

Comprehensive Annual Financial Report

of the

Town of Groton



Fiscal Year Ended June 30, 2018

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**the Fiscal Year Ended
June 30, 2018**

Prepared By:

The Finance Department

**TOWN OF GROTON
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JUNE 30, 2017**

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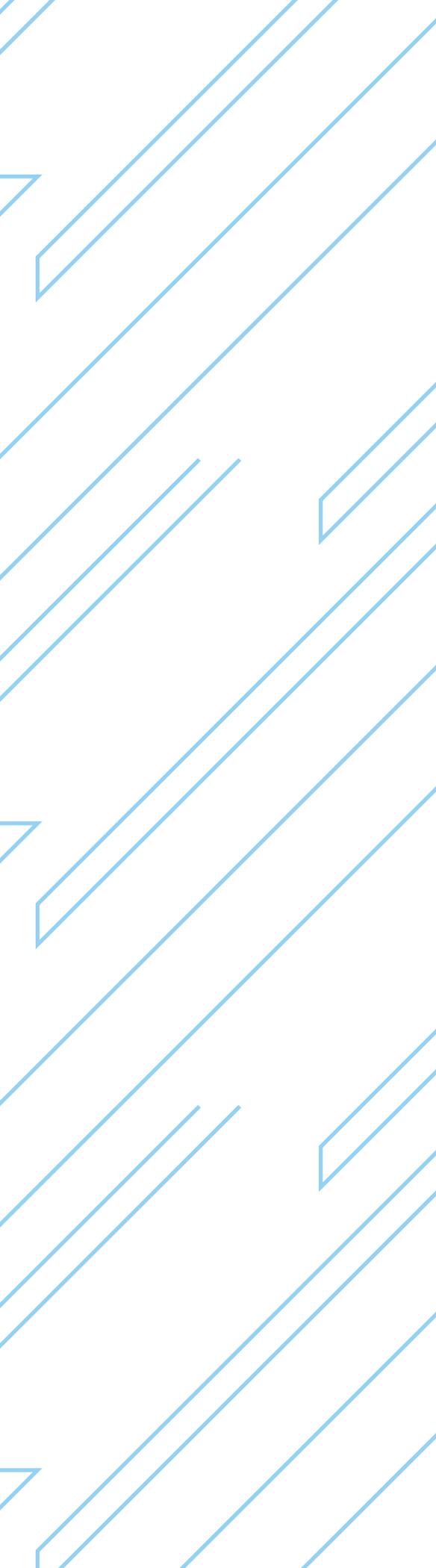
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Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

Cindy R. Landry
Director
clandry@groton-ct.gov
December 20, 2018

45 Fort Hill Road, Groton, Connecticut 06340
Telephone (860) 441-6685 Fax (860) 441-6678
www.groton-ct.gov

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, 2018.

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

The Town of Groton's financial statements have been audited by Blum Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Groton for the fiscal year ended June 30, 2018, 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, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government:

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut’s Department of Public Health, the Town’s population is approximately 39,075 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 and streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2018, approximately 259 full-time municipal employees provided services to a community of 38 square miles and 39,075 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.

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 2018, 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.

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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 2018, the Town had an unemployment rate of 4.1% as compared to the New London County rate of 4.3%, the state's average rate of 4.5% and the national average of 4.0%. New London County has an employed labor force of approximately 133,935 residents.

Grand List decreases by 0.7%: The October 1, 2017 net adjusted taxable Grand List decreased 0.7% from the 2016 Grand List after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,679,211,091. The combined assessments of the top ten taxpayers dropped from \$784 million to about \$747 million due to a court settlement with Pfizer Inc. for the 2011 grand list Manufacturing & Machinery Equipment exemption program. Pfizer remains the Town's largest taxpayer but Electric Boat remains strong as the second largest taxpayer with its percentage of the grand list increasing for the fourth year in a row. Net real estate remained flat at \$3.242 billion. The net personal property grand list increased 13.2%. However, the growth in personal property was offset by a court settlement with Pfizer for assets originally denied for the Manufacturing Machinery & Equipment exemption program in 2011. After adjusting for the Pfizer settlement, personal property dropped from \$264 million to \$257 million. The motor vehicles portion of the grand list grew by 1.4% from \$199 million to \$201 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 (15% of the FYE 2019 adopted general fund expenditures) is above the Town Council's Debt Policy and Management/Fiscal Practices that was initially adopted in September 1993 and revised in November 2017. The policy states that the unassigned fund balance shall be maintained in an amount equal to at least eleven (11 %) percent with a gradual increase to a minimum of fifteen (15%).

The Town Charter provides for the Town Manager to propose in the annual budget to the Town Council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$1,988,000 was reduced by the RTM to \$448,000.

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Major Initiatives for the Fiscal Year Ended June 30, 2018:

Road Maintenance and Rehabilitation Program:

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

Water Pollution Control Facility:

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

- **Rehabilitation of the Fishtown Road Pump Station:**

This project consists of a major rehabilitation and renewal of the Fishtown Road Pump Station. This collection system intermediate pump station collects wastewater discharges for residences, businesses and a middle school and conveys the wastewater under pressure through the collection system for treatment. Contract was awarded in June of 2017 with construction starting in the Fall of 2017. The project has been completed and the station is operational.

- **Refurbishment of the Effluent Pump Station:**

This project involves major work at the Water Pollution Control Facility (WPCF). The WPCF collects, treats, disinfects and discharges the wastewaters of the Town of Groton. This project consists of renovation and renewal of the effluent pump station, flood resiliency modifications, and replacement of significant underground piping and valve infrastructure. The project has been awarded and construction has started with an anticipated completion in December 2019.

School Projects, Groton 2020:

The Groton 2020 Plan calls for the new middle school to be built on the Merritt property, a site adjacent to the high school. The plan also includes the renovation of these two existing middle schools into elementary schools to serve the students of two aging elementary schools. The two vacated elementary schools will be returned to the Town for future disposition.

Public Works Department has selected a Program Management firm to assist the Department in managing the Architects and Construction Managers-Risk for all three schools. The selection of the firms has been completed. The projected cost estimate for Groton 2020 is approximately \$184.5 million with a portion of this to be a grant from the State. The project was approved by the voters at a November 2016 Referendum.

All of the schools are under design with the middle school planned to start construction in early 2019 with a completion in June 2020. The elementary schools are scheduled to be completed one year later.

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Economic Development Marketing:

Following the completion of the Market Analysis, staff has been working on implementing both the digital and print promotional marketing capacity of the Town of Groton. The website developer and digital marketing consultants Golden Shovel Agency developed a stand-alone Economic Development website which can be found at www.exploremoregroton.com. The website is a resource for site selectors and local businesses as well as prospective area residents and employees. Data provided on the site includes available commercial properties, demographic data, resources, news and events relevant to the local business community. Since the website launch, town staff members have been working with Golden Shovel to build a social media presence. This effort has included monthly long-form articles showcasing local businesses. In addition, the department publishes a digital monthly newsletter. To complement the digital marketing resources, staff members have exhibited at events and conventions to build relationships and raise Groton's profile. The events have included International Council of Shopping Centers Deal Making conventions as well as local community festivals. At the events, staff members distribute printed marketing materials as well as promotional items. In addition to these campaigns, a new 'Guide to Doing Business in Groton' is in its final phase of development. This guide will help new business owners through the process of opening a business in Groton. Staff has been working with Beta Group to develop a Wayfinding Signage master plan. This plan will help to orient travelers (motor vehicle, bicyclists, and pedestrians) throughout Groton with cohesive signage. The signage also creates a sense of pride throughout the community. The goal of rebranding and actively marketing Groton is to attract new businesses as well as residents to the area.

Tax Increment Financing:

Tax Increment Financing (TIF) is a financing tool that can be used by municipalities to invest in economic development. It allows some or all of public and/or private costs associated with development to be financed over time by increases in the property tax revenues that are generated by the new development or redevelopment. Connecticut General Statute 15-57 authorizes municipalities in Connecticut to create Tax Increment Financing (TIF) districts for the purposes of economic development. Staff from the town and city have been working with Camoin Associates to initiate a TIF program for Groton including policy/procedures and multiple TIF districts. These districts will include the areas at Route 184/117, Downtown Groton, and a Thames Street Waterfront and Five Corners TIF district in the City of Groton. TIF policies for the Town and the City of Groton were approved in 2018. Master plans for these TIF districts will be approved in 2019.

Property Redevelopment:

Staff has been actively marketing property owned by the Town. Currently 517/529 Gold Star Highway, Groton Heights School and the Seely School are the high priorities for redevelopment. The Town of Groton is also working with the State of Connecticut to market the State owned Mystic Education Center. Most properties are offered by way of a Request for Proposal (RFP) versus a traditional sale. An RFP allows the Town to find the best fit for the property and ensure that the development happens. An RFP was released for 517/529 Gold Star Highway and Staff

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has been in discussions with developers. Staff released an RFP in fall 2017 for Mystic Education Center. Staff worked with the City of Groton for a zone change for Groton Heights School to make the property more appealing to developers. An RFP for Groton Heights was released in the spring of 2018. The Town is working with the real estate brokerage firm of Goman York to market and sell the William Seely School. Staff anticipates that the Pleasant Valley and Colonel Ledyard Schools will be marketed for sale or lease by the Town in 2019.

Small Cities Community Development Block Grants:

2013 for Housing Rehabilitation:

This is a \$400,000 grant with a Town match of \$150,000. The grant and the match have been expended. Pre-closeout certification was filed in October 2016 and an audit from the State DOH was completed in May 2017. A certificate of completion has not yet been issued.

2014 for Housing Authority:

This is an \$800,000 grant with a Housing Authority match of \$80,000 (and associated tax credits of \$150,000 and \$450,000). Both the grant and the match were 100% expended as of March 31, 2016. This project was accomplished 90 days ahead of schedule. An Audit from the State DOH was requested in October of 2016. An audit was completed in May 2018. A certificate of completion has not yet been issued.

2016 for Housing Authority:

This is an \$800,000 grant with a Housing Authority match of \$80,000. The grant was awarded in July 2016 and is currently under construction. This is the second phase of the Housing Authority's project and will continue to upgrade electrical systems, update bathrooms, mitigate for asbestos, and update code compliance and energy conservations systems within the Pequot Village apartments. The project's grant funding is fully expended. The match will be expended by the end of the year. A pre-closeout certificate and request for audit will be requested in December 2018.

2017 for Housing Authority:

This is an \$800,000 grant with a match from Mystic River Homes for \$163,000. The grant was awarded in August of 2017. The grant is administered through a three party relationship with the Town's Economic and Community Development Division, Mystic River Homes, and ECHO. A contract was generated and signed, bidding completed, a contractor selected and work is underway. The project is currently at 33% completion.

Regulatory Overhaul:

The Department of Planning and Development Services has been working with the Zoning Commission and consultants, The Horsley Witten Group on the complete re-write of our Zoning Regulations for over 2 years. The Regulations have not been completely overhauled in over 30 years. This is a major multi-year effort and is expected to be completed during 2019.

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JLUS Report and Implementation Project:

In 2017, the Southeastern Connecticut Council of Governments (SCCOG), SUBASE New London, the City of Groton, the Town of Groton, Ledyard, Montville, New London and Waterford worked together to prepare a Joint Land Use Study (JLUS). This study was funded by the Department of Defense, Office of Economic Adjustment (OEA) with in-kind contributions from the SCCOG and participating municipalities. The JLUS analyzed compatibility issues between the towns and the SUBASE and proposed strategies to address these issues in the areas of transportation, the Thames River, land use and development, and coordination and cost sharing. The JLUS summary and complete report can be reviewed at the following websites:

http://www.seccog.org/pdfs/SNL_JLUS_ProjectOverview_Final_2017-12-06.pdf

http://www.seccog.org/pdfs/SNL_JLUS_Final_2017-12-01_sm.pdf

A number of the JLUS recommendations are eligible for funding through the OEA. The SCCOG and the Towns applied for a grant from OEA with funding in the amount of \$313,000 to study and make recommendations on the impacts of the Subbase and General Dynamics on housing and transportation needs for the region, and to analyze the Crystal Lake Road and Route 12 land uses and change the zoning in that district to reflect the needs of the SUBASE and the Town of Groton.

Major Initiatives for the Future:

Energy Efficiency and Conservation:

The Public Works Department continues to pursue installation of a solar farm on the closed Flanders Road Landfill. The initial attempts to complete the project failed due to unavailability of incentive dollars through the State. The Department will entertain vendor proposals for the solar field based on new State programs.

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

Debt Administration:

In March 2018, presentations were made to the three rating agencies; Fitch Ratings, Moody's Investors Service and Standard & Poor's Rating Services. All three agencies affirmed their previous ratings for the Town:

Fitch "AA"

Moody's "Aa2"

Standard & Poor's "AA+."

In April 2018 the Town conducted a sale of General Obligation Bonds in the amount of \$6,690,000 for the Road Maintenance & Rehabilitation Program. Janney Montgomery Scott LLC placed the winning bid with a true interest cost of 2.482792%. The bonds were issued for ten years maturing in 2028.

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At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$37,110,000 of general obligation bonds, \$3,425,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$40,535,000. Last fiscal year that total amount was \$37,495,000.

In November 2017, 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 eleven (11%) 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 2018 data.

	<u>Adopted Policy</u>	<u>FYE 2018</u>
Comparison to State’s Statutory Debt Limit:	not to exceed 50%	8.59%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.0%
Debt Service as compared to Expenditures	not to exceed 10%	3.7%

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, 2017. 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-four (24) consecutive years (FYE 1994 through FYE 2017). 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.

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. Preparation of this CAFR on a timely basis was made possible by the efficient and dedicated service of Delia Morrison, Treasurer/Accounting Manager.

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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**

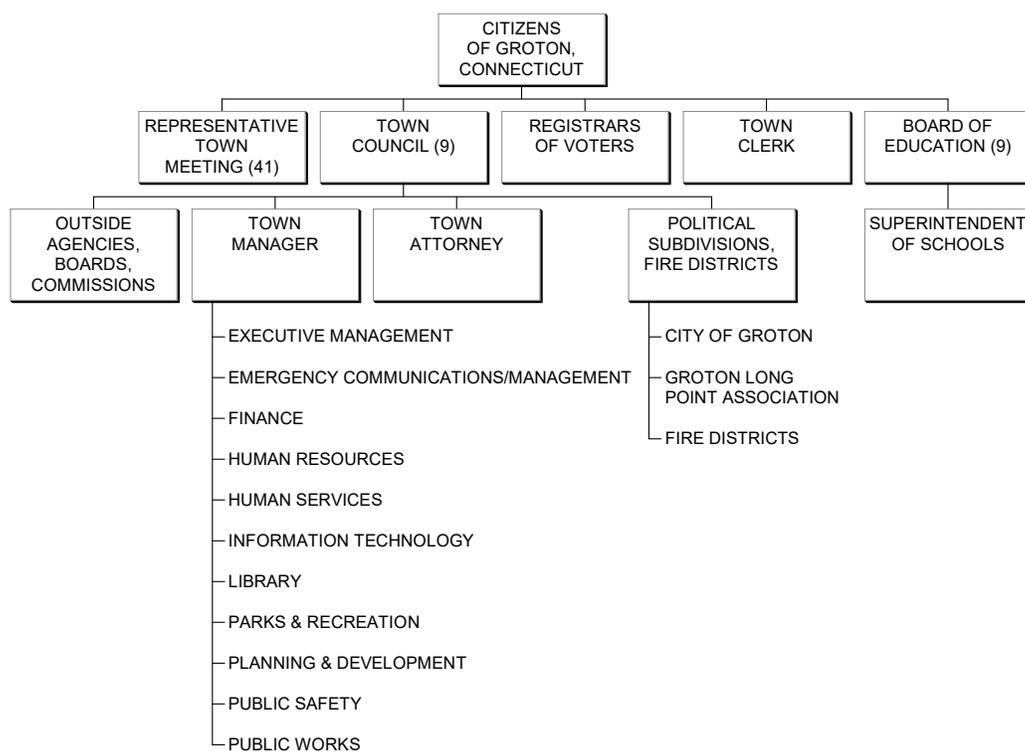
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



FYE 2018

TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2018

Town Council

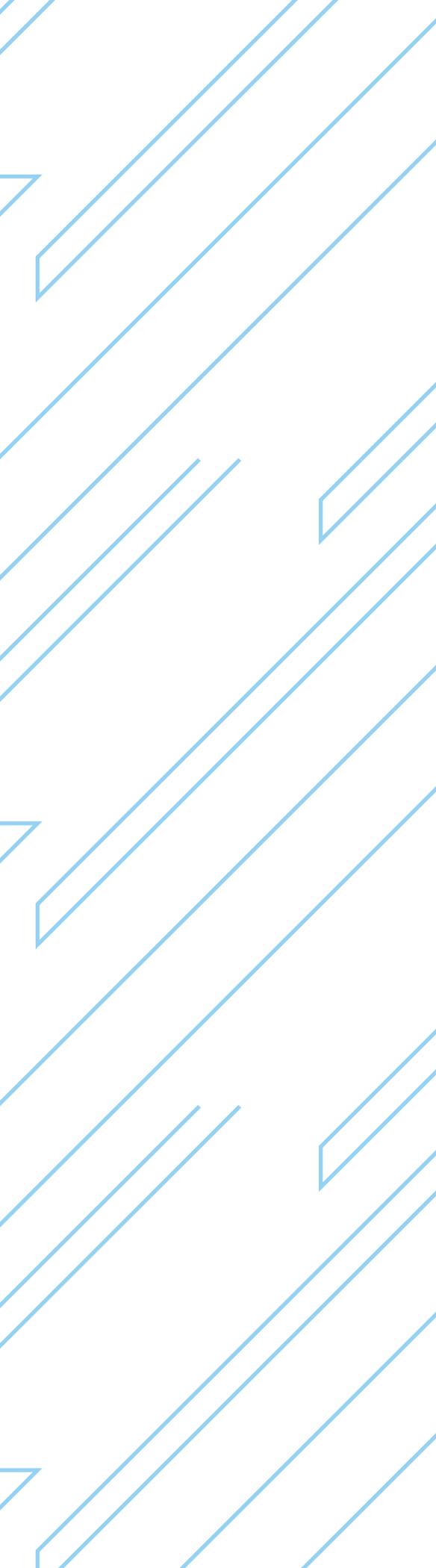
Patrice Granatosky, Mayor
David Atwater
Aundré Bumgardner
Rachael Franco
Conrad F. Heede
Lian Obrey
Juliette Parker
Rita Schmidt
Joe Zeppieri

Board of Education

Kim Shepardson Watson, Chairperson
Andrea Ackerman, Vice-Chairperson
Katrina Fitzgerald
Jane Giulini
Gretchen Newsome
Rosemary Robertson
Rita Volkmann
Jay Weitlauf
Lee White

Appointed Officials

John Burt, Town Manager
Dr. Michael Graner, Superintendent of Schools
Eileen M. Duggan, Town Attorney



Financial Section

Independent Auditors' Report

To the Town Council
Town of Groton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

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, 2017 (not presented herein), and have issued our report thereon dated December 20, 2018, 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, 2017 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 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Groton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Groton, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 20, 2018

Introduction:

Management's Discussion and Analysis provides a narrative discussion of the Town's financial activities as a whole for the year ended June 30, 2018 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars (000's).

