,960</u>	<u>\$ 1,875,832</u>	<u>\$ 3,545,874</u>	<u>\$ 3,103,732</u>

TOWN OF GROTON, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed										2,700,000
Assigned							3,029,419	3,325,543	3,003,114	4,346,530
Unassigned							10,160,823	9,421,348	11,617,470	11,442,314
Reserved	2,650,083	1,569,628	1,846,901	2,655,295	3,289,619	2,139,367				
Designated for subsequent year budget	3,521,736	2,298,358	3,943,110	2,665,505	2,013,725	932,201				
Unreserved/undesignated	<u>8,556,581</u>	<u>9,157,831</u>	<u>9,036,656</u>	<u>10,412,092</u>	<u>10,489,614</u>	<u>8,829,424</u>				
Total General Fund	<u>\$ 14,728,400</u>	<u>\$ 13,025,817</u>	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>	<u>\$ 12,746,891</u>	<u>\$ 14,620,584</u>	<u>\$ 18,488,844</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$	334,039	261,566	268,278	256,543
Restricted							8,111,208	7,636,668	7,909,457	14,297,309
Committed							10,615,517	8,799,862	6,266,751	6,213,171
Unassigned							(1,608,609)	(250,479)	(250,281)	
Reserved	14,556,754	10,579,502	34,362,546	12,579,522	10,698,121	2,926,867				
Unreserved, reported in:										
Special revenue funds	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135				
Capital projects funds	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029				
Debt service funds	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289				
Permanent fund	<u>31,457</u>	<u>43,678</u>	<u>65,196</u>	<u>61,576</u>	<u>41,970</u>	<u>53,797</u>				
Total All Other Governmental Funds	<u>\$ 9,922,719</u>	<u>\$ 14,109,137</u>	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>	<u>\$ 16,447,617</u>	<u>\$ 14,194,205</u>	<u>\$ 20,767,023</u>

