

TOWN OF GROTON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2009

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**The Fiscal Year Ended
June 30, 2009**

Prepared By:

The Finance Department

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Introductory Section



TOWN OF GROTON

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December 2, 2009

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, 2009.

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, 2009, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2009, 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

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

Profile of the Government:

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

Within the Town of Groton there are two political subdivisions, the City of Groton (City) and Groton Long Point Association (GLPA). In addition, there are seven (7) special taxing districts within the Town. For the political subdivisions, the Town funds their public works budgets (City: 94% and GLPA: 100%) and their public safety budgets (City: 50% and GLPA: 34%). The special districts are organized units of government within the Town, having separate governing bodies. They were established by special acts of the State legislature for specific purposes such as fire protection. All these governmental units have individual taxing authority.

Governing Body:

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

The Town Council is responsible for determining policy and appointing the Town Manager to execute this policy and administer the day-to-day affairs of the Town. The Council holds public hearings on the budget and sets the tax rate. It appoints one of its nine (9) members as Mayor to serve as chairperson of its meetings and as the Town's representative at ceremonial functions. The councilors each are elected for two-year terms.

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

Services:

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

Budgetary process:

The annual budget serves as the foundation for the Town of Groton's financial planning and control. The Town departments are required to submit requests for appropriation to the Town Manager on or before January 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 eight (8)-voting districts for two-year terms.

Expenditure Control:

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

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

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

All encumbered operating appropriations lapse at year-end except if a program has not been completed before the end of the fiscal year. 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 2009 the Town had an unemployment rate of 7.7% as compared to the New London County rate of 7.8%, the state's average rate of 8.0% and the national average of 9.5%. New London County has an employed labor force of approximately 141,650 residents.

Grand List increases by 11.2% due to third year of revaluation phase-in: The October 1, 2008 net adjusted taxable Grand List totals \$4,107,370,597, up 11.2% over 2007. Real estate rose about 14.7%, from about \$3.12 billion to \$3.58 billion. The net personal property grand list fell 10.1%, from about \$397 million to about \$357 million. The motor vehicles portion of the grand list, adjusted for military exemptions, fell from \$178,039,069 in 2007 to \$171,217,236, down about 3.8 percent. Subsequent to the signing of the Grand List minor adjustments were made by the Board of Assessment Appeals. A more detailed analysis is presented in the MD&A section of the CAFR.

Long-term Financial Planning/Relevant Financial Policies:

The unreserved, undesignated fund balance in the general fund (9.0% of the total general fund expenditures) is above the Town Council's Debt Policy and Management/Fiscal Practices that were initially adopted in September 1993 and revised in May 2009. That policy states that the unreserved undesignated fund balance shall be maintained in an amount equal to at least seven and one-half (7.5%) percent.

The Town Charter provides for the Town Manager to propose in the annual budget to the town council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$2,000,000 was subsequently reduced by the Town Council to \$1.6 million and further reduced by the RTM to \$1.5 million.

Major Initiatives: For the Fiscal Year Ended June 30, 2009:

School Construction: Phase 1:

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

Education grants that will partially offset construction, design and contract management costs. The facilities and educational needs of the Town are being evaluated to identify additional school enhancement projects.

Water Pollution Control Facility, Additions and Improvements:

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

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

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

The main project, the additions and improvements to the main facility, was awarded in February 2007 and is nearing substantial completion. With all the equipment and tankage installed and functioning, the process itself is now being fine tuned to achieve optimum treatment at minimum cost. These process adjustments will be completed by April 2010 to allow the Town to test the process through all of the weather extremes experienced by the facility.

The three other related sub-projects, the installation of a second permanent generator, the rehabilitation of one of the old secondary clarifiers, and the Effluent Force Main Valve Upgrade all have been designed with the first two contracts awarded. The complete project was approved with a combination of grants and loans from the State's Clean Water Fund, local funding and bonds. It is anticipated that all of these will be completed by June 2010.

Fort Hill Homes Sewer Rehabilitation Project:

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

Major Initiatives: For the Future:

New Approved Projects:

On November 6, 2007, voters of the Town of Groton approved two projects, one for the Senior Center Addition and Renovations and the other for an Animal Shelter Replacement:

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

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

School Projects, Phase 1:

It is envisioned that Phase 1 will be completed, bills paid, and financial records audited by the State of CT any outstanding audit issues resolved by October 2010. Once the State has completed its audit of the records, the town will receive the retainage (about \$3.0 million) being held by the state pending completion of their audit.

Result of Voter Referendum:

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

Cash Management Policies and Practices:

The intention of the cash management process is to limit the amount of funds placed in accounts where low or no interest is paid. Cash temporarily idle during the fiscal year was invested in Municipal Bond Investors Assurance Corporation's (MBIA's) Cooperative Liquid Assets Security System (CLASS) account; and the State of Connecticut's Short-term Investment Fund (STIF). Interest rates continued to decrease throughout the fiscal year. Groton's investment policy is to purchase Certificates of Deposits, if interest rates are comparable to other investment vehicles, through competitive bidding at area banks that have federal depository insurance. Concentration of certificates at any one institution is avoided by diversification. Liquidity is achieved through the use of the STIF account and the CLASS account, and bank money market accounts.

Connecticut law restricts investments of municipal funds to direct and indirect securities of the U.S. Government and deposits at banks located in Connecticut. Any uninsured and uncollateralized deposits were in institutions considered to be "qualified public depositories" covered under Connecticut General Statutes. Effective October 1, 1991, the state-wide pool for protecting public deposits was replaced by a new system of making each bank responsible for pledging collateral for its own public deposits, based on each bank's risk-based capital ratio. In addition, by Connecticut statute, a public depository may not accept deposits from any one municipality which would exceed 75 percent of the capital of the depository.

Risk Management:

The Town of Groton has a self-insured Worker's Compensation Program with a managed care component. Under this arrangement a Third Party Administrator (TPA) manages the claims with the Town Attorney's Office providing legal services for both Worker's Compensation and Heart and Hypertension claims.

The Town has a pro-active Employee Safety Program with an Employee/Employer Joint Safety Committee meeting on a regular basis. A full-time Occupational Safety & Health Coordinator is employed to oversee the safety program and assure compliance with OSHA regulations.

Liability, property, auto and professional insurance coverages are maintained with claims coordinated through the Department of Administrative Services.

Pension and Other Postemployment Benefits (OPEB):

The Town of Groton sponsors a single-employer defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town of Groton must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of Groton fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the Town of Groton's conservative funding policy, the Town of Groton has succeeded as of July 1, 2008, in funding 102.5 percent of the present value of the projected benefits earned by employees. The overfunded amount is being systematically amortized over 10 years as part of the annual required contribution calculated by the actuary.

The Town of Groton also provides other post-employment benefits, i.e., health and dental care benefits for certain retirees and their dependents. As of June 30, 2008, there were 207 retired employees receiving these benefits, which are currently financed on a pay-as-you-go basis.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement #45 entitled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other

than Pensions". Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule requires the Town to implement the provisions of this GASB Statement and recognize the liability on its financial statements in FYE 2008. Given the magnitude of the liability and the potential to reduce future costs by establishing and beginning to contribute to a fund set aside for OPEB benefits, the Town began making general fund contributions to OPEB in FYE 2005.

In FYE 2008 the Town set up a trust fund for OPEB contributions and transferred \$1,384,235 into that trust fund. A plan was established to reach the ARC funding level within a 5 year period. Based on a July 1, 2008 valuation, if the Town continues to make OPEB contributions in accordance with this plan, the actuaries estimate that the Town's OPEB liability would be about \$27.6 million with an ARC of \$2.6 million. The net budget impact (NBI) of the \$2.6 million ARC, is \$1.5 million, since the Town is already contributing towards retiree health benefits.

The following is an example of the plan that was included in the FYE 2010 budget. Due to budget constraints, the General Fund contribution to the OPEB for FYE 2010 remained at \$793,200. The table shows recommended General Fund Contributions to the OPEB Fund to reach the \$1.5 million level of the Net Budget Impact.

Five Year Implementation to Net Budget Impact (based on FYE 2010 Adopted Budget & July 1, 2008 Valuation)			
Equal \$ increase of \$360,400 for last 2 years to get to a 100% funding of Net Budget Impact (NBI) of \$1,514,000 in 5 th year			
Fiscal Year Ending	Fiscal Year Increase	Fiscal Year Contribution	Accumulated Contributions
2005	\$ 150,000	\$ 150,000	\$ 150,000
2006	\$ -	\$ 150,000	\$ 300,000
2007	\$ 290,000	\$ 440,000	\$ 740,000
2008	\$ 156,700	\$ 596,700	\$ 1,336,700
2009	\$ 196,500	\$ 793,200	\$ 2,129,900
2010	\$ -	\$ 793,200	\$ 2,923,100
2011	\$ 360,400	\$ 1,153,600	\$ 4,076,700
2012	\$ 360,400	\$ 1,514,000	\$ 5,590,700

Additional information on the Town of Groton's pension arrangements and other postemployment benefits can be found in Notes 4 and 5 in the Notes to the Financial Statements.

Debt Administration:

During October 2008 the Town conducted a sale of General Obligation Bonds (\$4,300,000), General Obligation Sewer Bonds (\$3,250,000), General Obligation Bond Anticipation Notes (\$5,365,000). The bonds were issued for 20 years, maturing in October 2028 and the notes mature in October 2009.

The \$4,300,000 GO Bonds were issued to fund Phase 1 of the school project (\$3,100,000) and the Animal Shelter Replacement project (\$1,200,000). The school project included two new elementary schools, Catherine Kolnaski Elementary School (\$1,500,000) and Northeast Academy (\$600,000) and renovations and additions to Fitch High School (\$1,000,000). The bonds were sold to Fidelity Capital Markets Service with a true interest cost of 5.04398%.

The \$3,250,000 GO Sewer Bonds were to fund the Fort Hill Homes Sewer Rehabilitation project. The bonds were sold to Fidelity Capital Markets Service with a true interest cost of 5.208573%.

General Obligation Bond Anticipation Notes of \$5,365,000 were issued to fund the following school projects: new Catherine Kolnaski Elementary School (\$1,215,000), a new Northeast Academy (\$1,195,000) and for renovations and additions to Fitch High School (\$2,255,000) and for the Senior Center Additions & Renovations (\$700,000). The BANs were sold to Eastern Bank with a net interest rate @ 2.018%.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$42,555,000 of general obligation bonds, \$7,180,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$49,735,000. Last fiscal year that total amount was \$46,315,000.

In May 1997, the Town Council revised its "Debt Policy and Management/Fiscal Practices" that establishes criteria for the issuance of debt as well as setting some benchmarks on which to evaluate the Town's level of debt. The Town Council adopted the following limits to guide the issuance of debt and are compared to the FYE 2009 data.

	<u>Adopted Policy</u>	<u>FYE 2009</u>
Comparison to State's Statutory Debt Limit	not to exceed 50%	11.0%
Net Direct Indebtedness to Assessed Value	not to exceed 5%	2.0%
Debt Service as Compared to Expenditures	not to exceed 10%	4.4%

Awards and Acknowledgements:

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

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

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for the last fifteen (15) consecutive years (FYE 1994 through FYE 2008). We believe that this report continues to conform to the Certificate of Achievement program requirement and we are submitting it to GFOA to determine its eligibility for another certification.

Also, for the sixteenth (16) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2010 Adopted Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The Award is the highest form of recognition in governmental budgeting.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "SM Pandolfo". The signature is written in black ink and is positioned above the printed name and title.

Salvatore M. Pandolfo
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Groton Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

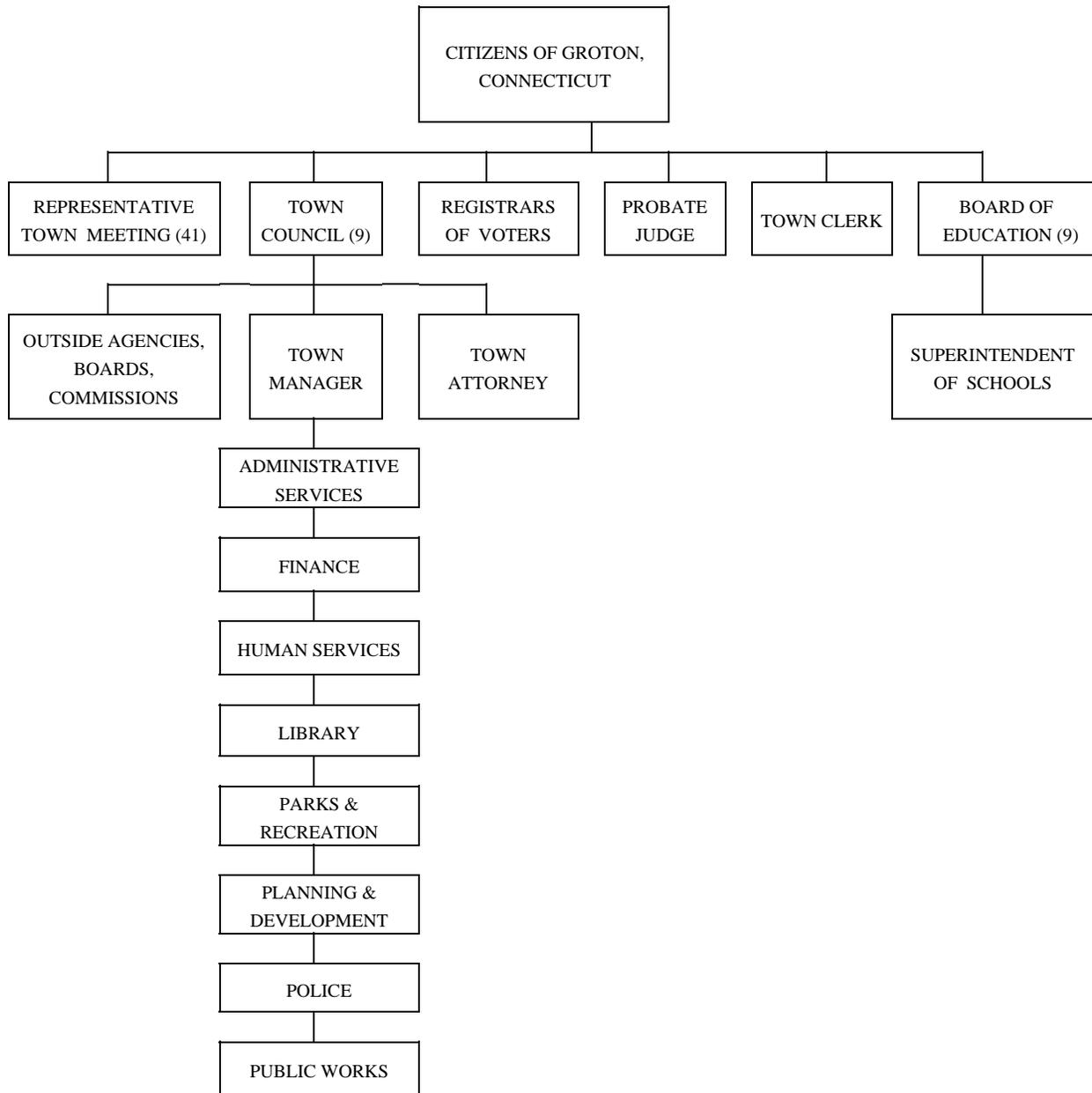


President

Executive Director

TOWN OF GROTON

ORGANIZATION CHART



TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2009

Town Council

Harry A. Watson, Mayor
Dean Anitpas
Kathryn M. Brown-Tracy
Bruce Flax
Catherine Kolnaski
Deborah B. Monteiro
Frank O'Beirne
Rita M. Schmidt
Paulann H. Sheets

Board of Education

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

Appointed Officials

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

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Blum, Shapiro & Company, P.C.

WEST HARTFORD • SHELTON
Westport • Waterbury • New York

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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, budgetary detail, combining and individual nonmajor fund 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 budgetary detail, combining and individual nonmajor fund statements and schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 2, 2009

TOWN OF GROTON, CONNECTICUT

Management's Discussion and Analysis

Introduction:

Management's Discussion and Analysis provides a narrative discussion of the Town's financial activities as a whole for the year ended June 30, 2009 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights:

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$183,974 (net assets). Of this amount, \$42,983 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,222. This increase is mainly attributable to revenues exceeding expenses.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$34,716.
- For the fiscal year ended June 30, 2009, the unreserved, undesignated fund balance for the General Fund was \$10,490 or 9.0% of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum undesignated fund balance equal to at least 7.5% of the annual budget.
- The Town of Groton's total debt increased by \$4,147 (6.5%) during the current fiscal year. This was mainly due to increases (\$3,420) in the principal amounts due on bonds for general government obligation debt and \$5,787 for the Clean Water fund loan. That was offset by a reduction in the amount of bond anticipation notes for general obligation debt which was decreased (\$5,060) over the previous year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2000 through the current audited fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on Exhibits VI through VIII.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding its obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 28-60 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 61 of this report.

Government-Wide Financial Analysis:

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. Town of Groton governmental activity assets exceeded liabilities by \$183,974 on June 30, 2009.

