

**TOWN OF GROTON, CONNECTICUT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**



**FISCAL YEAR ENDED JUNE 30, 2012**

**TOWN OF GROTON, CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2012**

**Prepared By:**

**The Finance Department**

**TOWN OF GROTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

		<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
	Letter of Transmittal	i-viii
	GFOA Certificate of Achievement	ix
	Organization Chart	x
	Principal Officials	xi
<b>FINANCIAL SECTION</b>		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-15
<b>BASIC FINANCIAL STATEMENTS</b>		
<u>Exhibit</u>		
	Government-Wide Financial Statements:	
I	Statement of Net Assets	16
II	Statement of Activities	17
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	18-19
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
V	Statement of Net Assets - Proprietary Funds	22
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	23
VII	Statement of Cash Flows - Proprietary Funds	24
VIII	Statement of Fiduciary Net Assets - Fiduciary Funds	25
IX	Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	26
	Notes to Financial Statements	27-62
RSI-1	General Fund Schedule of Revenues and Other Financing Sources - Budget and Actual	63-65
RSI-2	General Fund Schedule of Expenditures and Other Financing Uses - Budget and Actual	66-67

**TOWN OF GROTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**  
**SUPPLEMENTAL AND COMBINING INDIVIDUAL**  
**FUND STATEMENTS AND SCHEDULES**

**Exhibit**

<b><u>General Fund</u></b>		
A-1	Balance Sheet	68
A-2	Statement of Revenues, Expenditures - Budgetary Basis - Budget and Actual	69
A-3	Schedule of Board of Education Expenditures and Encumbrances Compared With Appropriations - Budgetary Basis	70
<b><u>Nonmajor Governmental Funds</u></b>		
B-1	Combining Balance Sheet	71-73
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	74-76
B-3	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Special Library Fund	77
B-4	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Golf Course Fund	78
B-5	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Sewer Operating Fund	79
B-6	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Solid Waste Fund	80
B-7	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Mumford Cove District	81
B-8	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Revaluation Fund	82
B-9	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Computer Replacement Fund	83
B-10	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Groton Sewer District	84
B-11	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Rec & Senior Activities	85

**TOWN OF GROTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

**Exhibit**

**Internal Service Funds**

C-1	Combining Statement of Net Assets	86
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	87
C-3	Combining Statement of Cash Flows	88

**Fiduciary Funds**

D-1	Combining Statement of Net Assets - Private Purpose Trust Funds	89
D-2	Combining Statement of Changes in Net Assets - Private Purpose Trust Funds	90
D-3	Statement of Changes in Assets and Liabilities - Agency Funds	91

**Other Schedules**

E-1	Schedule of Property Taxes Levied, Collected and Outstanding - General Fund	92
E-2	Schedule of Property Taxes Levied, Collected and Outstanding - Mumford Cove District	93
E-3	Schedule of Property Taxes Levied, Collected and Outstanding - Groton Sewer District - Debt Service Fund	94
E-4	Schedule of Changes in Bond Indebtedness	95
E-5	Schedule of Expenditures and Encumbrances Compared with Appropriations - Capital Improvements Fund	96-98

**TOWN OF GROTON, CONNECTICUT**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**TABLE OF CONTENTS**

**Statistical Section**

**Table**

	Financial Trends:	
1	Net Assets by Component	99
2	Changes in Net Assets	100
3	Fund Balances of Governmental Funds	101
4	Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	102
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	103
6	Principal Taxpayers	104
7	Property Tax Levies and Collections	105
8	Direct and Overlapping Property Tax Rates	106
	Debt Capacity:	
9	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	107
10	Schedule of Debt Limitation	108
11	Legal Debt Margin Information	109
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	110
13	Principal Employers	111
	Operating Information:	
14	Full-Time Employees by Function/Program	112
15	Operating Indicators by Function/Program	113
16	Capital Asset Statistics by Function/Program	114

## **Introductory Section**



**TOWN OF GROTON  
DEPARTMENT OF FINANCE**

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Finance Director  
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December 19, 2012

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, 2012.

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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

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management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

**Profile of the Government:**

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut's Department of Public Health, the Town's population is approximately 40,038 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: 98% and GLPA: 100%) and their public safety budgets (City: 48% and GLPA: 30%). The special districts are organized units of government within the Town, having separate governing bodies. They were established by special acts of the State legislature for specific purposes such as fire protection. All these governmental units have individual taxing authority.

**Governing Body:**

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

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

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

**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. For FYE 2012, approximately 267 full-time municipal employees provided services to a community of 38 square miles and 40,038 residents.

**Budgetary Process:**

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

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

**Expenditure Control:**

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

At the direction of the Town Manager, all Department Directors are expected to follow strict guidelines for expenditure control within the approved function appropriation. The Town Manager reserves the right to set "administrative spending authority" limits when justified to

maintain the fiscal integrity of the budget. Department Directors are evaluated on budget management abilities. The Finance Department also monitors expenditures to budget through the general ledger/accounting system.

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

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

**Local Economy:**

Groton was settled primarily by farmers, but they turned early to shipbuilding and the maritime trade to supplement their livelihood. Groton became known as the Submarine Capital of the World when the Electric Boat Division of General Dynamics delivered 74 diesel submarines to the Navy in World War II. This was followed in 1954 with the launch of the USS Nautilus, the world's first nuclear-powered submarine, now permanently berthed at Goss Cove near the Submarine Base. Today Groton is a regional center for commerce and industry while its shoreline location and its many historical sites have made the region a prime tourist attraction. The three top employers are U. S. Navy Submarine Base, Electric Boat Corporation and Pfizer Inc... As of June 2012 the Town had an unemployment rate of 8.8% as compared to the New London County rate of 8.6%, the state's average rate of 8.4% and the national average of 8.2%. New London County has an employed labor force of approximately 140,064 residents.

**Grand List decreases by 3.9%:** The October 1, 2011 net adjusted taxable Grand List fell 3.9% from the 2010 Grand List, after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,938,277,080. Real estate declined about 6.3%, from about \$3.617 billion to \$3.388 billion. The net personal property grand list increased 16.6%, from about \$302 million to about \$353 million. The motor vehicles portion of the grand list rose 11.3% from \$177 million to \$197 million. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

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

The unassigned fund balance in the general fund (8.1% of the total general fund expenditures) is in compliance with the Town Council's Debt Policy and Management/Fiscal Practices that were initially adopted in September 1993 and revised in May 2009. That policy states that the unassigned fund balance shall be maintained in an amount equal to at least seven and one-half (7.5%) percent.

The Town Charter provides for the Town Manager to propose in the annual budget to the town council an allocation of funds to the capital reserve fund. This fund was established for future

capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$1,500,000 was approved by the Town Council and the RTM.

**Major Initiatives: For the Fiscal Year Ended June 30, 2012:**

**School Construction: Phase I:**

Three school projects were approved by the Town of Groton voters in an April 27, 2004 referendum. These projects totaling \$91.9 million are the first phase of a three-part plan to overhaul the Town's aging schools. The referendum approved three town ordinances that appropriated \$91.9 million and authorized the issuance and sale of bonds and notes to fund the construction of two elementary schools (Catherine Kolnaski Elementary and Northeast Academy Elementary) and renovations and additions to Fitch High School. Subsequently in the fall of 2007 an additional appropriation of \$500,000 was approved for the Catherine Kolnaski Elementary School. The construction of the elementary schools began in August of 2006 and contract close-outs are now complete for both elementary schools. The two elementary schools were opened and occupied in January 2008, after the December holiday break. The addition to the high school and associated site work began in October 2006 and was ready for occupancy upon the return of the students from their February 2008 break. Renovations on the existing building continued through the summer of 2008, with work substantially complete by the time school reopened in the fall. The Board of Education accepted as complete the two elementary schools in April 2009 and the renovations and expansion of the high school in July 2009. This acceptance of the three projects qualified them for finalization of the State Department of Education grants that will partially offset construction, design and contract management costs. The State Department of Education audited two of the school projects (Kolnaski and Northeast) and due to staffing issues allowed the Town to choose an audit firm to audit the Fitch High School project. All three audits were completed in FYE 2011. Final resolution/payments on the Kolnaski and Fitch audits were received in FYE 2012.

**School Construction: Phase II:**

With the completion of Phase I, facilities and educational needs of the Town were evaluated to identify additional school enhancement projects. Phase II, a \$133 million proposal, called for a new middle school to be built where Claude Chester Elementary School now stands, the renovation of Cutler Middle School into an intermediate elementary school and the conversion of S. B. Butler Elementary and West Side Middle into early education centers. About half of the costs were expected to be paid by the State. On May 2, 2011 a voter referendum was held on this project and it was rejected by a vote of 4,184 to 1,437. In December 2011, the Board of Education decided to close Fitch Middle School and merge that student population into those at West Side and Cutler middle schools as of September 2012.

**Mystic Streetscape:**

This \$5.5 million streetscape project was conceived in the late 1990s as an upgrade to the sidewalks, parking and other accoutrements along West Main Street (Rte. 1) and Water Street (Rte. 215). As a result of the Central Hall fire of 2000 in downtown, additional grant money was obtained and the project was expanded to include placing the electrical, telephone, and cable

lines underground from the Mystic River Bridge west to High Street along West Main Street. The sidewalks have now been upgraded, signage improved, other amenities installed, on-street parking realigned, drainage improved, new streetlights installed, parklets developed, and the road repaved. The bulk of the contract items, about \$3.5 million, are covered by federal stimulus dollars from the American Recovery & Reinvestment Act and the balance by other federal funds with a state-paid match. Phase I is expected to be completed early in calendar year 2013, roughly midway through FYE 2013.

**Major Initiatives: For the Future:**

**Senior Center Addition & Renovations Project:**

Voters of the Town of Groton approved a referendum on November 6, 2007 for \$11.77 million that would add 22,000 square feet to the existing 14,900 square-foot building that was built in 1979. It includes additional activity classrooms, a computer room, a music room, exercise and fitness room and administrative offices. Renovations and additions are planned for the kitchen facilities, entry vestibule and lobby. Work on the building began in March 2009 and was completed by March 2010. Though the project is complete there is approximately \$400,000 of expenses that need to be bonded with a larger bond issue.

**Thames Street Rehabilitation:**

On November 3, 2009 Groton voters were asked to authorize bonding in the amount of \$10.725 million for major upgrades to Thames Street. The road has not been overlaid with bituminous asphalt since 1957 and very little has been done to address the underlying road. The road has undergone various patch jobs and its width ranges from 25 feet to 50 feet and core samples found anywhere from 1 inch to 16 inches of asphalt. About 60 percent of the project costs call for reconstruction of the road and fixing drainage and retaining walls while the rest would address lighting, sidewalks and some landscaping. The referendum failed with 56% of the voters voting against the referendum. In the summer of 2010, the Town Council established a committee to discuss the future of Thames Street with the goal of creating a plan that could be presented to the voters before a referendum in the spring 2011. In November 2010, the Town Council received the committee's recommendation for a \$6,300,000 upgrade to Thames Street. The Town Council and Representative Town Meeting approved the bonding resolution and the matter was on the May 2, 2011 referendum ballot which was approved by the voters by 3,334 to 2,306. It is anticipated that the project will go out to bid in December 2012 and the project to be completed by the spring 2014.

**School Projects, Phase II:**

The issue of consolidation, which would have been achieved with its passage, will be considered by the Board of Education as necessary to keep education costs as low as possible and to respond to a declining school population. A School Facilities Task Force will be formed to determine the best approach to plan the successor to the Phase II school facilities plan.

**Mystic Streetscape:**

Under the Phase II design, approximately \$1.3 million, sidewalks will be replaced along Water Street (Rte. 215) from the vicinity of the Public Restrooms/Community Policing building, extending south to the intersection of Noank Road and the local portion of Water Street. This

phase will include new sidewalks, landscaping, minor drainage improvements, and creation of additional on-street parking to support local shops. The utilities will not be relocated underground. Phase II is expected to be bid later in 2012 with construction anticipated for Spring, 2013. The project is being funded by CONNDOT Urban Program funding with a state-paid match.

**Road Maintenance and Rehabilitation Program:**

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

**Debt Administration:**

In November 2011 Refunding Bonds in the amount of \$19,015,000 were sold. \$16,305,000 was issued as General Obligation Refunding Bonds and \$2,710,000 was issued as General Obligation Sewer Refunding Bonds. As a result of the overall state of the economy, tamed inflation and the recent trend in interest rates, it was anticipated that the Town could save a substantial amount of money by reducing debt service payments over the remaining life of those bonds. It was estimated that the combined savings would be approximately \$864,000 over the remaining eighteen years of the bonds. The distribution on savings between funds was estimated to be \$656,000 to the General Fund and \$208,000 to the Sewer Operating Fund.

The sale date was Tuesday November 29, 2011. The budgetary savings over the remaining 18 years of the bonds increased from \$864,371 to \$1,258,780 an increase of almost \$400,000. The amount of the savings associated with debt service pertaining to the General Fund is \$996,181

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$42,340,000 of general obligation bonds, \$5,650,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$47,990,000. Last fiscal year that total amount was \$51,590,000.

In May 2009, the Town Council revised its "Debt Policy and Management/Fiscal Practices" that establishes criteria for the issuance of debt as well as setting some benchmarks on which to evaluate the Town's level of debt. The Town Council adopted the following limits to guide the issuance of debt and they are compared to the FYE 2012 data.

	<u>Adopted Policy</u>	<u>FYE 2011</u>
Comparison to State's Statutory Debt Limit:	not to exceed 50%	7.5%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.2%
Debt Service as compared to Expenditures	not to exceed 10%	4.2%

**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, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting. Its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for eighteen (18) consecutive years (FYE 1994 through FYE 2011). 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 nineteenth (19) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2013 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,



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, 2011

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.