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes, interest and lien fees	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549	\$ 78,391,217	\$ 82,339,630	\$ 82,526,804
Assessments	40,927	73,258	61,887	12,420	20,255	12,627	16,462	28,252	4,375	7,999
Licenses and permits	473,777	284,774	378,273	308,948	229,903	203,543	219,643	172,551	175,081	317,422
Intergovernmental - state	39,281,530	46,049,528	66,093,137	87,984,022	48,749,945	39,191,914	39,474,358	47,119,568	46,511,395	46,617,234
Intergovernmental - federal	7,755,470	4,354,411	6,169,237	6,470,582	8,133,140	9,103,956	208,221	117,160	107,531	115,560
Interest on investments	921,353	1,954,655	3,276,658	2,540,983	768,421	246,096	9,697,162	7,288,202	5,804,355	5,905,398
Charges for current services	4,453,847	4,454,353	4,316,112	4,641,836	3,641,867	3,988,455	4,194,482	4,749,468	4,554,660	4,743,472
Schools, library and recreation fees	437,436	397,320	341,499	461,072	455,396	433,701	383,922	328,918	338,553	313,187
Sewer use charges	4,448,245	4,615,730	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271
Solid waste management charges	2,870,209	2,856,433	2,877,959	2,930,894	2,839,702	2,669,731	2,658,222	2,489,102	2,411,917	2,287,817
Other revenue	1,068,011	1,345,114	1,388,699	1,292,668	1,211,107	1,195,308	1,573,575	1,465,363	1,118,262	1,331,789
Total revenues	119,779,294	127,727,158	157,138,889	181,349,107	143,965,810	138,109,562	142,948,226	147,190,389	148,657,011	149,924,953
Expenditures:										
Current:										
General government	1,241,886	1,357,931	1,504,677	2,975,801	1,299,574	1,286,088	1,436,011	1,581,682	1,266,793	1,068,673
General services	3,989,388	4,167,487	4,263,014	4,408,325	4,589,704	4,624,308	4,397,592	4,319,947	4,315,863	4,482,277
Public safety	5,979,573	5,849,705	6,323,410	6,393,154	6,563,875	6,607,236	6,619,886	7,143,513	6,882,693	6,847,447
Public works	6,134,737	7,100,724	6,579,008	7,382,546	7,763,799	7,440,674	6,859,332	6,146,907	6,293,359	6,411,003
Planning and development	1,012,183	1,038,921	1,037,790	1,185,564	1,209,680	1,259,708	1,107,830	1,103,737	1,201,607	1,105,233
Health and human services	849,213	772,496	828,779	814,920	726,667	880,991	993,098	841,222	748,171	834,766
Community services	5,298,690	5,538,010	5,741,133	6,048,468	6,098,640	5,963,974	5,983,961	5,501,721	5,506,737	5,890,493
Education	69,780,332	74,848,015	76,797,640	99,693,643	80,526,482	84,009,416	83,941,123	85,613,686	85,311,379	86,821,236
Subdivisions	4,262,479	4,581,248	4,719,027	4,838,436	5,092,447	4,964,012	4,740,354	4,883,336	5,228,234	5,212,930
Sewer operations	2,946,567	3,338,937	3,514,978	3,550,353	3,771,722	3,949,168	3,961,145	4,274,215	4,354,333	4,343,233
Solid waste management	2,813,917	2,651,573	2,626,356	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903
Nondepartmental (1)	4,115,410	4,520,784	4,931,331	5,166,273	5,954,633	6,518,577	7,999,321	8,589,044	8,743,450	8,850,191
Outside agencies (2)	1,610,548	1,632,556	1,662,697	1,771,930	1,782,982	2,202,051	2,317,827	2,391,992	2,351,809	2,331,064
Debt service miscellaneous	465									
Debt service interest	692,503	695,072	966,583	1,568,804	4,130,000	4,010,000	4,769,581	2,639,790	1,310,199	2,083,263
Debt service principal	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252	2,145,073	2,267,103	5,192,925	4,642,857	3,623,883
Capital outlay	5,364,941	9,144,864	49,989,332	52,446,072	17,636,449	13,550,410	3,039,247	6,336,975	8,896,614	7,081,129
Total expenditures	118,902,832	129,978,323	174,435,755	203,772,069	151,523,573	151,781,176	143,068,938	148,847,533	149,254,052	149,119,724
Excess (Deficiency) of Revenues over Expenditures	876,462	(2,251,165)	(17,296,866)	(22,422,962)	(7,557,763)	(13,671,614)	(120,712)	(1,657,144)	(597,041)	805,229
Other Financing Sources (Uses):										
Proceeds of bonds		5,005,000	16,570,000	18,500,000	7,550,000	9,675,000				9,320,000
Issuance of capital lease						43,613				134,394
Proceeds of loans					12,864,411					
Proceeds of refunding bonds								19,015,000	21,080,000	
Payment to refunding escrow								(20,107,027)	(23,199,400)	
Premiums on bond issuance								1,301,282	2,336,722	181,455
Operating transfers in	4,256,774	4,286,604	5,622,237	3,894,290	3,378,880	4,683,422	4,784,137	4,094,412	5,350,360	3,777,844
Operating transfers out	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)	(3,378,880)	(4,683,422)	(4,784,137)	(4,094,412)	(5,350,360)	(3,777,844)
Total other financing sources (uses)	(319,396)	4,735,000	15,944,336	18,500,000	20,414,411	9,718,613	-	209,255	217,322	9,635,849
Net Change in Fund Balances	557,066	2,483,835	(1,352,530)	(3,922,962)	12,856,648	(3,953,001)	(120,712)	(1,447,889)	(379,719)	10,441,078
Fund Balance at Beginning of Year	24,094,053	24,651,119	27,134,954	25,782,424	21,859,462	34,716,110	30,763,109	30,642,397	29,194,508	28,814,789
Fund Balance at End of Year	\$ 24,651,119	\$ 27,134,954	\$ 25,782,424	\$ 21,859,462	\$ 34,716,110	\$ 30,763,109	\$ 30,642,397	\$ 29,194,508	\$ 28,814,789	\$ 39,255,867
Debt Service as a Percentage to Noncapital Expenditures	3.08%	2.84%	3.15%	3.20%	4.58%	4.47%	5.08%	5.33%	4.26%	4.01%

(1) Employee benefits were budgeted at the function level for Fiscal Year 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.