Town of Groton		Net Assets (\$000's)	
		Governmental	
		Activities	
		<u>2009</u>	<u>2008</u>
Current assets	\$	63,297	\$ 66,344
Capital assets, net of accumulated depreciation		<u>208,398</u>	<u>196,050</u>
Total assets		<u>271,695</u>	<u>262,394</u>
Long-term liabilities outstanding		71,750	55,387
Other liabilities		<u>15,971</u>	<u>30,255</u>
Total liabilities		<u>87,721</u>	<u>85,642</u>
Net Assets:			
Invested in capital assets, net of related debt		140,662	132,234
Restricted		329	329
Unrestricted		<u>42,983</u>	<u>44,189</u>
Total Net Assets	\$	<u>183,974</u>	\$ <u>176,752</u>

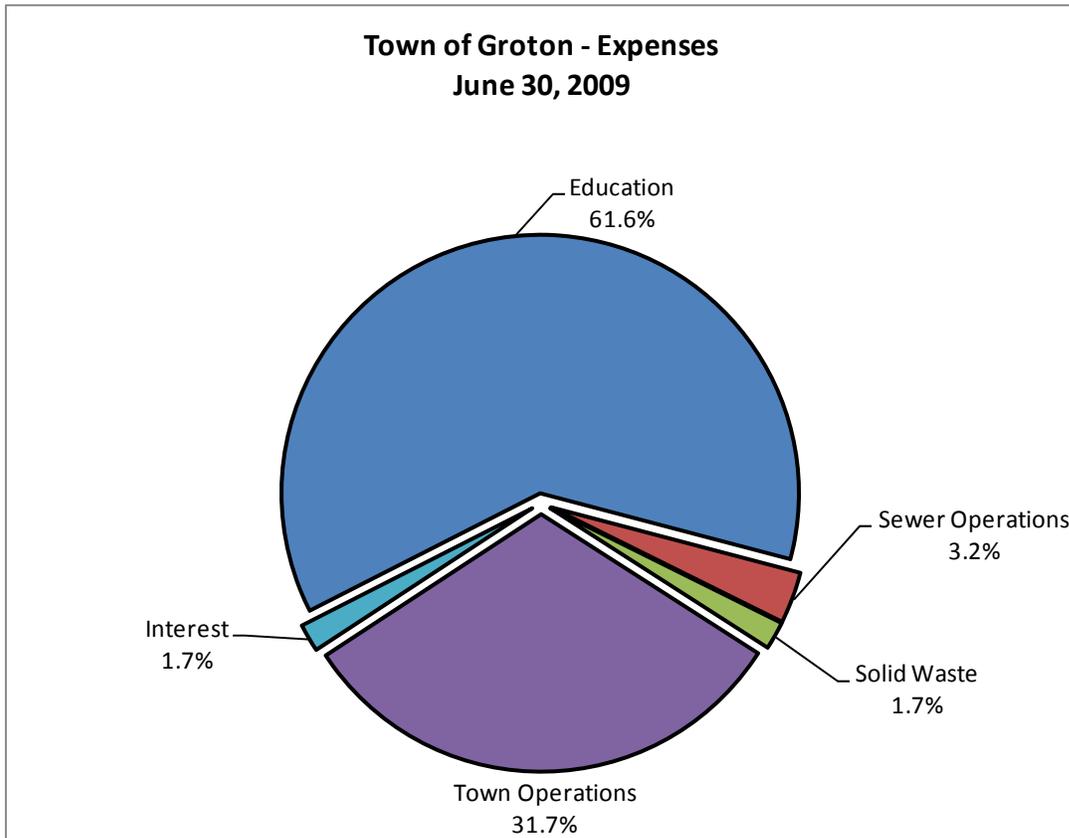
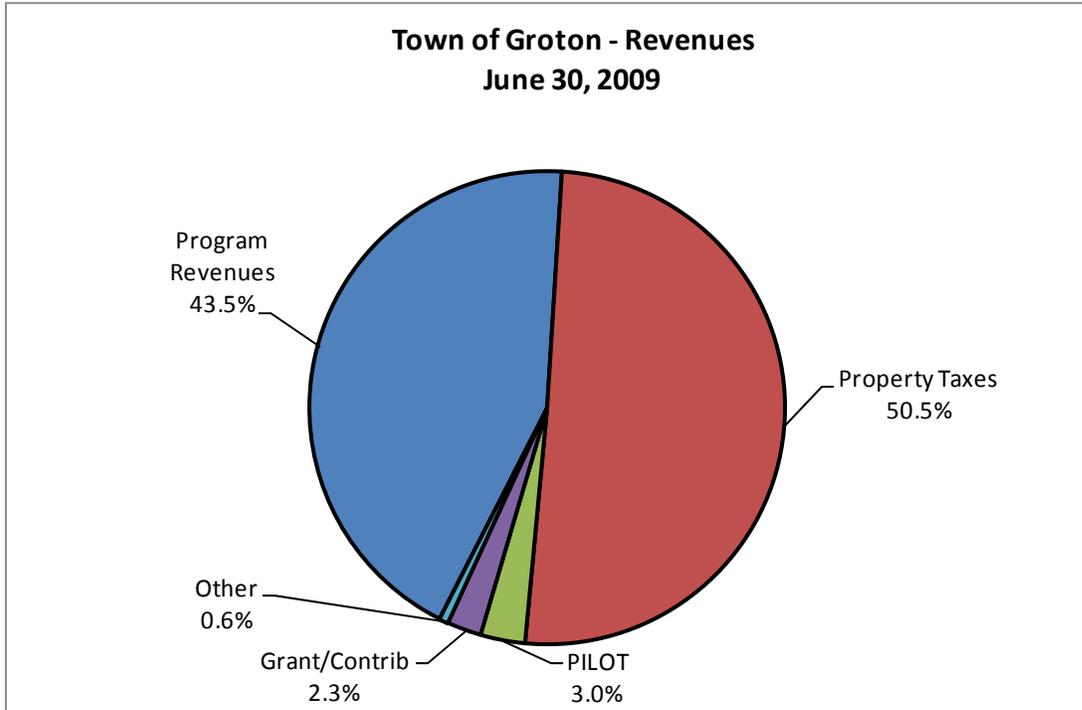
By far the largest portion of the Town of Groton's net assets (76.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Groton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$42,983) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Approximately 50% of the revenues were derived from property taxes, followed by 43% from grants and contributions, then 5% from other program revenues and finally less than 1% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	Governmental Activities	
	2009	2008
Revenues:		
Program revenues:		
Charges for services	\$ 12,878	\$ 14,002
Operating grants and contributions	44,123	61,979
Capital grants and contributions	5,624	24,754
General revenues:		
Property taxes	72,729	69,586
Payments in lieu of taxes	4,391	4,976
Grants and contributions (not restricted)	3,358	3,342
Other unrestricted investment earnings	898	3,025
Total revenues	<u>144,001</u>	<u>181,664</u>
Expenses:		
General government/services	6,965	8,406
Public safety	11,309	10,435
Public works	13,803	11,460
Planning and development	1,677	1,535
Human service	2,329	2,378
Community services	7,238	6,927
Board of Education	84,256	100,501
Sewer operations	4,427	4,113
Solid waste	2,387	2,298
Interest on long-term debt	2,388	1,706
Total expenses	<u>136,779</u>	<u>149,759</u>
Increase in Net Assets	7,222	31,905
Net Assets July 1	<u>176,752</u>	<u>144,847</u>
Net Assets June 30	<u>\$ 183,974</u>	<u>\$ 176,752</u>



Major revenue factors included:

- ◆ Operating Grants were noticeably less in 2009 as the Town recognized less in State grants due to decreased contributions from the State for teachers' retirement.
- ◆ Property tax revenues recorded for fiscal year 2009 increased due to a 15.8% increase in the October 1, 2007 Grand List which included the second year phase-in of the 2006 revaluation. The Town's tax rate decreased from 21.21 mills to 19.27 mills, or 9.1%.
- ◆ Investment earnings decreased by \$2,128 from the prior fiscal year to \$898 for the fiscal year ended June 30, 2009. The reduction to interest and dividend earnings was the result of lower interest rates on investments and less funds available for investment purposes.

For Governmental Activities, 61.6% of the Town's expenses relate to education, 8.4% relate to public safety, 20.5% relate to public works, a reduction of 17.1% to general government/services, 4.5% to community services and the remainder relates to sewer operating, solid waste, human services and other areas.

Major expense factors include:

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

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

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$34,716, an increase of \$12,857 in comparison with the prior year. Of this amount, \$20,728 constitutes unreserved fund balance mainly due to a timing issue with the receipt of state grants on the school projects and sewer projects. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$12,984), or 2) for equipment and trust principal (\$1,004).

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$10,490, which is included in the total fund balance of \$15,793. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 9.0% of total general fund expenditures, while total fund balance represents 13.5% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$60 during the current fiscal year. The unreserved undesignated fund balance increased by \$78. Key factors in the total fund balance increase are as follows:

- ◆ During the FYE 2009 budget development process, it was anticipated that \$2,665 of fund balance would be needed to balance the FYE 2009 budget. However, only \$498 of that amount was required.
- ◆ An additional \$604 in General Property Taxes or 0.7% over budget.
- ◆ An additional \$994 in Federal Grants or 18.2% over budget.
- ◆ An additional \$94 in Schools-Library-Recreation or 25.9% over budget,
- ◆ An additional \$122 in Other Revenue or 36.5% over budget.
- ◆ All of those revenues over budget helped offset reductions of
 - \$89 in Licenses and Permits or 28.0% under budget,
 - \$241 in Revenue from Investments or 35.8% under budget,
 - \$249 in State Grants in Aid or 1.8% under budget,
 - \$151 in Charges for Current Services or 8.2% under budget.
- ◆ Additionally, expenditures came in under budget by \$1,083 or 0.9%.

Capital Improvements Fund. This fund has a total fund balance of \$6,988, down from \$8,921 in the prior year. The decrease is mainly explained by the reduction in revenue including grants and interest income and an increase in capital outlay for 2009.

School Construction Fund. This fund has a total fund balance deficit of \$2,310 which is a reduction from the prior year deficit of \$3,345. The reduction in the fund balance deficit is attributed to the receipt of State grant reimbursements and the reduction in the amount of bond anticipation notes issued pending receipt of additional grant reimbursement funds.

Sewer Construction Fund. This fund has a total fund balance of \$3,362, an increase from the \$7,852 deficit in the prior year. The increase in the fund balance is mainly explained by the

recognition of loan proceeds from the State's Clean Water Fund and the maturity of bond anticipation notes issued in the prior year in pending receipt of Clean Water fund monies.

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

Unrestricted net assets amounted to \$1,144 for the Fleet Reserve Fund, \$4,852 for the Health Insurance Fund and a deficit of \$195 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total decrease in net assets for the internal service funds was \$1,175 mainly due to use of a portion of the fund balance in the Health Insurance Fund to fund expenses.

General Fund Budgetary Highlights:

There are no differences between the original budget and the final amended budget because all transfers occurred from the Contingency function that is appropriated within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis were \$116,443 which exceeded budgetary estimates by \$1,084. The majority of this increase can be attributed to additional tax revenues (\$604) and federal assistance associated with pupil impact aid (\$968).

Actual expenditures on a budgetary basis and other financing uses totaled \$116,941; with actual revenues totaling \$116,443, expenditures exceeded revenues on a budgetary basis by \$498. The fiscal year 2008 audit had a designation of fund balance in the amount of \$2,665 to support FYE 2009 operations but was not fully required. Actual expenditures were under budget by \$1,083 with the town operations returning about \$516 and the board of education returning about \$375, an unspent debt service appropriation of \$191 and with \$19 left unspent in the Contingency function.

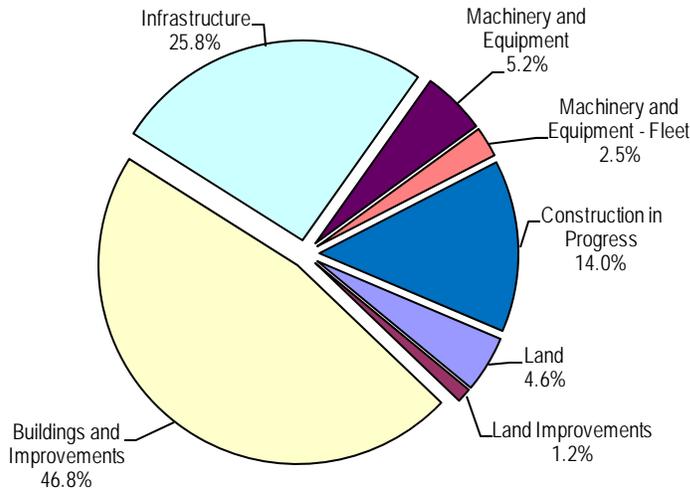
Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$301. 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 6.4% mainly due to the three school construction projects.

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

	Governmental Activities	
	2009	2008
Land	\$ 13,836	\$ 13,836
Land improvements	3,523	3,543
Buildings and improvements	140,966	93,130
Infrastructure	77,769	77,247
Machinery and equipment	15,602	14,910
Machinery and equipment - fleet	7,390	6,766
Construction in progress	42,015	73,633
Total	\$ 301,101	\$ 283,065

Town of Groton - Capital Assets
June 30, 2009



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

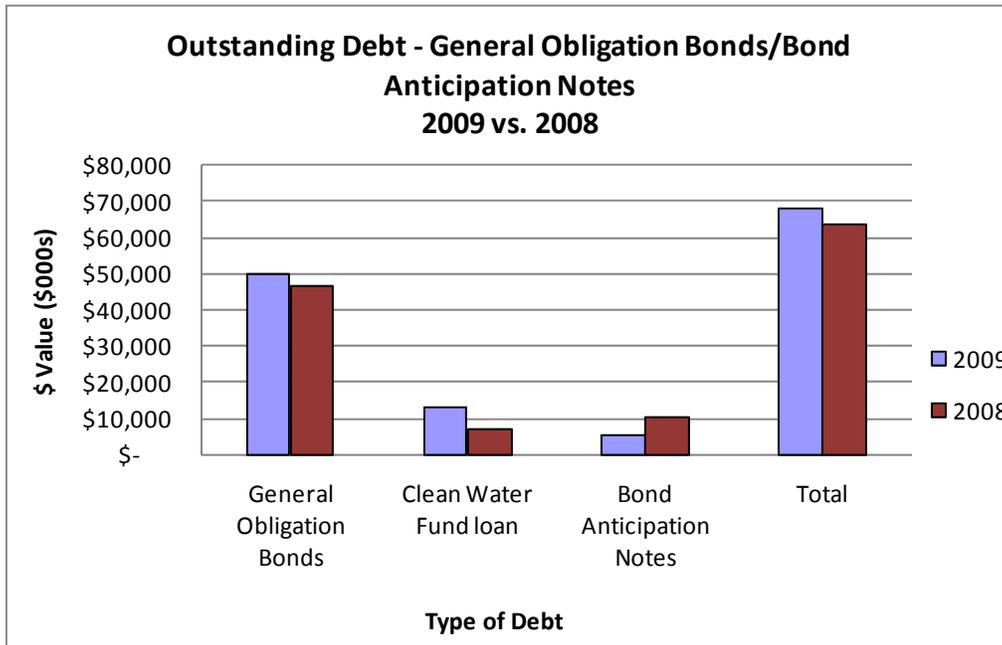
- Regarding bonded projects including Clean Water fund grant and loan, the following amounts were expended:
 - School Construction: \$6,724,
 - Water Pollution Control Facility, Additions & Improvement: \$2,545,
 - Senior Center Additions and Renovations: \$2,481,
 - Fort Hill Homes Sewer Rehabilitation Project: \$1,175,
 - Animal Shelter Replacement: \$901.
- Regarding the use of the State's Local Capital Improvement Project funds, the following amounts were expended:
 - Sidewalks Route 1 Downtown: \$42.
- Regarding the use of local capital funds, the following amounts were expended:
 - Water Pollution Control Facility Additions and Improvements: \$573,
 - Salt/Sand Storage Facility: \$279,
 - SB Butler parking lot: \$167,
 - Cutler Middle School furnaces: \$329,
 - Pavement Management Program: \$274.

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

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$67,964. Of this amount, \$60,784 comprises debt backed by the full faith and credit of the government and \$7,180 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	
	2009	2008
General obligation bonds	\$ 49,735	\$ 46,315
Clean Water Fund loan	12,864	7,077
Bond anticipation notes and notes payable	5,365	10,425
Total	\$ 67,964	\$ 63,817



The Town of Groton's general obligation bonds have increased \$3,420. The total debt including bond anticipation notes increased \$4,147 or 6.5% during the current fiscal year mainly due to additional bonds, the Clean Water Fund loan for the Water Pollution Control Facility upgrades and bonds issued for the Fort Hill Homes sewer project.

For FYE 2009, the Town of Groton maintained an "AA-" rating from Fitch an "Aa3" rating from Moody's and was upgraded from "AA-" to "AA" from Standard and Poor's for general obligation debt.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$681,738. As of June 30, 2009, the Town recorded total indebtedness of \$74,920 related to Governmental Activities, well below its statutory debt limits.

Additional information on the Town of Groton's long-term debt can be found in Note 3H on pages 48-50 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2009, the Town had an unemployment rate of 7.7% as compared to the New London County rate of 7.8%, the state's average rate of 8.0% and the national average of 9.5%.
- New London County has an employed labor force of approximately 141,650 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List increases by 11.2% due to third year of the three year phase-in of the 10/01/2006 Revaluation:

The October 1, 2008 net adjusted taxable grand list rose 11.2% over last year's post-phase-in net adjusted grand list after the Board of Assessment Appeals. The net adjusted grand list now totals \$4,107,370,597 in the last year of a three-year revaluation phase-in. Both the personal property and motor vehicle portions of the grand list shrank significantly this year, so almost all of the increase is due to a record real estate market run-up in the years prior to and during the 2006 grand list real estate revaluation. The effects of real growth in the grand list are difficult to tease out amid the variety and scope of all of the exemptions applied to the gross grand list, but the total value of all taxable property rose .3% to about \$4.4 billion before exemptions and adjustments were applied.

The assessments of the top 10 taxpayers, now totaling some \$921 million, comprise about 22 percent of the net grand list.

Net **real estate** rose about 14.7%, from about \$3.12 billion to about \$3.58 billion. However, gross real estate assessments rose about 1.7%, from about \$3.6 billion to about \$3.66 billion. Except for a large-scale construction project at Electric Boat, there were no major construction projects that added significantly to the 2008 net Grand List.

Net residential real estate assessments rose about 16.9%, from about \$2.01 billion to about \$2.35 billion. The residential real estate's share of the entire net grand list rose from 54.3% of the 2007 grand list after the second year of the 2006 revaluation increase phase-in was applied to 56.9% of the 2008 grand list. Net commercial real estate rose about 13.8% to \$427,800,226. Industrial property, including Pfizer and EB, rose about 5%, from about \$553 million to about \$581 million. Apartments of four units or more rose about 15.6% to \$167,215,720.

Seventy single-family homes, seven two-family homes and four residential condominium units were either started or newly completed for the October 1, 2008 grand list.

The net **personal property** grand list fell 10.1%, from about \$397 million to about \$357 million. The gross personal property grand list also fell this year, mostly due to demolition at Pfizer's manufacturing site. Total personal property exemptions rose slightly, 1.6% to about \$172 million. The town is eligible for state reimbursement of the taxes lost on almost all of the exemptions applied to personal property this year.

The number of personal property assessment penalties fell this year, although the assessed value of the penalties continues to rise. Non-filers and late filers are subject to a 25% mandatory assessment penalty. This year, penalized accounts fell 7.6% to 783. Assessment penalties rose 18.7%, to about \$5.9 million.

The top 10 personal property taxpayers, representing less than 1/2 of one percent of all accounts, comprise 83% of the gross personal property grand list and 77% of the net personal property grand list.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, fell from \$178,039,069 in 2007 to \$171,217,236 this year, down 3.8%. The assessed value of motor vehicles fell despite the fact that there were 208 more motor vehicles registered in town this year. Although it appears that people are not buying new motor vehicles, a steep decline in SUV and pickup truck values appears to be a significant reason for this decline. For example, the assessment of a basic 2006 Chevrolet Equinox fell more than 26% last year, from 11,180 to 8,260. Depreciation typically runs in the five to ten percent range, depending on the type of vehicle.

Subsequent to the signing of the Grand List minor adjustments were made by the Board of Assessment Appeals. These adjustments reduced the increase in the Grand List from 11.3% to 11.2% for the third year of the three year phase-in of the October 1, 2006 revaluation.

Other Information:

During the fiscal year ended June 30, 2009, the Town of Groton General Fund received 35.5% of its total revenues from intergovernmental sources, i.e., the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unreserved, undesignated fund balance for FYE 2009 is at 9.0% of operating expenses which is above the minimum acceptable level by bond rating agencies. With an overwhelming reliance on property taxes, 61.7% of the current year General Fund revenues are derived from property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in FYE 2010 or some combination of all three.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$12,503. The Town Council has designated and appropriated \$2,013 to balance the 2010 fiscal year budget.

The Golf Course Fund increased fees by about 3% for all levels of play. These increases were necessary to begin building a fund balance and stop relying on the General Fund for operating support. The Sewer Operating Fund increased residential rates by 8.3% from \$24 to \$26 per month per unit and increased rates for industrial/commercial units by 8.4% from \$.0382 to \$.0414 per cubic foot of water consumed. These increases in the Sewer Operating Fund were done to offset utility costs and debt service payments.