Financial Highlights:

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

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2009 through the current audited fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 28-71 of this report.

Other Information. Required supplemental information for the General Fund and pension plans is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 89 of this report.

Government-Wide Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Groton governmental activity assets exceeded liabilities by \$140,119 on June 30, 2018.

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

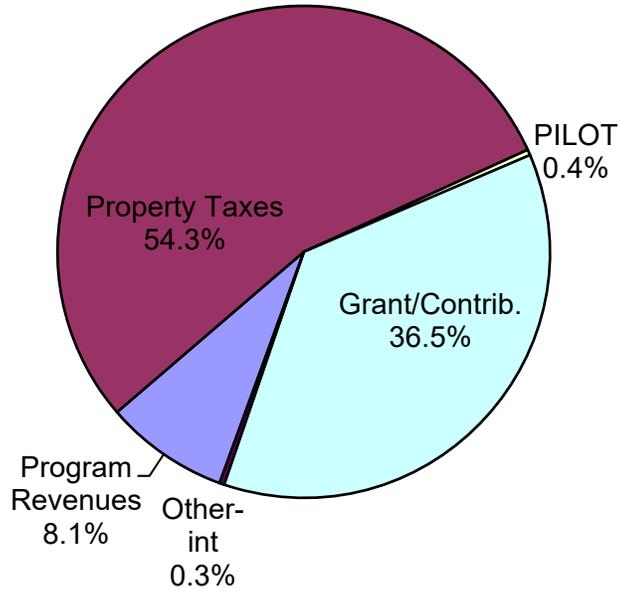
By far the largest portion of the Town of Groton's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Groton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

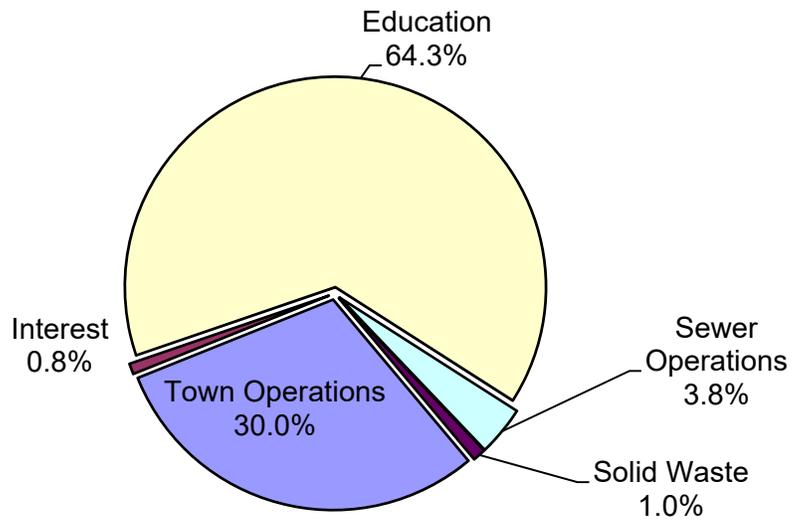
**Town of Groton
Change in Net Position (\$000's)**

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

Town of Groton - Revenues
June 30, 2018



Town of Groton - Expenses
June 30, 2018



Major revenue factors for all Governmental Funds included:

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

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

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

Major expense factors for all Governmental Funds include:

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

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

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$35,942, an increase of \$9,251 in comparison with the prior year. Of this amount, \$18,436 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18,888, which is included in the total fund balance of \$20,308. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15% of total FYE 2019 Adopted general fund budget, while total fund balance represents 16.1% of that same amount.

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

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

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

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

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

General Fund Budgetary Highlights:

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

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

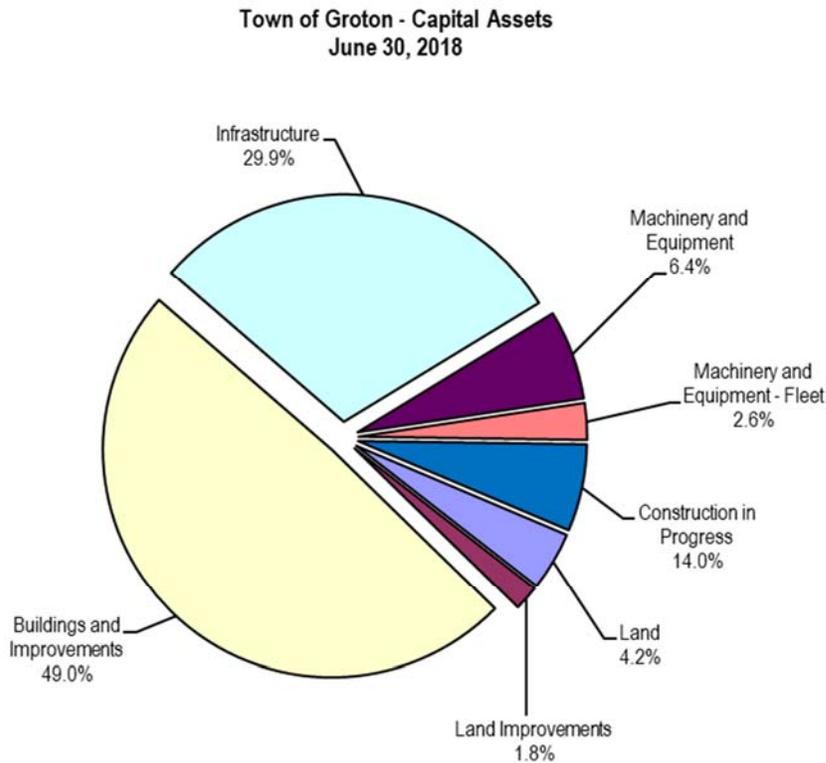
Actual expenditures were under budget by \$971 with town operations returning \$846 and Board of Education returning \$34.

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$364,521. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 1.1% mainly which reflects Water Pollution Control Facility improvements, road resurfacing and building renovations.

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

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



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

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

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

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

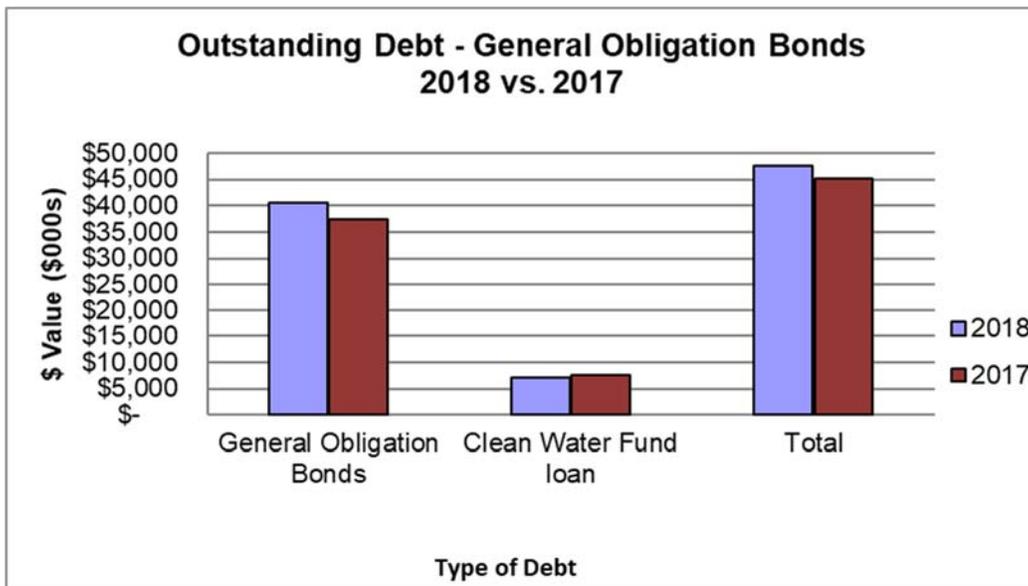
Technology-Replace Radio Console System	\$54
Crystal Lake/Military Hwy. Intersection	\$617
Sidewalk - Thomas Road Bikeway	\$79
Groton Public Library	\$56
Town Hall Complex	\$536
Information Technology Acquisition-Software Systems	\$52
Water Pollution Control Facility; Treatment Facility	\$379

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

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$47,526. Of this amount, \$44,101 comprises debt backed by the full faith and credit of the government and \$3,425 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 40,535	\$ 37,495
Clean Water Fund loan	<u>6,991</u>	<u>7,604</u>
 Total	 <u>\$ 47,526</u>	 <u>\$ 45,099</u>



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

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

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

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$685,610. As of June 30, 2018, the Town recorded total indebtedness of \$58,933 related to Governmental Activities, well below its statutory debt limits.

Additional information on the Town of Groton's long-term debt can be found in Note 3H-I on pages 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates:

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

Grand List decreases by 0.7%:

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

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

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

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

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

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

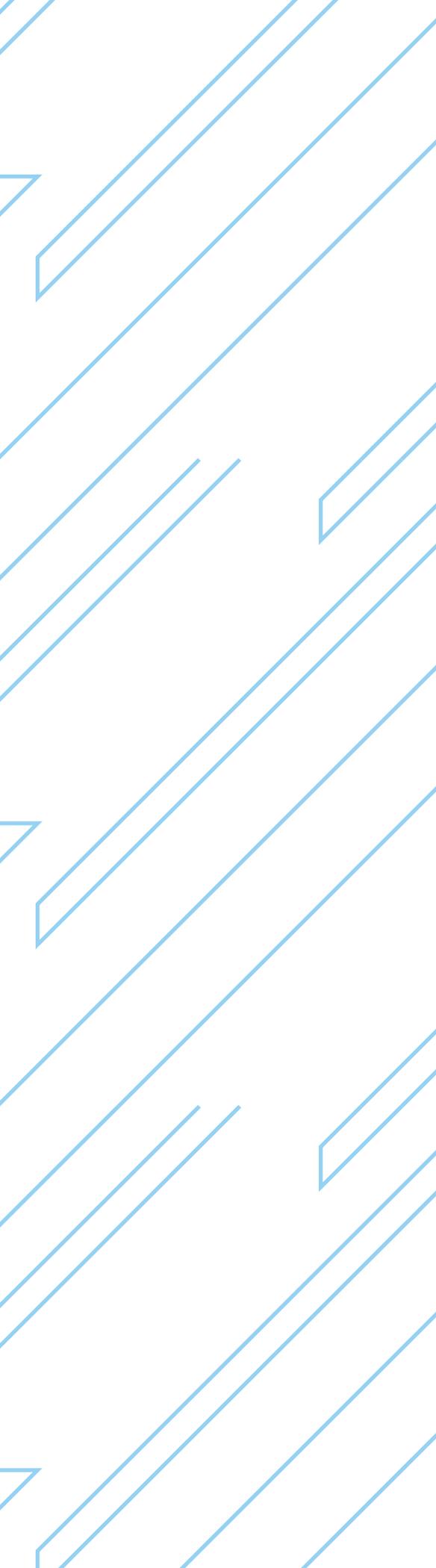
Other Information:

During the fiscal year ended June 30, 2018, the Town of Groton's General Fund on a budgetary basis received 27.1% of its total revenues from intergovernmental sources, i.e., the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unassigned fund balance for FYE 2018 is at 15% of FYE 2019 operating expenses which is above the minimum acceptable guideline set by the Town Council of 11.0%. With a reliance on property taxes, 69.8% of the General Fund revenues are derived from general property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

- ◆ During the current fiscal year, the unassigned fund balance in the General Fund increased to \$18,888. The Town Council did not assign any funds to fund the subsequent years' budget.

Requests for Information:

This financial report is designed to provide a general overview of the Town of Groton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Groton Town Hall, 45 Fort Hill Road, Groton, CT 06340.



Basic Financial Statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

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

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

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

Property taxes and assessments receivable greater than 60 days	1,082,968
Loan receivables greater than 60 days	997,290
Interest receivable on property taxes	271,700
Deferred outflows related pension	4,248,027
Deferred outflows related to OPEB	406,612

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

8,504,839

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

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

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

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

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

(Continued on next page)

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

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

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

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

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

The statement of activities reports losses arising from the disposal of existing capital assets.

Conversely, governmental funds do not report any gain or loss on disposal of capital assets. This amount represents the disposal of capital assets.

Loss on disposal of capital assets	(91,168)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

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

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

Accrued interest on bonds	27,840
Principal payments on bonds	3,650,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	28,655
Bond proceeds	(6,690,000)
Bond premium	(171,369)
Net pension liability	(243,990)
Change in deferred inflows related to pension	1,019,453
Change in net OPEB liability	(1,165,184)
Deferred charge on refunding	(164,496)
Landfill closure payments	168,200

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(19,973)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>1,787,074</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 5,315,344</u>
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The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but have no measurement focus because they report only assets and liabilities.

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

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

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

The Town reports the following major governmental funds.

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

C. Cash and Cash Equivalents

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

D. Investments

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

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

F. Deferred Outflows of Resources

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

G. Deferred Inflows of Resources

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

H. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2018 is recorded in the government-wide financial statements since the benefits are to be funded from future financial resources and will be paid from the General Fund, Golf Course Fund or Sewer Operating Fund, as may be appropriate.

I. Long-Term Obligations

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

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

J. Pension Accounting

Pension Trust Fund

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

Net Pension Liability

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

Funding Policy

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

K. Other Post Employment Benefits (OPEB) Accounting

OPEB Trust Fund

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

Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Funding Policy

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

L. Encumbrances

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

M. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

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Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

N. Property Taxes

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

O. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The Town shall propose budgets that provide for an unrestricted fund General Fund balance of not less than 11% of the total operating General Fund expenditures.

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

**TOWN OF GROTON
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legally budgeted amounts between functions, with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2018, additional appropriations of \$1,918,239 were made from fund balance.

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

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

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

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

B. Deficit Fund Equity

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

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

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

C. Expenditures Exceeding Appropriations

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

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

Deposit Custodial Credit Risk

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

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

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

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$11,395,998. The following provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

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

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

* Subject to coverage by Federal Depository Insurance and Collateralization

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Investment Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2018, the Town did not have any uninsured and unregistered securities held by counterparties, or by their trust department or agents, that were not in the Town’s name.

Credit Risk - Investments

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

Concentration of Credit Risk

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

Interest Rate Risk

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

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

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

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

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

B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>161,500</u>	<u>23,496</u>	<u>250</u>	<u>185,246</u>
Total Value	<u>\$ 181,500</u>	<u>\$ 51,039</u>	<u>\$ 200,250</u>	<u>\$ 432,789</u>

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

C. Fund Receivables

Receivables at June 30, 2018, including the applicable allowances for collection losses, are as follows:

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

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

D. Capital Assets

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

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

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

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

Construction Commitments

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

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

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

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

E. Interfund Receivables, Payables and Transfers

As of June 30, 2018, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ <u>276,276</u>

Interfund Transfers

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

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

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

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

F. Fund Balance

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

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

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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G. Leases

Operating Leases

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

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

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

Capital Leases

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

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

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

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

**TOWN OF GROTON
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H. Long-Term Debt

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

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

Liability for compensated absences and net pension liabilities will be funded through the General Fund, the Golf Course Fund and the Sewer Operating Fund. *Beginning balance of Net OPEB Liability has been restated.

Bonds

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

**TOWN OF GROTON
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The Town’s general obligation bonds bear interest at rates from 2% to 5.5% and mature as follows:

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

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
Public improvement	\$ 220,374,920	\$ 25,560,420	\$ 194,814,500
Schools	440,749,841	16,623,000	424,126,841
Sewers	367,291,534	16,749,146	350,542,388
Urban renewal	318,319,329		318,319,329
Pension deficit	293,833,227		293,833,227

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$685,610,863. All long-term debt obligations are retired through General Fund, Debt Service Fund and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$10,497,010 (and \$906,189 authorized and unissued) is included in the calculation of indebtedness. Total authorized but unissued long-term debt at June 30, 2018 consists of \$3,221 remaining for road maintenance and Rehabilitation (Paving).