*Linda C. Davison*

President

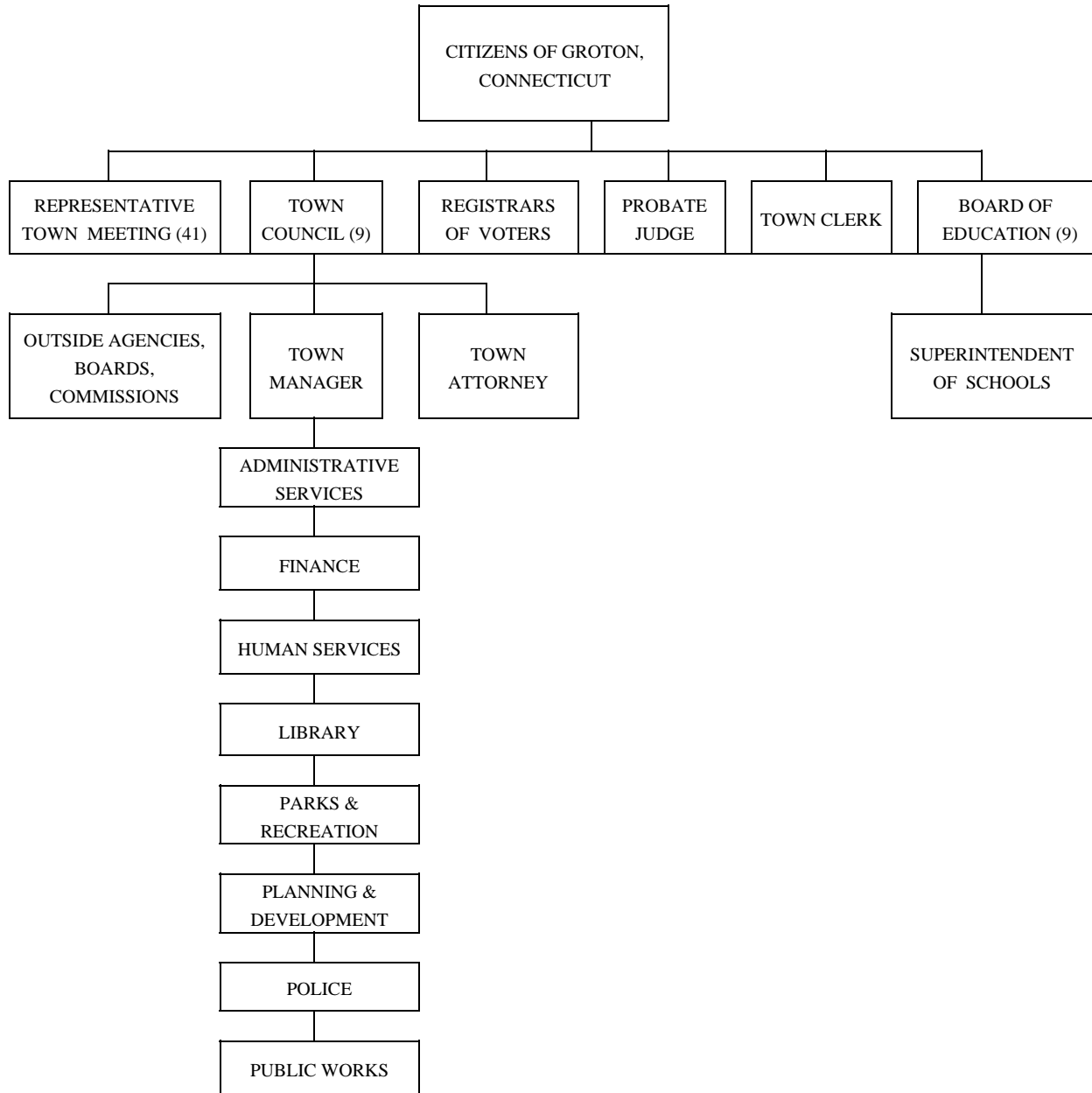
*Jeffrey R. Emery*

Executive Director



# TOWN OF GROTON

## ORGANIZATION CHART



**TOWN OF GROTON**  
**PRINCIPAL OFFICIALS**  
**AS OF JUNE 30, 2012**

**Town Council**

Heather Bond Somers, Mayor  
Dean G. Antipas  
Bruce S. Flax  
Bill Johnson  
Frank O'Beirne, Jr.  
Deborah L. Peruzzotti  
Rita M. Schmidt  
James L. Streeter  
Harry A. Watson

**Board of Education**

Kristen Hoyt, Ed. D., Chairperson  
Elizabeth Gianacoplos, Vice-Chairperson  
Patricia Doyle  
Shelley Gardner  
Robert Peruzzotti  
Rita Volkmann  
Beverly Washington  
Kim Watson  
Chaz Zezulka

**Appointed Officials**

Mark R. Oefinger, Town Manager  
Randall Collins, Interim Superintendent of Schools  
Suisman, Shapiro, Wool, Brennan, Gray & Greenberg, P. C., Town Attorney

**Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2012, 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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15 and the budgetary comparison information on pages 63 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Connecticut's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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

December 19, 2012

**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, 2012 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 \$194,044 (net assets). Of this amount, \$38,258 (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 \$1,876. 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 \$29,195.
- For the fiscal year ended June 30, 2012, the unassigned fund balance for the General Fund was \$9,421 or 8.0% of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least seven and one-half (7.5%) percent of the annual general fund expenditures".
- The Town of Groton's total debt decreased by \$8,140 (12.2%) during the current fiscal year. This was mainly due to decreases (\$3,690) in the principal amounts due on bonds for general government obligation debt and decreases (\$1,240) in the loan payment due to the State's Clean Water Fund. Also the bond anticipation notes that matured in FYE 2012 in the amount of \$3,210 did not need to be reissued.

**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 2003 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-nine individual non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Improvements Fund and the School Construction Fund which are considered to be major funds. Twenty-three special revenue funds, two Capital Project Funds, a Debt Service Fund and three Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 27-62 of this report.

**Other Information.** Required supplemental information for the General Fund is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 68 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 \$194,044 on June 30, 2012.

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

	<b>Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
Current assets	\$ 59,759	\$ 60,483
Capital assets, net of accumulated depreciation	<u>214,210</u>	<u>218,270</u>
Total assets	<u>273,969</u>	<u>278,753</u>
Long-term liabilities outstanding	66,773	72,307
Other liabilities	<u>13,152</u>	<u>14,278</u>
Total liabilities	<u>79,925</u>	<u>86,585</u>
Net Assets:		
Invested in capital assets, net of related debt	155,539	151,539
Restricted	247	326
Unrestricted	<u>38,258</u>	<u>40,303</u>
Total Net Assets	<u>\$ 194,044</u>	<u>\$ 192,168</u>

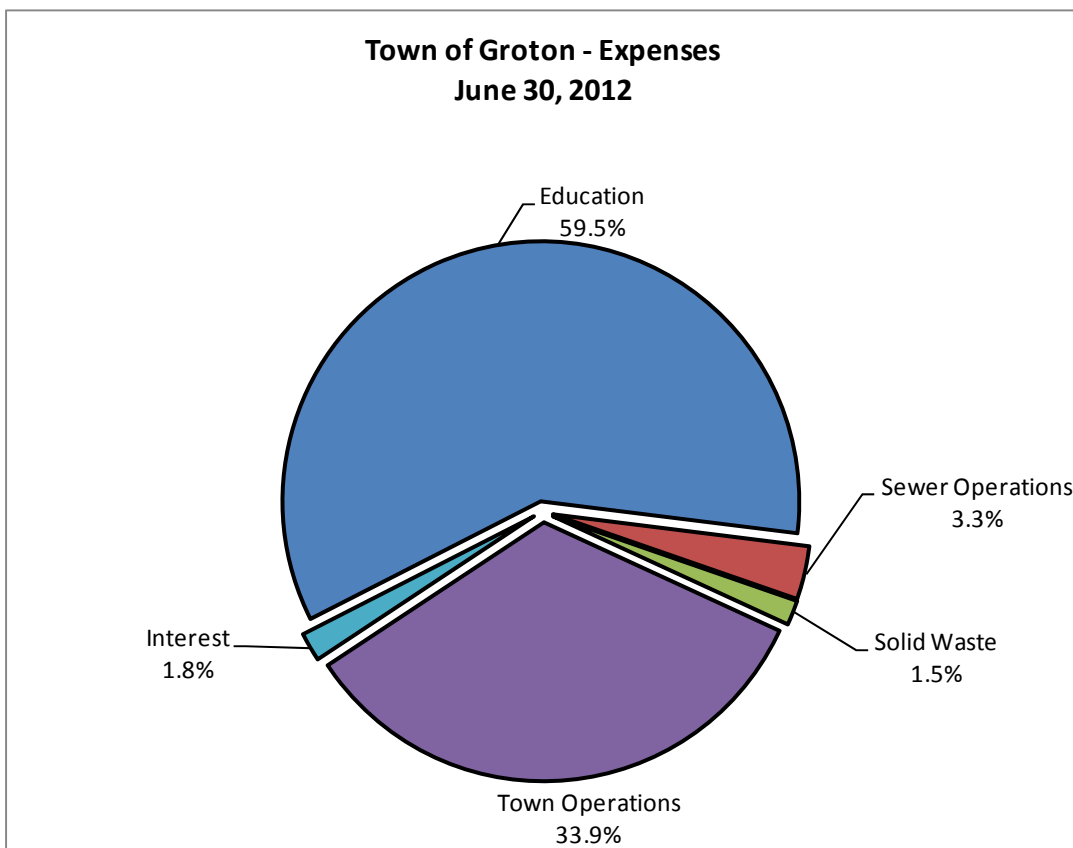
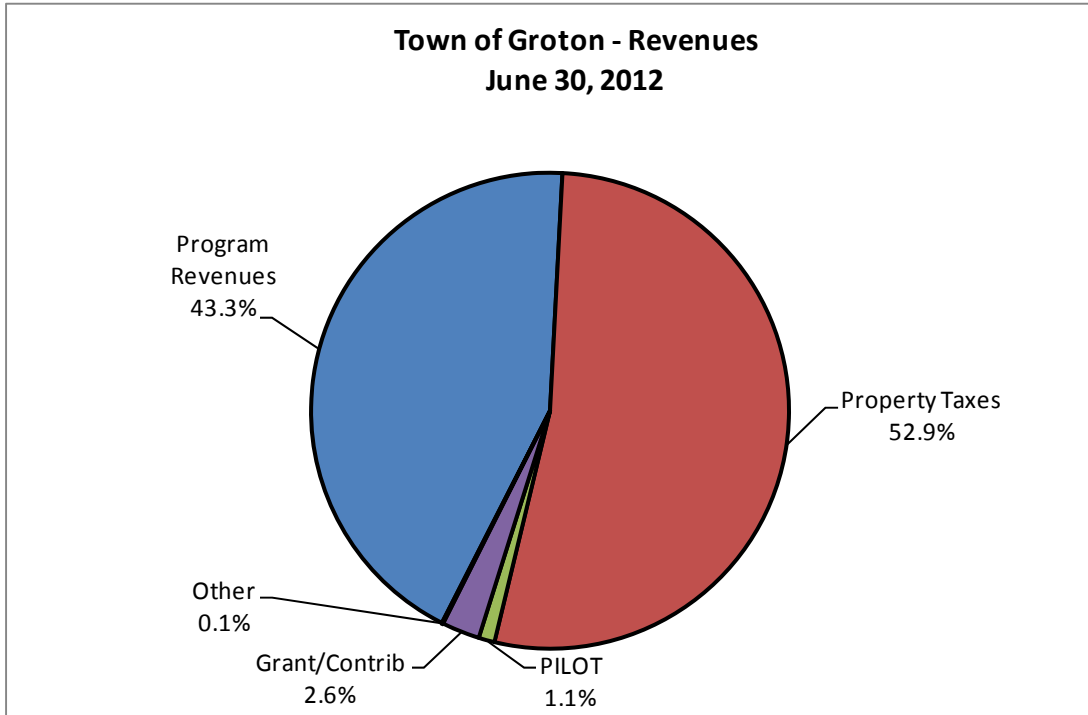
By far the largest portion of the Town of Groton's net assets (80.1%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Groton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance of unrestricted net assets (\$38,258) 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 an reduction in bonds and loans payable.

**Governmental Activities.** Approximately 52.9% of the revenues were derived from property taxes, followed by 37.0% from grants and contributions, then 8.9% from other program revenues, 1.1% from payments in lieu of taxes and finally less than 1% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
Revenues:		
Program revenues:		
Charges for services	\$ 13,323	\$ 13,605
Operating grants and contributions	45,277	43,753
Capital grants and contributions	6,164	3,763
General revenues:		
Property taxes	79,098	79,310
Payments in lieu of taxes	1,623	1,946
Grants and contributions (not restricted)	3,849	2,596
Other unrestricted investment earnings	129	242
Total revenues	<u>149,463</u>	<u>145,215</u>
Expenses:		
General government/services	9,061	7,954
Public safety	12,371	11,271
Public works	17,352	11,857
Planning and development	1,641	1,576
Human service	2,743	2,861
Community services	6,798	7,032
Board of Education	87,769	84,645
Sewer operations	4,925	4,550
Solid waste	2,287	2,636
Interest on long-term debt	2,640	2,226
Total expenses	<u>147,587</u>	<u>136,608</u>
Increase in Net Assets	1,876	8,607
Net Assets July 1	<u>192,168</u>	<u>183,561</u>
Net Assets June 30	<u>\$ 194,044</u>	<u>\$ 192,168</u>



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$4,248 higher in 2012 when compared to 2011 or an increase of 2.9%.
- ◆ Grants and Contributions were more in 2012 as the Town recognized more in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2012 decreased mainly due to a reduction in the amount of prior year taxes and interest and lien fees received. The Town's tax rate increased from 18.42 mills to 18.89 mills.
- ◆ Investment earnings decreased by \$113 from the prior fiscal year to \$129 for the fiscal year ended June 30, 2012. 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, 59.5% of the Town's expenses relate to education, 11.8% relate to public works, 8.4% relate to public safety, 6.1% to general government/services, 4.6% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste, human services and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$10,977 higher in 2012 when compared to 2011 or an increase of 8.0%.
- ◆ Town Operations expenses were \$7,415 higher in 2012 when compared to 2011 or an increase of 17.4%.
- ◆ Education expenses were \$3,122 higher in 2012 when compared to 2011 or an increase of 3.7%
- ◆ Increases in Sewer Operations, Solid Waste and Interest on Long Term Debt accounted for an increase of \$440 in expenses over 2011 or an increase of 4.7%.

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

**Financial Analysis of the Government's Funds:**

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$29,195, a decrease of \$1,448 in comparison with the prior year. Of this amount, \$9,171 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

**General Fund.** The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,421, which is included in the total fund balance of \$12,747. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.0% of total general fund expenditures, while total fund balance represents 10.9% of that same amount.

The total fund balance of the Town of Groton's General Fund decreased by \$443 during the current fiscal year. The unassigned fund balance decreased by \$709. Key factors in the total fund balance decrease of \$443 are as follows:

- ◆ Revenues were \$772 less than budgeted mainly due to decreases in State and Federal funding and also reduction in local revenues.
- ◆ Expenditures were under budget by \$1,378 due to unexpended funds in Town Operations, the Board of Education, Debt Service and Contingency.
- ◆ Although revenue was under budget this was offset by unexpended appropriations at year end. As a result only \$260 of the \$866 fund balance applied to FYE 2012 was required to balance the FYE 2012 budget.
- ◆ The reserve for encumbrances was reduced by \$253.
- ◆ The amount designated for the subsequent year budget was increased from \$866 to \$1,589.

**Capital Improvements Fund.** This fund has a total fund balance of \$6,506, down from \$6,729 in the prior year. The decrease is mainly explained by the increase in Capital Outlays.

**School Construction Fund.** This fund has a total fund balance of \$214 which is a increase from the prior year deficit of \$1,608. The increase in the fund balance is attributed to an increase in the receipt of State grant reimbursements.

**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 \$1,014 for the Fleet Reserve Fund, \$8,388 for the Health Insurance Fund and a deficit of \$519 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total increase in net assets for the internal service funds was \$117 mainly due an increase in the Health Insurance Fund.

**General Fund Budgetary Highlights:**

There was no difference between the original budget and the final budget because there were no supplemental appropriations made during the fiscal year. Transfers of \$223 occurred from the Contingency function to other functions within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$116,847 which was under the adopted budget by \$772. The majority of this decrease can be attributed to a reduction in State and Federal revenues.