Requests for Information:

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

Basic Financial Statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 51,734,026
Receivables (net of allowances for collection losses):	
Property taxes	1,932,720
Special assessments	83,637
Accounts receivable	1,381,044
Federal and state governments	5,663,259
Other assets	6,713
Noncurrent assets:	
Capital assets, nondepreciable	55,851,049
Capital assets, net of accumulated depreciation	152,547,003
Net pension and OPEB asset	1,743,999
Due from State	114,064
Other receivables	307,560
Restricted assets:	
Cash	235,885
Investments	93,608
Total assets	<u>271,694,567</u>
Liabilities:	
Accounts payable and accrued liabilities	10,340,160
Unearned revenue	265,549
Bond anticipation notes payable	5,365,000
Noncurrent liabilities:	
Due within one year	5,402,714
Due in more than one year	66,347,169
Total liabilities	<u>87,720,592</u>
Net Assets:	
Investment in capital assets, net of related debt	140,662,156
Restricted for:	
Trust, nonexpendable	329,493
Unrestricted	<u>42,982,326</u>
Total Net Assets	<u>\$ 183,973,975</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Sewer Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 18,960,973	\$ 10,644,320	\$ 2,539,825	\$	\$ 10,600,847	\$ 42,745,965
Investments					93,608	93,608
Receivables, net:						
Property taxes	1,733,748				17,292	1,751,040
Assessments		3,257			74,537	77,794
Intergovernmental	1,963,254			3,502,645	86,818	5,552,717
Accounts receivable	188,394	39			217,535	405,968
Other					896,388	896,388
Due from other funds	1,502,206					1,502,206
Other assets	577				6,140	6,717
Total Assets	<u>\$ 24,349,152</u>	<u>\$ 10,647,616</u>	<u>\$ 2,539,825</u>	<u>\$ 3,502,645</u>	<u>\$ 11,993,165</u>	<u>\$ 53,032,403</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,795,495	\$ 1,726,436	\$ 184,073	\$	\$ 656,733	\$ 9,362,737
Due to State					15,249	15,249
Due to other funds		1,229,928	472	140,773	131,033	1,502,206
Bond anticipation notes payable		700,000	4,665,000			5,365,000
Deferred revenues	1,760,699	3,257			307,145	2,071,101
Total liabilities	<u>8,556,194</u>	<u>3,659,621</u>	<u>4,849,545</u>	<u>140,773</u>	<u>1,110,160</u>	<u>18,316,293</u>
Fund balances:						
Reserved for:						
Encumbrances	3,289,619	8,035,166	1,145,920	1,787	511,701	12,984,193
Equipment					674,054	674,054
Trust principal					329,493	329,493
Unreserved, reported in:						
General fund	12,503,339					12,503,339
Special revenue funds					6,197,942	6,197,942
Capital projects funds		(1,047,171)	(3,455,640)	3,360,085	34,607	(1,108,119)
Debt service fund					3,093,238	3,093,238
Permanent fund					41,970	41,970
Total fund balances	<u>15,792,958</u>	<u>6,987,995</u>	<u>(2,309,720)</u>	<u>3,361,872</u>	<u>10,883,005</u>	<u>34,716,110</u>
Total Liabilities and Fund Balances	<u>\$ 24,349,152</u>	<u>\$ 10,647,616</u>	<u>\$ 2,539,825</u>	<u>\$ 3,502,645</u>	<u>\$ 11,993,165</u>	<u>\$ 53,032,403</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2009

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

Fund balances - total governmental funds (Exhibit III)	\$ 34,716,110
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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	293,711,414	
Less accumulated depreciation	<u>(88,564,432)</u>	
Net capital assets		205,146,982

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

Net pension and other post-employment benefit asset	1,743,999
Property taxes and assessments receivable greater than 60 days	1,805,552
Interest receivable on property taxes	489,245
Receivable from the state for school construction projects	224,606

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

	9,050,914
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Long-term liabilities, including bonds payable, are not due and payable
 in the current period and, therefore, are not reported in the funds:

Bonds payable	(49,735,000)
Clean water fund loan payable	(12,864,411)
Interest payable on bonds	(899,990)
Compensated absences	(2,577,832)
Landfill closure costs	<u>(3,126,200)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 183,973,975</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, 2009

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Sewer Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes, interest and lien fees	\$ 71,813,206	\$	\$	\$	\$ 762,908	\$ 72,576,114
Assessments		3,898			16,357	20,255
Licenses and permits	229,903					229,903
Intergovernmental - state	40,473,266	200,941	4,519,592	892,076	2,664,070	48,749,945
Interest on investments	432,137	207,761	58,624	2,934	66,965	768,421
Intergovernmental - federal	6,454,080				1,679,060	8,133,140
Charges for current services	1,042,088				2,599,779	3,641,867
Schools, library and recreation fees	455,396					455,396
Sewer use charges					5,339,960	5,339,960
Solid waste management charges					2,839,702	2,839,702
Other revenue	451,077	86,095	80,573		593,362	1,211,107
Total revenues	<u>121,351,153</u>	<u>498,695</u>	<u>4,658,789</u>	<u>895,010</u>	<u>16,562,163</u>	<u>143,965,810</u>
Expenditures:						
Current:						
General government	966,301				333,273	1,299,574
General services	4,589,704					4,589,704
Public safety	6,442,723				121,152	6,563,875
Public works	7,763,799					7,763,799
Planning and development	1,209,680					1,209,680
Health and human services	618,332				108,335	726,667
Community services	4,277,775				1,820,865	6,098,640
Education	76,365,187				4,161,295	80,526,482
Subdivisions	5,092,447					5,092,447
Sewer operations					3,771,722	3,771,722
Solid waste management					2,386,667	2,386,667
Nondepartmental	5,954,633					5,954,633
Outside agencies	1,782,982					1,782,982
Debt service	5,197,868				922,384	6,120,252
Capital outlay		6,177,037	6,723,754	2,545,401	2,190,257	17,636,449
Total expenditures	<u>120,261,431</u>	<u>6,177,037</u>	<u>6,723,754</u>	<u>2,545,401</u>	<u>15,815,950</u>	<u>151,523,573</u>
Revenue over (under) Expenditures	<u>1,089,722</u>	<u>(5,678,342)</u>	<u>(2,064,965)</u>	<u>(1,650,391)</u>	<u>746,213</u>	<u>(7,557,763)</u>
Other Financing Sources (Uses):						
Issuance of bonds		1,200,000	3,100,000		3,250,000	7,550,000
Loan proceeds				12,864,411		12,864,411
Transfers in	650,837	2,545,000			183,043	3,378,880
Transfers out	(1,680,493)				(1,698,387)	(3,378,880)
Total other financing sources (uses)	<u>(1,029,656)</u>	<u>3,745,000</u>	<u>3,100,000</u>	<u>12,864,411</u>	<u>1,734,656</u>	<u>20,414,411</u>
Net Change in Fund Balances	60,066	(1,933,342)	1,035,035	11,214,020	2,480,869	12,856,648
Fund Balances at Beginning of Year	<u>15,732,892</u>	<u>8,921,337</u>	<u>(3,344,755)</u>	<u>(7,852,148)</u>	<u>8,402,136</u>	<u>21,859,462</u>
Fund Balances at End of Year	<u>\$ 15,792,958</u>	<u>\$ 6,987,995</u>	<u>\$ (2,309,720)</u>	<u>\$ 3,361,872</u>	<u>\$ 10,883,005</u>	<u>\$ 34,716,110</u>

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TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

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)	\$ 12,856,648
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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	17,827,088
Depreciation expense	(5,711,245)
Loss on disposal of capital assets	(12,085)

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	124,737
Interest income on property taxes	21,206
Intergovernmental revenue on school bonds	(228,097)

Change in pension asset and other post employment benefit asset	406,818
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The issuance of long-term debt (e.g., bonds) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. Neither transaction, however, has any
effect on net assets. Also, governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Accrued interest on bonds	(398,014)
Principal payments on bonds	4,130,000
Bond proceeds	(7,550,000)
Clean water fund loan proceeds	(12,864,411)
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	(373,764)
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The net expense of certain activities of internal service funds is reported with governmental activities	<u>(1,175,423)</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 7,221,658</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 71,298,008	\$ 71,298,008	\$ 71,901,723	\$ 603,715
Licenses and permits	319,283	319,283	229,903	(89,380)
Interest on investments	673,000	673,000	432,137	(240,863)
Intergovernmental - Federal	5,460,200	5,460,200	6,454,080	993,880
Intergovernmental - State	35,074,217	35,074,217	34,825,628	(248,589)
Charges for current services	1,195,529	1,195,529	1,042,088	(153,441)
Schools, library and recreation fees	361,743	361,743	455,396	93,653
Other revenue	328,691	328,691	451,079	122,388
Total revenues	<u>114,710,671</u>	<u>114,710,671</u>	<u>115,792,034</u>	<u>1,081,363</u>
Expenditures:				
Current:				
General government	959,971	1,012,171	979,275	32,896
General services	4,670,807	4,670,807	4,602,001	68,806
Public safety	6,502,424	6,553,524	6,495,521	58,003
Public works	7,740,802	7,968,977	7,967,618	1,359
Planning and development	1,273,270	1,273,270	1,232,559	40,711
Health and human services	677,770	677,770	617,031	60,739
Community services	4,350,709	4,350,709	4,212,724	137,985
Education	71,500,000	71,500,000	71,125,441	374,559
Subdivisions	5,092,447	5,092,447	5,092,447	-
Nondepartmental	6,402,066	6,070,591	5,954,633	115,958
Outside agencies	1,783,985	1,783,985	1,782,982	1,003
Debt service	5,389,370	5,389,370	5,197,993	191,377
Total expenditures	<u>116,343,621</u>	<u>116,343,621</u>	<u>115,260,225</u>	<u>1,083,396</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,632,950)</u>	<u>(1,632,950)</u>	<u>531,809</u>	<u>2,164,759</u>
Other Financing Sources (Uses):				
Transfers in	647,938	647,938	650,837	2,899
Transfers out	<u>(1,680,493)</u>	<u>(1,680,493)</u>	<u>(1,680,493)</u>	-
Total other financing uses	<u>(1,032,555)</u>	<u>(1,032,555)</u>	<u>(1,029,656)</u>	<u>2,899</u>
Net Change in Fund Balance	\$ <u>(2,665,505)</u>	\$ <u>(2,665,505)</u>	(497,847)	\$ <u>2,167,658</u>
Fund Balance at Beginning of Year			13,753,025	
Encumbrances Cancelled			<u>108,020</u>	
Fund Balance at End of Year			\$ <u>13,363,198</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2009

		Governmental Activities <hr/> Internal Service Funds <hr/>
Assets:		
Current assets:		
Cash and cash equivalents	\$	9,223,935
Accounts receivable		44,141
Other assets		40,391
Total current assets		<hr/> 9,308,467
Noncurrent assets:		
Property and equipment, net		<hr/> 3,251,070
Total assets		<hr/> 12,559,537
Liabilities:		
Current liabilities:		
Accounts payable		62,183
Claims incurred but not reported		1,058,796
Total current liabilities		<hr/> 1,120,979
Noncurrent liabilities:		
Claims incurred but not reported, net of current portion		<hr/> 2,387,644
Total liabilities		<hr/> 3,508,623
Net Assets:		
Invested in capital assets		3,251,070
Unrestricted		5,799,844
Total Net Assets	\$	<hr/> <hr/> 9,050,914

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 13,713,695
Other revenue	405,717
Total operating revenues	<u>14,119,412</u>
Operating Expenses:	
Operating expenses	1,141,680
Claims	12,429,127
Depreciation	637,431
Administration	1,206,441
Total operating expenses	<u>15,414,679</u>
Operating Loss	<u>(1,295,267)</u>
Nonoperating Revenues and Expenses:	
Interest on investments	117,724
Loss on disposal of capital assets	2,120
Net nonoperating revenues	<u>119,844</u>
Change in Net Assets	(1,175,423)
Net Assets at Beginning of Year	<u>10,226,337</u>
Net Assets at End of Year	<u>\$ 9,050,914</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, 2009

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 14,124,897
Cash due from other funds	96,482
Cash paid to vendors	(1,169,150)
Cash paid to beneficiaries	(13,752,769)
Net cash used in operating activities	<u>(700,540)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(879,131)
Cash Flows from Investing Activities:	
Interest on investments	<u>117,724</u>
Net Decrease in Cash and Cash Equivalents	(1,461,947)
Cash and Cash Equivalents - Beginning of Year	<u>10,685,882</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,223,935</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (1,295,267)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	637,431
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	5,481
(Increase) decrease in due from other funds	96,482
(Increase) decrease in other assets	(37,539)
(Decrease) increase in accounts payable	10,073
(Decrease) increase in claims payable	<u>(117,201)</u>
Net Cash Used in Operating Activities	<u>\$ (700,540)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,337,311	\$ 172,973	\$ 244,832	\$ 1,952,763
Investments, at fair value:				
Mutual funds	63,617,383	1,911,376		
Accounts receivable	8,986			
Total assets	<u>64,963,680</u>	<u>2,084,349</u>	<u>244,832</u>	<u>1,952,763</u>
Liabilities:				
Claims incurred but not reported		334,144		
Due to student groups				184,663
Due to employees/others	60,320			
Due to contractors/developers				1,768,100
Total liabilities	<u>60,320</u>	<u>334,144</u>	<u>-</u>	<u>1,952,763</u>
Net Assets:				
Held in Trust for Benefits and Other Purposes	<u>\$ 64,903,360</u>	<u>\$ 1,750,205</u>	<u>\$ 244,832</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 1,367,891	\$ 3,249,200	\$
Plan members	<u>1,281,676</u>	<u>2,225,650</u>	
Total contributions	<u>2,649,567</u>	<u>5,474,850</u>	<u>-</u>
Investment income (loss):			
Net depreciation in fair value of investments	(13,757,590)	(266,059)	
Interest and dividends	<u>1,498,182</u>	<u>44,970</u>	<u>2,459</u>
	(12,259,408)	(221,089)	2,459
Less investment expenses:			
Investment management fees	<u>288,162</u>	<u>294,629</u>	
Net investment income (loss)	<u>(12,547,570)</u>	<u>(515,718)</u>	<u>2,459</u>
Net additions (reductions)	(9,898,003)	4,959,132	2,459
Deductions:			
Benefits	<u>4,388,586</u>	<u>4,593,161</u>	<u>21,014</u>
Change in Net Assets	(14,286,589)	365,971	(18,555)
Net Assets Held in Trust - Beginning of Year	<u>79,189,949</u>	<u>1,384,234</u>	<u>263,387</u>
Net Assets Held in Trust - End of Year	<u>\$ 64,903,360</u>	<u>\$ 1,750,205</u>	<u>\$ 244,832</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds.

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

The *Capital Improvements Fund* accounts for individual capital project authorizations, other than those accounted for in the Sewer Construction Fund.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The *Sewer Construction Fund* accounts for capital improvements to the Town's sewer system.

Additionally, the Town reports the following fund types:

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

Private Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Cash and Cash Equivalents

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

D. Investments

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Capital Assets

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

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

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

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

F. Compensated Absences

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>												
<p>Groton Municipal Employees Association (GMEA/CILU)</p>	<p>Employees hired before January 1, 2006 accrue 15 days per year up to 200 days.</p> <p>Employees hired after December 31, 2005 accrue 12 days per year. Accumulated up to 200 days.</p> <p>Accrued sick leave in excess of 200 on June 30 is paid out annually at the rate of 3 sick days to 1 day's pay up to 250 days.</p> <p>After vesting (5 years of service), employees with a minimum of 100 days up to 200 days receive 75% of their accrued sick time (maximum of 75 days) when they leave employment or retire.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">< 5 years</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 75%;">12 days</td> </tr> <tr> <td>5 - 10 years</td> <td style="text-align: center;">=</td> <td>15 days</td> </tr> <tr> <td>10 - 15 years</td> <td style="text-align: center;">=</td> <td>18 days</td> </tr> <tr> <td>> 15 years</td> <td style="text-align: center;">=</td> <td>24 days</td> </tr> </table> <p>Employees may carry over one year worth of accruals each June 30th (can be extended by Director of Administrative Service approval).</p> <p>Employees hired before January 1, 2006 are granted 2.5 additional days each July 1st.</p> <p>Employees hired after December 31, 2005 are granted 2 additional days each July 1st.</p>	< 5 years	=	12 days	5 - 10 years	=	15 days	10 - 15 years	=	18 days	> 15 years	=	24 days
< 5 years	=	12 days												
5 - 10 years	=	15 days												
10 - 15 years	=	18 days												
> 15 years	=	24 days												
<p>Groton Police Union (AFSCME), Council #15</p>	<p>Employees with less than 5 years of service accrue 12 days. Employees with more than 5 years of service accrue 15 days.</p> <p>Hire date on or before July 1, 1996 - Accumulate up to 275 days.</p> <p>Hire date after July 1, 1996 - Accumulate up to 225 days.</p> <p>Upon retirement - any officer with at least 100 up to a maximum of 225 days accumulated can receive:</p> <p style="margin-left: 20px;">a. At the rate of 3/8 of accumulated sick leave with payment subject to retirement withholding and included in average annual pay for the purpose of calculating retirement benefits.</p> <p style="text-align: center; margin-left: 40px;">OR</p> <p style="margin-left: 20px;">b. At the rate of 3/4 of accumulated sick leave with said payment not subject to retirement withholding and not included in average annual pay for the purpose of calculating retirement benefits.</p>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;">< 5 years</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 75%;">12 days</td> </tr> <tr> <td>5 - 10 years</td> <td style="text-align: center;">=</td> <td>15 days</td> </tr> <tr> <td>10 - 15 years</td> <td style="text-align: center;">=</td> <td>18 days</td> </tr> <tr> <td>> 15 years</td> <td style="text-align: center;">=</td> <td>24 days</td> </tr> </table> <p>Accrued leave must be taken before March 31st of the 2nd calendar year after the year it was accrued (can be extended to September 30 with approval of Town Manager and Chief of Police).</p>	< 5 years	=	12 days	5 - 10 years	=	15 days	10 - 15 years	=	18 days	> 15 years	=	24 days
< 5 years	=	12 days												
5 - 10 years	=	15 days												
10 - 15 years	=	18 days												
> 15 years	=	24 days												

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton Public Works Union (USWA)	<p>Employees with less than 5 years of service accrue 12 days per year. Accumulate up to 200 days.</p> <p>Employees with 5 or more years of service accrue 15 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement up to the maximum of 100 days. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to cash at a ratio of 5 to 1 each June 30th.</p>	<p>< 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days > 15 years = 24 days</p> <p>Accrued leave must be taken before June 30th of the year following the year in which it is accrued (a six-month extension can be granted).</p> <p>One additional day for each year of employment over 25 years up to a maximum of 5 additional days.</p> <p>Two additional days are accrued every July 1st.</p>
Groton Supervisors Union (AFSCME)	<p>12 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to pay at a ratio of 3 to 1 each June 30th.</p>	<p>< 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days > 15 years = 24 days</p> <p>Accrued leave must be taken before December 31st of the calendar year following the year in which it accrued (can be extended to June 30 with Town Manager approval).</p> <p>2 additional days are accrued every July 1st. Employees with over 5 years of service shall receive 4 days of leave on July 1.</p>
Groton BOE Paraprofessionals Union	<p>Employees hired prior to July 1, 2008 receive 15 days per year. Accumulate up to 125 days. Employees hired on or after July 1, 2008 receive 12 days per year.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>
Groton BOE Teachers Union	<p>15 days per year. Accumulate up to 165 days.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

G. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

H. Pension Accounting

Pension Trust Fund

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

Governmental Funds

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

Funding Policy

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

I. Other Post Employment Benefits (OPEB) Accounting

OPEB Trust Fund

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

Governmental Funds

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

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Funding Policy

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

J. Encumbrances

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

K. Fund Equity and Net Assets

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

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

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

Unrestricted Net Assets - This category represents the net assets of the Town which are not restricted for any project or other purpose by third parties.