Clean Water Fund Loan

During 2008, the Town entered into a project loan agreement with the State of Connecticut for a Clean Water Project. As of June 30, 2018, the Town has received total financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of amended funding. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

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

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

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town’s municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$812,000 (\$101,500 per year for 8 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$800,400 (\$66,700 for 12 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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

4. TAX ABATEMENTS

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

Local Business	Branford Manor Preservation	AHEPA 250-III Inc.	Mystic River Homes	Mystic Indoor Sports
Purpose	Apartment complex being renovated is low income housing and has been deemed a Development Property.	Apartment complex constructed for low income elderly or disabled.	Apartment complex constructed for low income housing.	Improvement of an indoor sports facility for community use (increase tax base).
Tax being abated	Real Property	Real Property	Real Property	Real Property
Authority under which agreements are entered into	Connecticut General Statutes 7-498, a part of General Statutes Chapter 114, the Connecticut City and Town Development Act.	Section 8-215 and 8-216 of Chapter 133 of the Connecticut General Statutes.	Section 8-215 and 8-216 of Chapter 133 of the Connecticut General Statutes.	Town of Groton Financial Incentive Policy.
Eligibility criteria for tax abatement	Investment of \$18,500,000 to construct new resident service buildings, to make and maintain exterior and interior repairs and renovation to provide 100% project-based Section -8 housing for low income individuals.	Construct a 40 unit complex for low income elderly.	Construct and maintain a maximum of 144 units of housing for low income elderly and disabled. Two phases of 72 units each.	Invest \$3 million to improve the property.
How recipient's tax are reduced	A payment schedule of taxes has been agreed upon per the agreement through January 1, 2037 totaling 7,759,264.	53.5% Abated	100% Abated	Year 1 - 100% abatement for existing buildings and land along with new improvements Years 2-4 - 100% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Years 5-6 - 75% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Year 7 - 50% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land
How the tax abatement is determined	Schedule based on current value of the building and reasonable abatement agreed to by all parties.	Discount needed to maintain low rents and offset the cost of the project.	Discount needed to maintain low rents and offset the cost of the project.	Buyer paid backed taxes after purchasing the bankrupt facility. Discount needed to offset the cost of renovations.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced as a result of the abatement agreement.	Tax stabilization agreement. Taxes were not reduced, but stabilized to increase 3% per year for 20 years. Initial FYE2018	\$17,803 Town \$203 Sewer \$4,317 Mumford Cove	\$148,843 Town \$1,700 Sewer \$9,385 Mumford Cove	\$18,212 Town \$208 Sewer \$2,274 Mumford Cove

5. PUBLIC EMPLOYEE RETIREMENT SYSTEM

Pension Plans

A. Plan Description and Benefits Provided

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

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

Board of Education - School Secretaries

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

Board of Education - Custodians/Maintenance

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

CILU

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

Board of Education - Administrative

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

General Government AFSCME

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

**TOWN OF GROTON
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General Government Nonbargaining

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

Steelworkers

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

Firefighters

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

Union Police Officers

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

Nonunion Police Officers

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

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

At July 1, 2017, TGRS membership consisted of:

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

B. Summary of Significant Accounting Policies

Basis of Accounting

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Method Used to Value Investments

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

C. Funding Policy

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

D. Investments

Investment Policy

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TGRS Board by a majority vote of its members. It is the policy of the TGRS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The overall investment goal is to obtain a competitive rate of return on portfolio assets commensurate with the prudent investment rule and the responsibility to provide retirement benefits to retirees and their beneficiaries. The following was the Board’s adopted asset allocation policy as of June 30, 2018:

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

Rate of Return

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

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

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

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

Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see discussion of the pension plan's investment policy) are summarized in the following table:

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Changes in Net Pension Liability

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Ledge Light

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

Poquonnock Fire District

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

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

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

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

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

	<u>Town and BOE</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 534,926	\$ (1,826,005)
Changes of assumptions	1,256,057	(2,515,260)
Net difference between projected and actual earning on pension plan investments	<u>2,457,044</u>	
Total	<u>\$ 4,248,027</u>	<u>\$ (4,341,265)</u>

	<u>Ledge Light</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 28,313	\$ (138,337)
Changes of assumptions	5,772	(4,234)
Net difference between projected and actual earning on pension plan investments	<u>14,443</u>	
Total	<u>\$ 48,528</u>	<u>\$ (142,571)</u>

**TOWN OF GROTON
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	Poquonnock Fire District	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 220,848	\$ (789,906)
Changes of assumptions	541,349	(88,423)
Net difference between projected and actual earning on pension plan investments	<u>233,806</u>	
Total	<u>\$ 996,003</u>	<u>\$ (878,329)</u>

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

<u>Year Ending June 30</u>	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Poquonnock Fire District</u>
2019	\$ 895,779	\$ (109,947)	\$ 169,797
2020	47,241	17,043	86,017
2021	(1,247,774)	(1,169)	(60,640)
2022	184,156	30	(17,337)
2023	27,360		(46,077)
Thereafter			(14,086)

Connecticut State Teachers' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

**TOWN OF GROTON
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Early Retirement

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

Disability Retirement

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

C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>125,979,335</u>
Total	\$	<u>125,979,335</u>

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

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

E. Actuarial Assumptions

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

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

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

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

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

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

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

**TOWN OF GROTON
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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

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

F. Discount Rate

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

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

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

H. Other Information

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

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

6. POST EMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES HEALTHCARE PLAN

A. Plan Description

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

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

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

At July 1, 2017, plan membership consisted of the following:

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

B. Funding Policy

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

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

Town Employees

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

**TOWN OF GROTON
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Board of Education Employees

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

C. Investments

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

Investment Policy

Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 5.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the Town

The Town’s net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

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

E. Actuarial Assumptions

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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F. Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Changes in the Net OPEB Liability

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

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current discount rate:

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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7. PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

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

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

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

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

9. OTHER POST EMPLOYMENT BENEFIT - CONNECTICUT STATE TEACHERS RETIREMENT PLAN

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

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

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

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

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

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Employees

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

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>32,425,655</u>
Total	<u>\$ 32,425,655</u>

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

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

F. Actuarial Assumptions

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

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

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

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

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

G. Discount Rate

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

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

10. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss, including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee and retiree health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate

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

Changes in the claims liability were as follows:

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

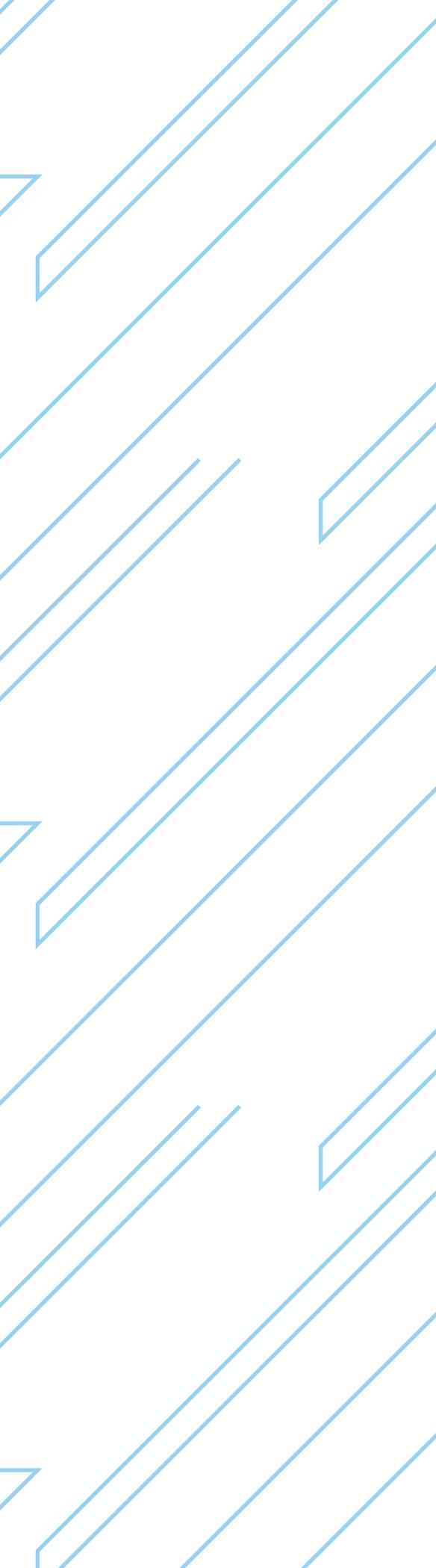
The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

B. Contingencies

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

C. Concentration of Taxes

The Town's two largest taxpayers, based on the October June 30, 2016 grand list, comprise 17.1% of the net taxable grand list of the Town and approximately 10.6% of the total General Fund revenues for the year ended June 30, 2018.



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, 2018**

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

(Continued on next page)

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

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

(Continued on next page)

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

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources:				
Transfers in:				
Golf course	\$ 58,853	\$ 58,853	\$ 58,853	\$ -
Sewer/landfill services	457,572	457,572	457,572	-
Sewer District	44,534	44,534	44,534	-
Mumford Cove	1,008	1,008	1,008	-
Community Investment Act Fund	5,000	5,000	5,000	-
Bond premium			394,442	394,442
Total other financing sources	<u>566,967</u>	<u>566,967</u>	<u>961,409</u>	<u>394,442</u>
Total Revenues and Other Financing Sources	<u>\$ 118,415,874</u>	<u>\$ 118,415,874</u>	127,021,743	<u>\$ 8,605,869</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers pension are not budgeted			14,572,129	
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers OPEB are not budgeted			1,502,769	
Property tax revenue receivable accrual basis change			(411,214)	
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only			6,893	
Transfers in from other funds			<u>3,908</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 142,696,228</u>	

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

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

(Continued on next page)

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

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

Budgetary expenditures are different than GAAP expenditures because:

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

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

\$ 136,216,272

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

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

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

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

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

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 401,849	\$ 413,904	\$ 299,682	\$ 257,236	\$ 267,597
Interest	843,728	889,636	918,671	983,590	976,011
Changes of benefit terms			96		
Differences between expected and actual experience		(520,189)	390,732	(439,015)	(243,622)
Changes of assumptions		799,434	(78,888)	158,125	(52,104)
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>	<u>(647,882)</u>
Net change in total pension liability	687,192	768,710	877,445	312,054	300,000
Total pension liability - beginning	<u>10,418,570</u>	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>	<u>13,063,971</u>
Total pension liability - ending	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>	<u>13,063,971</u>	<u>13,363,971</u>
Plan fiduciary net position:					
Contributions - employer	428,378	414,790	392,293	385,674	389,100
Contributions - member	128,634	94,356	106,863	116,552	120,435
Net investment income	1,308,508	326,423	(4,042)	956,168	754,460
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>	<u>(647,882)</u>
Administrative expense	<u>(5,243)</u>	<u>(3,534)</u>	<u>(2,949)</u>	<u>(3,149)</u>	<u>(4,507)</u>
Net change in plan fiduciary net position	1,301,892	17,960	(160,683)	807,363	611,606
Plan fiduciary net position - beginning	<u>8,166,150</u>	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>	<u>10,132,682</u>
Plan fiduciary net position - ending	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>	<u>10,132,682</u>	<u>10,744,288</u>
Net Pension Liability - Ending	<u>\$ 1,637,720</u>	<u>\$ 2,388,470</u>	<u>\$ 3,426,598</u>	<u>\$ 2,931,289</u>	<u>\$ 2,619,683</u>
Plan fiduciary net position as a percentage of the total pension liability	85.25%	79.89%	73.13%	77.56%	80.40%
Covered payroll	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664	\$ 1,724,791
Net pension liability as a percentage of covered payroll	71.58%	104.67%	170.43%	171.96%	151.88%

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

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

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

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal
 Amortization method: Normal Actuarial Cost
 Remaining amortization period: 22 years (Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

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

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

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal
 Amortization method: Normal Actuarial Cost
 Remaining amortization period: 22 years (Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

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

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

Notes to Schedule

Valuation date: July 1, 2017
 Measurement date: June 30, 2018
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Normal
 Amortization method: Normal Actuarial Cost
 Remaining amortization period: 22 years(Prior: 23 years)
 Asset valuation method: Adjusted value of assets
 Inflation: 2.75%
 Salary increases: Vary by age group
 Investment rate of return: 7.5%, net of pension plan investment expenses
 Retirement age: Age related table
 Mortality: RP-2017 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 Adjusted to 2006 Total Dataset, Mortality Table projected to valuation date with Scale MP-2016

N/A Not Available

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

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

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

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>93,604,919</u>	<u>101,271,189</u>	<u>132,909,163</u>	<u>125,979,335</u>
Total	<u>\$ 93,604,919</u>	<u>\$ 101,271,189</u>	<u>\$ 132,909,163</u>	<u>\$ 125,979,335</u>
Town's covered payroll	\$ 36,486,290	\$ 36,797,537	\$ 37,787,402	\$ 36,426,040
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.93%

Notes to Schedule

Changes in benefit terms
Changes of assumptions

None

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

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

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

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

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

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

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

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

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

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

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2017
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

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

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

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

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

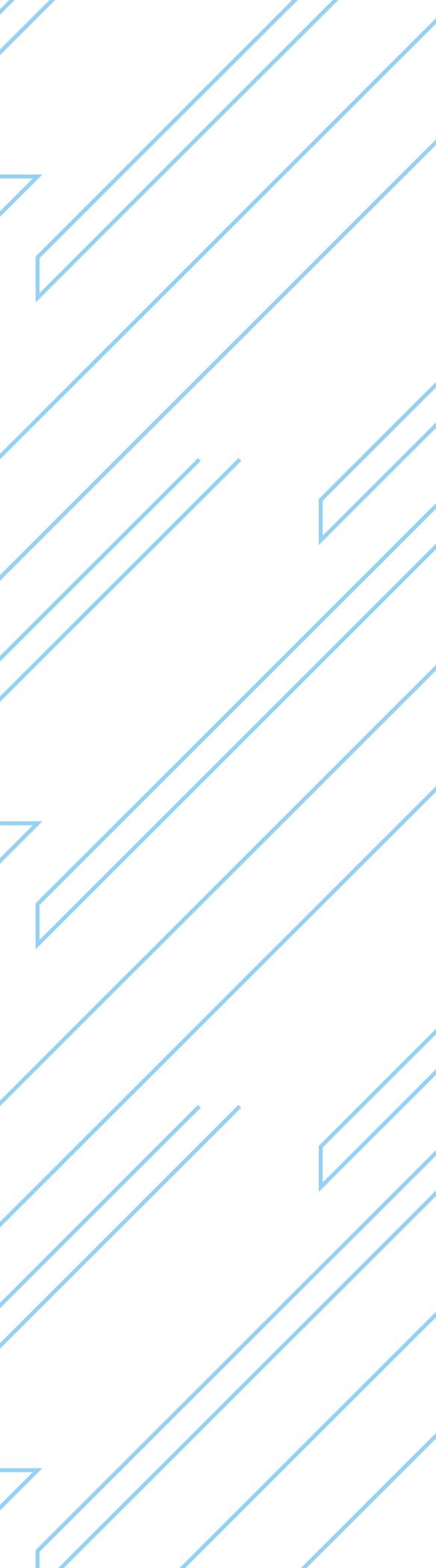
**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FISCAL YEAR**

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

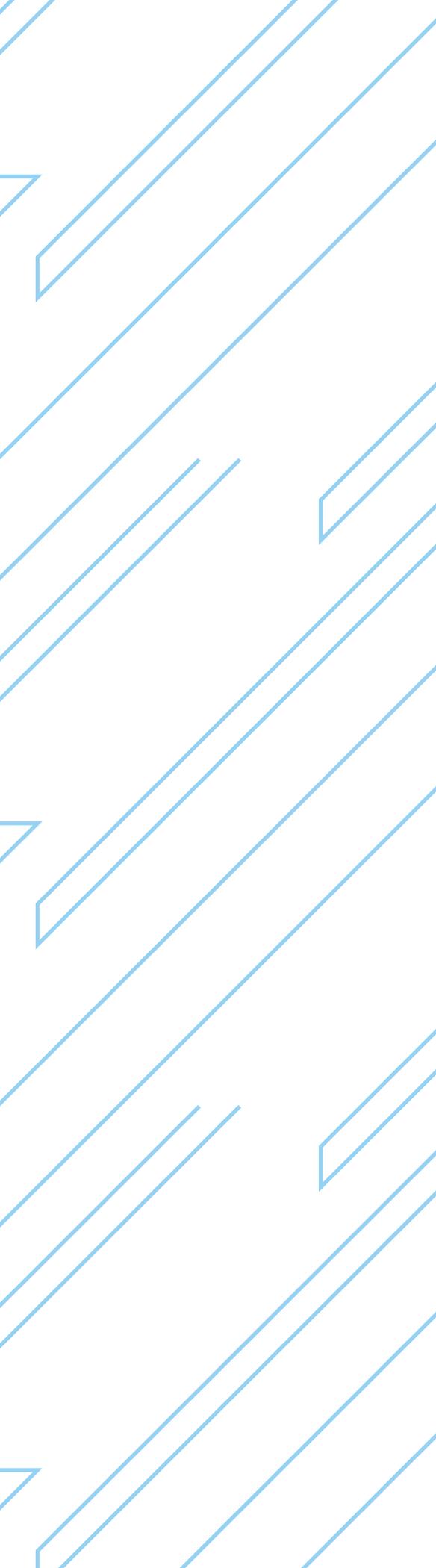
Notes to Schedule

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

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



**Supplemental and Combining
Fund Statements and Schedules**



General Fund

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2018 WITH COMPARATIVE TOTALS FOR 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 26,138,941	\$ 18,055,283
Investments	3,119,000	3,080,120
Property taxes receivable, net of allowance of \$220,000 in 2018 and 2017	1,646,374	2,107,886
Due from other funds	276,276	92,659
Prepaid expenditures and other assets	<u>26,423</u>	<u>10,568</u>
Total Assets	<u>\$ 31,207,014</u>	<u>\$ 23,346,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 9,546,318</u>	<u>\$ 7,973,215</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,080,093	1,097,815
Unavailable revenue - property tax interest	<u>271,700</u>	<u>446,539</u>
Total deferred inflows of resources	<u>1,351,793</u>	<u>1,544,354</u>
Fund Balance:		
Committed:		
Subsequent years' budget		481,258
Assigned:		
Revaluation	33,375	14,663
Computer replacement	329,850	326,895
Encumbrances	1,057,564	1,548,236
Unassigned	<u>18,888,114</u>	<u>11,457,895</u>
Total fund balance	<u>20,308,903</u>	<u>13,828,947</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 31,207,014</u>	<u>\$ 23,346,516</u>