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								
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
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,759,272	71.3
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,148,252	79.8
2013 **	2,255,322	1,183,933	222,949	512,177	982,988	236,104	3,938,277	20.22	5,626,110	70.0
2014	2,256,738	1,182,093	216,669	419,881	982,879	218,018	3,857,363	20.72	5,408,627	71.3

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	2014			2005		
		Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Pfizer, Inc.	Pharmaceutical	\$ 521,550	1	13.5%	\$ 384,407	1	15.4%
Electric Boat Corp.	Submarine Mfg./R&D	214,321	2	5.5%	162,742	2	6.5%
LCOR Groton Apartments LLC	Ledges Apartments	21,381	3	0.5%	N/A	N/A	
Exit 88 Hotel LLC	Mystic Marriott Hotel	20,090	4	0.5%	14,621	3	0.6%
Groton Devel Assoc Ltd	Country Glen Apartments	17,533	5	0.5%	11,359	5	0.5%
ELK La Triuphe LLC	LaTriumphe Apartments	14,704	6	0.4%	9,430	7	0.4%
CW Groton Square LLC	Groton Square Shopping Center	14,518	7	0.4%	11,553	4	0.5%
Groton Estates LLC	Colonial Manor Apartments	12,212	8	0.3%	8,416	9	0.3%
Branford Manor Assoc	Apartment Complex	10,932	9	0.3%	9,061	8	0.4%
Groton Shoppers Mart LLP	Groton Shopping Center	10,917	10	0.3%	N/A	N/A	
Groton Assoc of CT LP	Convalescent Home				7,819	10	0.3%
CSC Outsourcing	Leased Equipment at Electric Boat				9,804	6	0.4%
		\$ 858,158		22.0%	\$ 629,192		25.2%

Source: Town Assessor's office

TOWN OF GROTON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(In Thousands)

Fiscal Year	Taxes Levied for the Fiscal Year *	Subsequent Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount *	Percentage of Levy
2005	\$ 56,978	\$	\$ 56,978	\$ 56,033	98.34 %	\$ 677	\$ 56,710	99.53 %
2006	59,700	72	59,772	58,714	98.35	1,058	59,772	100.00
2007	65,828		65,828	64,595	98.13	942	65,537	99.56
2008	68,586		68,586	67,315	98.15	1,116	68,431	99.77
2009	71,554	448	72,002	70,215	98.13	1,787	72,002	100.00
2010	73,703	1,365	75,068	72,295	98.09	2,773	75,068	100.00
2011	76,226	37	76,263	74,842	98.18	1,421	76,263	100.00
2012	77,465	349	77,814	75,868	97.94	1,946	77,814	100.00
2013	80,232		80,232	78,991	98.45	715	79,706	99.34
2014	80,232		80,232	78,991	98.45	n/a	78,991	98.45

Source: Town Assessor's office and Finance office

* The "Taxes Levied for the Fiscal Year" figure is based on the adjusted October 1 Grand List for each of the fiscal years listed.

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	Groton Sewer District	City of Groton	City of Groton Total Direct Rate	Poquonnock Bridge Fire District	Poquonnock Bridge Fire Total Direct Rate	Mystic Fire District	Mystic Fire Total Direct Rate	Noank Fire District	Noank Fire Total Direct Rate	Old Mystic Fire District	Old Mystic Fire Total Direct Rate	Groton Long Point Association	Groton Long Point Total Direct Rate
2005	22.62	0.750	4.905	27.525	5.600	28.970	2.720	26.090	1.170	24.540	2.850	26.220	3.300	26.670
2006	22.95	0.750	4.905	27.855	5.900	29.600	2.750	26.450	1.000	24.700	2.800	26.500	3.450	27.150
2007	24.05	0.750	4.905	28.955	6.100	30.900	2.820	27.620	1.000	25.800	2.850	27.650	3.830	28.630
2008	21.21	0.390	4.400	25.610	5.400	27.000	2.390	23.990	1.350	22.950	2.800	24.400	3.410	25.010
2009	19.27	0.330	4.300	23.570	5.200	24.800	2.150	21.750	1.320	20.920	2.370	21.970	3.000	22.600
2010	17.95	0.280	4.135	22.085	4.800	23.030	1.960	20.190	1.140	19.370	2.200	20.430	2.580	20.810
2011	18.42	0.290	4.135	22.555	4.800	23.510	2.030	20.740	1.140	19.850	2.200	20.910	2.910	21.620
2012	18.89	0.250	4.135	23.025	5.500	24.640	1.940	21.080	1.140	20.280	2.200	21.340	2.780	21.920
2013	20.22	0.250	4.595	24.815	5.900	26.370	2.050	22.520	1.190	21.660	2.400	22.870	2.835	23.305
2014	20.72	0.250	4.595	25.315	5.200	26.170	2.160	23.130	1.390	22.360	2.800	23.770	2.928	23.898