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

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

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

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

L. Property Taxes

Property taxes are assessed as of October 1, levied on the following July 1, and billed and due in two installments, July 1 and January 1. Taxes less than \$50 are due in full on July 1. Motor vehicle taxes are due in one installment on July 1, and supplemental motor vehicles taxes are due

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

in full January 1. Taxes become delinquent thirty days after the installment is due. Liens are filed by the last day of the fiscal year.

M. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Not later than March 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 and Computer Replacement Fund) and the Debt Service (Groton Sewer District) Fund to the Town Council.

After one public hearing and numerous public meetings, the Town Council on or before April 28th recommends these budgets as revised to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25th. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9th. The Town Council must authorize all transfers of legally budgeted amounts between functions with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2009, there were no additional appropriations.

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

- Taxes collected within 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year compared to recognition in the year received for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.
- State of Connecticut payments on behalf of the Town teachers for the State teacher retirement system are reported for GAAP purposes only.
- For budgetary purposes, the Town does not recognize payroll expenditures which had been incurred but had not yet been paid out at June 30. Such amounts were recorded for GAAP purposes.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in the financial statements in conformity with GAAP. A reconciliation of these differences at June 30, 2009 follows:

	General Fund	
	Revenues and Transfers	Expenditures and Transfers
GAAP basis	\$ 122,001,990	\$ 121,941,924
Property tax revenue receivable:		
June 30, 2008	291,514	
June 30, 2009	(202,995)	
Allowance for collection losses:		
June 30, 2008		220,000
June 30, 2009		(220,000)
Encumbrances:		
June 30, 2008		(2,547,261)
June 30, 2009		3,289,619
State on-behalf payments for teacher retirement	(5,647,638)	(5,647,638)
Accrued wages:		
June 30, 2008		746,929
June 30, 2009		(842,855)
	\$ 116,442,871	\$ 116,940,718
Non-GAAP Budgetary Basis		

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

GAAP - fund balance	\$ 15,792,958
Encumbrances	(3,289,619)
GAAP accruals not recognized for budget	<u>859,859</u>
Budgetary - Fund Balance	<u>\$ 13,363,198</u>

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2009:

Major Funds:	
School Construction	\$ (2,309,720)
Internal Service:	
Workers' Compensation	(195,450)

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

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$18,839,754 of the Town's bank balance of \$20,545,267 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,012,381
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>12,827,373</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 18,839,754</u>

Cash Equivalents

At June 30, 2009, the Town's cash equivalents amounted to \$36,507,782. 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 and Poor's</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm	
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		AAA

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Investments

As of June 30, 2009, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>
Common stock	N/A	\$ 9,344
Mutual funds	N/A	<u>65,613,023</u>
Total Investments		<u>\$ 65,622,367</u>

N/A Not Applicable

Investment Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2009, the Town did not have any uninsured and unregistered securities held by a counterparty, or by its trust department or agent that were not in the Town's name.

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

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

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

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

Deposits and investments for retirement funds are disclosed in Note 4.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 101,950	\$ 27,543	\$ 200,000	\$ 329,493
Net appreciation on investments	<u>21,178</u>	<u>20,649</u>	<u>143</u>	<u>41,970</u>
Total Value	<u>\$ 123,128</u>	<u>\$ 48,192</u>	<u>\$ 200,143</u>	<u>\$ 371,463</u>

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

C. Fund Receivables

Receivables at June 30, 2009, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Capital Improvement</u>	<u>Sewer Construction</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 1,953,748	\$	\$	\$ 20,792	\$ 1,974,540
Assessments		3,257		80,381	83,638
Intergovernmental	1,963,254		3,502,645	86,818	5,552,717
Accounts receivable	188,394	39		211,691	400,124
User fees receivable				<u>1,196,388</u>	<u>1,196,388</u>
Gross receivables	<u>4,105,396</u>	<u>3,296</u>	<u>3,502,645</u>	<u>1,596,070</u>	<u>9,207,407</u>
Allowance for collection losses	<u>(220,000)</u>			<u>(303,500)</u>	<u>(523,500)</u>
Net Receivables	<u>\$ 3,885,396</u>	<u>\$ 3,296</u>	<u>\$ 3,502,645</u>	<u>\$ 1,292,570</u>	<u>\$ 8,683,907</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 1,750,754	\$
Property taxes paid in advance		9,945
Capital Improvements Fund:		
Assessments receivable	3,257	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	51,541	
Various education grants		255,604
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,805,552	\$ 265,549

D. Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$	\$	\$ 13,835,731
Construction in progress	73,632,993	16,616,021	48,233,696	42,015,318
Total capital assets not being depreciated	87,468,724	16,616,021	48,233,696	55,851,049
Capital assets being depreciated:				
Land improvements	3,542,968		20,194	3,522,774
Buildings and improvements	93,130,924	47,852,689	17,772	140,965,841
Machinery and equipment	14,909,598	1,070,129	376,947	15,602,780
Machinery and equipment - fleet	6,766,115	879,131	255,223	7,390,023
Infrastructure	77,247,025	521,945		77,768,970
Total capital assets being depreciated	195,596,630	50,323,894	670,136	245,250,388
Less accumulated depreciation for:				
Land improvements	2,532,827	71,049	20,194	2,583,682
Buildings and improvements	25,514,007	2,887,255	11,268	28,389,994
Machinery and equipment	11,678,408	518,372	371,367	11,825,413
Machinery and equipment - fleet	3,758,864	637,431	257,342	4,138,953
Infrastructure	43,530,774	2,234,569		45,765,343
Total accumulated depreciation	87,014,880	6,348,676	660,171	92,703,385
Total capital assets being depreciated, net	108,581,750	43,975,218	9,965	152,547,003
Governmental Activities Capital Assets, Net	\$ 196,050,474	\$ 60,591,239	\$ 48,243,661	\$ 208,398,052

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Governmental Activities:	
General government services	\$ 110,101
Public safety	26,488
Public works, including depreciation of general infrastructure assets	2,386,611
General services	167,049
Community services	30,161
Education	2,396,344
Sewer operating	559,982
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	637,431
Golf Course	34,509
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ <u>6,348,676</u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2009:

	<u>Project Amount</u>
WPCF Projects:	
Fort Hill Homes Sewer Rehabilitation	\$ 361,225
WPCF Upgrade	1,129,630
Roads/Streets/Sidewalks	
School Street RR Crossing (costs not covered by grant)	88,349
Resurfacing and Sidewalks	590,212
Building Improvements/Modifications	
Fitch High School	1,005,052
Animal Shelter	253,926
Senior Center	5,513,182
Public Buildings	159,930

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Interfund Receivables, Payables and Transfers

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 1,229,928
	School Construction Fund	472
	Sewer Construction Fund	140,773
	Nonmajor governmental funds	131,033
		\$ 1,502,206

The balance of \$1,502,206 due from other funds represents amounts committed to the General Fund from various special revenue and capital project funds.

Interfund Transfers

Interfund transfers during the year ended June 30, 2009 were as follows:

	Transfers In			Total Transfers Out
	General Fund	Capital Improvements Fund	Nonmajor Funds	
Transfers out:				
General Fund	\$	\$ 1,500,000	\$ 180,493	\$ 1,680,493
Nonmajor funds	650,837	1,045,000	2,550	1,698,387
Total Transfers In	\$ 650,837	\$ 2,545,000	\$ 183,043	\$ 3,378,880

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

F. Leases

Operating Leases

The Town leases buildings under noncancelable operating leases. The total costs for such leases were \$24,876 for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$ 14,208
2011	12,465
2012	12,116
2013	12,116
2014	12,116
Thereafter	60,580

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

G. Bond Anticipation Notes Payable

Bond anticipation note transactions for the year ended June 30, 2009 were as follows:

Outstanding, June 30, 2008	\$ 10,425,000
New borrowings	5,365,000
Repayments	<u>(10,425,000)</u>
Outstanding, June 30, 2009	<u>\$ 5,365,000</u>

The Town issued bond anticipation notes in order to fund capital improvement and school construction projects. The bond anticipation notes outstanding at June 30, 2009 bear interest at 3.75% and mature on October 29, 2009.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 46,315,000	\$ 7,550,000	\$ 4,130,000	\$ 49,735,000	\$ 4,010,000
Clean Water Fund loan		12,864,411		12,864,411	
Landfill post-closure monitoring	3,294,400		168,200	3,126,200	168,200
Compensated absences	2,204,068	521,809	148,045	2,577,832	165,718
Long-Term Liabilities	\$ 51,813,468	\$ 20,936,220	\$ 4,446,245	\$ 68,303,443	\$ 4,343,918

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$2,577,832 as of June 30, 2009. The liability will be funded through the General Fund and other appropriate funds.

Bonds

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

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

Fiscal Year	Groton General Fund		Groton Sewer District	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2010	\$ 3,560,000	\$ 1,947,268	\$ 450,000	\$ 39,000
2011	3,105,000	1,797,536	210,000	25,200
2012	3,100,000	1,674,474	210,000	16,800
2013	2,865,000	1,557,786	210,000	8,400
2014	2,865,000	1,443,844		
2015-2019	13,485,000	5,540,385		
2020-2024	11,635,000	2,980,220		
2025-2029	8,040,000	677,325		
	\$ 48,655,000	\$ 17,618,838	\$ 1,080,000	\$ 89,400

At June 30, 2009, the Town has available from the State of Connecticut \$224,606 of school bond principal subsidies due in installments through 2012.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Total authorized but unissued long-term debt at June 30, 2009 consists of the following:

	Bonds Authorized Unissued
Animal Shelter	\$ 185,000
Senior Center	11,070,000
WPCF Additions/Improvements and Sewer System Evaluation	289,445
School Construction - Phase I	926,807
Forth Hill Homes	131,200
	\$ 12,602,452

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

Category	Debt Limit	Indebtedness	Balance
General purpose	\$ 219,130,180	\$ 27,307,451	\$ 191,822,729
Schools	438,260,360	37,827,201	400,433,159
Sewers	365,216,966	9,785,645	355,431,321
Urban renewal	316,521,371		316,521,371
Pension deficit	292,173,573		292,173,573

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation including coterminous municipalities, or \$681,738,337. All long-term debt obligations are retired through General Fund and Debt Service Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes are issued and outstanding. Additionally, underlying debt of \$7,708,451 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$12,602,452 at June 30, 2009. School indebtedness is net of school building grants of \$224,606.

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, 2009, the Town has received financing of \$9,361,766, the original approved amount. The agreement has been amended to increase the loan an additional \$3,502,645, bringing total funding to \$12,864,411. The additional funding has been recognized and recorded as a receivable in the Sewer Construction Fund. The loan bears interest at 2% and is to be repaid over 20 years. Repayments begin in November 2010.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Fiscal Year	Sewer Construction Fund	
	Principal Payments	Interest Payments
2010	\$ -	\$ -
2011	1,018,433	140,705
2012	643,221	231,023
2013	643,221	218,159
2014	643,221	205,295
2015-2019	3,216,103	833,507
2020-2024	3,216,103	511,896
2025-2029	3,216,103	190,286
2030	268,006	1,340
	\$ 12,864,411	\$ 2,332,211

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town’s municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,725,500 (\$101,500 per year for 17 years). The other landfill site stopped accepting waste in the fall of 2001 and its remaining postclosure cost is \$1,400,700 (\$66,700 for 21 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

4. PUBLIC EMPLOYEE RETIREMENT SYSTEM

A. Plan Description and Provisions

All Town employees (nonunion choose an election at hire), except certified members of the Board of Education, participate in the Town of Groton Retirement System (TGRS), a single-employer defined benefit pension plan administered by the Retirement Board. TGRS provides retirement, disability and death benefits to plan members and beneficiaries. The charter provides the Town Council with the authority to establish and amend benefit provisions, by ordinance, through the Retirement Board. The Plan is considered to be part of the Town’s financial reporting entity and is included in the Town’s financial reports as a pension trust fund. Stand-alone financial statements are not available.

Under the plan, all full-time employees hired are eligible. Police Officers, BOE Secretaries and Custodians are 100% vested after 10 years of service. Firefighters are 50% vested after 10 years with 3.3% additional after each of the next 15 years. General Government Nonbargaining,

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

GMEA, AFSME, Steelworkers and BOE Central Office Employees are 100% vested after 5 years of service. Benefits are calculated as follows:

Board of Education - School Secretaries: 1.25% of average annual pay for service years prior to 1989, 1.85% for service years between 1989 and 2001, and 2% for service years after 2001 (for highest paid 5 years of last 7 years) times the number of years of participation.

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

GMEA: 2.05% of average annual pay (for highest 3 years) times the number of years of continuous service up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25.

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

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

General Government Nonbargaining: 2% of average annual pay (for highest paid 3 years out of last 5 years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30. The Rule of 85 (sum of age and years of service) may be applied if under 60 and the Rule of 75 may be applicable if over the age of 60.

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

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

Union Police Officers: 2.667% of average annual pay (highest paid 5 years) times the number of years of continuous service up to 30 years of service.

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

B. Funding Policy

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

At July 1, 2008, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	190
Terminated employees entitled to benefits but not yet receiving them	17
Active plan members	<u>433</u>
Total	<u>640</u>

C. Method Used to Value Investments

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

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

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

Annual required contribution	\$ 1,367,891
Interest on net pension obligation	(95,201)
Adjustment to annual required contribution	<u>160,717</u>
Annual pension cost	1,433,407
Contributions made	<u>1,367,891</u>
Decrease in net pension asset	65,516
Net Pension Asset, July 1, 2008	<u>(1,153,946)</u>
Net Pension Asset, June 30, 2009	\$ <u>(1,088,430)</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Actuarial valuation date	July 1, 2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	10 years, open
Asset valuation method	5-year smoothed market value
 Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases	3.25% to 6.25% (varies by age and group)
Cost-of-living adjustments	None

*includes an inflation rate of 3.25%

E. Trend Information

<u>Fiscal Year End</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
6/30/07	\$ 920,813	94.7%	\$ (1,223,406)
6/30/08	1,237,648	94.4	(1,153,946)
6/30/09	1,433,407	95.4	(1,088,430)

F. Schedule of Funding Progress and Schedule of Employer Contributions

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Funding Excess a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess Funded AAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/03	\$ 77,314,000	\$ 65,474,000	\$ 11,840,000	118.1%	\$ 20,374,000	58.1%
7/1/04	76,643,163	68,246,938	8,396,225	112.3	20,256,214	41.5
7/1/05	76,641,258	71,217,521	5,423,737	107.6	20,531,996	26.4
7/1/06	78,791,829	75,542,546	3,249,283	104.3	21,603,225	15.0
7/1/07	82,698,074	80,107,841	2,590,233	103.2	22,370,382	11.6
7/1/08	86,317,508	84,196,700	2,120,808	102.5	23,647,808	9.0

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
6/30/04	\$ -	N/A
6/30/05	264,070	N/A
6/30/06	534,196	100.0%
6/30/07	848,582	103.0%
6/30/08	1,168,188	100.0%
6/30/09	1,367,891	100.0%

G. Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained the age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has accumulated 35 years of credited services, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$5,647,638 for the year ended June 30, 2009.

5. POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES HEALTHCARE PLAN

Summary of Significant Accounting Policies

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Plan Description

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

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

At July 1, 2008, plan membership consisted of the following:

	Retiree Health Plan
Retired members	207
Spouses of retired members	106
Active plan members	848
Total Participants	<u>1,161</u>

Funding Policy

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

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$699 per month for retiree only coverage and \$1,498 per month for retiree and spouse coverage, to age 65, and \$503 and \$1,124 per month, respectively, thereafter.

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross is \$615 per month for retiree only coverage and \$1,231 per month for retiree and spouse coverage to age 65. The cost for Medicare eligible employees is \$278 per month for retiree only and \$557 per month for retiree and spouse.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Contributions

For the year ended June 30, 2009, plan members contributed \$1,685,974. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$3,249,200 were made in accordance with actuarially determined requirements. Of this amount, \$1,918,672 represents premium payments, \$537,328 represents implicit rate subsidy and \$793,200 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

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

	<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$ 2,781,000
Interest on net OPEB obligation	(13,743)
Adjustment to annual required contribution	<u>9,609</u>
Annual OPEB cost	2,776,866
Contributions made	<u>3,249,200</u>
Increase in net OPEB asset	(472,334)
Net OPEB asset, July 1, 2008	<u>(183,235)</u>
Net OPEB Asset, June 30, 2009	<u>\$ (655,569)</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2009 is presented below. Data is only presented for the fiscal years ending June 30, 2009 and 2008, due to 2008 being a year of transition.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2008	\$ 2,506,000	\$ 2,689,235	107.31%	\$ (183,235)
June 30, 2009	2,776,866	3,249,200	117.00%	(655,569)

As of July 1, 2008, the most recent actuarial valuation date, the plan was 4% funded. The actuarial accrued liability for benefits was \$34,026,000, and the actuarial value of assets was \$1,384,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$32,642,000. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years. The general inflation assumption is 2.5% - 3.0%. Projected salary increases were 4.5%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2008 was 29 years.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Schedule of Funding Progress

<u>Plan Year</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<i>Retiree Medical Program</i>						
7/1/2006	\$ -	\$ 27,865,000	\$ 27,865,000	0.00%	n/a	n/a
7/1/2008	1,384,000	34,026,000	32,642,000	4.00%	n/a	n/a

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 2,781,000	117%
6/30/2008	2,506,000	107%

n/a - The covered payroll is not available.

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. Town management has estimated a liability using actuarial methods at June 30, 2009 for claims incurred but not reported to be \$933,131 in the Health Insurance Fund and \$2,513,309 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,787,763. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Changes in the claims liability were as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,	Due Within One Year
<u>Health Insurance Fund</u>					
2008-2009	\$ 1,110,936	\$ 11,906,891	\$ 12,084,696	\$ 933,131	\$ 933,131
2007-2008	1,140,830	13,524,886	13,554,780	1,110,936	1,110,936
<u>Workers' Compensation Fund</u>					
2008-2009	\$ 2,462,416	\$ 522,236	\$ 471,343	\$ 2,513,309	\$ 125,665
2007-2008	2,673,070	412,693	623,347	2,462,416	123,121

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 2007 grand list, comprise 21.7% of the net taxable grand list of the Town and approximately 13.2% of the total General Fund revenues for the year ended June 30, 2009.