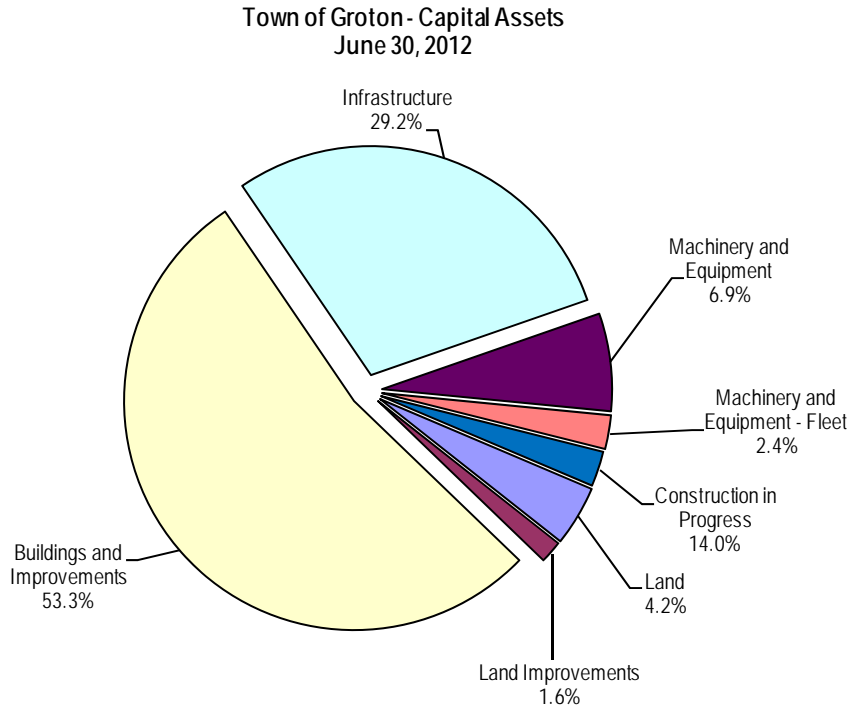
Actual expenditures on a budgetary basis and other financing uses totaled \$117,107; with actual revenues totaling \$116,847, expenditures exceeded revenues on a budgetary basis by \$260. The fiscal year 2011 audit had a designation of fund balance in the amount of \$866 to support FYE 2012 but only \$260 was needed. Actual expenditures were under budget by \$1,378 with the town operations returning about \$1,022, the Board of Education returning \$83 and \$127 was 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, 2012 amounts to \$326,056. 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 0.9% mainly which reflects the purchase of equipment at the Water Pollution Control Facility, acceptance of roads in various subdivisions, road resurfacing and vehicle purchases.

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

	<b>Governmental Activities</b>	
	<u>2012</u>	<u>2011</u>
Land	\$ 13,836	\$ 13,836
Land improvements	5,130	4,453
Buildings and improvements	173,739	153,492
Infrastructure	95,166	92,656
Machinery and equipment	22,364	19,153
Machinery and equipment - fleet	7,745	7,647
Construction in progress	8,076	31,789
Total	<u>\$ 326,056</u>	<u>\$ 323,026</u>



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

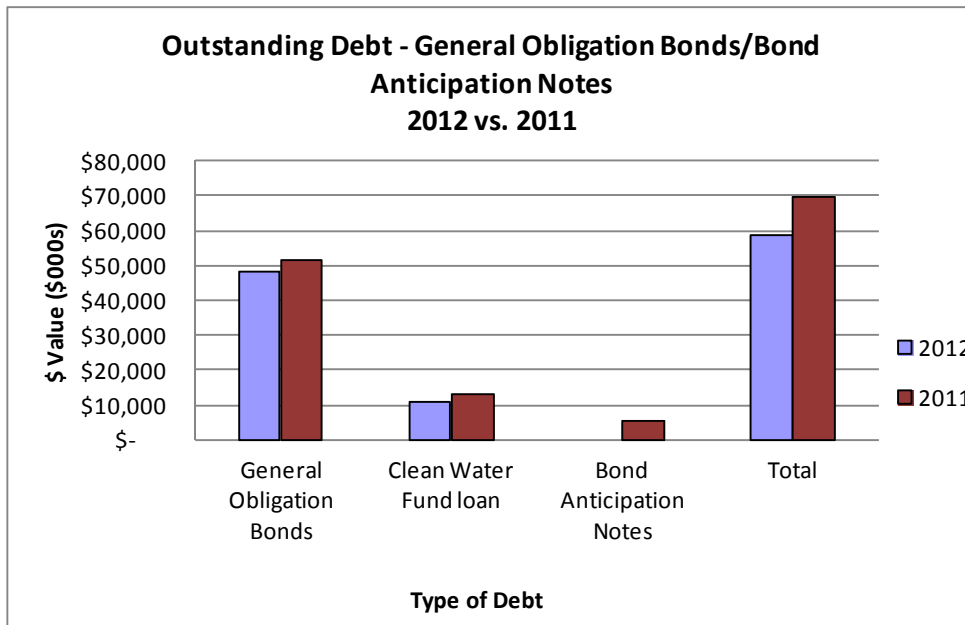
- Regarding the use of the State's Local Capital Improvement Project funds, the following major amounts (over \$50) were expended:
  - Sidewalks on Route 1: \$146,
  - Golf Course Fuel Tanks & Windows: \$68.
- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:
  - Annex: Salt/Sand Storage: \$99
  - Bridge Construction - Groton Long Point: \$556
  - Flanders Road Utility Installation: \$72,
  - Judson Avenue Drainage: \$128
  - Middle School Modifications: \$338
  - Mystic Streetscapes Project: \$2,032
  - Pavement Management Program: \$236
  - Pavement Management Program-GLP: \$62
  - Roads-River Road: \$191
  - Thames Street Retaining Wall: \$112
  - Water Pollution Control Facility; Facility Renovations: \$495
  - Water Pollution Control Facility; Sewer Line Replacements: \$1,130

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 44-45 and on pages 96 through 98 of this report.

**Outstanding Debt.** At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$58,565. Of this amount, \$52,915 comprises debt backed by the full faith and credit of the government and \$5,650 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
General obligation bonds	\$ 47,990	\$ 51,590
Clean Water Fund loan	10,665	11,905
Bond anticipation notes and notes payable	_____	3,210
<b>Total</b>	<b>\$ 58,655</b>	<b>\$ 66,705</b>



The Town of Groton's general obligation bonds have decreased \$3,690. The total debt including bond anticipation notes decreased \$8,140 or 12.2% during the current fiscal year mainly due to no new bonds being issued, bonds being paid down and the Clean Water fund principle being reduced due to loan payments made to the State.

For FYE 2012, the Town of Groton's bond rating was maintained at an "AA" rating with Fitch Ratings and Standard & Poors and at an "Aa2" rating with Moody's Investors Service.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$637,479. As of June 30, 2012, the Town recorded total indebtedness of \$58,276 related to Governmental Activities, well below its statutory debt limits.

Additional information on the Town of Groton's long-term debt can be found in Note 3H-I on pages 49-52 of this report.



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

- As of June 2012, the Town had an unemployment rate of 8.8% as compared to the New London County rate of 8.6%, the state's average rate of 8.4% and the national average of 8.2%.
- New London County has an employed labor force of approximately 140,064 residents.
- Inflationary trends in the region compare similarly to national indices.

**Grand List decreases by 3.9%:**

The October 1, 2011 net adjusted taxable Grand List fell 3.9% from last year's after appeals were heard by the Board of Assessment Appeals. The net adjusted grand list now totals \$3,938,277. The combined assessments of the top 10 taxpayers comprises 23.5% of the town's net grand list.

Net real estate fell about 6.3%, from about \$3.6 billion to about \$3.4 billion. Most of this change is reflective of the recently completed 2011 revaluation of all real estate. Penalty assessments, which this year contribute about \$5.2 million to the net grand list and are down substantially from last year's \$10.3 million. These penalties, equal to 10% of their corresponding base assessments, were imposed on 92 properties where the owners of commercial real estate failed to file an income and expense statement prior to June 1, 2011. Last year, these penalties were imposed on 97 parcels.

Net residential **real estate** assessments dropped 6.9%, from about \$2,418 billion to \$2,251 billion. This year, with the increase in the personal property portion of the grand list, the residential real estate's share of the entire net grand list dropped slightly - from 59% of the 2010 grand List to 57% of the 2011 grand list. Net commercial real estate dropped this year, falling 10.5% to \$580 million. Although the gross assessment for industrial property which includes Pfizer and EB, remained flat at \$610 million, the net industrial assessments increased by 3.3% to \$568.3 million due to the expiration of state enterprise zone exemptions.

Thirteen single-family homes were started for the October 1, 2011 grand List, compared to 33 last year.

For the first time in four years, the **personal property** grand list increased in both the gross and net assessments. With a 16.8% increase, the net grand list rose to \$353 million, up from \$302 million in 2010. The majority of the increase is attributable to an increase in the net assessment for Pfizer, which increased by slightly over \$47 million from the 2010 declared asset list. The increase in assessments for furniture, fixtures, machinery & equipment indicates an increase in assets on the Groton campuses, probably from the closing of the New London office complex and the moving of those assets to the Groton site.

In the past the town was eligible for state reimbursement of the taxes lost on the bulk of the exemptions applied to manufacturing machinery & equipment and commercial vehicle personal property assessments. The 2011 legislative session adopted changes to the program, and State Office of Policy and Management (OPM) has shifted away from a direct reimbursement of manufacturing machinery & commercial vehicles tax losses to a Manufacturing Transition Grant. The town's grant will now be based on a proportionate amount of the overall annual amount available through OPM, along with other towns and cities that also claim the exemption.

There were 26 fewer businesses listed this year, with 2,114 accounts on the grand list.

The assessments of the top ten personal property taxpayers now comprise 78.6% of the personal property portion of the net grand list.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose 11.3% this year, rising from \$177,292 in 2010 to \$197,354. An in-depth analysis of vehicles left unpriced by CT DMV resulted in an increase in values during the processing of the motor vehicle grand list. This is believed to have brought the assessments more in-line with current market values. Also discovered during the grand list process was an increase in vehicle values, especially compact & economy cars as reflected in the National Automobile Dealers Association guide (NADA), used and recommended by the state assessors association to price vehicles by Connecticut municipalities. It's notable that the assessed value of motor vehicles rose despite the fact that there were 228 fewer motor vehicles registered in town in 2011.

**Other Information:**

During the fiscal year ended June 30, 2012, the Town of Groton's General Fund received 31.1% of its total revenues from intergovernmental sources, i.e., the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unassigned fund balance for FYE 2012 is at 8.0% of operating expenses which is above the minimum acceptable guideline set by the Town Council. With an overwhelming reliance on property taxes, 66.4% of the General Fund revenues are derived from property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

During the current fiscal year, the unassigned fund balance in the General Fund decreased to \$9,421. The Town Council has assigned \$1,589 of the total fund balance to fund the 2012 fiscal year budget.

**Requests for Information:**

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

## **Basic Financial Statements**

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 46,375,416
Investments	2,964,000
Receivables (net of allowances for collection losses):	
Property taxes	3,631,898
Special assessments	538,825
Accounts receivable	765,382
Federal and state governments	2,825,172
Other receivables	631,150
Other assets	267,229
Net pension asset	1,022,046
Net other postemployment benefit asset	490,489
Capital assets, nondepreciable	21,911,626
Capital assets, net of accumulated depreciation	192,298,312
Restricted assets:	
Cash	138,560
Investments	108,983
Total assets	<u>273,969,088</u>
Liabilities:	
Accounts payable and accrued liabilities	12,446,217
Unearned revenue	706,012
Noncurrent liabilities:	
Due within one year	4,515,784
Due in more than one year	62,257,163
Total liabilities	<u>79,925,176</u>
Net Assets:	
Investment in capital assets, net of related debt	155,538,608
Restricted for:	
Trust, nonexpendable	247,543
Unrestricted	<u>38,257,761</u>
Total Net Assets	<u>\$ 194,043,912</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental activities:					
General government/services	\$ 9,060,730	\$ 1,003,874	\$ 586,840	\$ 155,466	\$ (7,314,550)
Public safety	12,370,594	653,758	41,233	270,255	(11,405,348)
Public works	17,351,740	672,005	442,050	3,882,931	(12,354,754)
Planning and development	1,640,918	166,196	62,178		(1,412,544)
Health and human services	2,743,285	141,195	358,316		(2,243,774)
Community services	6,797,684	2,094,870	70,476		(4,632,338)
Education	87,768,560	1,060,826	43,637,509	1,853,856	(41,216,369)
Sewer operations	4,925,362	5,040,588	78,068		193,294
Solid waste management	2,286,841	2,489,314			202,473
Interest on long-term debt	2,639,790			941	(2,638,849)
	<u>2,639,790</u>	<u>2,489,314</u>	<u>78,068</u>	<u>941</u>	<u>(2,638,849)</u>
Total Governmental Activities	<u>\$ 147,585,504</u>	<u>\$ 13,322,626</u>	<u>\$ 45,276,670</u>	<u>\$ 6,163,449</u>	<u>(82,822,759)</u>
		General revenues:			
					79,097,987
					1,622,860
					3,848,708
					129,036
					<u>84,698,591</u>
		Change in net assets			1,875,832
		Net Assets at Beginning of Year			<u>192,168,080</u>
		Net Assets at End of Year			<u>\$ 194,043,912</u>

## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Capital Improvements Fund	School Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 15,322,950	\$ 8,523,788	\$ 213,645	\$ 10,329,317	\$ 34,389,700
Investments	2,964,000			108,983	3,072,983
Receivables, net	3,844,700	1,529,133		2,084,123	7,457,956
Due from other funds	2,014,873				2,014,873
Other assets	9,714			14,023	23,737
Total Assets	<u>\$ 24,156,237</u>	<u>\$ 10,052,921</u>	<u>\$ 213,645</u>	<u>\$ 12,536,446</u>	<u>\$ 46,959,249</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 8,598,752	\$ 2,002,951		\$ 1,069,928	\$ 11,671,631
Due to State				73,762	73,762
Due to other funds		1,542,308		472,565	2,014,873
Deferred revenues	2,810,594	1,453		1,192,428	4,004,475
Total liabilities	<u>11,409,346</u>	<u>3,546,712</u>	<u>-</u>	<u>2,808,683</u>	<u>17,764,741</u>
Fund balances:					
Nonspendable				261,566	261,566
Restricted		6,506,209	213,645	916,814	7,636,668
Committed				8,799,862	8,799,862
Assigned	3,325,543				3,325,543
Unassigned	9,421,348			(250,479)	9,170,869
Total fund balances	<u>12,746,891</u>	<u>6,506,209</u>	<u>213,645</u>	<u>9,727,763</u>	<u>29,194,508</u>
Total Liabilities and Fund Balances	<u>\$ 24,156,237</u>	<u>\$ 10,052,921</u>	<u>\$ 213,645</u>	<u>\$ 12,536,446</u>	<u>\$ 46,959,249</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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)	\$ 29,194,508
--	---------------

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

Governmental capital assets	\$ 318,310,796	
Less accumulated depreciation	<u>106,935,930</u>	
Net capital assets		211,374,866

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

Net pension asset	1,022,046
Net other postemployment benefit asset	490,489
Property taxes and assessments receivable greater than 60 days	2,791,923
Loan receivables greater than 60 days	506,540
Interest receivable on property taxes	773,575
Bond issuance costs	203,101

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.