TOWN OF GROTON, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
Revenues:				
General property taxes	\$ 87,799,970	\$ 87,799,970	\$ 88,682,805	\$ 882,835
Licenses and permits	365,575	365,575	381,024	15,449
Interest on investments	125,000	125,000	381,206	256,206
Intergovernmental - Federal	3,409,019	3,409,019	4,043,788	634,769
Intergovernmental - State	24,367,309	24,367,309	30,382,799	6,015,490
Charges for current services	1,123,813	1,123,813	1,305,639	181,826
Schools, library and recreation fees	207,885	207,885	222,374	14,489
Other revenue	450,336	450,336	660,699	210,363
Total revenues	<u>117,848,907</u>	<u>117,848,907</u>	<u>126,060,334</u>	<u>8,211,427</u>
Expenditures:				
Current:				
General government	891,053	927,346	726,950	200,396
General services	4,400,253	4,592,582	4,454,285	138,297
Public safety	6,621,975	6,909,250	6,827,786	81,464
Public works	5,751,672	5,846,188	5,829,960	16,228
Planning and development	1,247,174	1,294,179	1,284,668	9,511
Health and human services	577,399	606,785	598,131	8,654
Community services	3,234,635	3,333,306	3,177,349	155,957
Education	74,900,000	76,468,239	76,433,630	34,609
Subdivisions	4,993,439	4,993,439	4,991,450	1,989
Nondepartmental	8,928,582	8,493,107	8,257,824	235,283
Outside agencies	1,845,751	1,845,751	1,806,402	39,349
Debt service	4,510,538	4,510,538	4,460,788	49,750
Total expenditures	<u>117,902,471</u>	<u>119,820,710</u>	<u>118,849,223</u>	<u>971,487</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(53,564)</u>	<u>(1,971,803)</u>	<u>7,211,111</u>	<u>9,182,914</u>
Other Financing Sources (Uses):				
Transfers in	566,967	566,967	961,409	394,442
Transfers out	<u>(994,661)</u>	<u>(994,661)</u>	<u>(994,661)</u>	-
Total other financing uses	<u>(427,694)</u>	<u>(427,694)</u>	<u>(33,252)</u>	<u>394,442</u>
Net Change in Fund Balance	\$ <u>(481,258)</u>	\$ <u>(2,399,497)</u>	7,177,859	\$ <u>9,577,356</u>
Fund Balance at Beginning of Year			11,384,941	
Encumbrances Cancelled			<u>182,317</u>	
Fund Balance at End of Year			\$ <u>18,745,117</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, 2018**

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 29,943,357	\$ 29,943,357	\$ 31,022,790	\$ 205,908	\$ 31,228,698	\$ (1,285,341)
Special	11,619,480	11,619,480	11,659,181	7,705	11,666,886	(47,406)
Continuing	286,484	286,484	281,716	2,454	284,170	2,314
Total instruction	<u>41,849,321</u>	<u>41,849,321</u>	<u>42,963,687</u>	<u>216,067</u>	<u>43,179,754</u>	<u>(1,330,433)</u>
Supporting Services:						
Pupils	6,004,975	6,004,975	6,157,789	159	6,157,948	(152,973)
Staff	1,544,093	1,544,093	1,649,832	104,406	1,754,238	(210,145)
General support	6,263,833	6,263,833	6,549,174	3,067	6,552,241	(288,408)
Operational support	14,050,006	14,050,006	13,645,549	185,485	13,831,034	218,972
Total supporting services	<u>27,862,907</u>	<u>27,862,907</u>	<u>28,002,344</u>	<u>293,117</u>	<u>28,295,461</u>	<u>(432,554)</u>
Community Services:						
Nonpublic school pupils			117,383		117,383	(117,383)
Nonprogrammed Changes:						
Tuition payments	<u>5,187,772</u>	<u>5,187,772</u>	<u>4,838,269</u>	<u>2,763</u>	<u>4,841,032</u>	<u>346,740</u>
Total	<u>\$ 74,900,000</u>	<u>\$ 74,900,000</u>	<u>\$ 75,921,683</u>	<u>\$ 511,947</u>	<u>\$ 76,433,630</u>	<u>\$ (1,533,630)</u>

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2018**

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Total Combined Funds</u>
ASSETS				
Cash and cash equivalents	\$ 25,768,791	\$ 37,660	\$ 332,490	\$ 26,138,941
Investments	3,119,000			3,119,000
Receivables, net	1,646,186		188	1,646,374
Due from other funds	276,276			276,276
Other assets	<u>26,423</u>			<u>26,423</u>
Total Assets	<u>\$ 30,836,676</u>	<u>\$ 37,660</u>	<u>\$ 332,678</u>	<u>\$ 31,207,014</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ 9,539,205</u>	<u>\$ 4,285</u>	<u>\$ 2,828</u>	<u>\$ 9,546,318</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,080,093			1,080,093
Unavailable revenue - property tax interest	<u>271,700</u>			<u>271,700</u>
Total deferred inflows of resources	<u>1,351,793</u>	<u>-</u>	<u>-</u>	<u>1,351,793</u>
Fund balances:				
Assigned	1,057,564	33,375	329,850	1,420,789
Unassigned	<u>18,888,114</u>			<u>18,888,114</u>
Total fund balances	<u>19,945,678</u>	<u>33,375</u>	<u>329,850</u>	<u>20,308,903</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 30,836,676</u>	<u>\$ 37,660</u>	<u>\$ 332,678</u>	<u>\$ 31,207,014</u>

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

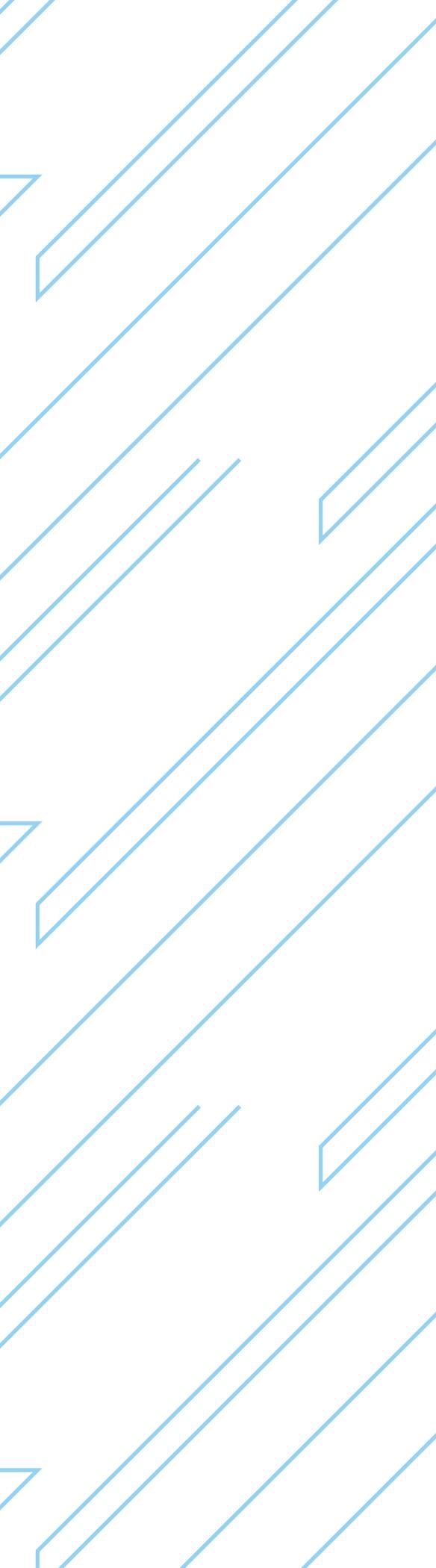
	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Elimination</u>	<u>Total Combined Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 88,271,591	\$	\$	\$	\$ 88,271,591
Licenses and permits	381,024				381,024
Intergovernmental - state	46,457,697				46,457,697
Interest on investments	381,206	199	2,180		383,585
Intergovernmental - federal	4,043,787				4,043,787
Charges for current services	1,305,640		4,512		1,310,152
Schools, library and recreation fees	222,374				222,374
Other revenue	1,055,143				1,055,143
Total revenues	<u>142,118,462</u>	<u>199</u>	<u>6,692</u>	<u>-</u>	<u>142,125,353</u>
Expenditures:					
Current:					
General government	739,492	68,987	550		809,029
General services	4,428,036				4,428,036
Public safety	6,711,418				6,711,418
Public works	5,850,200				5,850,200
Planning and development	1,384,844				1,384,844
Health and human services	598,136				598,136
Community services	3,172,103				3,172,103
Education	92,235,139				92,235,139
Subdivisions	5,588,096				5,588,096
Nondepartmental	8,257,824				8,257,824
Outside agencies	1,806,403				1,806,403
Debt service	4,460,788				4,460,788
Capital outlay			42,334		42,334
Total expenditures	<u>135,232,479</u>	<u>68,987</u>	<u>42,884</u>	<u>-</u>	<u>135,344,350</u>
Revenues over (under) Expenditures	<u>6,885,983</u>	<u>(68,788)</u>	<u>(36,192)</u>	<u>-</u>	<u>6,781,003</u>
Other Financing Sources (Uses):					
Transfers in	566,967	87,500	39,147	(122,739)	570,875
Transfers out	(994,661)			122,739	(871,922)
Total other financing sources (uses)	<u>(427,694)</u>	<u>87,500</u>	<u>39,147</u>	<u>-</u>	<u>(301,047)</u>
Net Change in Fund Balances	6,458,289	18,712	2,955	-	6,479,956
Fund Balances at Beginning of Year	<u>13,487,389</u>	<u>14,663</u>	<u>326,895</u>	<u>-</u>	<u>13,828,947</u>
Fund Balances at End of Year	<u>\$ 19,945,678</u>	<u>\$ 33,375</u>	<u>\$ 329,850</u>	<u>\$ -</u>	<u>\$ 20,308,903</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REVALUATION FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 1,150	\$ 1,150	\$ 199	\$ (951)
Expenditures:				
Property revaluation	<u>86,000</u>	<u>86,000</u>	<u>68,987</u>	<u>17,013</u>
Revenues over (under) Expenditures	(84,850)	(84,850)	(68,788)	16,062
Other Financing Sources:				
Transfers in	<u>87,500</u>	<u>87,500</u>	<u>87,500</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>2,650</u></u>	\$ <u><u>2,650</u></u>	\$ <u><u>18,712</u></u>	\$ <u><u>16,062</u></u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - COMPUTER REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 650	\$ 650	\$ 2,180	\$ 1,530
Other agencies	1,040	1,040	1,040	-
Outside agencies - MDT	3,048	3,048	3,472	424
Total revenues	<u>4,738</u>	<u>4,738</u>	<u>6,692</u>	<u>1,954</u>
Expenditures:				
Computer equipment	<u>84,868</u>	<u>84,868</u>	<u>63,734</u>	<u>21,134</u>
Revenues over (under) Expenditures	(80,130)	(80,130)	(57,042)	23,088
Other Financing Sources:				
Transfers in	<u>35,239</u>	<u>35,239</u>	<u>39,147</u>	<u>(3,908)</u>
Net Change in Fund Balance	\$ <u>(44,891)</u>	\$ <u>(44,891)</u>	\$ <u>(17,895)</u>	\$ <u>26,996</u>
<u>Reconciliation to GAAP Basis</u>			Change in Fund Balance	
	Revenues	Expenditures		
Current year encumbrances	\$	\$ 20,850	\$ <u>20,850</u>	
Net Change in Fund Balance, GAAP			\$ <u>2,955</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.

DECD Brownfield Mystic Education Center Fund: Accounts for revenues and expenditures for State Brownfield Funds utilized to finance public outreach, zoning change and marketing efforts by the Town for the redevelopment of the 48 acre state-owned former Mystic Education Center.

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.

Undersea Supply Chain Consortium Project: Accounts for revenues from local grant funding and expenditures funded by those sources for assisting in efforts to boost the areas economic climate and attract growing businesses in southeastern Connecticut.

LED Light Conversion Project: Accounts for revenues from energy rebates and third party financing and expenditures funded by those sources for the conversion of street and parking lot lights to light-emitting diode (LED).

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, 2018**

	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
ASSETS								
Cash and cash equivalents	\$ 408,497	\$ 381,353	\$ 153,046	\$ 240,906	\$ 492	\$ 945,979	\$ 42,583	\$ 299,136
Investments								
Receivables, net	476,641	71,121	997,290	100				5,340
Prepaid expenses								91,747
Other assets								
Total Assets	<u>\$ 885,138</u>	<u>\$ 452,474</u>	<u>\$ 1,150,336</u>	<u>\$ 241,006</u>	<u>\$ 492</u>	<u>\$ 945,979</u>	<u>\$ 42,583</u>	<u>\$ 396,223</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 716,371		\$ 175,226	\$ 1,439		\$ 2,750	\$ 4,100	\$ 71,998
Due to State	21,335							
Due to other funds			200,257					
Unearned Revenue	37,041							
Total liabilities	<u>774,747</u>	<u>-</u>	<u>375,483</u>	<u>1,439</u>	<u>-</u>	<u>2,750</u>	<u>4,100</u>	<u>71,998</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - loans receivable			997,290					
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>997,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted	110,391					943,229		
Committed		452,474		239,567	492		38,483	324,225
Unassigned			(222,437)					
Total fund balances	<u>110,391</u>	<u>452,474</u>	<u>(222,437)</u>	<u>239,567</u>	<u>492</u>	<u>943,229</u>	<u>38,483</u>	<u>324,225</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 885,138</u>	<u>\$ 452,474</u>	<u>\$ 1,150,336</u>	<u>\$ 241,006</u>	<u>\$ 492</u>	<u>\$ 945,979</u>	<u>\$ 42,583</u>	<u>\$ 396,223</u>

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**TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds							
	Sewer Operating Fund	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	DECD Brownfield Mystic Education Center Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving
ASSETS								
Cash and cash equivalents	\$ 1,732,037	\$ 299,143	\$ 841	\$ 21,957	\$ 6,609	\$	\$ 602,926	\$ 147,776
Investments								
Receivables, net	751,031	194,590		8		63,246	552	
Prepaid expenses								
Other assets								
Total Assets	<u>\$ 2,483,068</u>	<u>\$ 493,733</u>	<u>\$ 841</u>	<u>\$ 21,965</u>	<u>\$ 6,609</u>	<u>\$ 63,246</u>	<u>\$ 603,478</u>	<u>\$ 147,776</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 224,615	\$ 142,941	\$	\$ 1,418	\$ 3,600	\$ 100,068	\$ 4,544	\$ 5,383
Due to State								
Due to other funds						76,019		
Unearned Revenue					9,909	109,878		
Total liabilities	<u>224,615</u>	<u>142,941</u>	<u>-</u>	<u>1,418</u>	<u>13,509</u>	<u>285,965</u>	<u>4,544</u>	<u>5,383</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - loans receivable								
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted								
Committed	2,258,453	350,792	841	20,547			598,934	142,393
Unassigned					(6,900)	(222,719)		
Total fund balances	<u>2,258,453</u>	<u>350,792</u>	<u>841</u>	<u>20,547</u>	<u>(6,900)</u>	<u>(222,719)</u>	<u>598,934</u>	<u>142,393</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,483,068</u>	<u>\$ 493,733</u>	<u>\$ 841</u>	<u>\$ 21,965</u>	<u>\$ 6,609</u>	<u>\$ 63,246</u>	<u>\$ 603,478</u>	<u>\$ 147,776</u>

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**TOWN OF GROTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018**

	Special Revenue Funds						
	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund
ASSETS							
Cash and cash equivalents	\$ 126,864	\$ 62,733	\$ 603,602	\$ 172,950	\$ 466,822	\$ 23,313	\$ 19,803
Investments							
Receivables, net	61,430			17,473	390		
Prepaid expenses							
Other assets							
Total Assets	\$ 188,294	\$ 62,733	\$ 603,602	\$ 190,423	\$ 467,212	\$ 23,313	\$ 19,803
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 23,305	\$	\$	\$ 459	\$ 59,829	\$ 4,526	\$ 936
Due to State							
Due to other funds							
Unearned Revenue							
Total liabilities	23,305	-	-	459	59,829	4,526	936
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - loans receivable							
Total deferred inflows of resources	-	-	-	-	-	-	-
Fund balances:							
Nonspendable							
Restricted					407,383	18,787	
Committed	164,989	62,733	603,602	189,964			18,867
Unassigned							
Total fund balances	164,989	62,733	603,602	189,964	407,383	18,787	18,867
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 188,294	\$ 62,733	\$ 603,602	\$ 190,423	\$ 467,212	\$ 23,313	\$ 19,803

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**TOWN OF GROTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018**

	Special Revenue Funds		Debt Service Fund	Permanent Funds			Totals
	Undersea Supply Chain Consortium Project Fund	LED Light Conversion Project	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
ASSETS							
Cash and cash equivalents	\$ 92,924	\$ 49,484	\$ 395,973	\$ 65,692	\$ 40,762	\$ 200,250	\$ 7,604,453
Investments				115,808	10,277		126,085
Receivables, net			3,728				2,642,940
Prepaid expenses							91,747
Other assets			2,736				2,736
Total Assets	\$ 92,924	\$ 49,484	\$ 402,437	\$ 181,500	\$ 51,039	\$ 200,250	\$ 10,467,961
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 3,508	\$ -	\$ 1,224	\$ -	\$ -	\$ -	\$ 1,548,240
Due to State							21,335
Due to other funds							276,276
Unearned Revenue							156,828
Total liabilities	3,508	-	1,224	-	-	-	2,002,679
Deferred inflows of resources:							
Unavailable revenue - special assessments			2,875				2,875
Unavailable revenue - loans receivable							997,290
Total deferred inflows of resources	-	-	2,875	-	-	-	1,000,165
Fund balances:							
Nonspendable			2,736	20,000	27,543	200,000	250,279
Restricted			395,602	161,500	23,496	250	2,060,638
Committed	89,416	49,484					5,606,256
Unassigned							(452,056)
Total fund balances	89,416	49,484	398,338	181,500	51,039	200,250	7,465,117
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 92,924	\$ 49,484	\$ 402,437	\$ 181,500	\$ 51,039	\$ 200,250	\$ 10,467,961