D. Subsequent Event

On October 21, 2009, the Town held a bond and note sale and issued the following:

- \$9,675,000 of General Obligation Bonds dated October 15, 2009. The bonds bear interest at rates ranging from 0.42% to 3.75% and mature on October 15, 2029.
- \$3,040,000 of General Obligation Bond Anticipation Notes dated October 28, 2009. These notes bear interest at 0.54% and mature on October 27, 2010.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

7. FUTURE STANDARDS

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

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

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

**Supplemental and Combining
Fund Statements and Schedules**

General Fund

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 18,960,973	\$ 21,051,258
Property taxes receivable, net	1,733,748	1,691,535
Other receivables	3,653,854	1,119,493
Prepaid expenditures and other assets	<u>577</u>	<u>3,505</u>
Total Assets	<u>\$ 24,349,152</u>	<u>\$ 23,865,791</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 6,795,495	\$ 6,495,939
Deferred revenue - taxes	<u>1,760,699</u>	<u>1,636,960</u>
Total liabilities	<u>8,556,194</u>	<u>8,132,899</u>
Fund Balances:		
Reserved for encumbrances	3,289,619	2,655,295
Unreserved:		
Designated for subsequent year budget	2,013,725	2,665,505
Unreserved, undesignated	<u>10,489,614</u>	<u>10,412,092</u>
Total fund balance	<u>15,792,958</u>	<u>15,732,892</u>
Total Liabilities and Fund Balance	<u>\$ 24,349,152</u>	<u>\$ 23,865,791</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -
BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 71,298,008	\$ 71,298,008	\$ 71,901,723	\$ 603,715
Licenses and Permits:				
Building permits	295,243	295,243	209,366	(85,877)
Sporting licenses	2,000	2,000	1,297	(703)
Dog licenses	6,900	6,900	8,434	1,534
Other licenses and permits	14,700	14,700	10,047	(4,653)
Building permits - education fee	240	240	273	33
State land use fees	200	200	486	286
Total licenses and permits	<u>319,283</u>	<u>319,283</u>	<u>229,903</u>	<u>(89,380)</u>
Interest on Investments	<u>673,000</u>	<u>673,000</u>	<u>432,137</u>	<u>(240,863)</u>
Intergovernmental - State:				
General:				
Town aid road	198,289	198,289	190,664	(7,625)
Nuclear safety drill	28,000	28,000	23,009	(4,991)
Highway illumination	1,619	1,619	1,619	-
Telephone access	252,500	252,500	246,703	(5,797)
PILOT Enterprise zone	216,270	216,270	216,930	660
PILOT manufacturing machinery and equipment	2,719,154	2,719,154	2,414,142	(305,012)
PILOT - state and tax exemptions	1,751,216	1,751,216	1,759,972	8,756
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	40,000	40,000	30,784	(9,216)
Pequot/Mohegan funds	2,301,167	2,301,167	2,272,156	(29,011)
911 Enhancement	147,500	147,500	147,579	79
Miscellaneous state grants	7,500	7,500	23,510	16,010
Board of Education:				
Education cost sharing	25,374,989	25,374,989	25,308,705	(66,284)
Adult education	103,980	103,980	107,402	3,422
Instruction for the blind	40,000	40,000	23,785	(16,215)
Special education	1,121,690	1,121,690	1,090,501	(31,189)
Transportation - private school	33,385	33,385	31,852	(1,533)
Transportation	459,027	459,027	594,948	135,921
School building grants	228,096	228,096	228,097	1
Bond interest subsidy	11,475	11,475	11,475	-
Nonpublic pupil services	29,360	29,360	31,147	1,787
Miscellaneous state grants			61,648	61,648
Total State of Connecticut	<u>35,074,217</u>	<u>35,074,217</u>	<u>34,825,628</u>	<u>(248,589)</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 5,400,000	\$ 5,400,000	\$ 6,367,746	\$ 967,746
Education - misc. federal funds	45,000	45,000	71,138	26,138
Emergency management	15,200	15,200	15,196	(4)
Total Federal government	<u>5,460,200</u>	<u>5,460,200</u>	<u>6,454,080</u>	<u>993,880</u>
Charges for Current Services:				
Planning Commission fees	25,000	25,000	12,790	(12,210)
Recording instruments	220,000	220,000	156,976	(63,024)
Conveyance tax	650,000	650,000	559,868	(90,132)
Planning department - other	1,000	1,000	1,234	234
Collection subdivisions taxes	74,478	74,478	74,478	-
Accident reports	2,200	2,200	1,225	(975)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	50,446	50,446	60,446	10,000
Vehicle maint/other agencies	35,978	35,978	32,631	(3,347)
Playground aides - Board of Education	26,000	26,000	26,783	783
Housing Authority shelter rent	47,466	47,466	46,058	(1,408)
Coordinated Medical Emergency Director	13,975	13,975	21,966	7,991
Board of Education - FHS/ground mowing	40,786	40,786	40,786	-
GIS - revenue	2,500	2,500	983	(1,517)
Vital statistics	4,700	4,700	4,864	164
Total charges for current services	<u>1,195,529</u>	<u>1,195,529</u>	<u>1,042,088</u>	<u>(153,441)</u>
Schools, Library and Recreation:				
Tuition from other towns	100,000	100,000	143,210	43,210
Other school receipts	50,000	50,000	102,516	52,516
Library fines	21,000	21,000	25,170	4,170
Lost and damaged book fees	3,000	3,000	3,199	199
Senior Center fees	50,000	50,000	54,435	4,435
Park concession and rental	1,800	1,800	1,867	67
Other recreational receipts	35,703	35,703	35,797	94
Library - copier fees	9,000	9,000	7,262	(1,738)
Library fees	9,000	9,000	10,825	1,825
Park rentals	2,000	2,000	2,660	660
Playground fees	80,240	80,240	68,455	(11,785)
Total schools, library and recreation	<u>361,743</u>	<u>361,743</u>	<u>455,396</u>	<u>93,653</u>

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TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 1,080	\$ 1,080	\$ 14,537	\$ 13,457
Parking tickets	3,500	3,500	3,558	58
Aircraft registration fees	27,500	27,500	17,900	(9,600)
Lease fees	74,416	74,416	93,290	18,874
Land record copies	30,000	30,000	25,463	(4,537)
Vital copies	45,000	45,000	45,888	888
Miscellaneous	700	700	107,854	107,154
Dog warden - sold and redeemed	4,000	4,000	3,565	(435)
Public Works Disposal fees	137,595	137,595	129,833	(7,762)
Returned check fees	1,400	1,400	1,080	(320)
Sale of capital assets	2,000	2,000	6,654	4,654
Finance Dept. copies	1,500	1,500	1,457	(43)
Total other revenue	<u>328,691</u>	<u>328,691</u>	<u>451,079</u>	<u>122,388</u>
Other Financing Sources:				
Transfers in:				
Golf course	53,798	53,798	56,698	2,900
Sewer/landfill services	489,724	489,724	489,723	(1)
Sewer District	96,943	96,943	96,943	-
Mumford Cove	723	723	723	-
Community Investment Act Fund	6,750	6,750	6,750	-
Total other financing sources	<u>647,938</u>	<u>647,938</u>	<u>650,837</u>	<u>2,899</u>
Total Revenues and Other Financing Sources	<u>\$ 115,358,609</u>	<u>\$ 115,358,609</u>	<u>\$ 116,442,871</u>	<u>\$ 1,084,262</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 60,060	\$ 60,060	\$ 59,708	\$ 352
Voter registration	121,221	121,221	102,173	19,048
Judicial services	19,120	19,120	19,862	(742)
Town Clerk	402,070	402,070	392,264	9,806
Legal services	357,500	409,700	405,268	4,432
Total general government	959,971	1,012,171	979,275	32,896
General Services:				
Executive management	385,987	385,987	379,504	6,483
Financial administration	1,424,868	1,424,868	1,423,766	1,102
Administrative services	2,859,952	2,859,952	2,798,731	61,221
Total general services	4,670,807	4,670,807	4,602,001	68,806
Public Safety:				
Police services	6,502,424	6,553,524	6,495,521	58,003
Public Works	7,740,802	7,968,977	7,967,618	1,359
Planning and Development Services	1,273,270	1,273,270	1,232,559	40,711
Human Services:				
Human services	677,770	677,770	617,031	60,739
Community Services:				
Parks and recreation	2,447,102	2,447,102	2,391,718	55,384
Library	1,903,607	1,903,607	1,821,006	82,601
Total community services	4,350,709	4,350,709	4,212,724	137,985
Nondepartmental:				
Insurance and claims	562,000	562,000	454,204	107,796
Contingency	350,000	18,525		18,525
Self-funded plans	5,490,066	5,490,066	5,500,429	(10,363)
Total nondepartmental	6,402,066	6,070,591	5,954,633	115,958
Education	71,500,000	71,500,000	71,125,441	374,559
Debt Service:				
Town	1,800,300	1,800,300	1,827,044	(26,744)
Board of Education	3,589,070	3,589,070	3,370,949	218,121
Total debt service	5,389,370	5,389,370	5,197,993	191,377

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Outside Agencies:				
Regional agencies	\$ 103,779	\$ 103,779	\$ 103,779	\$ -
Ambulance services	120,451	120,451	119,451	1,000
Health services - cultural agencies	1,333,055	1,333,055	1,333,052	3
Other libraries	226,700	226,700	226,700	-
Total outside agencies	<u>1,783,985</u>	<u>1,783,985</u>	<u>1,782,982</u>	<u>1,003</u>
Subdivisions:				
City of Groton	4,431,435	4,431,435	4,431,435	-
Groton Long Point	415,000	415,000	415,000	-
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>5,092,447</u>	<u>5,092,447</u>	<u>5,092,447</u>	<u>-</u>
Total expenditures	<u>116,343,621</u>	<u>116,343,621</u>	<u>115,260,225</u>	<u>1,083,396</u>
Other Financing Uses:				
Transfers out	<u>1,680,493</u>	<u>1,680,493</u>	<u>1,680,493</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 118,024,114</u>	<u>\$ 118,024,114</u>	<u>\$ 116,940,718</u>	<u>\$ 1,083,396</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, 2009

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 31,447,980	\$ 31,436,193	\$ 30,408,422	\$ 921,295	\$ 31,329,717	\$ 106,476
Special	10,306,690	10,402,212	10,313,740	38,478	10,352,218	49,994
Continuing	308,650	308,650	304,948		304,948	3,702
Total instruction	<u>42,063,320</u>	<u>42,147,055</u>	<u>41,027,110</u>	<u>959,773</u>	<u>41,986,883</u>	<u>160,172</u>
Supporting Services:						
Pupils	5,149,150	5,225,590	5,196,469	29,121	5,225,590	-
Staff	3,027,590	3,002,590	2,881,356	70,480	2,951,836	50,754
General support	5,717,060	5,821,885	5,731,603	90,282	5,821,885	-
Operational support	12,715,100	12,615,100	12,004,757	555,042	12,559,799	55,301
Total supporting services	<u>26,608,900</u>	<u>26,665,165</u>	<u>25,814,185</u>	<u>744,925</u>	<u>26,559,110</u>	<u>106,055</u>
Community Services:						
Civic activities			22		22	(22)
Nonpublic school pupils	138,400	148,400	146,809		146,809	1,591
Total community services	<u>138,400</u>	<u>148,400</u>	<u>146,831</u>	<u>-</u>	<u>146,831</u>	<u>1,569</u>
Nonprogrammed Changes:						
Tuition payments	2,689,380	2,539,380	2,428,216	4,401	2,432,617	106,763
Total	<u>\$ 71,500,000</u>	<u>\$ 71,500,000</u>	<u>\$ 69,416,342</u>	<u>\$ 1,709,099</u>	<u>\$ 71,125,441</u>	<u>\$ 374,559</u>

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Donation Fund: Accounts for miscellaneous donations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Fund

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

Debt Service Fund

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

Permanent Funds

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

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

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

TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Special Revenue Funds								
	<u>Educational Grants</u>	<u>School Cafeteria</u>	<u>Community Development</u>	<u>Donation Fund</u>	<u>Fitch Senior High Library Media Fund</u>	<u>Board of Education Grants (DOD)</u>	<u>Special Library Fund</u>	<u>Golf Course Fund</u>	<u>Sewer Operating Fund</u>
ASSETS									
Cash and cash equivalents	\$ 29,834	\$ 155,601	\$ 724,795	\$ 91,952	\$ 10,264	\$ 227,849	\$ 127,085	\$ 53,805	\$ 1,237,179
Receivables:									
Taxes receivable, net									
Assessments receivable, net			41,412						
Intergovernmental	86,818								
Accounts receivable, net		211,172							
User fees receivable, net									541,472
Investments									
Other assets								4,921	
Total Assets	\$ 116,652	\$ 366,773	\$ 766,207	\$ 91,952	\$ 10,264	\$ 227,849	\$ 127,085	\$ 58,726	\$ 1,778,651
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$ 329	\$ 471	\$	\$	\$ 2,567	\$ 45,647	\$ 201,107
Due to State	15,249								
Due to other funds									
Deferred revenue	27,755					227,849			
Total liabilities	43,004	-	329	471	-	227,849	2,567	45,647	201,107
Fund Balances:									
Reserved for encumbrances									107,770
Reserved for equipment									674,054
Reserved for trust principal									
Unreserved and undesignated	73,648	366,773	765,878	91,481	10,264		124,518	13,079	795,720
Total fund balances	73,648	366,773	765,878	91,481	10,264	-	124,518	13,079	1,577,544
Total Liabilities and Fund Balances	\$ 116,652	\$ 366,773	\$ 766,207	\$ 91,952	\$ 10,264	\$ 227,849	\$ 127,085	\$ 58,726	\$ 1,778,651

(Continued on next page)

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

JUNE 30, 2009

	Special Revenue Funds								
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	Escrow Fund	Parks and Recreation Revolving
ASSETS									
Cash and cash equivalents	\$ 1,396,654	\$ 667	\$ 6,697	\$ 529,788	\$ 147,615	\$ 263,532	\$ 8,807	\$ 819,007	\$ 273,223
Receivables:									
Taxes receivable, net		7							
Assessments receivable, net									
Intergovernmental									
Accounts receivable, net					26				434
User fees receivable, net	354,916								
Investments									
Other assets									1,219
Total Assets	\$ 1,751,570	\$ 674	\$ 6,697	\$ 529,788	\$ 147,641	\$ 263,532	\$ 8,807	\$ 819,007	\$ 274,876
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 350,213	\$	\$ 256	\$ 5,343	\$ 6,186	\$	\$	\$ 5,770	\$ 14,498
Due to State									
Due to other funds					131,033				
Deferred revenue									
Total liabilities	350,213	-	256	5,343	137,219	-	-	5,770	14,498
Fund Balances:									
Reserved for encumbrances									
Reserved for equipment									
Reserved for trust principal									
Unreserved and undesignated	1,401,357	674	6,441	524,445	10,422	263,532	8,807	813,237	260,378
Total fund balances	1,401,357	674	6,441	524,445	10,422	263,532	8,807	813,237	260,378
Total Liabilities and Fund Balances	\$ 1,751,570	\$ 674	\$ 6,697	\$ 529,788	\$ 147,641	\$ 263,532	\$ 8,807	\$ 819,007	\$ 274,876

(Continued on next page)

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

JUNE 30, 2009

	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Debt Service</u>	<u>Permanent Funds</u>			<u>Totals</u>
	<u>Outside</u>			<u>Project Fund</u>	<u>Fund</u>	<u>Williams</u>	<u>Julia Bill</u>	<u>Rispoli</u>	
	<u>Police</u>	<u>Land</u>	<u>Economic</u>	<u>Sewer Line</u>	<u>Groton</u>	<u>Library</u>	<u>Library</u>	<u>Scholarship</u>	
	<u>Work</u>	<u>Acquisition</u>	<u>Assistance</u>	<u>Infrastructure</u>	<u>Sewer</u>	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>	
				<u>Repair</u>	<u>District</u>				
ASSETS									
Cash and cash equivalents	\$ 227,169	\$ 224,566	\$ 209,709	\$ 462,387	\$ 3,094,807	\$ 38,864	\$ 38,848	\$ 200,143	\$ 10,600,847
Receivables:									
Taxes receivable, net					17,285				17,292
Assessments receivable, net					33,125				74,537
Intergovernmental									86,818
Accounts receivable, net	5,844				59				217,535
User fees receivable, net									896,388
Investments						84,264	9,344		93,608
Other assets									6,140
Total Assets	\$ 233,013	\$ 224,566	\$ 209,709	\$ 462,387	\$ 3,145,276	\$ 123,128	\$ 48,192	\$ 200,143	\$ 11,993,165
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$ 24,317	\$ 29	\$	\$	\$	\$ 656,733
Due to State									15,249
Due to other funds									131,033
Deferred revenue					51,541				307,145
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,317</u>	<u>51,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,160</u>
Fund Balances:									
Reserved for encumbrances				403,463	468				511,701
Reserved for equipment									674,054
Reserved for trust principal						101,950	27,543	200,000	329,493
Unreserved and undesignated	233,013	224,566	209,709	34,607	3,093,238	21,178	20,649	143	9,367,757
Total fund balances	<u>233,013</u>	<u>224,566</u>	<u>209,709</u>	<u>438,070</u>	<u>3,093,706</u>	<u>123,128</u>	<u>48,192</u>	<u>200,143</u>	<u>10,883,005</u>
Total Liabilities and Fund Balances	\$ 233,013	\$ 224,566	\$ 209,709	\$ 462,387	\$ 3,145,276	\$ 123,128	\$ 48,192	\$ 200,143	\$ 11,993,165

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds								
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut	2,259,735	80,106					45,513		
Federal government	6,697	730,165				938,873			
Investments earnings (depreciation)		1,402	11,854		59	7,772	1,138		12,761
Charges for services		961,388						1,089,757	
Sewer use charges									5,339,960
Solid waste management									
Other revenue	139,260		6,263	51,887				510	3,630
Total revenues	<u>2,405,692</u>	<u>1,773,061</u>	<u>18,117</u>	<u>51,887</u>	<u>59</u>	<u>946,645</u>	<u>46,651</u>	<u>1,090,267</u>	<u>5,356,351</u>
Expenditures:									
General government									
Public safety									
Human services			3,033	43,554					
Community services							41,781	1,070,437	
Education	2,370,260	1,781,703							
Sewer operations									3,771,722
Solid waste management									
Capital outlay						946,645			
Debt service									353,153
Total expenditures	<u>2,370,260</u>	<u>1,781,703</u>	<u>3,033</u>	<u>43,554</u>	<u>-</u>	<u>946,645</u>	<u>41,781</u>	<u>1,070,437</u>	<u>4,124,875</u>
Revenues Over (Under) Expenditures	<u>35,432</u>	<u>(8,642)</u>	<u>15,084</u>	<u>8,333</u>	<u>59</u>	<u>-</u>	<u>4,870</u>	<u>19,830</u>	<u>1,231,476</u>
Other Financing Sources (Uses):									
Issuance of bond									
Transfers in									
Transfers out								(57,123)	(1,355,414)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,123)</u>	<u>(1,355,414)</u>
Net Change in Fund Balances	35,432	(8,642)	15,084	8,333	59	-	4,870	(37,293)	(123,938)
Fund Balance - Beginning of Year	<u>38,216</u>	<u>375,415</u>	<u>750,794</u>	<u>83,148</u>	<u>10,205</u>	<u>-</u>	<u>119,648</u>	<u>50,372</u>	<u>1,701,482</u>
Fund Balance - End of Year	<u>\$ 73,648</u>	<u>\$ 366,773</u>	<u>\$ 765,878</u>	<u>\$ 91,481</u>	<u>\$ 10,264</u>	<u>\$ -</u>	<u>\$ 124,518</u>	<u>\$ 13,079</u>	<u>\$ 1,577,544</u>

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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, 2009