	11,718,558
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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	(47,990,000)
Bond premium	(1,263,009)
Deferred amounts on refunding	1,258,880
Clean water fund loan payable	(10,665,325)
Interest payable on bonds	(589,688)
Capital lease obligations	(11,876)
Compensated absences	(2,149,076)
Landfill closure costs	<u>(2,621,600)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 194,043,912</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, 2012

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 77,709,085	\$	\$	\$ 682,132	\$ 78,391,217
Assessments				28,252	28,252
Licenses and permits	172,551				172,551
Intergovernmental - state	39,856,061	2,552,522	1,853,856	2,857,129	47,119,568
Interest on investments	87,081	16,798	34	13,247	117,160
Intergovernmental - federal	4,084,904			3,203,298	7,288,202
Charges for current services	961,240	5,086		3,783,142	4,749,468
Schools, library and recreation fees	328,918				328,918
Sewer use charges				5,040,588	5,040,588
Solid waste management charges				2,489,102	2,489,102
Other revenue	476,637	351,161		637,565	1,465,363
Total revenues	<u>123,676,477</u>	<u>2,925,567</u>	<u>1,853,890</u>	<u>18,734,455</u>	<u>147,190,389</u>
Expenditures:					
Current:					
General government	1,035,562			546,120	1,581,682
General services	4,319,947				4,319,947
Public safety	6,316,598			826,915	7,143,513
Public works	6,045,599			101,308	6,146,907
Planning and development	1,103,737				1,103,737
Health and human services	537,609			303,613	841,222
Community services	3,429,052			2,072,669	5,501,721
Education	79,722,039			5,891,647	85,613,686
Subdivisions	4,883,336				4,883,336
Sewer operations				4,274,215	4,274,215
Solid waste management				2,286,841	2,286,841
Nondepartmental	8,589,044				8,589,044
Outside agencies	2,034,066			357,926	2,391,992
Debt service	5,044,146			2,788,569	7,832,715
Capital outlay	71,164	6,233,980	31,831		6,336,975
Total expenditures	<u>123,131,899</u>	<u>6,233,980</u>	<u>31,831</u>	<u>19,449,823</u>	<u>148,847,533</u>
Revenues over (under) Expenditures	<u>544,578</u>	<u>(3,308,413)</u>	<u>1,822,059</u>	<u>(715,368)</u>	<u>(1,657,144)</u>
Other Financing Sources (Uses):					
Transfers in	797,972	3,085,000		211,440	4,094,412
Transfers out	(1,963,764)			(2,130,648)	(4,094,412)
Refunding bonds issued	16,305,000			2,710,000	19,015,000
Payments to refunded bond escrow agent	(17,441,838)			(2,665,189)	(20,107,027)
Premiums/discounts on bond issuance	1,314,701			(13,419)	1,301,282
Total other financing sources (uses)	<u>(987,929)</u>	<u>3,085,000</u>	<u>-</u>	<u>(1,887,816)</u>	<u>209,255</u>
Net Change in Fund Balances	(443,351)	(223,413)	1,822,059	(2,603,184)	(1,447,889)
Fund Balances at Beginning of Year	<u>13,190,242</u>	<u>6,729,622</u>	<u>(1,608,414)</u>	<u>12,330,947</u>	<u>30,642,397</u>
Fund Balances at End of Year	<u>\$ 12,746,891</u>	<u>\$ 6,506,209</u>	<u>\$ 213,645</u>	<u>\$ 9,727,763</u>	<u>\$ 29,194,508</u>

(Continued on next page)



## TOWN OF GROTON, CONNECTICUT

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

## FOR THE YEAR ENDED JUNE 30, 2012

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)	\$ (1,447,889)
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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	1,903,195
Depreciation expense	(7,259,765)
Donated capital assets	1,487,180

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	489,219
Interest income on property taxes	189,299
Intergovernmental revenue on school bonds	(54,689)
Revenue on loan receivables greater than 60 days	135,862

Change in pension asset	(2,291)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

Accrued interest on bonds	(54,807)
Principal payments on bonds	22,615,000
Principal payments on Clean Water Fund loan payable	1,239,505
Principal payments on capital leases	13,956
Bond proceeds	(19,015,000)
Bond premium proceeds	(1,263,009)
Deferred amounts on refunding	1,258,880
Landfill closure payments	168,200
Change in other post employment benefit liability	757,195
Change in other post employment benefit asset	490,489
Bond issuance costs	203,101

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	(95,015)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>117,216</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 1,875,832</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	<b>Governmental Activities</b> <hr/> <b>Internal Service Funds</b> <hr/>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 12,124,276
Accounts receivable	160,896
Other assets	40,391
Total current assets	<hr/> 12,325,563
Noncurrent assets:	
Property and equipment, net	<hr/> 2,835,072
Total assets	<hr/> 15,160,635
Liabilities:	
Current liabilities:	
Accounts payable	111,136
Claims incurred but not reported	927,922
Total current liabilities	<hr/> 1,039,058
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<hr/> 2,403,019
Total liabilities	<hr/> 3,442,077
Net Assets:	
Invested in capital assets	2,835,072
Unrestricted	8,883,486
Total Net Assets	<hr/> <hr/> \$ 11,718,558

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, 2012

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Charges for services	\$ 16,014,702
Other revenue	40,945
Total operating revenues	<u>16,055,647</u>
Operating Expenses:	
Operating expenses	817,006
Claims	13,523,013
Depreciation	561,476
Administration	1,037,474
Total operating expenses	<u>15,938,969</u>
Operating Income	<u>116,678</u>
Nonoperating Revenues and Expenses:	
Intergovernmental revenue	8,200
Interest on investments	11,876
Loss on disposal of capital assets	(19,538)
Net nonoperating revenues	<u>538</u>
Change in Net Assets	117,216
Net Assets at Beginning of Year	<u>11,601,342</u>
Net Assets at End of Year	<u>\$ 11,718,558</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, 2012

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 16,010,520
Cash paid to other funds	(1,897)
Cash paid to vendors	(816,012)
Cash paid to beneficiaries	(14,411,174)
Net cash provided by operating activities	<u>781,437</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(404,894)
Proceeds from sale of property and equipment	14,784
Capital grants	8,200
Net cash used in capital and related financing activities	<u>(381,910)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>11,876</u>
Net Increase in Cash and Cash Equivalents	411,403
Cash and Cash Equivalents - Beginning of Year	<u>11,712,873</u>
Cash and Cash Equivalents - End of Year	<u>\$ 12,124,276</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 116,678
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	561,476
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,736)
(Increase) decrease in other assets	(40,391)
(Decrease) increase in accounts payable	994
(Decrease) increase in due to other funds	(1,897)
(Decrease) increase in claims payable	<u>149,313</u>
Net Cash Provided by Operating Activities	<u>\$ 781,437</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, 2012

	<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	\$ 2,029,640	\$ 369,085	\$ 147,948	\$ 1,535,579
Investments, at fair value:				
Mutual funds	84,102,328	6,085,862		
Accounts receivable	352	48,846		
Total assets	<u>86,132,320</u>	<u>6,503,793</u>	<u>147,948</u>	<u>1,535,579</u>
Liabilities:				
Due to employees/others	64,904			
Claims incurred but not reported		225,505		
Due to contractors/developers				1,305,860
Due to student groups				212,992
Due to fire districts				16,727
Other liabilities		21,649		
Total liabilities	<u>64,904</u>	<u>247,154</u>	<u>-</u>	<u>1,535,579</u>
Net Assets:				
Held in Trust for Benefits and Other Purposes	<u>\$ 86,067,416</u>	<u>\$ 6,256,639</u>	<u>\$ 147,948</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, 2012

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 2,968,475	\$ 3,226,700	\$
Plan members	1,286,607	2,560,396	
Other additions			150
Total contributions	<u>4,255,082</u>	<u>5,787,096</u>	<u>150</u>
Investment income:			
Net appreciation in fair value of investments	3,096,467	151,816	
Interest and dividends			299
	<u>3,096,467</u>	<u>151,816</u>	<u>299</u>
Less investment expenses:			
Investment management fees	275,477	453,280	
Net investment income	<u>2,820,990</u>	<u>(301,464)</u>	<u>299</u>
Total additions	7,076,072	5,485,632	449
Deductions:			
Benefits	<u>4,819,716</u>	<u>4,086,798</u>	<u>32,835</u>
Change in Net Assets	2,256,356	1,398,834	(32,386)
Net Assets Held in Trust - Beginning of Year	<u>83,811,060</u>	<u>4,857,805</u>	<u>180,334</u>
Net Assets Held in Trust - End of Year	<u>\$ 86,067,416</u>	<u>\$ 6,256,639</u>	<u>\$ 147,948</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

#### B. Basis of Presentation

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

#### Government-Wide and Fund Financial Statements

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

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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

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

The Town reports the following major governmental funds.

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

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



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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The *School Construction Fund* accounts for projects associated with construction, renovations and additions for Groton school facilities that have been authorized by voter referendum. The major sources of revenue for this fund are State and Federal grants and bond proceeds.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

#### **C. Cash and Cash Equivalents**

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

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

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**D. Investments**

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

**E. Capital Assets**

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

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

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

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

**F. Compensated Absences**

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

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

Groton Municipal Employees Association (GMEA/CILU)	<p>Employees hired before January 1, 2006 accrue 15 days per year up to 200 days.</p> <p>Employees hired after December 31, 2005 accrue 12 days per year. Accumulated up to 200 days.</p> <p>Accrued sick leave in excess of 200 on June 30 is paid out annually at the rate of 3 sick days to 1 day's pay up to 250 days.</p> <p>After vesting (5 years of service), employees with a minimum of 100 days up to 200 days receive 75% of their accrued sick time (maximum of 75 days) when they leave employment or retire.</p>	<p>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>Employees may carry over one year worth of accruals each June 30<sup>th</sup> (can be extended by Director of Administrative Service approval).</p> <p>Employees hired before January 1, 2006 are granted 2.5 additional days each July 1<sup>st</sup>.</p> <p>Employees hired after December 31, 2005 are granted 2 additional days each July 1<sup>st</sup>.</p>
Groton Police Union (AFSCME), Council #15	<p>Employees with less than 5 years of service accrue 12 days. Employees with more than 5 years of service accrue 15 days.</p> <p>As of February 1, 2012, employees with less than 5 years of service accrue 9 days. Employees with more than 5 years of service accrue 12 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>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>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>&lt; 5 years = 9 days                      5 - 10 years = 12 days                      10 - 15 years = 15 days                      &gt; 15 years = 18 days</p> <p>Employees are entitled to carryover up to one year's worth of vacation accrual each June 30.</p> <p>Two additional days granted July 1<sup>st</sup>.</p> <p>Leave taken by March 31<sup>st</sup> of second calendar year after the year in which it was accrued (may be extended to September 30<sup>th</sup> of said year).</p>

OR

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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.

Groton Public Works Union (USWA)

Employees with less than 5 years of service accrue 12 days per year. Accumulate up to 200 days.

< 5 years = 12 days  
 5 - 10 years = 15 days  
 10 - 15 years = 18 days  
 > 15 years = 24 days

Employees with 5 or more years of service accrue 15 days per year. Accumulate up to 200 days.

Accrued leave must be taken before June 30<sup>th</sup> of the year following the year in which it is accrued (a six-month extension can be granted).

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.

One additional day for each year of employment over 25 years up to a maximum of 5 additional days.

Sick leave accrued in excess of 200 days shall be converted to cash at a ratio of 5 to 1 each June 30<sup>th</sup>.

Two additional days are accrued every July 1<sup>st</sup>.

Groton Supervisors Union (AFSCME)

12 days per year. Accumulate up to 200 days.

< 5 years = 12 days  
 5 - 10 years = 15 days  
 10 - 15 years = 18 days  
 > 15 years = 24 days

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.

Employees are entitled to carryover up to 1 year's worth of vacation accrual each June 30<sup>th</sup>.

Sick leave accrued in excess of 200 days shall be converted to pay at a ratio of 3 to 1 each June 30<sup>th</sup>.

Two additional days are accrued every July 1<sup>st</sup>. Employees with over 5 years of service shall receive 4 days of leave on July 1.

Groton BOE Paraprofessionals Union

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.

No provisions.

No provision for pay out of accumulated days at retirement.

Groton BOE Teachers Union

15 days per year. Accumulate up to 165 days.

No provisions.

No provision for pay out of accumulated days at retirement.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Groton BOE Administrators Union	15 days per year. Accumulate up to 165 days.	No provisions.
	No provision for pay out of accumulated days at retirement.	
Groton BOE Secretaries Union	12 days per year. Accumulate up to 150 days.	No provisions.
	No provision for pay out of accumulated days at retirement.	
Groton BOE Custodians Union	12 days per year. Accumulate up to 150 days.	< 5 years = 10 days 5 - 14 years = 15 days > 14 years = 20 days
	No provision for pay out of accumulated days at retirement.	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 162 days.	22 days per year.
Central Office Clerical	18 days per year. Accumulate up to 162 days.	< 5 years = 10 days 5-13 years = 15 days > 14 years = 20 days
	No provision for pay out of accumulated days at retirement.	All vacation accrued as of July 1, of any calendar year must be taken prior to October 31 of the following year.

**G. Long-Term Obligations**

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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

#### **H. Pension Accounting**

##### **Pension Trust Fund**

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

##### **Governmental Funds**

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

##### **Funding Policy**

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

#### **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 they are due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Administrative costs are financed through investment earnings.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

#### **Funding Policy**

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

#### **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 committed or assigned fund balance, depending on the nature of the restriction, for GAAP purposes, as they do not constitute expenditures or liabilities, and reported as expenditures for budgetary purposes as they do not constitute expenditures or liabilities.

#### **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 that are not restricted for any project or other purpose by third parties.



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

*Assigned Fund Balance* - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by Executive Management or the Town Council, which have been delegated authority to assign amounts by the Town Charter.

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

#### **L. Property Taxes**

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

#### **M. Accounting Estimates**

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

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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### 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

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

After one public hearing and numerous public meetings, the Town Council, on or before April 28<sup>th</sup>, recommends these budgets, as revised, to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25<sup>th</sup>. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9<sup>th</sup>. The Town Council must authorize all transfers of legally budgeted amounts between functions, with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2012, 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 amounts are continued until completion of the applicable projects, which often last more than one fiscal year but cannot exceed five (5) years.

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

- Taxes collected within 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year, compared to recognition in the year received for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year, whereas they are shown as a reservation of fund balance under the GAAP basis of accounting.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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- State of Connecticut payments on behalf of the Town teachers for the State teacher retirement system are reported for GAAP purposes only.
- The revenues and expenditures for budgeted funds that do not meet the definition for inclusion in the GAAP financial statements as special revenue funds are included in the General Fund, in accordance with GASB Statement No. 54.

#### **B. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2012:

Nonmajor Funds:		
Educational Grants	\$	(198)
Sewer Construction		(250,281)
Internal Service:		
Workers' Compensation		(518,682)

The Educational Grants deficit will be funded with future federal and state grants. The Sewer Construction deficit will be funded with future financing. The Internal Service Fund deficit will be funded on a current basis with future premiums.

#### **C. Over Expended Appropriations**

In the General Fund, the subdivisions line item was overexpended by \$2,264. The sewer system maintenance line of the Sewer Operations Fund was overexpended by \$215,948 during the current year due to the nonreceipt of a clean water fund grant.