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

	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
Revenues:							
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$
Sewer assessments							
State of Connecticut	4,436,454	71,466	469,655				23,608
Investment earnings		9	87		3	10,356	204
Federal government	502,473	1,371,456				260,160	
Charges for services		896,380					
Sewer use charges							
Solid waste management							
Other revenue	429,140	13,843	55,700	62,444			
Total revenues	<u>5,368,067</u>	<u>2,353,154</u>	<u>525,442</u>	<u>62,444</u>	<u>3</u>	<u>270,516</u>	<u>23,812</u>
Expenditures:							
General government							
Public safety							
Public works							
Planning and development							
Health and human services			853,534	50,293			
Community services							32,208
Education	5,267,991	2,269,018					
Sewer operations							
Solid waste management							
Outside agencies							
Debt service							
Capital outlay						283,769	
Total expenditures	<u>5,267,991</u>	<u>2,269,018</u>	<u>853,534</u>	<u>50,293</u>	<u>-</u>	<u>283,769</u>	<u>32,208</u>
Revenues over (under) Expenditures	<u>100,076</u>	<u>84,136</u>	<u>(328,092)</u>	<u>12,151</u>	<u>3</u>	<u>(13,253)</u>	<u>(8,396)</u>
Other Financing Sources (Uses):							
Transfers in							
Transfers out							(1,580)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,580)</u>
Net Change in Fund Balances	100,076	84,136	(328,092)	12,151	3	(13,253)	(9,976)
Fund Balance - Beginning of Year	<u>10,315</u>	<u>368,338</u>	<u>105,655</u>	<u>227,416</u>	<u>489</u>	<u>956,482</u>	<u>48,459</u>
Fund Balance - End of Year	<u>\$ 110,391</u>	<u>\$ 452,474</u>	<u>\$ (222,437)</u>	<u>\$ 239,567</u>	<u>\$ 492</u>	<u>\$ 943,229</u>	<u>\$ 38,483</u>

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

	Special Revenue Funds							
	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	DECD Brownfield Mystic Education Center Fund	Other Special Revenue	Escrow Fund
Revenues:								
Property taxes, interest and lien fees	\$	\$	\$	\$ 21,245	\$	\$	\$	\$
Sewer assessments								
State of Connecticut						12,991	311,673	
Investment earnings		2,564	929					
Federal government					10,520		77,436	
Charges for services	1,076,076						12,812	
Sewer use charges		6,283,486						
Solid waste management			1,531,088					
Other revenue		126			16,904		9,951	199,654
Total revenues	<u>1,076,076</u>	<u>6,286,176</u>	<u>1,532,017</u>	<u>21,245</u>	<u>27,424</u>	<u>12,991</u>	<u>411,872</u>	<u>199,654</u>
Expenditures:								
General government							20,517	145,047
Public safety				20,011			14,996	
Public works						12,991	150	
Planning and development							9,838	
Health and human services					26,348		79,379	
Community services	1,018,244						363,625	
Education								
Sewer operations		4,564,077						
Solid waste management			1,590,816					
Outside agencies								
Debt service		462,788						
Capital outlay							98,500	
Total expenditures	<u>1,018,244</u>	<u>5,026,865</u>	<u>1,590,816</u>	<u>20,011</u>	<u>26,348</u>	<u>12,991</u>	<u>587,005</u>	<u>145,047</u>
Revenues over (under) Expenditures	<u>57,832</u>	<u>1,259,311</u>	<u>(58,799)</u>	<u>1,234</u>	<u>1,076</u>	<u>-</u>	<u>(175,133)</u>	<u>54,607</u>
Other Financing Sources (Uses):								
Transfers in	176,000							
Transfers out	(59,398)	(1,828,355)		(1,008)			(5,000)	
Total other financing sources (uses)	<u>116,602</u>	<u>(1,828,355)</u>	<u>-</u>	<u>(1,008)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balances	174,434	(569,044)	(58,799)	226	1,076	-	(180,133)	54,607
Fund Balance - Beginning of Year	149,791	2,827,497	409,591	615	19,471	(6,900)	(42,586)	544,327
Fund Balance - End of Year	<u>\$ 324,225</u>	<u>\$ 2,258,453</u>	<u>\$ 350,792</u>	<u>\$ 841</u>	<u>\$ 20,547</u>	<u>\$ (6,900)</u>	<u>\$ (222,719)</u>	<u>\$ 598,934</u>

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

	Special Revenue Funds							
	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund
Revenues:								
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments								
State of Connecticut								
Investment earnings			913	8,783				274
Federal government								
Charges for services	24,472	360,329			160,755	967,582		
Sewer use charges								
Solid waste management								
Other revenue	51,892						26,703	5,778
Total revenues	<u>76,364</u>	<u>360,329</u>	<u>913</u>	<u>8,783</u>	<u>160,755</u>	<u>967,582</u>	<u>26,703</u>	<u>6,052</u>
Expenditures:								
General government							26,222	
Public safety		308,586						
Public works								
Planning and development								
Health and human services								
Community services	45,791					923,246		
Education								
Sewer operations								
Solid waste management								
Outside agencies					156,851			
Debt service								
Capital outlay								5,754
Total expenditures	<u>45,791</u>	<u>308,586</u>	<u>-</u>	<u>-</u>	<u>156,851</u>	<u>923,246</u>	<u>26,222</u>	<u>5,754</u>
Revenues over (under) Expenditures	<u>30,573</u>	<u>51,743</u>	<u>913</u>	<u>8,783</u>	<u>3,904</u>	<u>44,336</u>	<u>481</u>	<u>298</u>
Other Financing Sources (Uses):								
Transfers in								
Transfers out								
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	30,573	51,743	913	8,783	3,904	44,336	481	298
Fund Balance - Beginning of Year	<u>111,820</u>	<u>113,246</u>	<u>61,820</u>	<u>594,819</u>	<u>186,060</u>	<u>363,047</u>	<u>18,306</u>	<u>18,569</u>
Fund Balance - End of Year	<u>\$ 142,393</u>	<u>\$ 164,989</u>	<u>\$ 62,733</u>	<u>\$ 603,602</u>	<u>\$ 189,964</u>	<u>\$ 407,383</u>	<u>\$ 18,787</u>	<u>\$ 18,867</u>

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

	Special Revenue Funds		Debt Service Fund	Permanent Funds			Totals
	Undersea Supply Chain Consortium Project Fund	LED Light Conversion Project	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:							
Property taxes, interest and lien fees	\$	\$	\$ 649,291	\$	\$	\$	\$ 670,536
Sewer assessments			5,374				5,374
State of Connecticut			1,196				5,327,043
Investment earnings			4,950	15,097	664	1,001	45,834
Federal government							2,222,045
Charges for services							3,498,406
Sewer use charges							6,283,486
Solid waste management							1,531,088
Other revenue	94,209			211			966,555
Total revenues	<u>94,209</u>	<u>-</u>	<u>660,811</u>	<u>15,308</u>	<u>664</u>	<u>1,001</u>	<u>20,550,367</u>
Expenditures:							
General government		18,417	8,262				218,465
Public safety							343,593
Public works	4,793						17,934
Planning and development							9,838
Health and human services							1,009,554
Community services				7,085		1,000	2,391,199
Education							7,537,009
Sewer operations							4,564,077
Solid waste management							1,590,816
Outside agencies							156,851
Debt service			758,820				1,221,608
Capital outlay							388,023
Total expenditures	<u>4,793</u>	<u>18,417</u>	<u>767,082</u>	<u>7,085</u>	<u>-</u>	<u>1,000</u>	<u>19,448,967</u>
Revenues over (under) Expenditures	<u>89,416</u>	<u>(18,417)</u>	<u>(106,271)</u>	<u>8,223</u>	<u>664</u>	<u>1</u>	<u>1,101,400</u>
Other Financing Sources (Uses):							
Transfers in							176,000
Transfers out			(44,534)				(1,939,875)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(44,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,763,875)</u>
Net Change in Fund Balances	89,416	(18,417)	(150,805)	8,223	664	1	(662,475)
Fund Balance - Beginning of Year	-	67,901	549,143	173,277	50,375	200,249	8,127,592
Fund Balance - End of Year	<u>\$ 89,416</u>	<u>\$ 49,484</u>	<u>\$ 398,338</u>	<u>\$ 181,500</u>	<u>\$ 51,039</u>	<u>\$ 200,250</u>	<u>\$ 7,465,117</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SPECIAL LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 175	\$ 175	\$ 204	\$ 29
ConnectiCard grant			23,608	23,608
Total revenues	<u>175</u>	<u>175</u>	<u>23,812</u>	<u>23,637</u>
Expenditures:				
Payroll charges	13,552	13,552	3,207	10,345
Repairs & Maint-Fac/Equip	1,580	1,580	1,580	-
Professional/Technical Services	840	840	840	-
Software maintenance fees	24,920	24,920	23,981	939
Equipment, machinery and furniture	936	936	440	496
Computer equipment	<u>6,378</u>	<u>6,378</u>	<u>3,740</u>	<u>2,638</u>
Total expenditures	<u>48,206</u>	<u>48,206</u>	<u>33,788</u>	<u>14,418</u>
Net Change in Fund Balance	\$ <u>(48,031)</u>	\$ <u>(48,031)</u>	\$ <u>(9,976)</u>	\$ <u>38,055</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GOLF COURSE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,215,384	\$ 1,215,384	\$ 1,252,076	\$ 36,692
Expenditures:				
Community services	<u>1,121,009</u>	<u>1,121,009</u>	<u>1,032,139</u>	<u>88,870</u>
Revenues over (under) Expenditures	94,375	94,375	219,937	125,562
Other Financing Uses:				
Transfers out	<u>(58,853)</u>	<u>(58,853)</u>	<u>(58,853)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 35,522</u>	<u>\$ 35,522</u>	<u>\$ 161,084</u>	<u>\$ 125,562</u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Current year encumbrances	\$	\$ 13,350	\$ <u>13,350</u>	
Net Change in Fund Balance, GAAP			\$ <u><u>174,434</u></u>	

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - SEWER OPERATING FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer use charges	\$ 6,639,532	\$ 6,639,532	\$ 6,283,486	\$ (356,046)
Interest income	2,500	2,500	2,564	64
Other revenue			126	126
Total revenues	<u>6,642,032</u>	<u>6,642,032</u>	<u>6,286,176</u>	<u>(355,856)</u>
Expenditures:				
Sewer system maintenance	<u>4,708,391</u>	<u>4,708,391</u>	<u>6,196,193</u>	<u>(1,487,802)</u>
Revenues over (under) Expenditures	1,933,641	1,933,641	89,983	(1,843,658)
Other Financing Uses:				
Transfers out	<u>(457,572)</u>	<u>(457,572)</u>	<u>(457,572)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,476,069</u>	<u>\$ 1,476,069</u>	<u>\$ (367,589)</u>	<u>\$ (1,843,658)</u>
Fund Balance - Beginning of Year				
Fund Balance - End of Year				
<u>Reconciliation to GAAP Basis</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Current year encumbrances	\$	\$ 37,788	\$ 37,788	
Liquidated prior year encumbrances		(239,243)	<u>(239,243)</u>	
Net Change in Fund Balance, GAAP			<u>\$ (569,044)</u>	

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - SOLID WASTE FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 1,485,202	\$ 1,485,202	\$ 1,531,088	\$ 45,886
Interest income	900	900	929	29
Total revenues	<u>1,486,102</u>	<u>1,486,102</u>	<u>1,532,017</u>	<u>45,915</u>
Expenditures:				
Solid waste management	<u>1,477,092</u>	<u>1,477,092</u>	<u>1,590,816</u>	<u>(113,724)</u>
Net Change in Fund Balance	<u>\$ 9,010</u>	<u>\$ 9,010</u>	<u>\$ (58,799)</u>	<u>\$ (67,809)</u>

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - MUMFORD COVE DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2018**

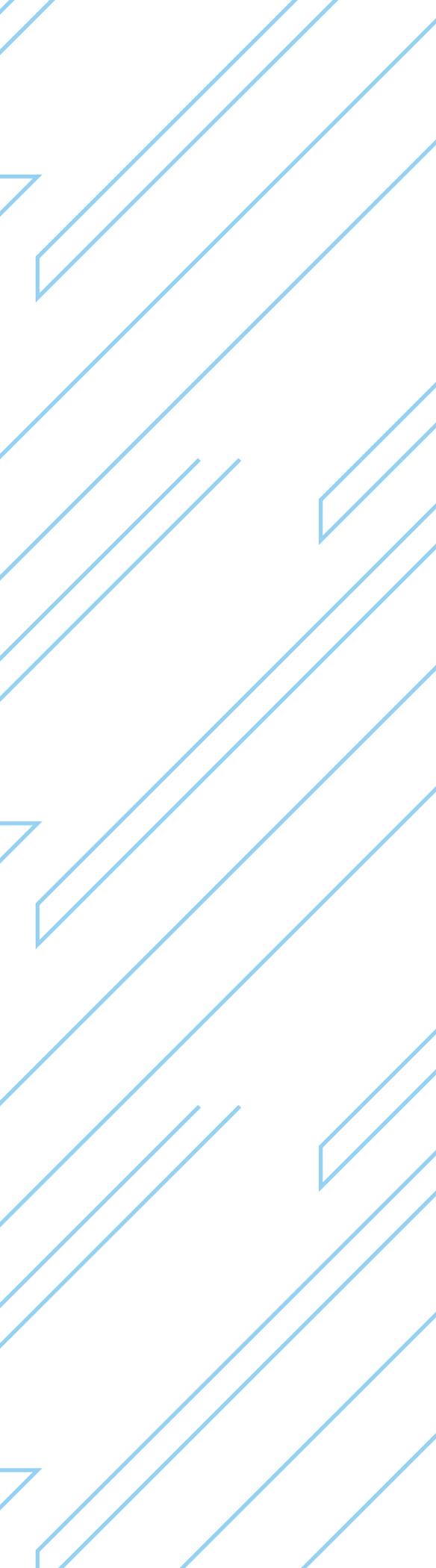
	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes, interest and lien fees	\$ 21,028	\$ 21,028	\$ 21,245	\$ 217
Expenditures:				
Public safety	20,020	20,020	20,011	9
Revenues over (under) Expenditures	1,008	1,008	1,234	226
Other Financial Uses:				
Transfers out	(1,008)	(1,008)	(1,008)	-
Net Change in Fund Balance	\$ -	\$ -	\$ 226	\$ 226

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GROTON SEWER DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and other	\$ 633,176	\$ 633,176	\$ 655,861	\$ 22,685
Interest income	1,000	1,000	4,950	3,950
Total revenues	<u>634,176</u>	<u>634,176</u>	<u>660,811</u>	<u>26,635</u>
Expenditures:				
Debt service	778,071	778,071	758,820	19,251
Operating expense	<u>11,571</u>	<u>11,571</u>	<u>8,262</u>	<u>3,309</u>
Total expenditures	<u>789,642</u>	<u>789,642</u>	<u>767,082</u>	<u>22,560</u>
Revenues over (under) Expenditures	(155,466)	(155,466)	(106,271)	49,195
Other Financing Uses:				
Transfers out	<u>(44,534)</u>	<u>(44,534)</u>	<u>(44,534)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (150,805)</u>	<u>\$ 49,195</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REC & SENIOR ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Recreation programs	\$ 500,000	\$ 500,000	\$ 562,216	\$ 62,216
Summer camp	175,000	175,000	68,667	(106,333)
Special needs programs	85,000	85,000	66,595	(18,405)
Senior trips	82,000	82,000	38,241	(43,759)
Senior programs	124,000	124,000	144,582	20,582
Senior center fundraising	10,000	10,000	7,231	(2,769)
Senior food concession	93,000	93,000	80,050	(12,950)
Total revenues	<u>1,069,000</u>	<u>1,069,000</u>	<u>967,582</u>	<u>(101,418)</u>
Expenditures:				
Recreation programs	464,667	464,667	415,905	48,762
Summer camp	206,101	206,101	154,782	51,319
Special needs programs	103,678	103,678	96,684	6,994
Senior trips	82,577	82,577	47,603	34,974
Senior programs	159,294	159,294	101,577	57,717
Senior food concession	108,489	108,489	92,492	15,997
Total expenditures	<u>1,124,806</u>	<u>1,124,806</u>	<u>909,043</u>	<u>215,763</u>
Net Change in Fund Balance	\$ <u>(55,806)</u>	\$ <u>(55,806)</u>	\$ <u>58,539</u>	\$ <u>114,345</u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Current year encumbrances	\$	\$ 15,089	\$ 15,089	
Liquidated prior year encumbrances		(29,292)	<u>(29,292)</u>	
Net Change in Fund Balance, GAAP			\$ <u>44,336</u>	



Internal Service Funds

Internal Service Funds

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

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

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

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

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 321,065	\$ 6,862,734	\$ 1,291,594	\$ 8,475,393
Accounts receivable	1,328	308,248	152	309,728
Total current assets	<u>322,393</u>	<u>7,170,982</u>	<u>1,291,746</u>	<u>8,785,121</u>
Noncurrent assets:				
Property and equipment	9,468,979			9,468,979
Accumulated depreciation	<u>(6,516,052)</u>			<u>(6,516,052)</u>
Property and equipment, net	<u>2,952,927</u>	<u>-</u>	<u>-</u>	<u>2,952,927</u>
Total assets	<u>3,275,320</u>	<u>7,170,982</u>	<u>1,291,746</u>	<u>11,738,048</u>
Liabilities:				
Current liabilities:				
Accounts payable	125,760	4,841	6,030	136,631
Claims incurred but not reported		<u>827,000</u>	<u>105,112</u>	<u>932,112</u>
Total current liabilities	<u>125,760</u>	<u>831,841</u>	<u>111,142</u>	<u>1,068,743</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,164,466</u>	<u>2,164,466</u>
Net Position:				
Invested in capital assets	2,952,927			2,952,927
Unrestricted	<u>196,633</u>	<u>6,339,141</u>	<u>(983,862)</u>	<u>5,551,912</u>
Total Net Position	<u>\$ 3,149,560</u>	<u>\$ 6,339,141</u>	<u>\$ (983,862)</u>	<u>\$ 8,504,839</u>