	Special Revenue Funds								
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	Escrow Fund	Parks and Recreation Revolving
Revenues:									
Property taxes, interest and lien fees	\$	\$ 10,459	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut					276,914				
Federal government					3,325				
Investments earnings (depreciation)	7,063			4,892		2,370			
Charges for services					10,980	26,086	1,872		452,488
Sewer use charges									
Solid waste management	2,839,702								
Other revenue			29,307		18,382			244,372	99,751
Total revenues	<u>2,846,765</u>	<u>10,459</u>	<u>29,307</u>	<u>4,892</u>	<u>309,601</u>	<u>28,456</u>	<u>1,872</u>	<u>244,372</u>	<u>552,239</u>
Expenditures:									
General government				7,843	18,869			300,974	
Public safety		10,000			58,681				
Human services			29,329		32,419				
Community services					123,872				581,850
Education							9,332		
Sewer operations									
Solid waste management	2,386,667								
Capital outlay					50,000	19,082			
Debt service									
Total expenditures	<u>2,386,667</u>	<u>10,000</u>	<u>29,329</u>	<u>7,843</u>	<u>283,841</u>	<u>19,082</u>	<u>9,332</u>	<u>300,974</u>	<u>581,850</u>
Revenues Over (Under) Expenditures	<u>460,098</u>	<u>459</u>	<u>(22)</u>	<u>(2,951)</u>	<u>25,760</u>	<u>9,374</u>	<u>(7,460)</u>	<u>(56,602)</u>	<u>(29,611)</u>
Other Financing Sources (Uses):									
Issuance of bond									
Transfers in				100,000		83,043			
Transfers out	(181,434)	(723)			(6,750)				
Total other financing sources (uses)	<u>(181,434)</u>	<u>(723)</u>	<u>-</u>	<u>100,000</u>	<u>(6,750)</u>	<u>83,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	278,664	(264)	(22)	97,049	19,010	92,417	(7,460)	(56,602)	(29,611)
Fund Balance - Beginning of Year	<u>1,122,693</u>	<u>938</u>	<u>6,463</u>	<u>427,396</u>	<u>(8,588)</u>	<u>171,115</u>	<u>16,267</u>	<u>869,839</u>	<u>289,989</u>
Fund Balance - End of Year	<u>\$ 1,401,357</u>	<u>\$ 674</u>	<u>\$ 6,441</u>	<u>\$ 524,445</u>	<u>\$ 10,422</u>	<u>\$ 263,532</u>	<u>\$ 8,807</u>	<u>\$ 813,237</u>	<u>\$ 260,378</u>

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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, 2009

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Permanent Funds			Totals
	Outside Police Work	Land Acquisition	Economic Assistance	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$ 752,449	\$	\$	\$	\$ 762,908
Sewer assessments					16,357				16,357
State of Connecticut					1,802				2,664,070
Federal government									1,679,060
Investments earnings (depreciation)		2,158	1,998	3,778	28,352	(17,794)	(838)		66,965
Charges for services	55,257							1,951	2,599,779
Sewer use charges									5,339,960
Solid waste management									2,839,702
Other revenue									593,362
Total revenues	<u>55,257</u>	<u>2,158</u>	<u>1,998</u>	<u>3,778</u>	<u>798,960</u>	<u>(17,794)</u>	<u>(838)</u>	<u>1,951</u>	<u>16,562,163</u>
Expenditures:									
General government					5,587				333,273
Public safety	52,471								121,152
Human services									108,335
Community services								2,925	1,820,865
Education									4,161,295
Sewer operations									3,771,722
Solid waste management									2,386,667
Capital outlay				1,174,530					2,190,257
Debt service					569,231				922,384
Total expenditures	<u>52,471</u>	<u>-</u>	<u>-</u>	<u>1,174,530</u>	<u>574,818</u>	<u>-</u>	<u>-</u>	<u>2,925</u>	<u>15,815,950</u>
Revenues Over (Under) Expenditures	<u>2,786</u>	<u>2,158</u>	<u>1,998</u>	<u>(1,170,752)</u>	<u>224,142</u>	<u>(17,794)</u>	<u>(838)</u>	<u>(974)</u>	<u>746,213</u>
Other Financing Sources (Uses):									
Issuance of bond				3,250,000					3,250,000
Transfers in									183,043
Transfers out					(96,943)				(1,698,387)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,250,000</u>	<u>(96,943)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,734,656</u>
Net Change in Fund Balances	2,786	2,158	1,998	2,079,248	127,199	(17,794)	(838)	(974)	2,480,869
Fund Balance - Beginning of Year	<u>230,227</u>	<u>222,408</u>	<u>207,711</u>	<u>(1,641,178)</u>	<u>2,966,507</u>	<u>140,922</u>	<u>49,030</u>	<u>201,117</u>	<u>8,402,136</u>
Fund Balance - End of Year	<u>\$ 233,013</u>	<u>\$ 224,566</u>	<u>\$ 209,709</u>	<u>\$ 438,070</u>	<u>\$ 3,093,706</u>	<u>\$ 123,128</u>	<u>\$ 48,192</u>	<u>\$ 200,143</u>	<u>\$ 10,883,005</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 3,375	\$ 3,375	\$ 1,138	\$ (2,237)
State grants	1,200	1,200	1,258	58
ConnectiCard grant	42,000	42,000	44,255	2,255
Total revenues	<u>46,575</u>	<u>46,575</u>	<u>46,651</u>	<u>76</u>
Expenditures:				
Payroll charges	13,435	13,435	8,014	5,421
Software maintenance fees	14,175	14,175	13,700	475
Professional/technical service			2,272	(2,272)
Equipment, machinery and furniture	12,505	12,505	11,126	1,379
Computer equipment	12,025	12,025	7,179	4,846
Total expenditures	<u>52,140</u>	<u>52,140</u>	<u>42,291</u>	<u>9,849</u>
Net Change in Fund Balance	<u>\$ (5,565)</u>	<u>\$ (5,565)</u>	<u>\$ 4,360</u>	<u>\$ 9,925</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,193,523	\$ 1,193,523	\$ 1,090,267	\$ (103,256)
Expenditures:				
Community services	<u>1,124,499</u>	<u>1,124,499</u>	<u>1,066,901</u>	<u>57,598</u>
Revenues over Expenditures	69,024	69,024	23,366	(45,658)
Other Financing Uses:				
Transfers out	<u>(57,123)</u>	<u>(57,123)</u>	<u>(57,123)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>11,901</u>	\$ <u>11,901</u>	\$ <u>(33,757)</u>	\$ <u>(45,658)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,582,491	\$ 5,582,491	\$ 5,339,960	\$ (242,531)
Interest income	7,400	7,400	12,761	5,361
Other revenue			3,630	3,630
Total revenues	<u>5,589,891</u>	<u>5,589,891</u>	<u>5,356,351</u>	<u>(233,540)</u>
Expenditures:				
Sewer system maintenance	<u>4,228,497</u>	<u>4,228,497</u>	<u>4,150,317</u>	<u>78,180</u>
Revenues over Expenditures	1,361,394	1,361,394	1,206,034	(155,360)
Other Financing Uses:				
Transfers out	<u>(1,355,414)</u>	<u>(1,355,414)</u>	<u>(1,355,414)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 5,980</u>	<u>\$ 5,980</u>	<u>\$ (149,380)</u>	<u>\$ (155,360)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste management	\$ 2,552,633	\$ 2,552,633	\$ 2,839,703	\$ 287,070
Interest income	<u>16,900</u>	<u>16,900</u>	<u>7,063</u>	<u>(9,837)</u>
Total revenues	<u>2,569,533</u>	<u>2,569,533</u>	<u>2,846,766</u>	<u>277,233</u>
Expenditures:				
Solid waste management	<u>2,532,886</u>	<u>2,532,886</u>	<u>2,386,668</u>	<u>146,218</u>
Revenues over Expenditures	36,647	36,647	460,098	423,451
Other Financial Uses:				
Transfers out	<u>(181,434)</u>	<u>(181,434)</u>	<u>(181,434)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (144,787)</u>	<u>\$ (144,787)</u>	<u>\$ 278,664</u>	<u>\$ 423,451</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property taxes, interest and lien fees	\$ 10,413	\$ 10,413	\$ 10,458	\$ 45
Expenditures:				
Public safety	<u>10,020</u>	<u>10,020</u>	<u>10,000</u>	<u>20</u>
Revenues over Expenditures	393	393	458	65
Other Financial Uses:				
Transfers out	<u>(723)</u>	<u>(723)</u>	<u>(723)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (330)</u>	<u>\$ (330)</u>	<u>\$ (265)</u>	<u>\$ 65</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 13,950	\$ 13,950	\$ 4,892	\$ (9,058)
Expenditures:				
Property revaluation	<u>52,400</u>	<u>52,400</u>	<u>52,400</u>	<u>-</u>
Revenues over Expenditures	(38,450)	(38,450)	(47,508)	(9,058)
Other Financing Sources:				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 61,550</u>	<u>\$ 61,550</u>	<u>\$ 52,492</u>	<u>\$ (9,058)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 6,300	\$ 6,300	\$ 2,370	\$ (3,930)
Other agencies	1,480	1,480	8,586	7,106
Outside agencies - MDT	17,500	17,500	17,500	-
Total revenues	<u>25,280</u>	<u>25,280</u>	<u>28,456</u>	<u>3,176</u>
Expenditures:				
Computer equipment	<u>85,000</u>	<u>85,000</u>	<u>84,612</u>	<u>388</u>
Revenues under Expenditures	(59,720)	(59,720)	(56,156)	3,564
Other Financing Sources:				
Transfers in	<u>83,043</u>	<u>83,043</u>	<u>83,043</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 23,323</u>	<u>\$ 23,323</u>	<u>\$ 26,887</u>	<u>\$ 3,564</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes and other	\$ 757,985	\$ 757,985	\$ 770,682	\$ 12,697
Interest income	103,420	103,420	28,352	(75,068)
Total revenues	<u>861,405</u>	<u>861,405</u>	<u>799,034</u>	<u>(62,371)</u>
Expenditures:				
Debt service	919,232	919,232	569,231	350,001
Operating expense	4,310	4,310	5,587	(1,277)
Total expenditures	<u>923,542</u>	<u>923,542</u>	<u>574,818</u>	<u>348,724</u>
Revenues over (under) Expenditures	(62,137)	(62,137)	224,216	286,353
Other Financing Uses:				
Transfers out	<u>(96,943)</u>	<u>(96,943)</u>	<u>(96,943)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (159,080)</u>	<u>\$ (159,080)</u>	<u>\$ 127,273</u>	<u>\$ 286,353</u>

Internal Service Funds

Internal Service Funds

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

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

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

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

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

JUNE 30, 2009

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,148,289	\$ 5,744,132	\$ 2,331,514	\$ 9,223,935
Accounts receivable	44,008	133		44,141
Other assets		40,391		40,391
Total current assets	<u>1,192,297</u>	<u>5,784,656</u>	<u>2,331,514</u>	<u>9,308,467</u>
Noncurrent assets:				
Property and equipment, net	<u>3,251,070</u>			<u>3,251,070</u>
Total assets	<u>4,443,367</u>	<u>5,784,656</u>	<u>2,331,514</u>	<u>12,559,537</u>
Liabilities:				
Current liabilities:				
Accounts payable	48,528		13,655	62,183
Claims incurred but not reported		933,131	125,665	1,058,796
Total current liabilities	<u>48,528</u>	<u>933,131</u>	<u>139,320</u>	<u>1,120,979</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,387,644</u>	<u>2,387,644</u>
Total liabilities	<u>48,528</u>	<u>933,131</u>	<u>2,526,964</u>	<u>3,508,623</u>
Net Assets:				
Invested in capital assets	3,251,070			3,251,070
Unrestricted	<u>1,143,769</u>	<u>4,851,525</u>	<u>(195,450)</u>	<u>5,799,844</u>
Total Net Assets	<u>\$ 4,394,839</u>	<u>\$ 4,851,525</u>	<u>\$ (195,450)</u>	<u>\$ 9,050,914</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,442,316	\$ 11,599,355	\$ 672,024	\$ 13,713,695
Other revenue	402,417		3,300	405,717
Total operating revenue	<u>1,844,733</u>	<u>11,599,355</u>	<u>675,324</u>	<u>14,119,412</u>
Operating Expenses:				
Operating expenses	1,141,680			1,141,680
Claims - operating		11,906,891		11,906,891
Claims - workers' compensation			377,288	377,288
Claims - heart and hypertension			144,948	144,948
Administrative		1,159,597	46,844	1,206,441
Depreciation	637,431			637,431
Total operating expenses	<u>1,779,111</u>	<u>13,066,488</u>	<u>569,080</u>	<u>15,414,679</u>
Operating income (loss)	<u>65,622</u>	<u>(1,467,133)</u>	<u>106,244</u>	<u>(1,295,267)</u>
Nonoperating Revenue and Expenses:				
Interest on investments	19,401	75,958	22,365	117,724
Gain on disposal of property and equipment	2,120			2,120
Total nonoperating revenue and expenses	<u>21,521</u>	<u>75,958</u>	<u>22,365</u>	<u>119,844</u>
Change in Net Assets	87,143	(1,391,175)	128,609	(1,175,423)
Net Assets - Beginning of Year	<u>4,307,696</u>	<u>6,242,700</u>	<u>(324,059)</u>	<u>10,226,337</u>
Net Assets - End of Year	<u>\$ 4,394,839</u>	<u>\$ 4,851,525</u>	<u>\$ (195,450)</u>	<u>\$ 9,050,914</u>

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 1,845,983	\$ 11,603,590	\$ 675,324	\$ 14,124,897
Cash due from other funds		96,482		96,482
Cash paid to vendors	(1,131,611)	(37,539)		(1,169,150)
Cash paid to beneficiaries		(13,244,293)	(508,476)	(13,752,769)
Net cash provided by (used in) operating activities	714,372	(1,581,760)	166,848	(700,540)
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(879,131)			(879,131)
Cash Flows from Investing Activities:				
Interest on investments	19,401	75,958	22,365	117,724
Net Increase (Decrease) in Cash and Cash Equivalents	(145,358)	(1,505,802)	189,213	(1,461,947)
Cash and Cash Equivalents - Beginning of Year	1,293,647	7,249,934	2,142,301	10,685,882
Cash and Cash Equivalents - End of Year	<u>\$ 1,148,289</u>	<u>\$ 5,744,132</u>	<u>\$ 2,331,514</u>	<u>\$ 9,223,935</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 65,622	\$ (1,467,133)	\$ 106,244	\$ (1,295,267)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	637,431			637,431
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	1,246	4,235		5,481
Decrease (increase) in due from other funds		96,482		96,482
Decrease (increase) in other assets		(37,539)		(37,539)
(Decrease) increase in accounts payable	10,073			10,073
(Decrease) increase in claims payable		(177,805)	60,604	(117,201)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 714,372</u>	<u>\$ (1,581,760)</u>	<u>\$ 166,848</u>	<u>\$ (700,540)</u>

Fiduciary Funds

Fiduciary Funds

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

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

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

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

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2009

	<u>Private Purpose Trust Funds</u>				
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	<u>Total</u>
Assets:					
Cash	\$ <u>2,274</u>	\$ <u>5,635</u>	\$ <u>144,778</u>	\$ <u>92,145</u>	\$ <u>244,832</u>
Net Assets Held in Trust	\$ <u><u>2,274</u></u>	\$ <u><u>5,635</u></u>	\$ <u><u>144,778</u></u>	\$ <u><u>92,145</u></u>	\$ <u><u>244,832</u></u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$ 4	\$ 56	\$ 1,492	\$ 907	\$ 2,459
Deductions:					
Benefits		64	17,950	3,000	21,014
Change in Net Assets	4	(8)	(16,458)	(2,093)	(18,555)
Net Assets Held in Trust - Beginning of Year	2,270	5,643	161,236	94,238	263,387
Net Assets Held in Trust - End of Year	\$ 2,274	\$ 5,635	\$ 144,778	\$ 92,145	\$ 244,832

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS

JUNE 30, 2009

	Agency Funds		
	<u>Performance Bonds</u>	<u>Student Activities</u>	<u>Total</u>
Assets:			
Cash	\$ 1,768,100	\$ 184,663	\$ 1,952,763
Liabilities:			
Due to student groups		184,663	184,663
Due to contractors/developers	1,768,100		1,768,100
Total liabilities	<u>1,768,100</u>	<u>184,663</u>	<u>1,952,763</u>
Net Assets Held in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
Performance Bonds				
Assets:				
Cash	\$ <u>1,835,358</u>	\$ <u>119,719</u>	\$ <u>186,977</u>	\$ <u>1,768,100</u>
Liabilities:				
Due to contractors/developers	\$ <u>1,835,358</u>	\$ <u>119,719</u>	\$ <u>186,977</u>	\$ <u>1,768,100</u>
Student Activities				
Assets:				
Cash	\$ <u>254,802</u>	\$ <u>390,315</u>	\$ <u>460,454</u>	\$ <u>184,663</u>
Liabilities:				
Due to student groups	\$ <u>254,802</u>	\$ <u>390,315</u>	\$ <u>460,454</u>	\$ <u>184,663</u>
Total				
Assets:				
Cash	\$ <u>2,090,160</u>	\$ <u>510,034</u>	\$ <u>647,431</u>	\$ <u>1,952,763</u>
Liabilities:				
Due to contractors/developers	\$ 1,835,358	\$ 119,719	\$ 186,977	\$ 1,768,100
Due to student groups	<u>254,802</u>	<u>390,315</u>	<u>460,454</u>	<u>184,663</u>
Total Liabilities	\$ <u>2,090,160</u>	\$ <u>510,034</u>	\$ <u>647,431</u>	\$ <u>1,952,763</u>

Other Schedules

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

Grand List Year	Uncollected Taxes July 1, 2008	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2009	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2007	\$	\$ 71,844,991	\$ 468,605	\$ 543,165	\$ 216,702	\$ 71,553,729	\$ 70,214,560	\$ 385,783	\$ 29	\$ 70,600,372	\$ 1,339,169
2006	1,271,675		21,091	91,926	216,004	984,836	616,754	131,915	5,565	754,234	368,082
2005	420,175		187,219	35,230	143,618	428,546	303,565	67,953	16,680	388,198	124,981
2004	116,747		280	1,909	34,061	81,057	40,616	27,284	10,473	78,373	40,441
2003	41,507		10	77	4,649	36,791	7,463	9,233	7,097	23,793	29,328
2002	29,676		14	48	3,222	26,420	2,160	6,537	4,290	12,987	24,260
2001	15,990		4	4	1,859	14,131	44	3,101	2,672	5,817	14,087
2000	6,534				1,306	5,228		5,930	3,850	9,780	5,228
1999	5,593				1,050	4,543		4,536	2,817	7,353	4,543
1998	2,781				9	2,772		2,712	1,527	4,239	2,772
1997	27					27		3,132	1,579	4,711	27
1996	25					25		2,205	1,067	3,272	25
1995	178					178		2,106	1,286	3,392	178
1994	179					179		2,008	958	2,966	179
1993	448					448		1,070	368	1,438	448
	<u>\$ 1,911,535</u>	<u>\$ 71,844,991</u>	<u>\$ 677,223</u>	<u>\$ 672,359</u>	<u>\$ 622,480</u>	<u>\$ 73,138,910</u>	<u>\$ 71,185,162</u>	<u>\$ 655,505</u>	<u>\$ 60,258</u>	<u>\$ 71,900,925</u>	<u>\$ 1,953,748</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2009