Fiscal Year	Basic Rate	Groton Sewer District	Center Groton Fire District		West Pleasant Valley Fire District		Mumford Cove District		First Taxing District		Second Taxing District	
			Center Groton Fire District	Center Groton Fire Total Direct Rate	West Pleasant Valley Fire District	West Pleasant Valley Fire Total Direct Rate	Mumford Cove District	Mumford Cove Total Direct Rate	First Taxing District	First Taxing Total Direct Rate	Second Taxing District	Second Taxing Total Direct Tax
2005	22.62	0.750	4.500	27.870	3.500	26.870	0.260	23.630	N/A	N/A	N/A	N/A
2006	22.95	0.750	4.500	28.200	3.400	27.100	0.260	23.960	N/A	N/A	N/A	N/A
2007	24.05	0.750	4.500	29.300	3.400	28.200	0.248	25.048	N/A	N/A	N/A	N/A
2008	21.21	0.390	3.500	25.100	3.000	24.600	0.197	21.797	N/A	N/A	N/A	N/A
2009	19.27	0.330	3.000	22.600	2.690	22.290	0.162	19.762	N/A	N/A	N/A	N/A
2010	17.95	0.280	3.000	21.230	3.100	21.330	0.279	18.509	N/A	N/A	N/A	N/A
2011	18.42	0.290	3.000	21.710	2.700	21.410	0.279	18.989	N/A	N/A	N/A	N/A
2012	18.89	0.250	3.000	22.140	2.750	21.890	0.279	19.419	N/A	N/A	N/A	N/A
2013	20.22	0.250	3.500	23.970	2.820	23.290	0.305	20.775	N/A	N/A	N/A	N/A
2014	20.72	0.250	3.500	24.470	2.800	23.770	0.305	21.275	N/A	N/A	N/A	N/A

Note: The Total Direct Rate is arrived at by combining the Town Direct Rate with the various Overlapping Rates.
 For City of Groton residents their total tax rate is made up of two components; the Town Direct Rate plus their Overlapping Rate
 For all other residents of the Town, their Total Direct Rate is made up of three components; the Town Direct Rate, their Overlapping Rate, and the Groton Sewer District Rate.

TOWN OF GROTON, CONNECTICUT

RATIO OF NET GENERAL BONDED DEBT TO
ASSESSSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Capital Leases	Total Primary Government	Debt as a Percentage of Actual Taxable Value of Property (1)	Debt as a Percentage of Personal Income (2)	Debt Per Capita
	General Obligation Bonds	Other Bonds					
2005	\$ 11,555,000	\$ 3,605,000		\$ 15,160,000	0.6%	1.56%	\$ 374
2006	14,585,000	2,840,000		17,425,000	0.7%	1.76%	421
2007	28,940,000	2,105,000		31,045,000	1.1%	3.57%	786
2008	41,725,000	4,590,000		46,315,000	1.4%	4.97%	1,094
2009	42,555,000	7,180,000		49,735,000	1.3%	5.77%	1,270
2010	48,985,000	6,415,000	\$ 45,057	55,445,057	1.3%	6.37%	1,402
2011	45,700,000	5,890,000	25,832	51,615,832	1.3%	4.11%	1,286
2012	42,340,000	5,650,000	11,876	48,001,876	1.2%	3.83%	1,199
2013	38,580,000	5,195,000	4,013	43,779,013	1.1%	3.43%	1,097
2014	44,835,000	4,880,000	126,439	49,841,439	1.3%	4.01%	1,241