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

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 696,378	\$ 12,728,160	\$ 1,325,755	\$ 14,750,293
Other revenue	<u>15,412</u>		<u>34,980</u>	<u>50,392</u>
Total operating revenue	<u>711,790</u>	<u>12,728,160</u>	<u>1,360,735</u>	<u>14,800,685</u>
Operating Expenses:				
Operating expenses	873,657			873,657
Claims - operating		10,756,612		10,756,612
Claims - workers' compensation			780,888	780,888
Claims - heart and hypertension			(696,801)	(696,801)
Depreciation	514,942			514,942
Administrative		<u>996,858</u>	<u>51,600</u>	<u>1,048,458</u>
Total operating expenses	<u>1,388,599</u>	<u>11,753,470</u>	<u>135,687</u>	<u>13,277,756</u>
Operating Income (Loss)	<u>(676,809)</u>	<u>974,690</u>	<u>1,225,048</u>	<u>1,522,929</u>
Nonoperating Revenue (Expenses):				
Interest on investments	8,105	11,438	3,066	22,609
Loss on disposal of capital assets	<u>(6,386)</u>			<u>(6,386)</u>
Total nonoperating revenue	<u>1,719</u>	<u>11,438</u>	<u>3,066</u>	<u>16,223</u>
Income (Loss) Before Transfers	(675,090)	986,128	1,228,114	1,539,152
Transfers in	423,922			423,922
Transfers out	<u>(176,000)</u>			<u>(176,000)</u>
Change in Net Position	(427,168)	986,128	1,228,114	1,787,074
Net Position - Beginning of Year	<u>3,576,728</u>	<u>5,353,013</u>	<u>(2,211,976)</u>	<u>6,717,765</u>
Net Position - End of Year	<u>\$ 3,149,560</u>	<u>\$ 6,339,141</u>	<u>\$ (983,862)</u>	<u>\$ 8,504,839</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<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	\$ 712,487	\$ 12,632,203	\$ 1,360,583	\$ 14,705,273
Cash paid to vendors	(888,157)			(888,157)
Cash paid to beneficiaries		(11,967,224)	(998,751)	(12,965,975)
Net cash provided by (used in) operating activities	<u>(175,670)</u>	<u>664,979</u>	<u>361,832</u>	<u>851,141</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	<u>(368,581)</u>			<u>(368,581)</u>
Cash Flows from Noncapital Financing Activities:				
Transfer In	423,922			423,922
Transfers out	<u>(176,000)</u>			<u>(176,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>247,922</u>	-	-	<u>247,922</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>8,105</u>	<u>11,438</u>	<u>3,066</u>	<u>22,609</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(288,224)	676,417	364,898	753,091
Cash and Cash Equivalents - Beginning of Year	<u>609,289</u>	<u>6,186,317</u>	<u>926,696</u>	<u>7,722,302</u>
Cash and Cash Equivalents - End of Year	<u>\$ 321,065</u>	<u>\$ 6,862,734</u>	<u>\$ 1,291,594</u>	<u>\$ 8,475,393</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (676,809)	\$ 974,690	\$ 1,225,048	\$ 1,522,929
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	514,942			514,942
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	697	(95,957)	(152)	(95,412)
(Decrease) increase in accounts payable	(14,500)			(14,500)
(Decrease) increase in claims payable		(213,754)	(863,064)	(1,076,818)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (175,670)</u>	<u>\$ 664,979</u>	<u>\$ 361,832</u>	<u>\$ 851,141</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, 2018

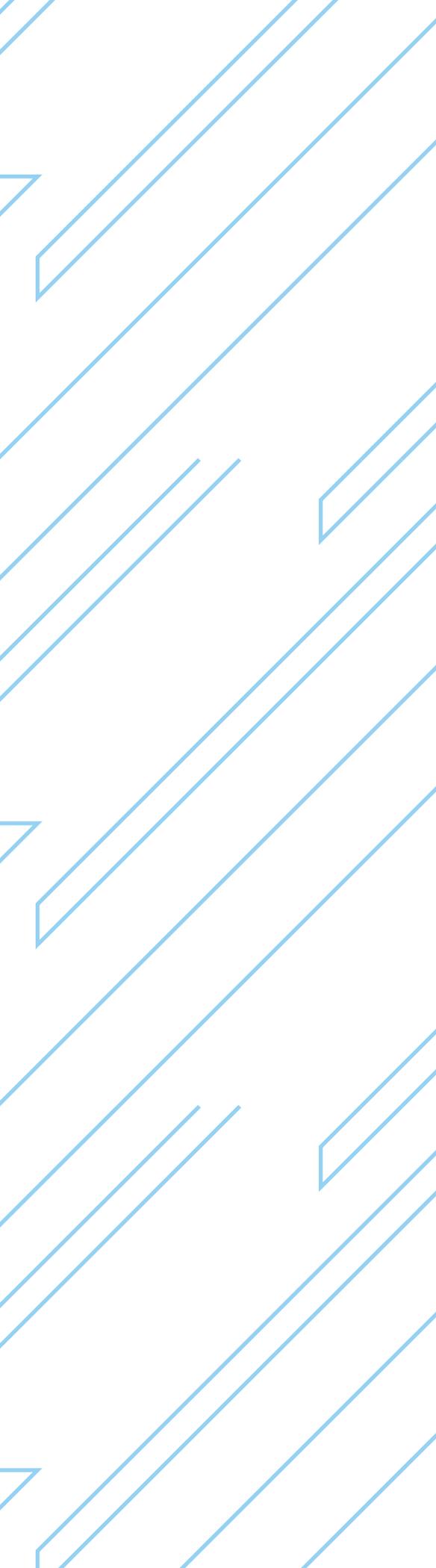
	<u>Private Purpose Trust Funds</u>				<u>Total</u>
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	
Assets:					
Cash and cash equivalents	\$ <u>2,279</u>	\$ <u>5,627</u>	\$ <u>-</u>	\$ <u>52,864</u>	\$ <u>60,770</u>
Net Position:					
Held in Trust for Benefits and Other Purposes	\$ <u>2,279</u>	\$ <u>5,627</u>	\$ <u>-</u>	\$ <u>52,864</u>	\$ <u>60,770</u>

**TOWN OF GROTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Contributions:					
Other revenue	\$	\$	\$	\$ 2,000	\$ 2,000
Investment income:					
Interest and dividends		28	1	724	753
Total additions	-	28	1	2,724	2,753
Deductions:					
Benefits		28	1,538	6,966	8,532
Change in Net Position	-	-	(1,537)	(4,242)	(5,779)
Net Position at Beginning of Year	2,279	5,627	1,537	57,106	66,549
Net Position at End of Year	\$ 2,279	\$ 5,627	\$ -	\$ 52,864	\$ 60,770

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Performance Bonds				
Assets:				
Cash	\$ 478,232	\$ 1,994	\$ 3,838	\$ 476,388
Liabilities:				
Due to contractors/developers	\$ 478,232	\$ 1,994	\$ 3,838	\$ 476,388
Student Activities				
Assets:				
Cash	\$ 249,069	\$ 311,613	\$ 278,597	\$ 282,085
Liabilities:				
Due to student groups	\$ 249,069	\$ 311,613	\$ 278,597	\$ 282,085
Fire District Tax Collections				
Assets:				
Cash	\$ 31,143	\$ 15,169,306	\$ 15,169,096	\$ 31,353
Liabilities:				
Due to fire districts	\$ 31,143	\$ 15,169,306	\$ 15,169,096	\$ 31,353
Total				
Assets:				
Cash	\$ 758,444	\$ 15,482,913	\$ 15,451,531	\$ 789,826
Liabilities:				
Due to contractors/developers	\$ 478,232	\$ 1,994	\$ 3,838	\$ 476,388
Due to student groups	249,069	311,613	278,597	282,085
Due to fire districts	31,143	15,169,306	15,169,096	31,353
Total Liabilities	\$ 758,444	\$ 15,482,913	\$ 15,451,531	\$ 789,826



Other Schedules

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Uncollected Taxes 7/1/2017	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2018
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2016	\$	\$ 88,529,605	\$ 218,419	\$ 923,007	\$ 367,190	\$ 87,457,827	\$ 86,440,702	\$ 262,565	\$ 4,319	\$ 86,707,586	\$ 1,017,125
2015	972,191		34,805	285,473	52,465	669,058	499,326	158,056	84,950	742,332	169,732
2014	287,027		82,341	19,457	20,464	329,447	206,872	88,600	49,892	345,364	122,575
2013	291,239		83	61	11,958	279,303	249,226	58,145	24,404	331,775	30,077
2012	71,256		16	62	7,710	63,500	49,356	37,193	13,259	99,808	14,144
2011	38,449			30	2,611	35,808	20,703	21,998	6,272	48,973	15,105
2010	51,457				1,294	50,163	41,459	23,619	2,119	67,197	8,704
2009	40,988				1,261	39,727	34,025	20,518	2,478	57,021	5,702
2008	38,954				1,229	37,725	29,372	16,523	3,010	48,905	8,353
2007	19,690				1,221	18,469	15,643	12,057	1,495	29,195	2,826
2006	3,284				992	2,292	631	3,274	1,014	4,919	1,661
2005	3,228				1,002	2,226	699	1,701	406	2,806	1,527
2004	2,000				680	1,320		1,070	579	1,649	1,320
2003	1,595				670	925		1,046	326	1,372	925
2002	1,265				674	591		687	344	1,031	591
	<u>\$ 1,822,623</u>	<u>\$ 88,529,605</u>	<u>\$ 335,664</u>	<u>\$ 1,228,090</u>	<u>\$ 471,421</u>	<u>\$ 88,988,381</u>	<u>\$ 87,588,014</u>	<u>\$ 707,052</u>	<u>\$ 194,867</u>	<u>\$ 88,489,933</u>	<u>\$ 1,400,367</u>

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 MUMFORD COVE DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Uncollected Taxes 7/1/2017	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2018	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2016	\$ 8	\$ 21,380	\$ 2	\$ 12	\$ -	\$ 21,370	\$ 21,161	\$ 74	\$ 4	\$ 21,235	\$ 209
2015				3		5	4	2		10	1
2013						-				-	-
2012						-				-	-
	<u>\$ 8</u>	<u>\$ 21,380</u>	<u>\$ 2</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ 21,375</u>	<u>\$ 21,165</u>	<u>\$ 76</u>	<u>\$ 4</u>	<u>\$ 21,245</u>	<u>\$ 210</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, 2018**

Grand List Year	Uncollected Taxes 7/1/2017	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2018	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2016	\$	\$ 641,560	\$ 1,607	\$ 6,279	\$ 287	\$ 636,601	\$ 634,214	\$ 2,575	\$ 18	\$ 636,807	\$ 2,387
2015	3,681		348	2,923	227	879	319	3,223	166	3,708	560
2014	1,104		334	200	128	1,110	909	1,601	353	2,863	201
2013	668			1	124	543	430	1,071	190	1,691	113
2012	319			1	13	305	238	713	6	957	67
2011	135				13	122	78	510	21	609	44
2010	152				17	135	74	418	15	507	61
2009	116				20	96	30	248	12	290	66
2008	66				19	47	15	131	8	154	32
2007	64				21	43	10	65		75	33
2006	63				18	45	18	105		123	27
2005	69				14	55	8	40		48	47
2004	53				22	31				-	31
2003	42				22	20				-	20
2002	41				22	19				-	19
	<u>\$ 6,573</u>	<u>\$ 641,560</u>	<u>\$ 2,289</u>	<u>\$ 9,404</u>	<u>\$ 967</u>	<u>\$ 640,051</u>	<u>\$ 636,343</u>	<u>\$ 10,700</u>	<u>\$ 789</u>	<u>\$ 647,832</u>	<u>\$ 3,708</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2018**

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 2014 (Rd Maint & Thames St)	2.0-4.0	4-16-2014	4-1-2034	\$ 8,945,000	\$ 7,045,000	\$	\$ 635,000	\$ 6,410,000	\$ 197,794
General Purpose Bond Issue of 2014 (Sr Center)	2.0-2.25	4-16-2014	4-1-2019	375,000	150,000		75,000	75,000	3,282
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2024	5,675,000	2,289,000		392,000	1,897,000	80,055
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	5,860,000		445,000	5,415,000	210,415
General Purpose Bond Issue of 2018 (Rd Maint)	3.0-5.0	4-18-2018	4-15-2028	6,690,000		6,690,000		6,690,000	
Sewer Refunding Issue of 2012	2.0-3.75	12-13-2011	10-15-2028	2,710,000	2,090,000		200,000	1,890,000	56,200
Sewer Refunding Issue of 2013	2.75-3.0	3-12-2013	10-1-2027	2,020,000	1,695,000		160,000	1,535,000	46,588
School Bond Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	10,630,000	7,621,000		968,000	6,653,000	274,557
School Bond Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	12,308,000	10,745,000		775,000	9,970,000	402,185
Total Bonded Debt					\$ 37,495,000	\$ 6,690,000	\$ 3,650,000	\$ 40,535,000	\$ 1,271,076

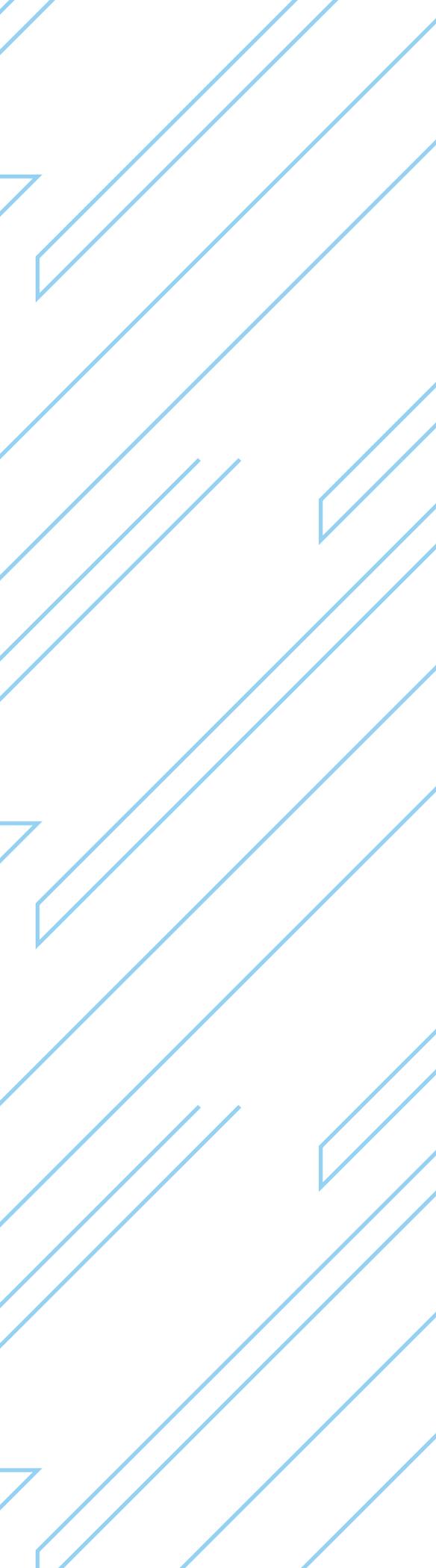
**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2017	Current Year	Balance June 30, 2018		
LOCIP Projects:						
Probate Office Modifications	\$ 25,000	\$ 18,375	\$	\$ 18,375	\$	\$ 6,625
Noank Dock	93,000		86,425	86,425	6,575	-
GC Improvement Plan	50,000	49,736	264	50,000		-
Mystic Streetscape Phase III	15,000			-		15,000
Police Station	279,000	8,820	241,510	250,330		28,670
GC Comfort Station	50,000			-		50,000
Sidewalk Midway	100,000	6,690		6,690	6,602	86,708
Town Hall Annex Boiler Replacement	65,000	64,354		64,354		646
New Sidewalk, Rt 1 Mystic	80,000		63,972	63,972	3,367	12,661
Intersection Claude Chester/Vergennes/Rt 1	118,000			-		118,000
Thomas Road Bikeway	138,000	29,187		29,187	995	107,818
Storage Area Network	100,000	97,800		97,800		2,200
Sidewalk/Curb Pearl St Noank	55,000		55,000	55,000		-
Police Station Improvements	168,000	160,464	303	160,767		7,233
Park Improv ADA Compliance	60,000	3,995		3,995		56,005
GC Site Improvements	50,000	48,677	1,310	49,987		13
FYE 2014 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	96,000	93,371	309	93,680		2,320
Drainage Improvement New Installation	23,000	13,706	1,170	14,876		8,124
Info Tech Acq-Network	76,845	74,570		74,570		2,275
Tech-Replace Radio Console System	640,000	586,260	53,740	640,000		-
Jabez Smith House	12,000	1,502		1,502		10,498
Park Improvement Plan	15,000	4,299	6,687	10,986		4,014
BOE-Energy Efficiency Measures	83,000	69,547		69,547		13,453
Noank Town Dock Area Improvements	20,000	14,193	5,807	20,000		-
Rec Facilities Improvement	50,000	47,350		47,350		2,650
FYE 2015 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	399,000	4,296	394,704	399,000		-
Sewer Line Infrastructure Repairs-WPCF	285,000	4,085		4,085		280,915
Groton Public Library	39,000	30,700		30,700		8,300
Thomas Road Sidewalk/Bikeway	191,000	1,482	78,929	80,411		110,589
Trail Improvement Plan	50,000	15,233	6,970	22,203		27,797
All Schools - Security	200,000	43,756		43,756		156,244
Vehicle Wash Facility	25,000	22,340		22,340		2,660
Spicer House P&R Office	45,000	21,530	18,636	40,166		4,834
Town Hall Complex	55,000	54,000	1,000	55,000		-