### **3. DETAILED NOTES ON ALL FUNDS**

#### **A. Cash, Cash Equivalents and Investments**

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$27,726,548 of the Town's bank balance of \$39,430,281 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,759,886
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>14,966,662</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 27,726,548</u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Cash Equivalents**

At June 30, 2012, the Town’s cash equivalents amounted to \$16,582,600. The following provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2012, the Town had the following investments:

<b>Investment Type</b>	<b>Credit Rating</b>	<b>Fair Value</b>
Common stock	N/A	\$ 3,267
Mutual funds	N/A	90,293,905
Certificates of deposit	N/A	2,964,000
Total Investments		\$ 93,261,172

**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, 2012, the Town did not have any uninsured and unregistered securities held by counterparts, or by their trust department or agents, that were not in the Town’s name.

**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.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

#### B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>130,446</u>	<u>18,144</u>	<u>497</u>	<u>149,087</u>
Total Value	<u>\$ 150,446</u>	<u>\$ 45,687</u>	<u>\$ 200,497</u>	<u>\$ 396,630</u>

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**C. Fund Receivables**

Receivables at June 30, 2012, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 3,057,149	\$	\$ 24,674	\$ 3,081,823
Assessments		1,453	537,372	538,825
Intergovernmental	952,851	1,524,262	348,059	2,825,172
Accounts receivable	54,700	3,418	412,136	470,254
User fees receivable			1,065,382	1,065,382
Gross receivables	<u>4,064,700</u>	<u>1,529,133</u>	<u>2,387,623</u>	<u>7,981,456</u>
Allowance for collection losses	<u>(220,000)</u>		<u>(303,500)</u>	<u>(523,500)</u>
Net Receivables	<u>\$ 3,844,700</u>	<u>\$ 1,529,133</u>	<u>\$ 2,084,123</u>	<u>\$ 7,457,956</u>

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:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 2,758,993	\$
Various grants		46,849
Various payments in advance		4,752
Capital Improvements Fund:		
Assessments receivable	1,453	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	31,477	
CDBG loans receivable	506,540	
Various grants		<u>654,411</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,298,463</u>	<u>\$ 706,012</u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2012 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$	\$	\$ 13,835,731
Construction in progress	31,788,866	5,647,452	29,360,423	8,075,895
Total capital assets not being depreciated	45,624,597	5,647,452	29,360,423	21,911,626
Capital assets being depreciated:				
Land improvements	4,452,982	677,046		5,130,028
Buildings and improvements	153,491,635	20,247,080		173,738,715
Machinery and equipment	19,090,418	3,669,115	458,505	22,301,028
Machinery and equipment - fleet	7,646,666	404,894	306,553	7,745,007
Infrastructure	92,655,791	2,510,105		95,165,896
Machinery and equipment - capital-leased	63,503			63,503
Total capital assets being depreciated	277,400,995	27,508,240	765,058	304,144,177
Less accumulated depreciation for:				
Land improvements	2,687,002	112,624		2,799,626
Buildings and improvements	33,881,299	3,660,456		37,541,755
Machinery and equipment	12,507,416	653,430	458,505	12,702,341
Machinery and equipment - fleet	4,620,690	561,476	272,231	4,909,935
Infrastructure	51,047,269	2,827,413		53,874,682
Machinery and equipment - capital-leased	11,684	5,842		17,526
Total accumulated depreciation	104,755,360	7,821,241	730,736	111,845,865
Total capital assets being depreciated, net	172,645,635	19,686,999	34,322	192,298,312
Governmental Activities Capital Assets, Net	\$ 218,270,232	\$ 25,334,451	\$ 29,394,745	\$ 214,209,938

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

Governmental Activities	
General government services	\$ 1,642,055
Public safety	67,506
Public works, including depreciation of general infrastructure assets	2,281,787
General services	59,958
Community services	23,978
Education	2,407,262
Sewer operating	727,474
Planning and development	1901
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	561,476
Golf Course	47,844
Total Depreciation Expense - Governmental Activities	\$ 7,821,241



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

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**Construction Commitments**

The Town has the following construction commitments as of June 30, 2012:

	<b>Project Amount</b>
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	\$ 2,246,561
Building Improvements/Modifications:	
Public Buildings	675,751
WPCF Projects	355,635
Sewer System	
Land Improvements	2,785
Land Improvements	

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

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

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Capital Improvement Fund	\$ 1,542,308
	Nonmajor governmental funds	472,565
		\$ 2,014,873

The balance of \$2,014,873 due from other funds represents amounts committed to the General Fund from various special revenue and capital project funds.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**Interfund Transfers**

Interfund transfers during the year ended June 30, 2012 were as follows:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Improvements</u>	<u>Funds</u>	<u>Transfers</u>
		<u>Fund</u>		<u>Out</u>
Transfers out:				
General Fund	\$	\$ 1,950,000	\$ 13,764	\$ 1,963,764
Nonmajor funds	<u>797,972</u>	<u>1,135,000</u>	<u>197,676</u>	<u>2,130,648</u>
Total Transfers In	<u>\$ 797,972</u>	<u>\$ 3,085,000</u>	<u>\$ 211,440</u>	<u>\$ 4,094,412</u>

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**F. Fund Balance**

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>Major Capital Projects Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
		<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>		
Fund balances:					
Nonspendable:					
Prepaid items	\$	\$	\$	\$ 14,023	\$ 14,023
Endowments				247,543	247,543
Restricted for:					
Grants				195,839	195,839
Bonded capital projects		6,506,209	213,645	232,216	6,952,070
General government				7,834	7,834
Parks & recreation				331,838	331,838
Trust expenditures				149,087	149,087
Committed to:					
Loan program				203,961	203,961
General government				3,081,589	3,081,589
Public safety				396,503	396,503
Public works				18,276	18,276
Human services				333,590	333,590
Community services				286,846	286,846
Education				121,848	121,848
Sewer				2,730,167	2,730,167
Solid waste management				1,532,886	1,532,886
Outside agencies				94,196	94,196
Assigned to:					
Subsequent year's budget	1,589,059				1,589,059
General government	158,102				158,102
Public safety	66,987				66,987
Public works	193,420				193,420
Planning and development	132,011				132,011
Human services	69				69
Community services	6,265				6,265
Outside agencies	560				560
Education	665,240				665,240
Revaluation	105,546				105,546
Computer replacement	408,284				408,284
Unassigned	9,421,348			(250,479)	9,170,869
Total Fund Balance	\$ 12,746,891	\$ 6,506,209	\$ 213,645	\$ 9,727,763	\$ 29,194,508

Encumbrances are included in the General Fund in the general government and board of education line items.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**G. Leases**

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$93,807 for the year ended June 30, 2012. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 74,109
2014	71,172
2015	35,353
2016	91,681
2017	12,971
Thereafter	24,232

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

Capital Leases

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

	<u>Governmental Activities</u>
Equipment	\$ 57,661
Less accumulated depreciation	<u>(17,526)</u>
Total	<u>\$ 40,135</u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2012 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 8,321
2014	4,199
Less amount for interest	<u>(644)</u>
Minimum lease payments	<u>\$ 11,876</u>

**H. Bond Anticipation Notes Payable**

Bond anticipation note transactions for the year ended June 30, 2012 were as follows:

Oustanding, July 1, 2011	\$ 3,210,000
Repayments	<u>(3,210,000)</u>
Oustanding, June 30, 2012	<u>\$ -</u>

The Town issued the bond anticipation notes to fund school construction projects.

**I. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable:					
General obligation bonds	\$ 51,590,000	\$ 19,015,000	\$ 22,615,000	\$ 47,990,000	\$ 3,595,000
Clean Water Fund loan	11,904,830		1,239,505	10,665,325	612,363
Premium / Discount		1,301,282	38,273	1,263,009	
Total	<u>63,494,830</u>	<u>20,316,282</u>	<u>23,892,778</u>	<u>59,918,334</u>	<u>4,207,363</u>
Less deferred amounts on refunded bonds		<u>(1,297,027)</u>	<u>(38,147)</u>	<u>(1,258,880)</u>	
Total bonds and loans payable	<u>63,494,830</u>	<u>19,019,255</u>	<u>23,854,631</u>	<u>58,659,454</u>	<u>4,207,363</u>
Landfill post-closure monitoring	2,789,800		168,200	2,621,600	168,200
Capital lease obligations	25,832		13,956	11,876	7,773
Compensated absences	2,054,061	375,311	280,296	2,149,076	132,448
Net OPEB obligation	<u>757,195</u>		<u>757,195</u>	<u>-</u>	
Long-Term Liabilities	<u>\$ 69,121,718</u>	<u>\$ 19,394,566</u>	<u>\$ 25,074,278</u>	<u>\$ 63,442,006</u>	<u>\$ 4,515,784</u>

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$2,149,076 as of June 30, 2012. The liability will be funded through the General Fund, the Golf Course Fund and the Sewer Operating Fund.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Bonds

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

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

<u>Fiscal Year</u>	<u>Town of Groton</u>		<u>Groton Sewer District</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2013	\$ 3,385,000	\$ 1,687,549	\$ 210,000	\$ 8,400
2014	3,380,000	1,572,513		
2015	3,400,000	1,458,625		
2016	3,380,000	1,349,206		
2017	3,365,000	1,234,656		
2018-2022	14,450,000	4,451,569		
2023-2027	13,515,000	1,828,578		
2028-2030	2,905,000	119,019		
	\$ 47,780,000	\$ 13,701,715	\$ 210,000	\$ 8,400

Total authorized but unissued long-term debt at June 30, 2012 consists of the following:

	<u>Bonds Authorized Unissued</u>
Animal Shelter	\$ 65,459
Senior Center	2,845,000
School Construction	1,618,137
	\$ 4,528,596

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General purpose	\$ 204,903,819	\$ 21,236,893	\$ 183,666,926
Schools	409,807,638	30,624,459	379,183,179
Sewers	341,506,365	6,415,000	335,091,365
Urban renewal	295,972,183		295,972,183
Pension deficit	273,205,092		273,205,092

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$637,478,548. All long-term debt obligations are retired through General Fund, Debt Service Fund and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$5,757,756 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$4,528,596 at June 30, 2012.

Refunding

On December 13, 2011, the Town issued \$16,305,000 of general obligation refunding bonds with interest rates ranging from 2% to 5% and \$2,710,000 of general obligation sewer refunding bonds with interest rates ranging from 2% to 3.75% to currently refund the specified portions of the general obligation bonds listed below.

<b>Original Issuance</b>	<b>Amount Refunded</b>
General Obligation Bonds (Lot A), June 1, 2002	\$ 2,025,000
General Obligation Bonds, August 1, 2005	3,150,000
General Obligation Bonds, November 1, 2006	8,285,000
General Obligation Sewer Bonds (Lot A), October 15, 2008	2,925,000
General Obligation Bonds (Lot B), October 15, 2008	2,425,000
	\$ 18,810,000

The refunding was undertaken to reduce total debt service payments over the term of the bonds by \$1,258,780 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$1,130,048. The net proceeds (with premium and after payment of underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the refunded bonds. As a result, the refunded bonds are considered defeased. The balance in escrow is \$17,763,156 at June 30, 2012. The outstanding balance of the defeased bonds as of June 30, 2012 is \$16,785,000.

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

### Clean Water Fund Loan

During 2008, the Town entered into a project loan agreement with the State of Connecticut for a Clean Water Project. As of June 30, 2012, the Town has received financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of the amended funding of \$3,502,645 that the Town has received to date. The total funding is \$12,235,166, and the Town will not receive any additional funding on this project. The additional funding was recognized in prior years, and the remaining amended funding not yet received had been recorded as a receivable in the Sewer Construction Fund, which has been written off against the loan balance as of June 30, 2012. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

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

<u>Fiscal Year</u>	<u>Sewer Construction Fund</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2013	\$ 612,363	\$ 207,693
2014	612,363	195,446
2015	612,363	183,199
2016	612,363	170,951
2017	612,363	158,704
2018-2022	3,061,815	609,815
2023-2027	3,061,815	303,630
2028-2030	1,479,880	36,997
	<u>\$ 10,665,325</u>	<u>\$ 1,866,435</u>

### **J. 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 \$1,421,000 (\$101,500 per year for 14 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$1,200,600 (\$66,700 for 18 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.



# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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### 4. PUBLIC EMPLOYEE RETIREMENT SYSTEM

#### A. Plan Description and Provisions

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

**Union Police Officers:** 2.667% of average annual pay (highest paid 5 years) times the number of years of continuous service up to 30 years of service. Benefits are reduced where age and years are less than the Rule of 75.

**Nonunion Police Officers:** 2.667% of average annual pay (highest paid 3 years) times the number of years of continuous service up to 30 years of service. Benefits are reduced where age and years are less than the Rule of 75.

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

**B. Funding Policy**

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

At July 1, 2011, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	206
Terminated employees entitled to benefits but not yet receiving them	21
Active plan members	<u>410</u>
Total	<u><u>637</u></u>

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

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**C. Method Used to Value Investments**

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

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

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

Annual required contribution	\$ 2,968,475
Interest on net pension obligation	(81,947)
Adjustment to annual required contribution	<u>84,238</u>
Annual pension cost	2,970,766
Contributions made	<u>2,968,475</u>
Decrease in net pension asset	2,291
Net Pension Asset, July 1, 2011	<u>(1,024,337)</u>
Net Pension Asset, June 30, 2012	<u><u>\$ (1,022,046)</u></u>

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

Actuarial valuation date	7/1/2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level \$ amount, open
Remaining amortization period	30 years
Asset valuation method	5-Year Smoothed Market Value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases	Vary by age group
Cost-of-living adjustments	None

\*includes an inflation rate of 3.25%

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**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>
6/30/2010	\$	1,503,130	95.9%	\$ (1,026,633)
6/30/2011		2,286,188	99.9%	(1,024,337)
6/30/2012		2,970,766	99.9%	(1,022,046)

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

**Schedule of Funding Progress**

<u>Actuarial Valuation Date</u>		<u>Actuarial Value of Assets (a)</u>		<u>Actuarial Accrued Liability (AAL) (b)</u>		<u>Funding Excess (Unfunded) (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>
7/1/06	\$	78,791,829	\$	75,542,546	\$	3,249,283	\$	104.3%	\$	21,603,225	\$	(15.0)%
7/1/07		82,698,074		80,107,841		2,590,233		103.2%		22,370,382		(11.6)%
7/1/08		86,317,508		84,196,700		2,120,808		102.5%		23,647,808		(9.0)%
7/1/09		85,476,282		92,732,994		(7,256,712)		92.2%		24,190,793		30.0%
7/1/10		84,453,080		98,515,524		(14,062,444)		85.7%		24,744,677		56.8%
7/1/11		85,612,289		105,160,036		(19,547,747)		81.4%		25,075,727		78.0%

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/07	\$	848,582	103.0%
6/30/08		1,168,188	100.0%
6/30/09		1,367,891	100.0%
6/30/10		1,441,333	100.0%
6/30/11		2,283,892	100.0%
6/30/12		2,968,475	100.0%

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### **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 of 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or has attained any age and has accumulated 35 years of credited services, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$7,523,151 for the year ended June 30, 2012.

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

##### **Summary of Significant Accounting Policies**

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

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

##### **Plan Description**

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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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, 2011, plan membership consisted of the following:

	<b><u>Retiree Health Plan</u></b>
Retired members	200
Spouses of retired members	97
Active plan members	<u>839</u>
Total Participants	<u><u>1,136</u></u>

**Funding Policy**

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

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$804 per month for retiree only coverage and \$1,710 per month for retiree and spouse coverage, to age 65, and \$578 and \$1,325 per month, respectively, thereafter.