(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, 2014

Tax Base:		
Total tax collections (including interest and lien fees)	\$	82,071,257
Total tax collections (including interest and lien fees) of coterminous municipalities		13,622,572
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u><u>95,695,830</u></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	\$ 215,315,617	\$	\$	\$	\$
4 1/2 times base		430,631,233			
3 3/4 times base			358,859,361		
3 times base					<u>287,087,489</u>
Total limitations	<u>215,315,617</u>	<u>430,631,233</u>	<u>358,859,361</u>	<u>311,011,446</u>	<u>287,087,489</u>
Indebtedness:					
Bonds outstanding	21,190,500	23,644,500	4,880,000		
Serial notes					
Authorized and unissued	10,752,595				
Underlying debt:					
Bonds and serial notes	6,152,311		655,000		
Authorized and unissued	250,000				
Less school building grants					
Total indebtedness	<u>38,345,406</u>	<u>23,644,500</u>	<u>5,535,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 176,970,211</u>	<u>\$ 406,986,733</u>	<u>\$ 353,324,361</u>	<u>\$ 311,011,446</u>	<u>\$ 287,087,489</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 67,524,906

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 669,870,807

(2) Bonds authorized and unissued represent bond authorizations for which bonds have been issued to partially finance the project or bond anticipation notes are outstanding.

TOWN OF GROTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

(In Thousands)

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064	\$ 669,870
Total net debt applicable to limit	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>	<u>68,618</u>	<u>58,276</u>	<u>56,413</u>	<u>67,524</u>
Legal Debt Margin	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>	<u>\$ 658,359</u>	<u>\$ 574,848</u>	<u>\$ 579,202</u>	<u>\$ 612,651</u>	<u>\$ 602,346</u>
Total net debt applicable to the limit as a percentage of debt limit	30.19%	26.06%	20.03%	15.21%	10.99%	11.32%	10.66%	9.14%	8.43%	10.08%

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 2012 debt limit can be found on Table 10.

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	High School Graduate or Higher	School Enrollment (2)	Unemployment Rate (3)
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%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	9.3%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.8%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	8.7%
2014	40,176	1,243,126	30,942	33.2	92.2%	4,564	7.3%

Sources: Per capita income, median age and education level provided by U.S. Census Bureau, Census 2010

(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

<u>Name</u>	<u>Nature of Business</u>	<u>2014</u>			<u>2005</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
U.S. Navy Submarine Base	Military Base	9,445	1	34.0%	9,900	1	33.3%
Electric Boat Corporation	Submarine Mfg/R&D	6,900	2	24.8%	8,750	2	29.4%
Pfizer, Inc.	Pharmaceutical	3,500	3	12.6%	5,341	3	18.0%
Town of Groton	Municipality	1,252	4	4.5%	953	4	3.2%
Theater Aviation Sustainment Maintenance Group	Helicopter repair	528	5	1.9%	413	5	1.4%
Lawrence & Memorial Facilities	Hospital	236	6	0.7%	225	7	0.8%
City of Groton	Municipality	199	7	0.7%	256	6	0.9%
PCC Structural (1)	Manufacturer	189	8	0.7%			
Mystic Marriott	Hotel/Conference Center	182	9	0.8%			
DealerTrack	Automated Motor Vehicle Registration	165	10	0.6%	122	8	0.4%
Anteon Corporation	Engineering/Technology				85	10	0.3%
Proto-Power Corporation	Engineering/Design				100	9	0.3%
		22,596		80.3%	26,145		88.4%

(1) Formerly known as Wyman Gordon Company

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

	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	52.00	52.00	53.00	54.00	54.00	53.00	51.00	48.00	49.00	49.00
Public safety	72.00	72.00	73.00	75.00	77.00	75.00	74.00	72.00	72.00	72.00
Public works	52.25	52.25	52.25	60.25	58.25	57.25	56.25	52.25	52.25	52.25
Planning and development	18.00	18.00	18.00	17.00	18.00	18.00	17.00	16.00	16.00	16.00
Human services	13.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	42.75	43.00	44.00	44.00	43.00	43.00	42.50	40.50	40.75	40.50
Golf course	7.25	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.25	6.50
Sewer system maintenance	17.75	17.75	17.75	17.75	17.75	17.75	18.75	18.75	18.75	18.75
Solid waste management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	1.00	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00
Fleet reserve	8.00	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	288.00	286.00	290.00	290.00	289.00	284.00	279.00	267.00	268.00	268.00
Board of Education	665.00	659.00	655.00	659.00	665.00	667.00	665.00	683.00	683.00	641.00
Total	953.00	945.00	945.00	949.00	954.00	951.00	944.00	950.00	951.00	909.00