(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, 2018**

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2017	Current Year	Balance June 30, 2018		
FYE 2016 Capital Improvement Projects:						
School Design	\$ 75,000	\$ 75,000	\$	\$ 75,000	\$	-
LED Streetlights	28,000		24,896	24,896	334	2,770
Route 117 Sewers-GF/WPCF	70,000			-		70,000
Upgrade Radio Sys-Police	100,000	91,719	8,281	100,000		-
Replace UPS-Emer Comm Ctr	110,000	9,020		9,020	2,400	98,580
WPCF-Treatment Facility	1,106,000	655,922	379,419	1,035,341	70,659	-
Groton Public Library	445,000	217,233	56,271	273,504	158	171,338
WPCF-Pump Stations	213,000	159,310	325	159,635	33,365	20,000
Town Hall Complex	475,000	397,152	250	397,402		77,598
Info Tech Acq SW Systems	380,400	200,747	52,315	253,062	17,559	109,779
Park Improv-ADA Compliance	60,000	17,268	22,032	39,300		20,700
South Road Sewers-GF/WPCF	30,000			-		30,000
Traffic Signal Rep/Upgrade	213,000	120,912	17,540	138,452		74,548
BOE-Asbestos Tile Removal	845,000	326,506		326,506		518,494
FYE 2017 Capital Improvement Projects:						
WPCF-Treatment Facility	551,000		16,880	16,880	5,650	528,470
WPCF-Pump Stations	549,000		28,093	28,093	9,400	511,507
Town Hall Complex	350,000	41,034	306,286	347,320	678	2,002
LOTICIP Roads & Intersections	160,000	26,400	40,071	66,471	58,226	35,303
Mystic Streetscapes Ph 3	15,000			-		15,000
Leased Buildings	35,000	4,626	29,511	34,137		863
Dispatch Work Station Replacement	35,000	14,984	20,016	35,000		-
Mktg Excess Town Property	15,000	3,153	10,967	14,120		880
Sewer Line Infrastructure Repairs-WPCF	51,000	23,762	5,717	29,479	2,161	19,360
Noank Town Dock Area Improvements	43,500		35,988	35,988	2,163	5,349
Crystal Lake/Military Hwy Intersection	120,000		105,796	105,796		14,204
FYE 2018 Capital Improvement Projects:						
Golf Course Facilities	30,000			-		30,000
Crystal Lake/Military Hwy Intersection	116,121		116,121	116,121		-
Sewer Line Infrastructure Repairs-WPCF	50,000			-		50,000
Sidewalk - Thomas Rd Bikeway	275,000		17,390	17,390		257,610
Info Tech Acq SW Systems	658,000			-		658,000
Culvert Rehabilitation	25,000			-		25,000
Fuel Tank Replacement	45,000		7,000	7,000	25,000	13,000
Variable Message Display	20,000		20,000	20,000		-
WPCF-Treatment Facility	668,000		38	38	76,741	591,221
WPCF-Pump Stations	651,000		37	37	105,635	545,328
Town Hall Complex	375,000		230,320	230,320	108,768	35,912
Natural Gas Conversion	75,000		21,781	21,781	8,219	45,000
Leased Buildings	40,000			-	19,995	20,005
Other Projects:						
Mystic Streetscapes Improvements	1,226,000	637,901		637,901		588,099
Mystic Streetscapes Utility Reloc	118,276	138,030		138,030		(19,754)
Mystic Streetscapes Demand Deposit	1,224,174	231,402		231,402		992,772
Mystic Streetscapes Construction (TCSP)	849,311	912,144		912,144		(62,833)
Mystic Streetscapes Construction (ARRA)	3,561,200	3,430,138		3,430,138		131,062
Mystic Streetscapes Phase 2	22,523	85,257		85,257		(62,734)
Total	\$ 19,855,350	\$ 9,409,938	\$ 2,590,077	\$ 12,000,015	\$ 564,650	\$ 7,290,685



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									
	2009	2010	2011	2012	2013	2014 (2)	2015	2016	2017 (3)	2018
Governmental Activities:										
Net investment in capital assets	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570	\$ 155,538,608	\$ 161,736,383	\$ 154,930,034	\$ 159,430,245	\$ 162,347,720	\$ 164,500,510	\$ 160,357,068
Restricted	329,493	329,493	325,935	247,543	336,163	338,581	347,495	340,967	333,424	339,348
Unrestricted	<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>27,268,797</u>	<u>23,007,408</u>	<u>17,012,268</u>	<u>(30,030,306)</u>	<u>(20,577,444)</u>
Total Governmental Activities										
Net Position	<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>\$ 182,537,412</u>	<u>\$ 182,785,148</u>	<u>\$ 179,700,955</u>	<u>\$ 134,803,628</u>	<u>\$ 140,118,972</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

(2) Restated for GASB 68

(3) Restated for GASB 75

**TOWN OF GROTON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)**

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental activities:										
General government/services	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840	\$ 9,060,730	\$ 8,529,609	\$ 8,691,422	\$ 8,337,626	\$ 10,821,540	\$ 8,042,247	\$ 8,960,439
Public safety	11,309,083	11,561,486	11,270,325	12,370,594	12,295,551	12,501,644	12,789,334	12,712,112	14,090,590	13,259,508
Public works	13,803,509	13,719,457	11,857,453	17,351,740	13,628,816	13,377,760	12,342,955	11,171,462	12,658,004	12,805,514
Planning and development	1,676,990	1,782,280	1,576,259	1,640,918	1,830,563	1,716,137	1,570,770	1,844,956	2,035,174	1,990,801
Human services	2,329,037	2,602,544	2,861,366	2,743,285	2,715,295	2,759,569	3,180,545	4,489,168	4,049,046	4,322,148
Community services	7,237,528	7,202,408	7,031,916	6,797,684	7,107,094	7,563,406	7,450,944	7,846,378	6,850,753	6,194,652
Board of Education	84,256,384	86,698,278	84,644,995	87,768,560	89,023,978	90,079,021	89,228,450	90,277,870	100,289,882	101,768,169
Sewer operations	4,426,909	4,458,483	4,550,117	4,925,362	5,863,816	5,780,402	5,653,724	5,838,562	5,652,542	6,050,701
Solid waste management	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559	1,613,576	1,590,816
Interest on long-term debt	2,388,266	1,821,202	2,226,005	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896	1,463,234	1,304,961
Total governmental activities expenses	136,779,723	140,217,289	136,607,803	147,585,504	144,504,875	146,685,527	144,391,508	148,228,503	156,745,048	158,247,709
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,106,270	1,071,530	1,053,881	1,003,874	1,158,126	1,351,390	1,512,226	1,299,150	1,762,441	1,579,665
Public safety	82,126	141,692	316,817	653,758	398,165	346,820	231,852	152,122	416,583	364,315
Public works	243,104	571,102	584,879	672,005	745,253	807,774	654,007	595,574	464,321	188,827
Planning and development	224,149	197,516	205,591	166,196	159,644	301,056	334,146	421,811	285,835	11,839
Health and human services	6,263	189,290	252,668	141,195	135,357	136,358	278,018	78,964	168,992	60,465
Community services	1,829,784	1,952,166	1,988,062	2,094,870	2,010,172	2,185,314	2,332,015	2,405,872	2,342,306	2,185,130
Education	1,207,114	1,052,259	1,013,632	1,060,826	1,042,262	1,066,571	959,511	1,027,754	1,086,729	1,075,491
Sewer system maintenance	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143	6,074,091	6,283,486
Solid waste management	2,839,702	2,729,052	2,799,026	2,489,314	2,411,917	2,351,710	2,201,040	1,791,595	1,553,358	1,531,088
Operating grants and contributions	44,123,462	42,740,303	43,753,008	45,276,670	43,653,893	47,200,162	45,952,894	46,302,479	52,017,815	55,681,310
Capital grants and contributions	5,624,084	2,758,010	3,762,656	6,163,449	3,667,168	1,807,869	783,148	702,498	706,509	1,864,558
Total governmental activities program revenues	62,626,018	58,892,897	61,120,850	64,762,745	60,673,209	63,313,295	61,035,444	60,783,962	66,878,980	70,826,174
Net Expenses	(74,153,705)	(81,324,392)	(75,486,953)	(82,822,759)	(83,831,666)	(83,372,232)	(83,356,064)	(87,444,541)	(89,866,068)	(87,421,535)
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	72,729,198	75,989,758	79,309,946	79,097,987	81,627,072	82,290,623	79,210,399	80,725,773	82,864,039	88,753,308
Payments in lieu of taxes	4,391,044	3,291,461	1,946,018	1,622,860	1,479,465	1,454,422	1,350,490	986,196	1,011,019	605,607
Grants and contributions not restricted to specific programs	3,357,808	2,252,493	2,595,727	3,848,708	4,144,285	129,179	2,873,504	2,499,693	1,517,211	2,217,558
Unrestricted investment earnings	897,313	280,825	242,222	129,036	126,718		143,093	148,535	240,806	509,867
Miscellaneous revenue							26,314	151	148,332	650,539
Total governmental activities	81,375,363	81,814,537	84,093,913	84,698,591	87,377,540	86,475,964	83,603,800	84,360,348	85,781,407	92,736,879
Change in Net Position	\$ 7,221,658	\$ 490,145	\$ 8,606,960	\$ 1,875,832	\$ 3,545,874	\$ 3,103,732	\$ 247,736	\$ (3,084,193)	\$ (4,084,661)	\$ 5,315,344

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund:										
Committed	\$	\$	\$	\$	\$	\$ 2,700,000	\$ 2,700,000	\$ 666,693	\$ 481,258	\$
Assigned			3,029,419	3,325,543	3,003,114	4,346,530	4,556,108	2,026,112	1,889,794	1,420,789
Unassigned			10,160,823	9,421,348	11,617,470	11,442,314	9,510,492	10,097,227	11,457,895	18,888,114
Reserved	3,289,619	2,139,367								
Designated for subsequent year budget	2,013,725	932,201								
Unreserved/undesignated	<u>10,489,614</u>	<u>8,829,424</u>								
Total General Fund	\$ <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>	\$ <u>16,766,600</u>	\$ <u>12,790,032</u>	\$ <u>13,828,947</u>	\$ <u>20,308,903</u>
All other governmental funds:										
Nonspendable	\$	\$	\$ 334,039	\$ 261,566	\$ 268,278	\$ 256,543	\$ 248,803	\$ 252,753	\$ 251,637	\$ 250,279
Restricted			8,111,208	7,636,668	7,909,457	14,297,309	10,770,323	10,246,352	6,804,065	10,228,832
Committed			10,615,517	8,799,862	6,266,751	6,213,171	5,424,407	5,568,197	5,855,884	5,606,256
Unassigned			(1,608,609)	(250,479)	(250,281)				(49,486)	(452,056)
Reserved	10,698,121	2,926,867								
Unreserved, reported in:										
Special revenue funds	6,197,942	8,276,135								
Capital projects funds	(1,108,119)	4,344,029								
Debt service funds	3,093,238	3,261,289								
Permanent fund	<u>41,970</u>	<u>53,797</u>								
Total All Other Governmental Funds	\$ <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>	\$ <u>16,443,533</u>	\$ <u>16,067,302</u>	\$ <u>12,862,100</u>	\$ <u>15,633,311</u>

The Town began to report new fund balance categories when it implemented GASB 54 in fiscal year 2011.

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes, interest and lien fees	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549	\$ 78,391,217	\$ 82,339,630	\$ 82,526,804	\$ 79,238,570	\$ 80,676,749	\$ 83,824,932	\$ 88,942,127
Assessments	20,255	12,627	16,462	28,252	4,375	7,999	59,972	13,393	42,119	5,374
Licenses and permits	229,903	203,543	219,643	172,551	175,081	317,422	342,131	434,229	303,096	381,024
Intergovernmental - state	48,749,945	39,191,914	39,474,358	47,119,568	46,511,395	46,617,234	43,814,938	44,422,970	50,146,722	53,100,799
Intergovernmental - federal	8,133,140	9,103,956	208,221	117,160	107,531	115,560	126,196	127,189	220,140	487,258
Interest on investments	768,421	246,096	9,697,162	7,288,202	5,804,355	5,905,398	6,373,371	5,136,168	4,961,642	6,265,832
Charges for current services	3,641,867	3,988,455	4,194,482	4,749,468	4,554,660	4,743,472	4,922,677	4,647,691	5,219,590	4,810,232
Schools, library and recreation fees	455,396	433,701	383,922	328,918	338,553	313,187	260,937	293,474	282,921	222,374
Sewer use charges	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143	6,074,091	6,283,486
Solid waste management charges	2,839,702	2,669,731	2,658,222	2,489,102	2,411,917	2,287,817	2,201,040	1,507,441	1,553,358	1,531,088
Other revenue	1,211,107	1,195,308	1,573,575	1,465,363	1,118,262	1,331,789	1,311,473	1,871,966	1,458,743	2,037,098
Total revenues	143,965,810	138,109,562	142,948,226	147,190,389	148,657,011	149,924,953	144,447,892	145,137,413	154,087,354	164,066,692
Expenditures:										
Current:										
General government	1,299,574	1,286,088	1,436,011	1,581,682	1,266,793	1,068,673	1,384,263	1,629,681	1,513,910	1,027,494
General services	4,589,704	4,624,308	4,397,592	4,319,947	4,315,863	4,482,277	4,475,963	4,307,726	4,289,828	4,428,036
Public safety	6,563,875	6,607,236	6,619,886	7,143,513	6,882,693	6,847,447	6,826,320	6,798,575	6,854,164	7,055,011
Public works	7,763,799	7,440,674	6,859,332	6,146,907	6,293,359	6,411,003	6,466,672	6,201,908	5,824,089	5,868,134
Planning and development	1,209,680	1,259,708	1,107,830	1,103,737	1,201,607	1,105,233	1,021,024	1,238,980	1,230,650	1,394,682
Health and human services	726,667	880,991	993,098	841,222	748,171	834,766	1,186,125	1,431,937	1,129,009	1,607,690
Community services	6,098,640	5,963,974	5,983,961	5,501,721	5,506,737	5,890,493	5,910,146	5,699,342	5,566,051	5,563,302
Education	80,526,482	84,009,416	83,941,123	85,613,686	85,311,379	86,821,236	86,519,344	89,075,467	96,601,412	99,772,148
Subdivisions	5,092,447	4,964,012	4,740,354	4,883,336	5,228,234	5,212,930	5,045,084	4,192,898	4,897,090	5,588,096
Sewer operations	3,771,722	3,949,168	3,961,145	4,274,215	4,354,333	4,343,233	4,290,302	4,406,312	4,331,286	4,564,077
Solid waste management	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559	1,613,576	1,590,816
Nondepartmental (1)	5,954,633	6,518,577	7,999,321	8,743,450	8,589,044	8,743,450	8,850,191	9,283,830	9,136,274	8,257,824
Outside agencies (2)	1,782,982	2,202,051	2,317,827	2,391,992	2,351,809	2,331,064	2,368,305	2,373,697	2,106,756	1,963,254
Debt service interest	4,130,000	4,010,000	4,769,581	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896	1,463,234	1,304,961
Debt service principal	1,990,252	2,145,073	2,267,103	5,192,925	4,642,857	3,623,883	4,785,687	4,763,414	4,752,228	4,377,435
Capital outlay	17,636,449	13,550,410	3,039,247	6,336,975	8,896,614	7,081,129	7,158,401	4,942,546	5,439,175	6,894,643
Total expenditures	151,523,573	151,781,176	143,068,938	148,847,533	149,254,052	149,119,724	150,558,626	149,425,212	155,798,911	161,257,603
Excess (Deficiency) of Revenues over Expenditures	(7,557,763)	(13,671,614)	(120,712)	(1,657,144)	(597,041)	805,229	(6,110,734)	(4,287,799)	(1,711,557)	2,809,089
Other Financing Sources (Uses):										
Proceeds of bonds	7,550,000	9,675,000				9,320,000				6,690,000
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	3,378,880	4,683,422	4,784,137	4,094,412	5,350,360	3,777,844	4,737,718	4,421,441	1,825,029	2,563,875
Operating transfers out	(3,378,880)	(4,683,422)	(4,784,137)	(4,094,412)	(5,350,360)	(3,777,844)	(4,672,718)	(4,486,441)	(2,279,759)	(2,811,797)
Total other financing sources (uses)	20,414,411	9,718,613	-	209,255	217,322	9,635,849	65,000	(65,000)	(454,730)	6,442,078
Net Change in Fund Balances	12,856,648	(3,953,001)	(120,712)	(1,447,889)	(379,719)	10,441,078	(6,045,734)	(4,352,799)	(2,166,287)	9,251,167
Fund Balance at Beginning of Year	21,859,462	34,716,110	30,763,109	30,642,397	29,194,508	28,814,789	39,255,867	33,210,133	28,857,334	26,691,047
Fund Balance at End of Year	\$ 34,716,110	\$ 30,763,109	\$ 30,642,397	\$ 29,194,508	\$ 28,814,789	\$ 39,255,867	\$ 33,210,133	\$ 28,857,334	\$ 26,691,047	\$ 35,942,214
Debt Service as a Percentage to Noncapital Expenditures	4.58%	4.47%	5.08%	5.33%	4.26%	4.01%	4.58%	4.46%	4.14%	3.68%

(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
 LAST TEN FISCAL YEARS
 (In Thousands)**

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								
2009	\$ 2,059,143	\$ 1,110,085	\$ 191,697	\$ 560,878	\$ 847,697	\$ 229,543	\$ 3,692,260	\$ 19.27	\$ 5,274,658	70.0 %
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,867,672	70.0 %
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,862,761	70.0 %
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,872,289	70.0 %
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	5,510,519	70.0 %
2015	2,260,934	1,174,250	221,200	446,431	990,958	205,212	3,897,603	20.13	5,568,004	70.0 %
2016	2,264,812	1,094,956	223,311	443,907	996,132	218,335	3,808,651	20.95	5,440,930	70.0 %
2017	2,277,608	1,086,145	221,983	412,078	987,271	208,274	3,789,539	21.73	5,413,627	70.0 %
2018	2,120,973	1,129,692	223,491	445,161	1,319,882	213,796	3,705,521	23.63	5,293,601	70.0 %

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.