<u>Grand List Year</u>	<u>Uncollected Taxes July 1, 2008</u>	<u>Current Levy</u>	<u>Lawful Corrections</u>		<u>Suspense Transfers and Adjustments</u>	<u>Adjusted Uncollected Taxes</u>	<u>Collections</u>			<u>Uncollected Taxes June 30, 2009</u>	
			<u>Additions</u>	<u>Deletions</u>			<u>Taxes</u>	<u>Interest, Liens and Other Fees</u>	<u>Suspense Taxes Collected</u>		<u>Total</u>
2007	\$	\$ 10,436	\$ 9	\$ 6	\$ 2	\$ 10,437	\$ 10,430	\$ 23	\$	\$ 10,453	\$ 7
2006	6			1	2	3	3	1		4	-
2005								1	1	2	-
	<u>\$ 6</u>	<u>\$ 10,436</u>	<u>\$ 9</u>	<u>\$ 7</u>	<u>\$ 4</u>	<u>\$ 10,440</u>	<u>\$ 10,433</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 10,459</u>	<u>\$ 7</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

Grand List Year	Uncollected Taxes July 1, 2008	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2009	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2007	\$	\$ 744,920	\$ 2,584	\$ 1,848	\$ 701	\$ 744,955	\$ 734,544	\$ 3,014	\$	\$ 737,558	\$ 10,411
2006	8,894		275	413	205	8,551	4,735	3,115	2	7,852	3,816
2005	5,705		349	109	454	5,491	2,727	1,677	34	4,438	2,764
2004	2,044			1	196	1,847	873	652		1,525	974
2003	1,097			1	104	992	98	128		226	894
2002	763				71	692	71	108		179	621
2001	404				40	364				-	364
2000	429				61	368				-	368
1999	379				45	334				-	334
1998	185					185		113	66	179	185
1997	12					12		75	40	115	12
1996	16					16		55	28	83	16
1995	15					15		81	37	118	15
1994	12					12		96	40	136	12
1993	3					3	1	89	25	115	2
	<u>\$ 19,958</u>	<u>\$ 744,920</u>	<u>\$ 3,208</u>	<u>\$ 2,372</u>	<u>\$ 1,877</u>	<u>\$ 763,837</u>	<u>\$ 743,049</u>	<u>\$ 9,203</u>	<u>\$ 272</u>	<u>\$ 752,524</u>	<u>\$ 20,788</u>

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF CHANGES IN BOND INDEBTEDNESS

FOR THE YEAR ENDED JUNE 30, 2009

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Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Interest Paid
Public Safety Project Bond Issue of 2002	3.0-4.55	6-1-2002	1-15-2017	\$ 5,700,000	\$ 3,650,000	\$	\$ 410,000	\$ 3,240,000	\$ 152,265
Open Space Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,706,300	605,000		305,000	300,000	20,363
Road Improvement Bond of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	321,100	70,000		35,000	35,000	2,363
Road Improvement Bond of 2003 (Refunding 93)	2.0-5.0	10-1-2003	10-15-2008	569,000	110,000		110,000	-	1,650
Library Additions/Alt of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	1,009,000	639,000		170,000	469,000	17,753
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	3,705,000	3,325,000		195,000	3,130,000	130,019
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	1,490,000		80,000	1,410,000	58,910
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	50,000		5,000	45,000	1,925
General Purpose Bond Issue of 2009 (animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000		1,200,000		1,200,000	26,625
Fort Hill Water Line of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	566,000	361,000		95,000	266,000	10,048
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	3,000,000		150,000	2,850,000	120,750
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000		3,250,000		3,250,000	82,403
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	1,050,000		210,000	840,000	41,475
Sewer Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,200,000	485,000		245,000	240,000	16,313
Sewer Bond Issue 1993 (Phase V)	4.3-6.2	7-15-1993	8-15-2008	370,000	25,000		25,000	-	656
Sewer Bond Issue 1993	4.2-6.2	7-15-1993	8-15-2008	510,000	30,000		30,000	-	788
School Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	917,600	200,000		100,000	100,000	6,750
School Bond Issue of 2003 Refunding (West Side)	2.0-5.0	10-1-2003	10-15-2011	1,871,000	375,000		375,000	-	5,625
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	1,150,000		70,000	1,080,000	45,030
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	14,250,000		750,000	13,500,000	563,625
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	15,450,000		770,000	14,680,000	608,388
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000		3,100,000		3,100,000	76,531
Total Bonded Debt					<u>\$ 46,315,000</u>	<u>\$ 7,550,000</u>	<u>\$ 4,130,000</u>	<u>\$ 49,735,000</u>	<u>\$ 1,990,255</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2008	Current Year	Balance June 30, 2009		
Bond Projects:						
S. Pleasant Valley Road improvements	\$ 3,833,986	\$ 3,063,127	\$	\$ 3,063,127	\$	770,859
LOCIP Projects:						
Human Svcs Bldg Renovations	230,000	224,242	31	224,273		5,727
Town Hall Emerg Generator	125,000	106,351		106,351		18,649
Golf Course Facilities	50,000	29,040	5,360	34,400	8,640	6,960
Spicer House Fire Escape	15,000	11,326		11,326		3,674
Rt 215 Mosher to NL Road	50,000	18,697	5,169	23,866	4,634	21,500
Gungywamp Pavement Management	200,000	154,200	42,500	196,700	3,300	-
Sidewalks Rt 1 Downtown	150,000					150,000
FYE 2005 Capital Improvement Projects:						
Rt. 1 Claude Chester- Vergennes CT	15,000	3,800		3,800		11,200
Swr Line Infrastr Replace-WPCF	137,000	37,990	22,438	60,428		76,572
Sidewalk Rt 184/ Rt12/ Kings Hwy	30,000	27,940	2,060	30,000		-
Info Tech Acquisition	69,000	66,192	2,808	69,000		-
Info Tech Recovery Planning	91,000	17,033		17,033		73,967
Trail Improvement plan	15,000	1,441	13,559	15,000		-
BOE-Fitch Sr.	205,448	134,728		134,728		70,720
Town-Sr Center/Library	45,000	35,348	7,995	43,343		1,657
Homeland Security Renovation	55,000	11,342	43,658	55,000		-
Flanders Rd. Eng Assessment	100,000	86,301		86,301		13,699
FYE 2006 Capital Improvement Projects:						
Poq/South Rd Underpass	65,000	38,500		38,500		26,500
Police Station	85,000	84,000		84,000		1,000
Sidewalk-Thomas Rd. Bikeway	90,000	8,650		8,650		81,350
Info Tech Recovery Planning	23,000		500	500		22,500
Info Tech Acq - Network	76,000	18,390	52,280	70,670	5,330	-
Info Tech Acq - Hansen	92,000	30,318	37,000	67,318	7,500	17,182
Jabez Smith House	28,000	24,872	3,128	28,000		-
Daycare/Comm Police Facility	80,000	68,750		68,750		11,250
Transfer Station	49,999	44,378		44,378		5,621
Asbestos Tile Removal Wm Seeley	120,000	105,368		105,368		14,632
Park Improvement Plan	25,000	9,839	2,893	12,732		12,268
Trail Improvement Program	15,000	1,020	12,758	13,778	615	607
Riverview Av Coastal Acc	25,000	305		305		24,695
Mobile Data Terminals	30,000				30,000	-
Mech/Elec Equip Repair-WPCF	290,000	47,726	41,422	89,148	200,852	-
Facility Repairs-WPCF	380,000	287,925	21,970	309,895	38,349	31,756
Pavement Management Program	150,000	146,780		146,780		3,220
Voicemail System	54,000	29,169		29,169		24,831
SB Butler-parking lot	30,000	132	1,047	1,179		28,821
Claude Chester Elem-resurface-playscape-steps	60,000	30,112		30,112		29,888
Kronos Payroll Sys-Police	36,000				36,000	-
Noank Town Dock Area Imp	85,000	48,663	5,634	54,297		30,703
Downtown Gateway/Streetscapes	20,000	273	9,288	9,561		10,439

(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, 2009

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2008	Current Year	Balance June 30, 2009		
FYE 2007 Capital						
Improvement Projects:						
Golf Course Facilities	\$ 135,000	\$ 1,127	\$ 14,730	\$ 15,857	\$ 83,030	\$ 36,113
Roads Crystal Lake Rd	50,000		330	330		49,670
Sewer Line Infrs Replace-WPCF	100,000		197	197		99,803
Sidewalk-Thomas Rd bikeway	40,000	5,865	1,035	6,900	22,325	10,775
Information Technology-Network	55,000	1,900	3,300	5,200	8,729	41,071
Jabez Smith House	55,000	10,185	39,594	49,779	597	4,624
Park Improvement Plan	60,000	16,938	43,062	60,000		-
Mobile Data Terminals	40,000				40,000	-
WPCF Add/Improvements	3,400,000	1,624,482	573,535	2,198,017	611,263	590,720
Roof Replacements-WPCF	25,000	2,211		2,211		22,789
BOE-Westside Middle	50,000	15,396	11,044	26,440		23,560
BOE-Charles Barnum	50,000	8,500	2,300	10,800		39,200
BOE-Planning Study	200,000	42,465	93,261	135,726	4,274	60,000
BOE-Claude Chester	758,000	596,416		596,416		161,584
BOE-Fuel Spill containment	65,000	11,902		11,902		53,098
Sutton Park Improvements	35,000		35,000	35,000		-
Eastern Pt School re-use	45,000	13,500		13,500		31,500
Hurricane/Disaster Project	65,000	34,868		34,868	28,232	1,900
FYE 2008 Capital						
Improvement Projects:						
Golf Course Renovations	60,000	36,680	1,616	38,296		21,704
Golf Course Facilities	30,000	7,452	18,106	25,558	2,095	2,347
Improvement to Riverview Ave	75,000					75,000
Thames St Rehabilitation	134,000	87,675	23,885	111,560		22,440
Police Station	205,000	1,147	28,224	29,371	3,197	172,432
Sidewalk-Thomas Rd Bikeway	70,000					70,000
Sidewalk-Rte 1 Downtown	182,000	22,257	5,828	28,085		153,915
Info Tech Acq - Network	72,000					72,000
Annex-Salt/Sand Storage	770,000	277,837	278,697	556,534	9,734	203,732
Jabez Smith House	25,000					25,000
Park Improvement Plan	60,000		50,753	50,753		9,247
Mech/Elec Equip Repair WPCF	722,000	300,799	66,571	367,370	279,629	75,001
Pavement Management Program	200,000	194,643	2,991	197,634	2,366	-
SB Butler	400,000		167,263	167,263	164,538	68,199
Cutler Middle School	440,000	103,732	328,830	432,562		7,438
A/C replacement-Hagerty Auditorium	74,590	40,433	33,605	74,038		552
Vacated School Property Reuse	10,000		6,250	6,250	100	3,650
CAD/RMS Software Implementation	270,000	7,959	17,041	25,000		245,000
William Seely School	25,000		3,136	3,136	2,464	19,400
Submarine Capital of the World	25,000					25,000
Kolnaski Elementary School	500,000	299,379	59,112	358,491		141,509

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2009

	Appropriation	Expenditures		Encumbrances	Unencumbered Balance
		Balance July 1, 2008	Current Year		
FYE 2009 Capital					
Improvement Projects:					
Golf Course Renovations	\$ 50,000	\$	\$ 39,547	\$ 39,547	\$ 10,453
Thames St Rehabilitation	117,000		6,245	6,245	110,755
Flanders Rd Utility Installation	100,000				100,000
Police Station	57,500		4,130	4,130	45,700
Swr Line Infrs Replc - WPCF	260,000				260,000
Bridge Reconstruction	25,000		13,800	13,800	11,200
Sidewalk-Rte 1 Downtown	25,000				25,000
Sidewalk-Poq Rd Kolnaski School	45,000		280	280	44,720
Traffic Signal Rep/Upgrade	35,000				35,000
Park Improvement Plan	15,000				15,000
Trail Improvement Program	15,000		4,421	4,421	10,579
Replace Roadside Barrier System	50,000				50,000
Mech/Elec Equip Repair-WPCF	685,000		998	998	357,984
Facility Repairs-WPCF	100,000				100,000
Pavement Management Program	575,000		273,849	273,849	293,765
BOE-Fitch Sr High School	20,000		10,000	10,000	10,000
BOE-West Side Middle School	230,000		16,849	16,849	213,151
BOE-Charles Barnum Elem	500,000		124	124	499,876
BOE-Pleasant Valley Elem	30,000				30,000
Hurricane/Disaster Project	35,000		553	553	27,100
Educ Tech-Video Furnace	73,000				73,000
Educ Tech-21st Century Classroom	86,000		85,668	85,668	332
Educ Tech-Remediation software	30,000		27,182	27,182	2,818
Educ Tech- Attendance/Gradebook	140,000		13,295	13,295	49,930
Remediation of Town Land	45,000		18,804	18,804	8,000
Spicer House P&R Office	25,000		4,500	4,500	20,000
CAD/RMS Software Implementation	85,000				85,000
Email Archiving	103,000				103,000
Other Projects:					
School St RR Hwy Grade Crossing	369,000	343,112		343,112	25,888
Mystic Streetscapes Improvements	1,226,000	342,418	29,883	372,301	797,838
Mystic Streetscapes Utility Reloc	118,276	108,720	2,676	111,396	-
Mystic Streetscapes Demand Deposit		18,800		18,800	(18,800)
Total before retainage payable	22,172,799	9,633,066	2,795,598	12,428,664	7,639,709
Retainage Payable - 2007		56,775	(56,775)		-
Retainage Payable - 2008			80,836	80,836	(80,836)
Total	\$ 22,172,799	\$ 9,689,841	\$ 2,819,659	\$ 12,509,500	\$ 7,558,873

Statistical Section

Statistical Section

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF GROTON, CONNECTICUT

NET ASSETS BY COMPONENT

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

	FISCAL YEAR							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities:								
Invested in capital assets, net of related debt	\$ 62,817,503	\$ 66,992,502	\$ 64,173,597	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156
Restricted				129,493	329,493	329,493	329,493	329,493
Unrestricted	24,016,294	17,159,527	28,026,939	34,005,368	37,764,291	52,232,356	44,189,337	42,982,326
Total Governmental Activities Net Assets	\$ <u>86,833,797</u>	\$ <u>84,152,029</u>	\$ <u>92,200,536</u>	\$ <u>97,153,740</u>	\$ <u>102,810,066</u>	\$ <u>144,847,596</u>	\$ <u>176,752,317</u>	\$ <u>183,973,975</u>

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

TOWN OF GROTON, CONNECTICUT

CHANGES IN NET ASSETS

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

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

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

TOWN OF GROTON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund:										
Reserved	\$ 7,071,063	\$ 2,046,685	\$ 2,255,314	\$ 1,868,182	\$ 2,627,220	\$ 2,650,083	\$ 1,569,628	\$ 1,846,901	\$ 2,655,295	\$ 3,289,619
Designated for subsequent year budget	3,052,433	4,067,004	4,081,919		2,506,713	3,521,736	2,298,358	3,943,110	2,665,505	2,013,725
Unreserved/undesignated	<u>7,901,317</u>	<u>6,141,472</u>	<u>5,046,766</u>	<u>4,890,837</u>	<u>8,566,229</u>	<u>8,556,581</u>	<u>9,157,831</u>	<u>9,036,656</u>	<u>10,412,092</u>	<u>10,489,614</u>
Total General Fund	<u>\$ 18,024,813</u>	<u>\$ 12,255,161</u>	<u>\$ 11,383,999</u>	<u>\$ 6,759,019</u>	<u>\$ 13,700,162</u>	<u>\$ 14,728,400</u>	<u>\$ 13,025,817</u>	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>
All other governmental funds:										
Reserved	\$ 3,904,015	\$ 3,454,611	\$ 3,051,279	\$ 1,251,408	\$ 1,022,290	\$ 14,556,754	\$ 10,579,502	\$ 34,362,546	\$ 12,579,522	\$ 10,698,121
Unreserved, reported in:										
Special revenue funds	3,418,234	3,332,357	4,187,014	4,898,851	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942
Capital projects funds	(1,897,962)	(2,774,558)	2,628,687	1,225,099	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)
Debt service funds	488,222	1,125,501	1,825,003	1,938,037	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238
Permanent fund			154,231	148,574	156,837	31,457	43,678	65,196	61,576	41,970
Total All Other Governmental Funds	<u>\$ 5,912,509</u>	<u>\$ 5,137,911</u>	<u>\$ 11,846,214</u>	<u>\$ 9,461,969</u>	<u>\$ 10,393,891</u>	<u>\$ 9,922,719</u>	<u>\$ 14,109,137</u>	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>