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>General Government</u>										
Marriages and civil unions of residents	456	524	507	474	488	515	540	464	495	544
Births to Groton residents	619	610	580	608	565	554	545	419	556	569
Deaths of Groton residents	365	350	394	381	402	408	374	338	418	382
<u>Boards and Agencies</u>										
Registered voters	18,723	17,909	17,824	18,025	19,559	22,901	19,524	20,138	19,082	17,600
Elections and referenda	2	1	2	3	1	1	3	2	1	2
<u>Planning and Development</u>										
Building permits issued	1,523	1,600	1,438	1,520	1,359	1,388	1,267	1,355	1,300	1,347
Building inspections conducted	4,389	4,500	5,800	5,400	4,600	4,000	3,500	3,100	3,000	3,300
Value of building permits	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056	\$ 15,235,881	\$ 14,676,632	\$ 26,771,903
<u>Public Safety</u>										
Arrests	905	672	685	1,058	1,016	1,112	883	755	1,555	1,376
Parking violations	450	336	175	292	313	198	228	244	263	282
Traffic violations	3,547	4,752	4,334	6,331	7,028	5,526	4,598	5,857	7,872	8,295
<u>Public Works</u>										
Street resurfacing (in miles)	2.73	3.94	3.27	3.03	1.20	1.59	2.29	3.25	3.18	3.45
Number of snow and ice control callouts	21	9	12	14	19	17	18	6	16	21
Miles of roads maintained (excludes GLP in 2006)	97.50	91.77	92.78	92.78	92.85	93.40	93.40	95.21	95.21	95.21
<u>Parks and Recreation</u>										
Athletic field permits issued	1,325	1,198	698	625	330	240	137	86	89	106
Summer season programs	163	181	170	161	201	197	197	201	186	161
Indoor season programs	637	583	603	606	640	706	719	537	398	453
Acres of grounds maintained	1,710	1,726	1,726	1,726	1,726	1,726	1,726	143	150	150
<u>Public Libraries</u>										
Volumes in collection	134,280	136,759	149,416	152,212	140,875	141,527	147,146	144,416	144,199	146,616
Items circulated	355,310	347,833	347,448	343,423	372,993	367,159	381,769	368,587	354,923	354,683
<u>Senior Center</u>										
Meals on wheels provided	31,046	34,068	36,982	23,800	23,800	17,888	16,756	16,270	14,935	12,500
Senior mini-bus trips	61	54	69	60	60	53	27	35	31	49
<u>Human Services</u>										
Households provided energy assistance	1,500	1,500	1,600	1,600	1,650	1,660	1,660	1,660	1,670	1,675
Households utilizing Groton Food Locker	4,500	4,500	4,500	4,500	4,500	4,600	4,600	4,600	4,600	4,600
Households receiving rent assistance	1,700	1,700	1,800	1,800	1,850	1,860	1,860	1,875	1,800	1,900
<u>Education</u>										
Elementary schools	9	9	9	8	7	7	7	7	7	7
Middle schools	3	3	3	3	3	3	3	3	2	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	130.7	130.7	132.9	134.0	135.3	135.3	136.5	136.5	136.5	136.5

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	47	46	46	46	46	45	45	45	43	43
<u>Public Works</u>										
Miles of town streets	97.66	98.9	99.81	99.81	99.88	100.43	93.4	95.21	95.21	95.21
Streetlights	1,350	1,330	1,334	1,334	1,325	1,337	1,339	1,339	1,371	1,330
Public works vehicles	228	227	213	213	203	197	197	197	197	198
<u>Parks and Recreation</u>										
Acreage	768	780	780	780	1,018	1,019	1,019	1,237	1,266	1270.8
Parks	32	33	33	33	33	53	53	53	54	55
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	5	5	5	5	5	5	6	6	6
<u>Education</u>										
Schools	13	13	13	12	11	11	11	11	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	130	132.86	132.86	134	135.3	135.3	136.3	136.3	136.3	136.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	7,500	7,500	7,500	7,500	7,500	7,500

Source(s): Various Town Departments