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

Taxpayer	Nature of Business	2018			2009		
		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	\$ 356,689	1	9.7%	\$ 614,478	1	16.6%
Electric Boat Corp.	Submarine Mfg./R&D	281,815	2	7.6%	184,902	2	5.0%
Ledges Groton #199Y LP	Ledges Apartments	27,846	3	0.6%	18,598	4	0.5%
Exit 88 Hotel LLC	Mystic Marriott Hotel	20,001	4	0.4%	27,054	3	0.7%
Groton Devel Assoc Ltd	Country Glen Apartments	19,921	5	0.5%	16,250	5	0.4%
CW Groton Square LLC	Groton Square Shopping Center	18,480	6	0.5%	15,964	6	0.4%
ELK La Triumphe LLC	LaTriumphe Apartments	16,267	7	0.4%	13,836	7	0.4%
Winterfell Windham Falls	Windham Falls Elderly Apts	14,886	8	0.3%			
3GJD LLC Etal	Groton Shoppers Mart	14,864	9	0.3%			
Branford Manor Assoc	Branford Manor Apartments	13,300	10	0.3%	8,314	9	0.2%
Groton Estates LLC	Colonial Manor Apartments				10,083	8	0.3%
Cedar Groton LLC	Shopping Center				8,956	10	0.2%
		<u>\$ 784,069</u>		<u>20.5%</u>	<u>\$ 918,435</u>		<u>24.7%</u>

TABLE 7

**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	Percentage Uncollected		Amount *	Percentage of Levy	Percentage Uncollected
2009	\$ 71,554	\$ 459	\$ 72,013	\$ 70,215	\$ 97.50%	2.50%	\$ 1,798	\$ 72,013	100.00%	0.00%
2010	73,703	1,381	75,084	72,295	96.29%	3.71%	2,789	75,084	100.00%	0.00%
2011	76,226	91	76,317	74,842	98.07%	1.93%	1,475	76,317	100.00%	0.00%
2012	77,465	458	77,923	75,868	97.36%	2.64%	2,055	77,923	100.00%	0.00%
2013	80,232		80,232	78,991	98.45%	1.55%	930	79,921	99.61%	0.39%
2014	80,265		80,265	79,198	98.67%	1.33%	834	80,032	99.71%	0.29%
2015	78,060		78,060	76,900	98.51%	1.49%	669	77,569	99.37%	0.63%
2016	79,533		79,533	78,407	98.58%	1.42%	n/a	78,407	98.58%	1.42%
2017	82,404		82,404	81,432	98.82%	1.18%	n/a	81,432	98.82%	1.18%
2018	87,457		87,457	86,440	98.84%	1.16%	n/a	86,440	98.84%	1.16%

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 District Total Direct Rate	Mystic Fire District	Mystic Fire District Total Direct Rate	Noank Fire District	Noank Fire District Total Direct Rate	Old Mystic Fire District	Old Mystic Fire District Total Direct Rate	Groton Long Point Association	Groton Long Point Association Total Direct Rate
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
2015	20.13	0.250	4.822	24.952	5.900	26.280	2.310	22.690	1.390	21.770	2.800	23.180	2.795	23.175
2016	20.95	0.250	5.868	26.818	6.050	27.250	2.290	23.490	1.390	22.590	2.900	24.100	2.995	24.195
2017	21.73	0.250	5.432	27.162	6.350	28.330	2.310	24.290	1.490	23.470	2.950	24.930	2.994	24.974
2018	23.63	0.270	5.220	28.850	5.730	29.630	2.290	26.190	1.490	25.390	2.950	26.850	3.710	27.610

Fiscal Year	Basic Rate	Groton Sewer District	Center Groton Fire District	Center Groton Total Direct Rate	West Pleasant Valley Fire District	West Pleasant Valley Fire District Total Direct Rate	Mumford Cove District	Mumford Cove Total Direct Rate	First Taxing District	First Taxing District Total Direct Rate	Second Taxing District	Second Taxing District Total Direct Tax
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
2015	20.13	0.250	3.500	23.880	3.400	23.780	0.305	20.685	N/A	N/A	N/A	N/A
2016	20.95	0.250	3.500	24.700	3.760	24.960	0.309	21.509	N/A	N/A	N/A	N/A
2017	21.73	0.250	3.500	25.480	3.800	25.780	0.310	22.290	N/A	N/A	N/A	N/A
2018	23.63	0.270	3.500	27.400	3.500	27.400	0.340	24.240	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
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt			Total Primary Government	Debt as a Percentage of Actual Taxable Value of Property (1)	Debt Per Capita
	General Obligation Bonds	Other Bonds	Unamortized Premiums			
2009	\$ 42,555,000	\$ 7,180,000	\$	\$ 49,735,000	1.3%	\$ 1,175
2010	48,985,000	6,415,000		55,400,000	1.3%	1,416
2011	45,700,000	5,890,000		51,590,000	1.3%	1,305
2012	42,340,000	5,650,000	1,263,009	49,253,009	1.2%	1,196
2013	38,580,000	5,195,000	3,488,824	47,263,824	1.2%	1,093
2014	44,835,000	4,880,000	3,456,276	53,171,276	1.4%	1,249
2015	41,090,000	4,520,000	3,233,203	48,843,203	1.3%	1,146
2016	37,390,000	4,150,000	3,010,131	44,550,131	1.2%	1,048
2017	33,710,000	3,785,000	2,787,058	40,282,058	1.1%	1,026
2018	37,110,000	3,425,000	2,958,427	43,493,427	1.2%	1,113

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

**TOWN OF GROTON, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt					Total Primary Government	Debt as a Percentage of Personal Income (1)	Debt Per Capita
	General Obligation Bonds	Other Bonds	Unamortized Premiums	Clean Water Fund Loans	Capital Leases			
2009	\$ 42,555,000	\$ 7,180,000	\$	\$ 12,864,411	\$	\$ 62,599,411	5.34%	\$ 1,175
2010	48,985,000	6,415,000		12,864,411	45,057	68,309,468	6.43%	1,416
2011	45,700,000	5,890,000		11,904,830	25,832	63,520,662	5.93%	1,305
2012	42,340,000	5,650,000	1,263,009	10,665,325	11,876	59,930,210	3.82%	1,196
2013	38,580,000	5,195,000	3,488,821	10,052,962	4,013	57,320,796	3.49%	1,093
2014	44,835,000	4,880,000	3,456,276	9,440,599	126,439	62,738,314	3.91%	1,249
2015	41,090,000	4,520,000	3,233,203	8,828,236	101,765	57,773,204	3.68%	1,146
2016	37,390,000	4,150,000	3,010,131	8,215,873	75,830	52,841,834	3.35%	1,048
2017	33,710,000	3,785,000	2,787,058	7,603,509	48,569	47,934,136	3.43%	1,221
2018	37,110,000	3,425,000	2,958,427	6,991,146	19,914	50,504,487	3.61%	1,293

(1) 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, 2018**

Tax Base:		
Total tax collections (including interest and lien fees)	\$	83,050,787
Total tax collections (including interest and lien fees) of coterminous municipalities		14,891,622
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u>97,944,409</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	\$ 220,374,920	\$	\$	\$	\$
4 1/2 times base		440,749,841			
3 3/4 times base			367,291,534		
3 1/4 times base				318,319,329	
3 times base					293,833,227
Total limitations	<u>220,374,920</u>	<u>440,749,841</u>	<u>367,291,534</u>	<u>318,319,329</u>	<u>293,833,227</u>
Indebtedness:					
Bonds outstanding	20,487,000	16,623,000	3,425,000		
Clean Water Fund Loans Authorized and unissued	3,221		6,991,146		
Underlying debt:					
Bonds and serial notes Authorized and unissued	4,164,010 906,189		6,333,000		
Total indebtedness	<u>25,560,420</u>	<u>16,623,000</u>	<u>16,749,146</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>194,814,500</u>	\$ <u>424,126,841</u>	\$ <u>350,542,388</u>	\$ <u>318,319,329</u>	\$ <u>293,833,227</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 58,932,566

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 685,610,863

(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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064	\$ 669,870	\$ 648,611	\$ 668,181	\$ 685,611
Total net debt applicable to limit	74,920	84,069	68,618	58,276	56,413	67,524	62,943	60,676	66,344	58,933
Legal Debt Margin	\$ 487,544	\$ 597,669	\$ 673,810	\$ 585,189	\$ 581,066	\$ 601,540	\$ 606,927	\$ 587,935	\$ 601,837	\$ 626,678
Total net debt applicable to the limit as a percentage of debt limit	13.32%	12.33%	9.24%	9.06%	8.85%	10.09%	9.40%	9.35%	9.93%	8.60%

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 2018 debt limit can be found on Table 10.

**TOWN OF GROTON, CONNECTICUT
CALCULATION OF DIRECT DEBT AND CURRENT DEBT RATIOS
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Governmental Activities									Total Overall Debt (1)	Direct Debt Per Capita	Net Direct Debt Per Capita	Overall Net Debt Per Capita	Net Taxable Grand List (2)	Direct Debt to Net Taxable G/L	Net Direct Debt to Net Taxable G/L	Overall Total Debt to Net Taxable G/L
		General Fund Bonds	Other Bonds	Clean Water Fund Loans	Notes Payable	Capital Leases	Total Direct Debt	State Grants Receivable	Self-supporting Sewer Debt (CWF Loans)	Net Direct Debt								
2009	39,167	\$42,555,000	\$ 7,180,000	\$12,864,411	\$ 5,365,000	\$ -	\$ 67,964,411	\$ 224,606	\$ 12,864,411	\$ 54,875,394	\$ 62,333,845	1,735	1,401	1,591	\$ 3,692,260,000	1.84%	1.49%	1.69%
2010	39,551	48,985,000	6,415,000	12,864,411	3,040,000	45,057	71,349,468	110,542	12,864,411	58,374,515	66,107,148	1,804	1,476	1,671	4,107,371,000	1.74%	1.42%	1.61%
2011	40,125	45,700,000	5,890,000	11,904,830	3,210,000	25,832	66,730,662	54,869	11,904,830	54,770,963	61,221,569	1,663	1,365	1,526	4,103,933,000	1.63%	1.33%	1.49%
2012	40,038	42,340,000	5,650,000	10,665,325	-	11,876	58,667,201	-	10,665,325	48,001,876	53,509,632	1,465	1,199	1,336	4,110,602,000	1.43%	1.17%	1.30%
2013	39,896	38,580,000	5,195,000	10,052,962	-	4,013	53,831,975	-	10,052,962	43,779,013	51,709,741	1,349	1,097	1,296	3,938,277,000	1.37%	1.11%	1.31%
2014	40,176	44,835,000	4,880,000	9,440,599	-	126,439	59,282,038	-	9,440,599	49,841,439	56,648,750	1,476	1,241	1,410	3,857,363,000	1.54%	1.29%	1.47%
2015	40,167	41,090,000	4,520,000	8,828,236	-	101,765	54,540,001	-	8,828,236	45,711,765	52,183,835	1,358	1,138	1,299	3,897,603,000	1.40%	1.17%	1.34%
2016	39,692	37,390,000	4,150,000	8,215,873	-	75,830	49,831,703	-	8,215,873	41,615,830	47,401,767	1,255	1,048	1,194	3,808,651,000	1.31%	1.09%	1.24%
2017	39,261	33,710,000	3,785,000	7,603,510	-	48,569	45,147,079	-	7,603,510	37,543,569	42,688,460	1,150	956	1,087	3,789,539,000	1.19%	0.99%	1.13%
2018	39,075	37,110,000	3,425,000	6,991,146	-	21,308	47,547,454	58,300	6,991,146	40,498,008	50,995,018	1,217	1,036	1,305	3,715,881,000	1.28%	1.09%	1.37%

(1) Includes net Underlying Debt related to the the various taxing districts.

(2) Gross taxable Grand List for FY 17 is \$3,715,881,412

Note: Data is presented in accordance with the Town's continuing disclosure agreement.

**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)
2009	39,167	\$ 861,752	\$ 22,002	30.5	86.4%	5,133	8.5%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	8.5%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	8.4%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.2%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	7.7%
2014	40,176	1,243,126	30,942	33.2	92.2%	4,657	6.2%
2015	40,167	1,212,401	30,184	33.2	92.4%	4,565	5.2%
2016	39,692	1,241,169	31,270	32.4	93.6%	4,519	5.3%
2017	39,261	1,399,184	35,638	34.0	94.8%	4,461	4.3%
2018	39,075	1,399,276	35,810	34.0	94.3%	4,381	4.1%

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

TABLE 15

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

Name	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Electric Boat Corporation	Submarine Mfg/R&D	8,189	1	30.7%	8,352	2	27.8%
U.S. Navy Submarine Base	Military Base	7,800	2	29.2%	10,150	1	33.8%
Pfizer, Inc.	Pharmaceutical	5,660	3	21.2%	3,952	3	13.2%
Town of Groton	Municipality	1,022	4	3.8%	952	4	3.2%
Theater Aviation (2)	Helicopter repair	588	5	2.2%	425	5	1.4%
PCC Structurals (1)	Manufacturer	286	6	1.1%	170	8	0.6%
Fairview Retirement Community	Senior Living	227	7	0.8%			0.0%
City of Groton	Municipality	210	8	0.8%	242	6	0.8%
Mystic Marriott	Hotel/Conference Center	153	9	0.6%	219	7	0.7%
Doncasters Precision Castings	Manufacturer	197	10	0.7%			0.0%
Pequot Medical Center	Hospital			0.0%	121	9	0.4%
Zachary Engineering	Engineering/Design			0.0%	115	10	0.4%
		<u>24,332</u>		<u>91.1%</u>	<u>24,698</u>		<u>82.2%</u>

(1) Formerly known as Wyman Gordon Company

(2) Formerly known as AVCRAD

Source: Telephone survey

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	54.00	53.00	51.00	48.00	49.00	49.00	49.00	49.00	46.00	47.00
Public safety	77.00	75.00	74.00	72.00	72.00	72.00	72.00	73.00	73.00	73.00
Public works	58.25	57.25	56.25	52.25	52.25	52.25	52.25	52.25	48.25	46.25
Planning and development	18.00	18.00	17.00	16.00	16.00	16.00	14.00	14.00	14.00	14.00
Human services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	43.00	43.00	42.50	40.50	40.75	40.50	40.75	40.75	39.75	39.75
Golf course	7.00	7.00	6.50	6.50	6.25	6.50	6.25	6.25	6.25	6.25
Sewer system maintenance	17.75	17.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75	19.75
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	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	289.00	284.00	279.00	267.00	268.00	534.00	266.00	267.00	259.00	259.00
Board of Education	665.00	667.00	665.00	683.00	683.00	641.00	733.00	758.00	817.00	764.00
Total	954.00	951.00	944.00	950.00	951.00	1,175.00	999.00	1,025.00	1,076.00	1,023.00

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Government</u>										
Marriages and civil unions of residents	488	515	540	464	495	544	498	507	460	301
Births to Groton residents	565	554	545	419	556	569	528	526	483	462
	402	408	374	338	418	382	378	401	423	392
<u>Boards and Agencies</u>										
Registered voters	19,559	22,901	19,524	20,138	19,082	17,600	17,640	18,677	18,905	19,023
Elections and referenda	1	1	3	2	1	2	2	2	2	3
<u>Planning and Development</u>										
Building permits issued	1,359	1,388	1,267	1,355	1,300	1,347	1,403	1,458	1,416	1,540
Building inspections conducted	4,600	4,000	3,500	3,100	3,000	3,300	3,500	3,900	3,400	3,600
Value of building permits	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056	\$ 15,235,881	\$ 14,676,632	\$ 26,771,903	\$ 28,906,319	\$ 39,767,943	\$ 27,737,183	\$ 39,911,213
<u>Public Safety</u>										
Arrests	1,016	1,112	883	755	1,555	1,376	1,135	1,055	955	996
Parking violations	313	198	228	244	263	282	50	27	41	80
Traffic violations	7,028	5,526	4,598	5,857	7,872	8,295	5,237	4,963	3,360	5,350
<u>Public Works</u>										
Street resurfacing (in miles)	1.20	1.59	2.29	3.25	3.18	3.45	3.24	3.64	2.40	1.60
Number of snow and ice control callouts	19	17	18	6	16	21	24	9	12	15
Miles of roads maintained (excludes GLP in 2006)	92.85	93.40	93.40	95.21	95.21	95.21	95.21	95.84	95.84	95.84
<u>Parks and Recreation</u>										
Athletic field permits issued	330	240	137	86	89	106	158	105	135	131
Summer season programs	201	197	197	201	186	161	160	130	158	234
Indoor season programs	640	706	719	537	398	453	461	446	463	459
Acres of grounds maintained	1,726	1,726	1,726	143	150	150	155	155	155	155
<u>Public Libraries</u>										
Volumes in collection	140,875	141,527	147,146	144,416	144,199	146,616	150,297	151,781	156,425	163,460
Items circulated	372,993	367,159	381,769	368,587	354,923	354,683	336,680	320,460	287,571	298,349
<u>Senior Center</u>										
Meals on wheels provided	23,800	17,888	16,756	16,270	14,935	12,500	23,399	n/a *	n/a *	n/a *
Kitchen meals served	n/a	n/a	n/a	n/a	15,689	18,919	20,507	20,791	16,313	14,171
Senior mini-bus trips	60	53	27	35	31	49	33	47	31	44
<u>Human Services</u>										
Households provided energy assistance	1,650	1,660	1,660	1,660	1,670	1,675	1,700	1,750	1,775	1,775
Households utilizing Groton Food Locker	4,500	4,600	4,600	4,600	4,600	4,600	4,650	4,700	4,725	4,725
Households receiving rent assistance	1,850	1,860	1,860	1,875	1,800	1,900	1,950	1,975	2,000	2,000
<u>Education</u>										
Elementary schools	7	7	7	7	7	7	7	7	6	6
Middle schools	3	3	3	3	2	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	135.3	135.3	136.3	136.3	136.3	136.3	136.3	136.5	136.1	136.1

Source(s): Various Town Departments

N/A Information not available

* This is now outsourced

TABLE 18

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

	FISCAL YEAR									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	46	45	45	45	43	43	43	41	41	41
<u>Public Works</u>										
Miles of town streets	99.88	100.43	93.4	95.21	95.21	95.21	95.21	95.84	95.84	95.84
Streetlights	1,325	1,337	1,339	1,339	1,371	1,330	1,330	1,330	1,373	1,373
Public works vehicles	203	197	197	197	197	198	198	196	196	196
<u>Parks and Recreation</u>										
Acreage	1,018	1,019	1,019	1,237	1,266	1270.8	1276.8	1276.8	1276.8	1276.8
Parks	33	53	53	53	54	55	57	57	57	57
<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
Senior mini-buses	5	5	5	6	6	6	6	6	6	6
<u>Education</u>										
Schools	11	11	11	11	11	11	11	10	9	9
<u>Sewer</u>										
Sanitary sewers (miles)	135.3	135.3	136.3	136.3	136.3	136.3	136.3	136.5	136.1	136.1
Treatment capacity (thousands of gallons)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Source(s): Various Town Departments