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

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Taxes, interest and lien fees	\$ 45,585,057	\$ 45,621,027	\$ 46,427,732	\$ 52,015,970	\$ 58,899,886	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114
Assessments	338,546	232,002	213,315	151,823	98,251	40,927	73,258	61,887	12,420	20,255
Licenses and permits	437,957	407,496	233,495	374,585	613,593	473,777	284,774	378,273	308,948	229,903
Intergovernmental - state	38,901,289	41,947,084	43,645,471	37,882,523	40,858,233	39,281,530	46,049,528	66,093,137	87,984,022	48,749,945
Intergovernmental - federal	7,135,139	7,057,486	8,458,523	6,875,474	9,743,461	7,755,470	4,354,411	6,169,237	6,470,582	8,133,140
Interest on investments	2,387,768	2,209,901	1,174,286	575,446	454,514	921,353	1,954,655	3,276,658	2,540,983	768,421
Charges for current services	2,615,011	2,531,909	2,888,763	3,001,852	4,252,119	4,453,847	4,454,353	4,316,112	4,641,836	3,641,867
Schools, library and recreation fees	869,006	744,723	685,732	642,550	395,262	437,436	397,320	341,499	461,072	455,396
Sewer use charges	3,208,992	3,477,270	3,863,860	4,271,282	4,246,585	4,448,245	4,615,730	4,659,486	5,202,296	5,339,960
Solid waste management charges	3,649,241	3,178,280	3,089,175	2,673,748	2,795,602	2,870,209	2,856,433	2,877,959	2,930,894	2,839,702
Other revenue	1,137,886	1,560,084	1,591,839	970,650	868,045	1,068,011	1,345,114	1,388,699	1,292,668	1,211,107
Total revenues	106,265,892	108,967,262	112,272,191	109,435,903	123,225,551	119,779,294	127,727,158	157,138,889	181,349,107	143,965,810
Expenditures:										
Current:										
General government	2,310,853	7,551,332	1,390,464	1,235,650	1,190,848	1,241,886	1,357,931	1,504,677	2,975,801	1,299,574
General services	919,377	913,448	4,650,593	4,669,418	4,641,646	3,989,388	4,167,487	4,263,014	4,408,325	4,589,704
Public safety	6,618,238	8,624,775	7,785,993	7,600,361	7,310,931	5,979,573	5,849,705	6,323,410	6,393,154	6,563,875
Public works	5,093,273	6,122,337	5,695,425	6,117,905	6,154,964	6,134,737	7,100,724	6,579,008	7,382,546	7,763,799
Planning and development	1,029,947	1,280,577	1,284,668	1,323,106	1,167,475	1,012,183	1,038,921	1,037,790	1,185,564	1,209,680
Health and human services	2,666,684	2,830,479	2,820,481	2,340,852	2,135,895	849,213	772,496	828,779	814,920	726,667
Community services	4,522,710	5,515,008	5,933,310	5,881,783	5,649,969	5,298,690	5,538,010	5,741,133	6,048,468	6,098,640
Education	58,643,462	63,795,811	64,291,407	66,295,799	67,852,694	69,780,332	74,848,015	76,797,640	99,693,643	80,526,482
Subdivisions	3,369,715	3,537,603	4,362,735	4,439,591	4,325,510	4,262,479	4,581,248	4,719,027	4,838,436	5,092,447
Sewer operations	2,448,522	2,742,314	2,887,694	3,004,914	3,017,330	2,946,567	3,338,937	3,514,978	3,550,353	3,771,722
Solid waste management	3,107,023	3,283,254	3,691,499	4,019,679	3,534,354	2,813,917	2,651,573	2,626,356	2,297,780	2,386,667
Nondepartmental (1)	3,813,842	578,554	1,110,178	719,725	823,330	4,115,410	4,520,784	4,931,331	5,166,273	5,954,633
Outside agencies (2)						1,610,548	1,632,556	1,662,697	1,771,930	1,782,982
Debt service miscellaneous	1,049	205,379	250,426	300	114,287	465				
Debt service interest	1,348,968	955,451	910,359	914,090	811,639	692,503	695,072	966,583	1,568,804	4,130,000
Debt service principal	3,040,000	2,590,000	2,370,000	2,450,000	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252
Capital outlay	6,896,521	4,904,602	7,137,689	5,152,660	3,746,504	5,364,941	9,144,864	49,989,332	52,446,072	17,636,449
Total expenditures	105,830,184	115,430,924	116,572,921	116,165,833	115,147,376	118,902,832	129,978,323	174,435,755	203,772,069	151,523,573
Excess (Deficiency) of Revenues over Expenditures	435,708	(6,463,662)	(4,300,730)	(6,729,930)	8,078,175	876,462	(2,251,165)	(17,296,866)	(22,422,962)	(7,557,763)
Other Financing Sources (Uses):										
Proceeds of bonds			7,810,000				5,005,000	16,570,000	18,500,000	7,550,000
Proceeds of loans										12,864,411
Proceeds of refunding bonds		6,185,555			5,175,000					
Payment to refunding escrow		(6,103,337)			(5,319,102)					
Premiums on bond issuance					258,388					
Operating transfers in	5,119,780	3,753,274	5,313,293	4,187,509	4,697,234	4,256,774	4,286,604	5,622,237	3,894,290	3,378,880
Operating transfers out	(5,119,780)	(3,753,274)	(4,269,486)	(4,466,804)	(5,016,630)	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)	(3,378,880)
Total other financing sources (uses)	-	82,218	8,853,807	(279,295)	(205,110)	(319,396)	4,735,000	15,944,336	18,500,000	20,414,411
Net Change in Fund Balances	435,708	(6,381,444)	4,553,077	(7,009,225)	7,873,065	557,066	2,483,835	(1,352,530)	(3,922,962)	12,856,648
Fund Balance at Beginning of Year	24,670,529	25,106,237	18,677,136	23,230,213	16,220,988	24,094,053	24,651,119	27,134,954	25,782,424	21,859,462
Fund Balance at End of Year	\$ 25,106,237	\$ 18,724,793	\$ 23,230,213	\$ 16,220,988	\$ 24,094,053	\$ 24,651,119	\$ 27,134,954	\$ 25,782,424	\$ 21,859,462	\$ 34,716,110
Debt Service as a Percentage to Noncapital Expenditures	4.44%	3.21%	3.00%	3.03%	3.13%	3.08%	2.84%	3.15%	3.20%	4.58%
(1) Employee benefits were budgeted at the function level for Fiscal Years 2001-2004. For all other years, Employee benefits were included in Non-Departmental.										
(2) In Fiscal Year 2005, Outside Agencies was created as a new Area of Service. In prior years these agencies were included in various areas of service.										
Total Debt Service	\$ 4,388,968	\$ 3,545,451	\$ 3,280,359	\$ 3,364,090	\$ 3,481,639	\$ 3,502,503	\$ 3,435,072	\$ 3,916,583	\$ 4,798,804	\$ 6,120,252
Non capital expenditures	98,933,663	110,526,322	109,435,232	111,013,173	111,400,872	113,537,891	120,833,459	124,446,423	150,005,958	133,696,485

TOWN OF GROTON, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
(000's)
LAST TEN FISCAL YEARS

100

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

Source: Town Assessor's office

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

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

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

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

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

	Taxpayer	Nature of Business	2009			2000		
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
101	Pfizer, Inc.	Pharmaceutical	\$ 614,478	1	16.6%	\$ 254,374	1	14.2%
	Electric Boat Corp.	Submarine Mfg./R&D	184,902	2	5.0%	161,779	2	9.0%
	Exit 88 Hotel LLC	Mystic Marriott Hotel	27,054	3	0.7%			
	LCOR Groton Apartments LLC	Ledges Apartments	18,598	4	0.5%			
	Groton Devel Assoc Ltd	Country Glen Apartments	16,250	5	0.4%	8,636	6	
	CW Groton Square LLC	Groton Square Shopping Center	15,964	6	0.4%	9,761	4	0.5%
	Kalimian Elias Trustee	LaTriumphe Apartments	13,836	7	0.4%	8,586	9	0.5%
	Groton Estates LLC	Colonial Manor Apartments	10,083	8	0.3%	6,932	10	0.4%
	Mall Inc	Shopping Center	8,975	9	0.2%			
	Cedar Groton LLC	Shopping Center	8,956	10	0.2%			
	Branford Manor Assoc	Apartment Complex	8,314	9	0.2%			
	CSC Outsourcing Inc	Leased Equipment at Electric Boat	7,531	10	0.2%	14,210	3	0.8%
	Wyman-Gordon Inv. Castings	Manufacturer of Metal Products				9,211	5	0.5%
	Groton Residence Retirement Ltd	Retirement Residence				7,894	7	0.4%
	Groton Assoc of CT LP	Convalescent Home				7,816	8	0.4%
			<u>\$ 934,941</u>		<u>25.1%</u>	<u>\$ 489,199</u>		<u>26.7%</u>

Source: Town Assessor's office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 43,197	\$ 42,358	98.06 %	\$ 800	\$ 43,158	99.91 %
2001	43,277	42,351	97.86	983	43,334	100.13
2002	44,489	43,381	97.51	1,005	44,386	99.77
2003	50,226	49,200	97.96	1,409	50,609	100.76
2004	56,684	55,467	97.85	963	56,430	99.55
2005	56,978	56,033	98.34	687	56,720	99.55
2006	59,700	58,714	98.35	1,423	60,137	100.73
2007	65,828	64,595	98.13	908	65,503	99.51
2008	68,586	67,315	98.15	622	67,937	99.05
2009	71,554	70,215	98.13	n/a	70,215	98.13

Source: Town Assessor's office and Finance office

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

Fiscal Year	Town Direct Rate	Overlapping Rates											
	Basic Rate	City of Groton	Groton Long Point Association	Center Groton Fire District	First Taxing District	Groton Sewer District	Mumford Cove District	Mystic Fire District	Noank Fire District	Old Mystic Fire District	West Pleasant Valley Fire District	Poquonnock Bridge Fire District	Second Taxing District
2000	24.00	4.950	5.000	5.500	4.490	1.750	0.420	4.300	1.870	1.700	3.000	5.900	6.440
2001	23.50	4.950	5.100	5.500	2.970	1.750	0.420	4.090	1.870	2.900	3.540	5.900	5.710
2002	23.50	4.950	5.100	5.500	3.900	1.750	0.410	3.950	2.000	2.950	3.540	5.900	5.810
2003	20.57	4.905	3.400	4.500	3.670	0.750	0.270	2.830	1.270	2.800	3.380	5.300	4.350
2004	22.75	4.905	3.300	4.500	3.900	0.750	0.260	2.770	1.170	2.600	3.500	5.300	5.710
2005	22.62	4.905	3.300	4.500	N/A	0.750	0.260	2.720	1.170	2.850	3.500	5.600	N/A
2006	22.95	4.905	3.450	4.500	N/A	0.750	0.260	2.750	1.000	2.800	3.400	5.900	N/A
2007	24.05	4.905	3.830	4.500	N/A	0.750	0.248	2.820	1.000	2.850	3.400	6.100	N/A
2008	21.21	4.400	3.410	3.500	N/A	0.390	0.197	2.390	1.350	2.800	3.000	5.400	N/A
2009	19.27	4.300	3.000	3.000	N/A	0.330	0.162	2.150	1.320	2.370	2.690	5.200	N/A

TOWN OF GROTON, CONNECTICUT

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

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Bonded Debt</u>		<u>Debt as a Percentage of Actual Taxable Value of Property (1)</u>	<u>Total Primary Government</u>	<u>Debt as a Percentage of Personal Income (2)</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>				
2000	\$ 14,375,000	\$ 5,645,000	1.1%	\$ 20,020,000	1.96%	\$ 485
2001	12,785,000	4,760,000	1.0%	17,545,000	1.75%	434
2002	16,980,000	6,005,000	1.3%	22,985,000	2.32%	575
2003	15,370,000	5,165,000	1.1%	20,535,000	2.19%	524
2004	13,585,000	4,385,000	0.7%	17,970,000	1.86%	446
2005	11,555,000	3,605,000	0.6%	15,160,000	1.58%	379
2006	14,585,000	2,840,000	0.7%	17,425,000	1.80%	430
2007	28,940,000	2,105,000	1.2%	31,045,000	3.13%	750
2008	41,725,000	4,590,000	1.7%	46,315,000	5.33%	1,172
2009	42,555,000	7,180,000	1.3%	49,735,000	5.77%	1,270

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

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

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION

JUNE 30, 2009

Tax Base:		
Total tax collections (including interest and lien fees)	\$	84,646,058
Total tax collections (including interest and lien fees) of coterminous municipalities		12,741,154
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>3,979</u>
Total Base	\$	<u><u>97,391,191</u></u>

	<u>Public Improvement</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 219,130,180	\$	\$	\$	\$
4 1/2 times base		438,260,360			
3 3/4 times base			365,216,966		
3 1/4 times base				316,521,371	
3 times base					292,173,573
Total limitations	<u>219,130,180</u>	<u>438,260,360</u>	<u>365,216,966</u>	<u>316,521,371</u>	<u>292,173,573</u>
Indebtedness:					
Bonds outstanding	9,829,000	32,460,000	7,180,000		
Serial notes	700,000	4,665,000			
Authorized and unissued	11,255,000	926,807	420,645		
Underlying debt:					
Bonds and serial notes	5,273,451		2,185,000		
Authorized and unissued	250,000				
Less school building grants		(224,606)			
Total indebtedness	<u>27,307,451</u>	<u>37,827,201</u>	<u>9,785,645</u>		
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u><u>191,822,729</u></u>	\$ <u><u>400,433,159</u></u>	\$ <u><u>355,431,321</u></u>	\$ <u><u>316,521,371</u></u>	\$ <u><u>292,173,573</u></u>

Notes: (1) The total of the above indebtedness amounts to: \$ 74,920,296

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 681,738,337

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

(3) Bonds and serial notes do not include water bonds of \$266,000 in accordance with State Statutes.

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

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

TOWN OF GROTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 374,014	\$ 372,319	\$ 378,926	\$ 427,460	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738
Total net debt applicable to limit	<u>42,100</u>	<u>49,905</u>	<u>48,366</u>	<u>52,206</u>	<u>62,803</u>	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>
Legal Debt Margin	<u>\$ 331,914</u>	<u>\$ 322,414</u>	<u>\$ 330,560</u>	<u>\$ 375,254</u>	<u>\$ 411,988</u>	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>
Total net debt applicable to the limit as a percentage of debt limit	11.26%	13.40%	12.76%	12.21%	13.23%	30.19%	26.06%	20.03%	15.21%	10.99%

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

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

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)
2000	40,456	\$ 1,001,893	\$ 24,765	28.1	88.0%	5,823	2.7%
2001	39,988	990,303	24,765	28.1	88.0%	5,921	3.3%
2002	39,224	939,611	23,955	32.5	88.0%	5,846	4.3%
2003	40,270	964,668	23,955	32.5	88.0%	5,780	5.5%
2004	40,020	958,679	23,955	32.5	88.0%	5,750	5.2%
2005	40,522	970,705	23,955	32.5	88.0%	5,572	4.9%
2006	41,366	990,923	23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	7.7%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

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

<u>Name</u>	<u>Nature of Business</u>	<u>2009</u>			<u>2000</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
U.S. Navy Submarine Base	Military Base	10,150	1	39.8%	10,000	1	37.6%
Electric Boat Corporation	Submarine Mfg/R&D	8,352	2	32.8%	7,300	2	27.4%
Pfizer, Inc.	Pharmaceutical	3,952	3	15.5%	5,030	3	18.9%
Town of Groton	Municipality	952	4	3.7%	1,001	4	3.8%
AVCRAD	Helicopter repair	425	5	1.7%	372	5	1.4%
City of Groton	Municipality	242	6	0.9%	166	7	0.6%
Mystic Marriott	Hotel/Conference Center	219	7	0.9%			
PCC Structurals (1)	Manufacturer	170	8	0.7%	315	6	1.2%
Pequot Medical Center	Hospital	121	9	0.5%			
Zachary Engineering (2)	Engineering/Design	115	10	0.5%	151	8	0.6%
Doncasters Precision Castings	Manufacturer				84	9	0.3%
Engineering Technology Center	Engineering/Technology				80	10	0.3%
		<u>24,698</u>		<u>97.0%</u>	<u>24,499</u>		<u>92.1%</u>

(1) Formerly known as Wyman Gordon Company

(2) Formerly known as Proto-Power Corporation

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

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	49.00	37.00	56.50	57.00	55.00	52.00	52.00	53.00	54.00	54.00
Public safety	72.00	88.00	73.00	74.00	73.00	72.00	72.00	73.00	75.00	77.00
Public works	52.00	50.00	47.50	47.50	46.50	52.25	52.25	52.25	60.25	58.25
Planning and development	18.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00	17.00	18.00
Human services	18.00	18.00	17.00	16.00	13.00	13.00	10.00	10.00	8.00	8.00
Community services	39.00	42.00	45.25	43.50	42.75	42.75	43.00	44.00	44.00	43.00
Golf course	7.00	7.00	7.75	7.50	7.25	7.25	7.00	7.00	7.00	7.00
Sewer system maintenance	21.00	19.00	20.25	20.25	17.75	17.75	17.75	17.75	17.75	17.75
Solid waste management	5.00	10.00	8.75	10.25	7.75	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	0.00	0.00	0.00	0.00	1.00	2.00	2.00	1.00
Fleet reserve	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00	0.00
Subtotal town government	286.00	295.00	308.00	308.00	294.00	288.00	286.00	290.00	290.00	289.00
Board of Education	767.00	779.00	722.00	722.00	670.00	665.00	659.00	655.00	659.00	665.00
Total	<u>1,053.00</u>	<u>1,074.00</u>	<u>1,030.00</u>	<u>1,030.00</u>	<u>964.00</u>	<u>953.00</u>	<u>945.00</u>	<u>945.00</u>	<u>949.00</u>	<u>954.00</u>

Source: Various Town Departments

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>General Government</u>										
Marriages and civil unions of residents	468	403	432	405	479	456	524	507	474	488
Births to Groton residents	603	581	594	616	634	619	610	580	608	565
Deaths of Groton residents	350	361	362	331	375	365	350	394	381	402
<u>Boards and Agencies</u>										
Registered voters	16,155	17,824	17,447	17,187	17,718	18,723	17,909	17,824	18,025	19,559
Elections and referenda	2	2	2	1	3	2	1	2	3	1
<u>Planning and Development</u>										
Building permits issued	1,581	1,510	1,472	1,596	1,614	1,523	1,600	1,438	1,520	1,359
Building inspections conducted	4,600	4,600	4,900	5,400	5,510	4,389	4,500	5,800	5,400	4,600
Value of building permits	\$ 42,103,894	\$ 41,826,402	\$ 19,116,598	\$ 33,033,853	\$ 53,865,153	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874
<u>Public Safety</u>										
Arrests	1,120	1,114	1,273	1,207	1,151	905	672	685	1,058	1,016
Parking violations	662	697	903	960	903	450	336	175	292	313
Traffic violations	5,727	4,573	5,750	4,756	4,270	3,547	4,752	4,334	6,331	7,028
<u>Public Works</u>										
Street resurfacing (in miles)	4.74	5.08	3.17	3.16	5.85	2.73	3.94	3.27	3.03	1.20
Number of snow and ice control callouts	12	16	9	20	13	21	9	12	14	19
Miles of roads maintained (excludes GLP in 2006)	90.00	93.50	94.00	94.00	97.00	97.50	91.77	92.78	92.78	92.85
<u>Parks and Recreation</u>										
Athletic field permits issued	573	1,072	1,269	1,233	1,189	1,325	1,198	698	625	330
Summer season programs	192	180	196	232	204	163	181	170	161	201
Indoor season programs	488	530	627	599	541	637	583	603	606	640
Acres of grounds maintained	1,342	1,527	1,545	1,561	1,686	1,710	1,726	1,726	1,726	1,726
<u>Public Libraries</u>										
Volumes in collection	133,276	119,032	123,869	129,603	132,398	134,280	136,759	149,416	152,212	140,875
Items circulated	343,220	339,765	344,517	367,490	362,455	355,310	347,833	347,448	343,423	372,993
<u>Senior Center</u>										
Meals on wheels provided	21,569	27,328	31,595	35,207	34,620	31,046	34,068	36,982	23,800	23,800
Senior mini-bus trips	120	122	107	88	81	61	54	69	60	60
<u>Human Services</u>										
Households provided energy assistance	1,300	1,300	1,300	1,300	1,300	1,500	1,500	1,600	1,600	1,650
Households utilizing Groton Food Locker	4,000	4,300	4,300	4,300	4,500	4,500	4,500	4,500	4,500	4,500
Households receiving rent assistance	1,500	1,500	1,500	1,500	1,700	1,700	1,700	1,800	1,800	1,850
<u>Education</u>										
Elementary schools	10	10	10	10	9	9	9	9	8	7
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	127.0	128.0	129.1	129.8	130.0	130.7	130.7	132.9	134.0	135.3

Source(s): Various Town Departments

N/A Information not available

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

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	41	44	42	45	45	47	46	46	46	46
<u>Public Works</u>										
Miles of town streets	93.6	93.6	97.88	97.88	98.76	97.66	98.9	99.81	99.81	99.88
Streetlights	1,292	1,292	1,308	1,308	1,308	1,350	1,330	1,334	1,334	1,325
Public works vehicles	186	194	194	194	228	228	227	213	213	203
<u>Parks and Recreation</u>										
Acreage	360	360	641	641	754	768	780	780	780	1018
Parks	17	17	22	22	30	32	33	33	33	33
<u>Public Libraries</u>										
Libraries	3	3	3	3	3	3	3	3	3	3
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	7	7	7	7	7	5	5	5	5
<u>Education</u>										
Schools	14	14	14	14	13	13	13	13	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	127	128	128	128	130	130	132.86	132.86	134	135.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	7,500

Source(s): Various Town Departments