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross is \$654 per month for retiree only coverage and \$1,308 per month for retiree and spouse coverage to age 65. The cost for Medicare eligible employees is \$305 per month for retiree only and \$610 per month for retiree and spouse.

**Contributions**

For the year ended June 30, 2012, plan members contributed \$2,560,396. 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.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Employer contributions to the plan of \$3,226,700 were made in accordance with actuarially determined requirements. Of this amount, \$1,433,649 represents premium payments, \$388,351 represents implicit rate subsidy and \$1,404,700 was contributed to prefund benefits. Additional contributions of \$1,470,536 were recorded, representing amounts contributed but not reflected in the past.

**Annual OPEB Cost and Net OPEB Obligations**

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

Annual required contribution		\$	3,463,000
Interest on net OPEB obligation			(53,501)
Adjustment to annual required contribution			40,053
Annual pension cost			3,449,552
Contributions made			4,697,236
Increase in net OPEB asset			(1,247,684)
Net OPEB Obligation, July 1, 2011			757,195
Net OPEB Asset, June 30, 2012		\$	(490,489)

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2012 is presented below.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2010	\$ 3,058,297	\$ 2,618,700	85.6%	\$ 687,028
6/30/2011	3,328,867	3,258,700	97.9%	757,195
6/30/2012	3,449,552	4,697,236	136.2%	(490,489)

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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, 2011 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, 2011 was 30 years.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<i>Retiree Medical Program</i>						
7/1/2007	\$	\$ 30,780,000	\$ 30,780,000	0.0%	n/a	n/a
7/1/2008		1,384,000	34,026,000	4.0%	n/a	n/a
7/1/2009		1,911,000	36,645,000	5.0%	n/a	n/a
7/1/2010		3,234,000	38,902,000	8.3%	n/a	n/a
7/1/2011		5,065,000	40,455,000	12.5%	n/a	n/a

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/2010	\$ 3,058,297	86.0%
6/30/2011	3,328,867	97.9%
6/30/2012	3,463,000	135.6%

n/a - The covered payroll is not available.



**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**6. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss, including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. Town management has estimated a liability using actuarial methods at June 30, 2012 for claims incurred but not reported to be \$801,447 in the Health Insurance Fund and \$2,529,494 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,915,528. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

Changes in the claims liability were as follows:

		<b>Liability</b>		<b>Current Year Claims and Changes in Estimates</b>		<b>Claim Payments</b>		<b>Liability June 30,</b>		<b>Due Within One Year</b>
		<u>July 1,</u>		<u>Estimates</u>		<u>Payments</u>		<u>June 30,</u>		<u>One Year</u>
<u>Health Insurance Fund</u>										
2011 - 2012	\$	689,030	\$	12,896,452	\$	12,784,035	\$	801,447	\$	801,447
2010 - 2011		943,668		11,075,205		11,329,843		689,030		689,030
<u>Workers' Compensation Fund</u>										
2011 - 2012	\$	2,496,199	\$	626,561	\$	593,266	\$	2,529,494	\$	126,475
2010 - 2011		2,537,641		639,187		680,629		2,496,199		124,810

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

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

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**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 2010 grand list, comprise 18.0% of the net taxable grand list of the Town and approximately 11.2% of the total General Fund revenues for the year ended June 30, 2012.

**Required Supplemental Information**

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 77,546,606	\$ 77,546,606	\$ 77,638,571	\$ 91,965
Licenses and Permits:				
Building permits	194,832	194,832	148,286	(46,546)
Sporting licenses	1,300	1,300	931	(369)
Dog licenses	8,000	8,000	9,417	1,417
Other licenses and permits	12,400	12,400	13,278	878
Building permits - education fee	193	193	157	(36)
State land use fees	150	150	482	332
Total licenses and permits	<u>216,875</u>	<u>216,875</u>	<u>172,551</u>	<u>(44,324)</u>
Interest on Investments	<u>100,000</u>	<u>100,000</u>	<u>86,004</u>	<u>(13,996)</u>
Intergovernmental - State:				
General:				
Town aid road	203,490	203,490	189,622	(13,868)
Nuclear safety drill	31,626	31,626	24,754	(6,872)
Highway illumination	1,619	1,619	1,619	-
Telephone access	161,000	161,000	176,044	15,044
PILOT Enterprise zone	574,000	574,000	415,993	(158,007)
PILOT manufacturing machinery and equipment	1,373,459	1,373,459	-	(1,373,459)
PILOT - state and tax exemptions	1,204,227	1,204,227	1,206,867	2,640
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,434	31,434	31,444	10
Pequot/Mohegan funds	1,362,025	1,362,025	1,395,130	33,105
Manufacturing transition grant			984,717	984,717
911 Enhancement	165,482	165,482	162,976	(2,506)
Property tax relief	472,797	472,797	391,874	(80,923)
Miscellaneous state grants	163,653	163,653	159,688	(3,965)
Board of Education:				
Education cost sharing	25,374,989	25,374,989	25,358,393	(16,596)
Adult education	114,517	114,517	106,271	(8,246)
Instruction for the blind	13,843	13,843	8,290	(5,553)
Special education	1,020,572	1,020,572	1,127,798	107,226
Transportation - private school	27,020	27,020	33,859	6,839
Transportation	274,373	274,373	443,041	168,668
School building grants	54,689	54,689	54,689	-
Bond interest subsidy	940	940	941	1
Nonpublic pupil services	32,851	32,851	27,821	(5,030)
Total State of Connecticut	<u>32,667,606</u>	<u>32,667,606</u>	<u>32,310,831</u>	<u>(356,775)</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 4,397,751	\$ 4,397,751	\$ 3,890,198	\$ (507,553)
Education - misc. federal funds	119,377	119,377	55,977	(63,400)
FEMA Reimbursement			125,113	125,113
Public safety - federal funds			625	625
Emergency management	15,196	15,196	12,990	(2,206)
Total federal government	<u>4,532,324</u>	<u>4,532,324</u>	<u>4,084,903</u>	<u>(447,421)</u>
Charges for Current Services:				
Planning Commission fees	10,000	10,000	16,300	6,300
Recording instruments	170,000	170,000	148,216	(21,784)
Conveyance tax	586,000	586,000	469,530	(116,470)
Planning department - other	1,000	1,000	971	(29)
Collection subdivisions taxes	95,257	95,257	95,257	-
Accident reports	2,100	2,100	1,587	(513)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Stonington ambulance - dispatch	5,000	5,000	5,000	-
Groton Utilities - dispatch	5,000	5,000	5,000	-
Housing Authority shelter rent	49,250	49,250	51,107	1,857
Coordinated Medical Emergency Director	22,832	22,832	22,079	(753)
Board of Education - FHS/ground mowing	48,875	48,875	48,875	-
GIS - revenue	1,000	1,000	1,389	389
Vital statistics	6,200	6,200	4,876	(1,324)
Snow/Ice control services			30,759	30,759
Total charges for current services	<u>1,056,333</u>	<u>1,056,333</u>	<u>954,765</u>	<u>(101,568)</u>
Schools, Library and Recreation:				
Tuition from other towns	138,066	138,066	163,098	25,032
Other school receipts	50,000	50,000	72,113	22,113
Library fines	28,000	28,000	26,767	(1,233)
Lost and damaged book fees	3,000	3,000	3,143	143
Senior Center fees	42,540	42,540	39,207	(3,333)
Park concession and rental	1,000	1,000	1,200	200
Library - copier fees	6,000	6,000	6,152	152
Library fees	15,000	15,000	14,053	(947)
Park rentals	3,000	3,000	3,190	190
Total schools, library and recreation	<u>286,606</u>	<u>286,606</u>	<u>328,923</u>	<u>42,317</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 13,210	\$ 13,210	\$ 16,478	\$ 3,268
Parking tickets	2,700	2,700	2,650	(50)
Aircraft registration fees	20,000	20,000	18,470	(1,530)
Lease fees	109,004	109,004	117,123	8,119
Land record copies	28,000	28,000	27,367	(633)
Vital copies	60,000	60,000	69,771	9,771
Miscellaneous	39,118	39,118	57,909	18,791
Dog warden - sold and redeemed	5,100	5,100	3,805	(1,295)
Public Works Disposal fees	134,498	134,498	154,466	19,968
Returned check fees	1,320	1,320	1,380	60
Sale of capital assets	4,100	4,100	5,455	1,355
Finance Dept. copies	1,350	1,350	1,739	389
Total other revenue	<u>418,400</u>	<u>418,400</u>	<u>476,613</u>	<u>58,213</u>
Other Financing Sources:				
Transfers in:				
Golf course	63,103	63,103	63,103	-
Sewer/landfill services	612,698	612,698	612,698	-
Sewer District	112,175	112,175	112,175	-
Mumford Cove	1,007	1,007	1,007	-
Community Investment Act Fund	5,200	5,200	5,200	-
Total other financing sources	<u>794,183</u>	<u>794,183</u>	<u>794,183</u>	<u>-</u>
Total Revenues and Other Financing Sources	\$ <u>117,618,933</u>	\$ <u>117,618,933</u>	116,847,344	\$ <u>(771,589)</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			7,523,151	
Property tax revenue receivable accrual basis change			71,095	
Certain bonds outstanding of the Town were refunded using refunding bonds, which were not recorded for budget purposes, as the transaction nets to zero			17,619,701	
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only			29,631	
Elimination of interfund activity between the General Fund and funds combined for GASB 54 purposes			3,785	
Other differences			<u>(557)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>142,094,150</u>	

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 43,436	\$ 43,436	\$ 37,850	\$ 5,586
Voter registration	114,971	137,971	136,299	1,672
Town Clerk	366,940	366,940	360,612	6,328
Legal services	422,950	422,950	264,435	158,515
Total general government	948,297	971,297	799,196	172,101
General Services:				
Executive management	292,233	292,233	280,006	12,227
Financial administration	1,340,012	1,340,012	1,320,702	19,310
Administrative services	2,754,017	2,754,017	2,603,807	150,210
Total general services	4,386,262	4,386,262	4,204,515	181,747
Public Safety:				
Police services	6,388,590	6,388,590	6,253,662	134,928
Public Works	6,255,507	6,255,507	6,004,046	251,461
Planning and Development Services	1,135,116	1,135,116	1,102,217	32,899
Human Services:				
Human services	562,605	562,605	537,609	24,996
Community Services:				
Parks and recreation	1,833,649	1,833,649	1,810,089	23,560
Library	1,681,399	1,681,399	1,625,200	56,199
Total community services	3,515,048	3,515,048	3,435,289	79,759
Nondepartmental:				
Insurance and claims	574,250	574,250	430,963	143,287
Contingency	350,000	127,000		127,000
Self-funded plans	8,157,901	8,157,901	8,157,813	88
Total nondepartmental	9,082,151	8,859,151	8,588,776	270,375
Education	72,645,500	72,645,500	72,562,755	82,745
Debt Service:				
Town	2,086,367	2,086,367	2,027,795	58,572
Board of Education	2,926,082	2,926,082	2,838,488	87,594
Total debt service	5,012,449	5,012,449	4,866,283	146,166

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 113,802	\$ 113,802	\$ 113,802	\$ -
Ambulance services	115,705	115,705	115,705	-
Health services - cultural agencies	1,614,804	1,614,804	1,611,628	3,176
Probate court	13,433	13,433	13,433	-
Other libraries	193,000	193,000	193,000	-
Total outside agencies	<u>2,050,744</u>	<u>2,050,744</u>	<u>2,047,568</u>	<u>3,176</u>
Subdivisions:				
City of Groton	4,268,631	4,268,631	4,270,850	(2,219)
Groton Long Point	366,429	366,429	366,474	(45)
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>4,881,072</u>	<u>4,881,072</u>	<u>4,883,336</u>	<u>(2,264)</u>
Total expenditures	<u>116,863,341</u>	<u>116,663,341</u>	<u>115,285,252</u>	<u>1,378,089</u>
Other Financing Uses:				
Transfers out:				
Capital Reserve	1,500,000	1,700,000	1,700,000	-
Revaluation	30,000	30,000	30,000	-
Computer Replacement	91,722	91,722	91,722	-
Total other financing uses	<u>1,621,722</u>	<u>1,821,722</u>	<u>1,821,722</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>118,485,063</u>	\$ <u>118,485,063</u>	117,106,974	\$ <u>1,378,089</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted	7,523,151
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes	80,537
Certain bonds outstanding of the Town were refunded using refunding bonds, which were not recorded for budget purposes, as the transaction nets to zero	17,619,701
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only	328,832
Elimination of transfers between General Fund and funds combined for GASB 54 purposes	(121,722)
Other differences	<u>28</u>

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

\$ 142,537,501



**Supplemental and Combining  
Fund Statements and Schedules**

**General Fund**

## TOWN OF GROTON, CONNECTICUT

## GENERAL FUND

## BALANCE SHEET

JUNE 30, 2012 WITH COMPARATIVE TOTALS FOR 2011

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,322,950	\$ 19,819,135
Investments	2,964,000	
Property taxes receivable, net of allowance of \$220,000 in 2012 and 2011	3,844,700	2,504,544
Other receivables	2,014,873	693,973
Prepaid expenditures and other assets	<u>9,714</u>	<u>200</u>
Total Assets	<u>\$ 24,156,237</u>	<u>\$ 23,017,852</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 8,598,752	\$ 7,448,596
Due to other funds		100
Deferred revenue - taxes	<u>2,810,594</u>	<u>2,378,914</u>
Total liabilities	<u>11,409,346</u>	<u>9,827,610</u>
<b>Fund Balances:</b>		
<b>Assigned:</b>		
Subsequent years' budget	1,589,059	866,130
Revaluation	105,546	332,513
Computer replacement	408,284	355,011
Encumbrances	1,222,654	1,475,765
Unassigned	<u>9,421,348</u>	<u>10,160,823</u>
Total fund balance	<u>12,746,891</u>	<u>13,190,242</u>
Total Liabilities and Fund Balance	<u>\$ 24,156,237</u>	<u>\$ 23,017,852</u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 77,546,606	\$ 77,546,606	\$ 77,638,571	\$ 91,965
Licenses and permits	216,875	216,875	172,551	(44,324)
Interest on investments	100,000	100,000	86,004	(13,996)
Intergovernmental - Federal	4,532,324	4,532,324	4,084,903	(447,421)
Intergovernmental - State	32,667,606	32,667,606	32,310,831	(356,775)
Charges for current services	1,056,333	1,056,333	954,765	(101,568)
Schools, library and recreation fees	286,606	286,606	328,923	42,317
Other revenue	418,400	418,400	476,613	58,213
Total revenues	<u>116,824,750</u>	<u>116,824,750</u>	<u>116,053,161</u>	<u>(771,589)</u>
Expenditures:				
Current:				
General government	948,297	971,297	799,196	172,101
General services	4,386,262	4,386,262	4,204,515	181,747
Public safety	6,388,590	6,388,590	6,253,662	134,928
Public works	6,255,507	6,255,507	6,004,046	251,461
Planning and development	1,135,116	1,135,116	1,102,217	32,899
Health and human services	562,605	562,605	537,609	24,996
Community services	3,515,048	3,515,048	3,435,289	79,759
Education	72,645,500	72,645,500	72,562,755	82,745
Subdivisions	4,881,072	4,881,072	4,883,336	(2,264)
Nondepartmental	9,082,151	8,859,151	8,588,776	270,375
Outside agencies	2,050,744	2,050,744	2,047,568	3,176
Debt service	5,012,449	5,012,449	4,866,283	146,166
Total expenditures	<u>116,863,341</u>	<u>116,663,341</u>	<u>115,285,252</u>	<u>1,378,089</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(38,591)</u>	<u>161,409</u>	<u>767,909</u>	<u>606,500</u>
Other Financing Sources (Uses):				
Transfers in	794,183	794,183	794,183	-
Transfers out	<u>(1,621,722)</u>	<u>(1,821,722)</u>	<u>(1,821,722)</u>	-
Total other financing uses	<u>(827,539)</u>	<u>(1,027,539)</u>	<u>(1,027,539)</u>	-
Net Change in Fund Balance	\$ <u>(866,130)</u>	\$ <u>(866,130)</u>	(259,630)	\$ <u>606,500</u>
Fund Balance at Beginning of Year			11,019,323	
Encumbrances Cancelled			<u>172,575</u>	
Fund Balance at End of Year			\$ <u>10,932,268</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, 2012

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 31,453,213	\$ 31,453,213	\$ 30,247,566	\$ 226,961	\$ 30,474,527	\$ 978,686
Special	10,208,144	10,208,144	9,688,049	899	9,688,948	519,196
Continuing	295,915	295,915	276,840	134	276,974	18,941
Total instruction	<u>41,957,272</u>	<u>41,957,272</u>	<u>40,212,455</u>	<u>227,994</u>	<u>40,440,449</u>	<u>1,516,823</u>
Supporting Services:						
Pupils	5,104,868	5,104,868	5,147,275		5,147,275	(42,407)
Staff	3,046,422	3,046,422	2,513,612	10,676	2,524,288	522,134
General support	6,248,540	6,248,540	6,723,730	9,026	6,732,756	(484,216)
Operational support	13,718,915	13,718,915	14,147,501	415,624	14,563,125	(844,210)
Total supporting services	<u>28,118,745</u>	<u>28,118,745</u>	<u>28,532,118</u>	<u>435,326</u>	<u>28,967,444</u>	<u>(848,699)</u>
Community Services:						
Nonpublic school pupils	<u>124,483</u>	<u>124,483</u>	<u>113,674</u>		<u>113,674</u>	<u>10,809</u>
Nonprogrammed Changes:						
Tuition payments	<u>2,445,000</u>	<u>2,445,000</u>	<u>3,039,268</u>	<u>1,920</u>	<u>3,041,188</u>	<u>(596,188)</u>
Total	<u>\$ 72,645,500</u>	<u>\$ 72,645,500</u>	<u>\$ 71,897,515</u>	<u>\$ 665,240</u>	<u>\$ 72,562,755</u>	<u>\$ 82,745</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.

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

**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 mostly self-supporting.

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

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

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

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

**Collegiate Baseball Fund:** Accounts for revenues and expenditures associated with the usage of the high school baseball field by collegiate baseball programs.

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

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

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

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

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

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

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

**Groton Sewer District:** Accounts for revenues and expenditures related to the maintenance of the Groton Sewer District. This fund also accounts for the payment of principal and interest on general long-term debt of the sewer district of the Town.

### ***Permanent Funds***

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

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

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



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

**JUNE 30, 2012**

71

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
<b>ASSETS</b>										
Cash and cash equivalents	\$ 585,519	\$	\$ 182,309	\$ 113,330	\$ 10,368	\$ 537,078	\$ 122,161	\$ 72,468	\$ 2,435,514	\$ 1,308,221
Receivables, net	8,810	188,268	528,814					1,508	467,773	437,201
Investments										
Other assets										
<b>Total Assets</b>	<b>\$ 594,329</b>	<b>\$ 188,268</b>	<b>\$ 711,123</b>	<b>\$ 113,330</b>	<b>\$ 10,368</b>	<b>\$ 537,078</b>	<b>\$ 122,161</b>	<b>\$ 73,976</b>	<b>\$ 2,903,287</b>	<b>\$ 1,745,422</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 367,858	\$ 76,788	\$ 622	\$ 282	\$	\$	\$ 1,295	\$ 46,321	\$ 173,120	\$ 212,536
Due to State	73,762									
Due to other funds	81,497									
Deferred revenue	71,410		506,540			537,078				
<b>Total liabilities</b>	<b>594,527</b>	<b>76,788</b>	<b>507,162</b>	<b>282</b>	<b>-</b>	<b>537,078</b>	<b>1,295</b>	<b>46,321</b>	<b>173,120</b>	<b>212,536</b>
<b>Fund Balances:</b>										
Nonspendable										
Restricted										
Committed		111,480	203,961	113,048	10,368		120,866	27,655	2,730,167	1,532,886
Unassigned	(198)									
<b>Total fund balances</b>	<b>(198)</b>	<b>111,480</b>	<b>203,961</b>	<b>113,048</b>	<b>10,368</b>	<b>-</b>	<b>120,866</b>	<b>27,655</b>	<b>2,730,167</b>	<b>1,532,886</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 594,329</b>	<b>\$ 188,268</b>	<b>\$ 711,123</b>	<b>\$ 113,330</b>	<b>\$ 10,368</b>	<b>\$ 537,078</b>	<b>\$ 122,161</b>	<b>\$ 73,976</b>	<b>\$ 2,903,287</b>	<b>\$ 1,745,422</b>

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

**JUNE 30, 2012**

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Collegiate Baseball Fund
<b>ASSETS</b>										
Cash and cash equivalents	\$ 948	\$ 9,110	\$ 322,935	\$ 693,908	\$ 146,183	\$ 207,190	\$ 262,743	\$ 211,010	\$ 33,866	\$
Receivables, net	35	422	148,021	1,159		211,229			60,722	
Investments										
Other assets				350	125					
<b>Total Assets</b>	<b>\$ 983</b>	<b>\$ 9,532</b>	<b>\$ 470,956</b>	<b>\$ 695,417</b>	<b>\$ 146,308</b>	<b>\$ 418,419</b>	<b>\$ 262,743</b>	<b>\$ 211,010</b>	<b>\$ 94,588</b>	<b>\$ -</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$	\$	\$ 88,407	\$ 13,077	\$ 7,858	\$ 22,874	\$	\$	\$ 392	\$
Due to State										
Due to other funds			140,787							
Deferred revenue	25		45,923							
<b>Total liabilities</b>	<b>25</b>	<b>-</b>	<b>275,117</b>	<b>13,077</b>	<b>7,858</b>	<b>22,874</b>	<b>-</b>	<b>-</b>	<b>392</b>	<b>-</b>
<b>Fund Balances:</b>										
Nonspendable				350	125					
Restricted			195,839							
Committed	958	9,532		681,990	138,325	395,545	262,743	211,010	94,196	
Unassigned										
<b>Total fund balances</b>	<b>958</b>	<b>9,532</b>	<b>195,839</b>	<b>682,340</b>	<b>138,450</b>	<b>395,545</b>	<b>262,743</b>	<b>211,010</b>	<b>94,196</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 983</b>	<b>\$ 9,532</b>	<b>\$ 470,956</b>	<b>\$ 695,417</b>	<b>\$ 146,308</b>	<b>\$ 418,419</b>	<b>\$ 262,743</b>	<b>\$ 211,010</b>	<b>\$ 94,588</b>	<b>\$ -</b>

(Continued on next page)

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

**JUNE 30, 2012**

75

	Special Revenue Funds			Capital Project Funds		Debt Service Fund	Permanent Funds			Totals
	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund	Sewer Construction	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 389,586	\$ 8,380	\$ 18,276	\$ -	\$ 232,216	\$ 2,138,351	\$ 44,731	\$ 42,419	\$ 200,497	\$ 10,329,317
Receivables, net	94					30,067				2,084,123
Investments							105,715	3,268		108,983
Other assets	10,481					3,067				14,023
<b>Total Assets</b>	<b>\$ 400,161</b>	<b>\$ 8,380</b>	<b>\$ 18,276</b>	<b>\$ -</b>	<b>\$ 232,216</b>	<b>\$ 2,171,485</b>	<b>\$ 150,446</b>	<b>\$ 45,687</b>	<b>\$ 200,497</b>	<b>\$ 12,536,446</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 57,842	\$ 546	\$ -	\$ -	\$ -	\$ 110	\$ -	\$ -	\$ -	\$ 1,069,928
Due to State										73,762
Due to other funds				250,281						472,565
Deferred revenue						31,452				1,192,428
<b>Total liabilities</b>	<b>57,842</b>	<b>546</b>	<b>-</b>	<b>250,281</b>	<b>-</b>	<b>31,562</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,808,683</b>
<b>Fund Balances:</b>										
Nonspendable	10,481					3,067	20,000	27,543	200,000	261,566
Restricted	331,838	7,834			232,216		130,446	18,144	497	916,814
Committed			18,276			2,136,856				8,799,862
Unassigned				(250,281)						(250,479)
<b>Total fund balances</b>	<b>342,319</b>	<b>7,834</b>	<b>18,276</b>	<b>(250,281)</b>	<b>232,216</b>	<b>2,139,923</b>	<b>150,446</b>	<b>45,687</b>	<b>200,497</b>	<b>9,727,763</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 400,161</b>	<b>\$ 8,380</b>	<b>\$ 18,276</b>	<b>\$ -</b>	<b>\$ 232,216</b>	<b>\$ 2,171,485</b>	<b>\$ 150,446</b>	<b>\$ 45,687</b>	<b>\$ 200,497</b>	<b>\$ 12,536,446</b>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut	2,229,139	70,767					33,936		3,300	
Federal government	1,505,614	871,453				629,199			74,768	
Investment earnings (loss)		66	1,003		27	1,758	244		3,523	2,272
Charges for services		825,341						1,129,046		
Sewer use charges									5,040,588	
Solid waste management										2,489,102
Other revenue	104,964		233	60,951				1,780	1,240	212
Total revenues	<u>3,839,717</u>	<u>1,767,627</u>	<u>1,236</u>	<u>60,951</u>	<u>27</u>	<u>630,957</u>	<u>34,180</u>	<u>1,130,826</u>	<u>5,123,419</u>	<u>2,491,586</u>
Expenditures:										
General government										
Public safety										
Public works										
Human services			179,702	54,984						
Community services							41,695	1,049,934		
Education	3,839,717	1,870,973				180,957				
Sewer operations									4,274,215	
Solid waste management										2,286,841
Outside agencies										
Debt service									552,725	
Total expenditures	<u>3,839,717</u>	<u>1,870,973</u>	<u>179,702</u>	<u>54,984</u>	<u>-</u>	<u>180,957</u>	<u>41,695</u>	<u>1,049,934</u>	<u>4,826,940</u>	<u>2,286,841</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(103,346)</u>	<u>(178,466)</u>	<u>5,967</u>	<u>27</u>	<u>450,000</u>	<u>(7,515)</u>	<u>80,892</u>	<u>296,479</u>	<u>204,745</u>
Other Financing Sources (Uses):										
Transfers in	1									
Transfers out	(4)					(450,000)	(1,350)	(63,428)	(1,074,473)	(225,335)
Refunding bonds issued									2,710,000	
Payments to refunded bond escrow agent									(2,665,189)	
Premiums / discounts on bond issuance									(13,419)	
Total other financing sources (uses)	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(450,000)</u>	<u>(1,350)</u>	<u>(63,428)</u>	<u>(1,043,081)</u>	<u>(225,335)</u>
Net Change in Fund Balances	(3)	(103,346)	(178,466)	5,967	27	-	(8,865)	17,464	(746,602)	(20,590)
Fund Balance - Beginning of Year	<u>(195)</u>	<u>214,826</u>	<u>382,427</u>	<u>107,081</u>	<u>10,341</u>	<u>-</u>	<u>129,731</u>	<u>10,191</u>	<u>3,476,769</u>	<u>1,553,476</u>
Fund Balance - End of Year	<u>\$ (198)</u>	<u>\$ 111,480</u>	<u>\$ 203,961</u>	<u>\$ 113,048</u>	<u>\$ 10,368</u>	<u>\$ -</u>	<u>\$ 120,866</u>	<u>\$ 27,655</u>	<u>\$ 2,730,167</u>	<u>\$ 1,532,886</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Collegiate Baseball Fund
Revenues:										
Property taxes, interest and lien fees	\$ 20,988									
Sewer assessments										
State of Connecticut			518,561							
Federal government		11,949	110,315							
Investment earnings (loss)							444	189		
Charges for services			4,982		34,663	620,638			387,967	
Sewer use charges										
Solid waste management										
Other revenue		20,419	10,210	121,958	96,765		825			183,789
Total revenues	<u>20,988</u>	<u>32,368</u>	<u>644,068</u>	<u>121,958</u>	<u>131,428</u>	<u>620,638</u>	<u>1,269</u>	<u>189</u>	<u>387,967</u>	<u>183,789</u>
Expenditures:										
General government			10,967	315,083						183,789
Public safety	20,000		299,776			507,139				
Public works			101,308							
Human services		25,729	43,198							
Community services			179,129		156,111					
Education										
Sewer operations										
Solid waste management										
Outside agencies									357,926	
Debt service										
Total expenditures	<u>20,000</u>	<u>25,729</u>	<u>634,378</u>	<u>315,083</u>	<u>156,111</u>	<u>507,139</u>	<u>-</u>	<u>-</u>	<u>357,926</u>	<u>183,789</u>
Revenues Over (Under) Expenditures	<u>988</u>	<u>6,639</u>	<u>9,690</u>	<u>(193,125)</u>	<u>(24,683)</u>	<u>113,499</u>	<u>1,269</u>	<u>189</u>	<u>30,041</u>	<u>-</u>
Other Financing Sources (Uses):										
Transfers in			330							
Transfers out	(1,007)		(8,028)		(194,848)					
Refunding bonds issued										
Payments to refunded bond escrow agent										
Premiums / discounts on bond issuance										
Total other financing sources (uses)	<u>(1,007)</u>	<u>-</u>	<u>(7,698)</u>	<u>-</u>	<u>(194,848)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19)	6,639	1,992	(193,125)	(219,531)	113,499	1,269	189	30,041	-
Fund Balance - Beginning of Year	<u>977</u>	<u>2,893</u>	<u>193,847</u>	<u>875,465</u>	<u>357,981</u>	<u>282,046</u>	<u>261,474</u>	<u>210,821</u>	<u>64,155</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 958</u>	<u>\$ 9,532</u>	<u>\$ 195,839</u>	<u>\$ 682,340</u>	<u>\$ 138,450</u>	<u>\$ 395,545</u>	<u>\$ 262,743</u>	<u>\$ 211,010</u>	<u>\$ 94,196</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue Funds			Capital Projects Funds		Debt Service Fund	Permanent Funds			Totals
	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund	Sewer Construction	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$ 661,144	\$	\$	\$	\$ 682,132
Sewer assessments						28,252				28,252
State of Connecticut						1,426				2,857,129
Federal government										3,203,298
Investment earnings (loss)			10		33	4,097	(375)	(1,062)	1,018	13,247
Charges for services	780,505									3,783,142
Sewer use charges										5,040,588
Solid waste management										2,489,102
Other revenue	498	13,487	18,266			888	1,080			637,565
Total revenues	<u>781,003</u>	<u>13,487</u>	<u>18,276</u>	<u>-</u>	<u>33</u>	<u>695,807</u>	<u>705</u>	<u>(1,062)</u>	<u>1,018</u>	<u>18,734,455</u>
Expenditures:										
General government		21,914								546,120
Public safety										826,915
Public works										101,308
Human services										303,613
Community services	633,532						5,973	5,667	628	2,072,669
Education										5,891,647
Sewer operations										4,274,215
Solid waste management										2,286,841
Outside agencies										357,926
Debt service				1,179,804		1,056,040				2,788,569
Total expenditures	<u>633,532</u>	<u>21,914</u>	<u>-</u>	<u>1,179,804</u>	<u>-</u>	<u>1,070,407</u>	<u>5,973</u>	<u>5,667</u>	<u>628</u>	<u>19,449,823</u>
Revenues Over (Under) Expenditures	<u>147,471</u>	<u>(8,427)</u>	<u>18,276</u>	<u>(1,179,804)</u>	<u>33</u>	<u>(374,600)</u>	<u>(5,268)</u>	<u>(6,729)</u>	<u>390</u>	<u>(715,368)</u>
Other Financing Sources (Uses):										
Transfers in	194,848	16,261								211,440
Transfers out						(112,175)				(2,130,648)
Refunding bonds issued										2,710,000
Payments to refunded bond escrow agent										(2,665,189)
Premiums / discounts on bond issuance										(13,419)
Total other financing sources (uses)	<u>194,848</u>	<u>16,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,175)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,887,816)</u>
Net Change in Fund Balances	342,319	7,834	18,276	(1,179,804)	33	(486,775)	(5,268)	(6,729)	390	(2,603,184)
Fund Balance - Beginning of Year	-	-	-	929,523	232,183	2,626,698	155,714	52,416	200,107	12,330,947
Fund Balance - End of Year	<u>\$ 342,319</u>	<u>\$ 7,834</u>	<u>\$ 18,276</u>	<u>\$ (250,281)</u>	<u>\$ 232,216</u>	<u>\$ 2,139,923</u>	<u>\$ 150,446</u>	<u>\$ 45,687</u>	<u>\$ 200,497</u>	<u>\$ 9,727,763</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 192	\$ 192	\$ 244	\$ 52
State grants	1,200	1,200	449	(751)
ConnectiCard grant	35,200	35,200	33,487	(1,713)
Total revenues	<u>36,592</u>	<u>36,592</u>	<u>34,180</u>	<u>(2,412)</u>
Expenditures:				
Payroll charges	10,846	10,846	10,487	359
Utilities/Fuel/Mileage	3,250	3,250	1,350	1,900
Repairs & Maint-Fac/Equip	2,500	2,500	1,472	1,028
Software maintenance fees	28,620	28,620	26,649	1,971
Equipment, machinery and furniture	2,000	2,000	1,226	774
Computer equipment	1,300	1,300	511	789
Total expenditures	<u>48,516</u>	<u>48,516</u>	<u>41,695</u>	<u>6,821</u>
Revenues under Expenditures	(11,924)	(11,924)	(7,515)	4,409
Other Financing Uses:				
Transfers Out	<u>(1,350)</u>	<u>(1,350)</u>	<u>(1,350)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (13,274)</u>	<u>\$ (13,274)</u>	<u>\$ (8,865)</u>	<u>\$ 4,409</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>		<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,166,443	\$ 1,166,443	\$ 1,130,826	\$ (35,617)
Expenditures:				
Community services	<u>1,099,971</u>	<u>1,099,971</u>	<u>1,049,934</u>	<u>50,037</u>
Revenues over Expenditures	66,472	66,472	80,892	14,420
Other Financing Uses:				
Transfers out	<u>(63,428)</u>	<u>(63,428)</u>	<u>(63,428)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 3,044</u>	<u>\$ 3,044</u>	<u>\$ 17,464</u>	<u>\$ 14,420</u>



## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,303,412	\$ 5,303,412	\$ 5,040,588	\$ (262,824)
Interest income	6,000	6,000	3,523	(2,477)
FEMA reimbursements			74,768	
Other revenue			4,540	4,540
Total revenues	<u>5,309,412</u>	<u>5,309,412</u>	<u>5,123,419</u>	<u>(185,993)</u>
Expenditures:				
Sewer system maintenance	<u>4,720,803</u>	<u>4,720,803</u>	<u>4,936,751</u>	<u>(215,948)</u>
Revenues over Expenditures	588,609	588,609	186,668	(401,941)
Other Financing Uses:				
Transfers out	<u>(1,074,473)</u>	<u>(1,074,473)</u>	<u>(1,074,473)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (485,864)</u>	<u>\$ (485,864)</u>	<u>\$ (887,805)</u>	<u>\$ (401,941)</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste management	\$ 2,418,151	\$ 2,418,151	\$ 2,489,102	\$ 70,951
Interest income	<u>3,250</u>	<u>3,250</u>	<u>2,484</u>	<u>(766)</u>
Total revenues	2,421,401	2,421,401	2,491,586	70,185
Expenditures:				
Solid waste management	<u>2,400,349</u>	<u>2,400,349</u>	<u>2,286,871</u>	<u>113,478</u>
Revenues over Expenditures	21,052	21,052	204,715	183,663
Other Financial Uses:				
Transfers out	<u>(225,335)</u>	<u>(225,335)</u>	<u>(225,335)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (204,283)</u>	<u>\$ (204,283)</u>	<u>\$ (20,620)</u>	<u>\$ 183,663</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>			<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property taxes, interest and lien fees	\$ 20,927	\$ 20,927	\$ 20,978	\$ 51
Expenditures:				
Public safety	<u>20,020</u>	<u>20,020</u>	<u>20,000</u>	<u>20</u>
Revenues over Expenditures	907	907	978	71
Other Financial Uses:				
Transfers out	<u>(1,007)</u>	<u>(1,007)</u>	<u>(1,007)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (100)</u>	<u>\$ (100)</u>	<u>\$ (29)</u>	<u>\$ 71</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Interest income	\$ 660	\$ 660	\$ 301	\$ (359)
Expenditures:				
Property revaluation	<u>140,310</u>	<u>140,310</u>	<u>116,180</u>	<u>24,130</u>
Revenues under Expenditures	(139,650)	(139,650)	(115,879)	23,771
Other Financing Sources:				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (109,650)</u>	<u>\$ (109,650)</u>	<u>\$ (85,879)</u>	<u>\$ 23,771</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 775	\$ 775	\$ 775	\$ -
Other agencies	1,635	1,635	1,635	-
Outside agencies - MDT	26,920	26,920	26,920	-
Total revenues	<u>29,330</u>	<u>29,330</u>	<u>29,330</u>	<u>-</u>
Expenditures:				
Computer equipment	<u>60,980</u>	<u>60,980</u>	<u>56,865</u>	<u>4,115</u>
Revenues under Expenditures	(31,650)	(31,650)	(27,535)	4,115
Other Financing Sources:				
Transfers in	<u>95,507</u>	<u>95,507</u>	<u>95,507</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 63,857</u>	<u>\$ 63,857</u>	<u>\$ 67,972</u>	<u>\$ 4,115</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<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	\$ 663,950	\$ 663,950	\$ 690,640	\$ 26,690
Interest income	4,620	4,620	4,097	(523)
Total revenues	<u>668,570</u>	<u>668,570</u>	<u>694,737</u>	<u>26,167</u>
Expenditures:				
Debt service	1,050,525	1,050,525	1,056,040	(5,515)
Operating expense	5,870	5,870	13,016	(7,146)
Total expenditures	<u>1,056,395</u>	<u>1,056,395</u>	<u>1,069,056</u>	<u>(12,661)</u>
Revenues under Expenditures	(387,825)	(387,825)	(374,319)	13,506
Other Financing Uses:				
Transfers out	<u>(112,175)</u>	<u>(112,175)</u>	<u>(112,175)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (500,000)</u>	<u>\$ (500,000)</u>	<u>\$ (486,494)</u>	<u>\$ 13,506</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Recreation programs	\$ 585,083	\$ 585,083	\$ 549,402	\$ (35,681)
Summer camp	171,112	171,112	213,090	41,978
Special needs programs	14,260	14,260	29,809	15,549
Senior trips	118,610	118,610	136,488	17,878
Senior programs	28,894	28,894	42,442	13,548
Total revenues	<u>917,959</u>	<u>917,959</u>	<u>776,383</u>	<u>(141,576)</u>
Expenditures:				
Recreation programs	509,501	509,501	359,189	150,312
Summer camp	214,922	214,922	149,640	65,282
Special needs programs	46,033	46,033	36,473	9,560
Senior trips	113,178	113,178	73,724	39,454
Senior programs	34,325	34,325	34,325	-
Total expenditures	<u>917,959</u>	<u>917,959</u>	<u>653,351</u>	<u>264,608</u>
Revenues over Expenditures	-	-	123,032	123,032
Other Financing Sources:				
Transfers in	-	-	194,848	194,848
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317,880</u>	<u>\$ 317,880</u>

**Proprietary Funds / Internal Service Funds**



## **Internal Service Funds**

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

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

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

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

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

**JUNE 30, 2012**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,113,792	\$ 8,998,650	\$ 2,011,834	\$ 12,124,276
Accounts receivable	1,538	159,358		160,896
Other assets		40,391		40,391
Total current assets	<u>1,115,330</u>	<u>9,198,399</u>	<u>2,011,834</u>	<u>12,325,563</u>
Noncurrent assets:				
Property and equipment, net	<u>2,835,072</u>			<u>2,835,072</u>
Total assets	<u>3,950,402</u>	<u>9,198,399</u>	<u>2,011,834</u>	<u>15,160,635</u>
Liabilities:				
Current liabilities:				
Accounts payable	101,066	9,048	1,022	111,136
Claims incurred but not reported		801,447	126,475	927,922
Total current liabilities	<u>101,066</u>	<u>810,495</u>	<u>127,497</u>	<u>1,039,058</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,403,019</u>	<u>2,403,019</u>
Total liabilities	<u>101,066</u>	<u>810,495</u>	<u>2,530,516</u>	<u>3,442,077</u>
Net Assets:				
Invested in capital assets	2,835,072			2,835,072
Unrestricted	<u>1,014,264</u>	<u>8,387,904</u>	<u>(518,682)</u>	<u>8,883,486</u>
Total Net Assets	<u>\$ 3,849,336</u>	<u>\$ 8,387,904</u>	<u>\$ (518,682)</u>	<u>\$ 11,718,558</u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 954,009	\$ 14,550,596	\$ 510,097	\$ 16,014,702
Other revenue			40,945	40,945
Total operating revenue	<u>954,009</u>	<u>14,550,596</u>	<u>551,042</u>	<u>16,055,647</u>
Operating Expenses:				
Operating expenses	817,006			817,006
Claims - operating		12,896,452		12,896,452
Claims - workers' compensation			481,982	481,982
Claims - heart and hypertension			144,579	144,579
Administrative		989,929	47,545	1,037,474
Depreciation	561,476			561,476
Total operating expenses	<u>1,378,482</u>	<u>13,886,381</u>	<u>674,106</u>	<u>15,938,969</u>
Operating income (loss)	<u>(424,473)</u>	<u>664,215</u>	<u>(123,064)</u>	<u>116,678</u>
Nonoperating Revenue and Expenses:				
Intergovernmental revenue	8,200			8,200
Interest on investments	2,841	7,801	1,234	11,876
Loss on disposal of capital assets	(19,538)			(19,538)
Total nonoperating revenue and expenses	<u>(8,497)</u>	<u>7,801</u>	<u>1,234</u>	<u>538</u>
Change in Net Assets	(432,970)	672,016	(121,830)	117,216
Net Assets - Beginning of Year	<u>4,282,306</u>	<u>7,715,888</u>	<u>(396,852)</u>	<u>11,601,342</u>
Net Assets - End of Year	<u>\$ 3,849,336</u>	<u>\$ 8,387,904</u>	<u>\$ (518,682)</u>	<u>\$ 11,718,558</u>

## TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<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	\$ 959,766	\$ 14,499,712	\$ 551,042	\$ 16,010,520
Cash paid to other funds	(1,897)			(1,897)
Cash paid to vendors	(816,012)			(816,012)
Cash paid to beneficiaries		(13,764,916)	(646,258)	(14,411,174)
Net cash provided by (used in) operating activities	<u>141,857</u>	<u>734,796</u>	<u>(95,216)</u>	<u>781,437</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(404,894)			(404,894)
Proceeds from sale of property and equipment	14,784			14,784
Capital grants	8,200			8,200
Net cash used in capital and related financing activities	<u>(381,910)</u>	<u>-</u>	<u>-</u>	<u>(381,910)</u>
Cash Flows from Investing Activities:				
Interest on investments	<u>2,841</u>	<u>7,801</u>	<u>1,234</u>	<u>11,876</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(237,212)	742,597	(93,982)	411,403
Cash and Cash Equivalents - Beginning of Year	<u>1,351,004</u>	<u>8,256,053</u>	<u>2,105,816</u>	<u>11,712,873</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,113,792</u>	<u>\$ 8,998,650</u>	<u>\$ 2,011,834</u>	<u>\$ 12,124,276</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (424,473)	\$ 664,215	\$ (123,064)	\$ 116,678
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	561,476			561,476
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	5,757	(10,493)		(4,736)
Decrease (increase) in other assets		(40,391)		(40,391)
(Decrease) increase in accounts payable	994			994
(Decrease) increase in due to other funds	(1,897)			(1,897)
(Decrease) increase in claims payable		121,465	27,848	149,313
Net Cash Provided by (Used in) Operating Activities	<u>\$ 141,857</u>	<u>\$ 734,796</u>	<u>\$ (95,216)</u>	<u>\$ 781,437</u>

**Fiduciary Funds**

## *Fiduciary Funds*

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

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

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

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

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

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

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

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

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

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

## TOWN OF GROTON, CONNECTICUT

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

JUNE 30, 2012

	<u>Private Purpose Trust Funds</u>				<u>Total</u>
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	
Assets:					
Cash	\$ <u>2,278</u>	\$ <u>5,629</u>	\$ <u>64,848</u>	\$ <u>75,193</u>	\$ <u>147,948</u>
Liabilities:					
Due to employees/others	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>-</u>
Net Assets Held in Trust	\$ <u><u>2,278</u></u>	\$ <u><u>5,629</u></u>	\$ <u><u>64,848</u></u>	\$ <u><u>75,193</u></u>	\$ <u><u>147,948</u></u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$ 1	\$ 29	\$ 134	\$ 135	\$ 299
Other additions			150		150
Total additions	<u>1</u>	<u>29</u>	<u>284</u>	<u>135</u>	<u>449</u>
Deductions:					
Benefits		34	25,257	7,544	32,835
Change in Net Assets	1	(5)	(24,973)	(7,409)	(32,386)
Net Assets Held in Trust - Beginning of Year	<u>2,277</u>	<u>5,634</u>	<u>89,821</u>	<u>82,602</u>	<u>180,334</u>
Net Assets Held in Trust - End of Year	<u>\$ 2,278</u>	<u>\$ 5,629</u>	<u>\$ 64,848</u>	<u>\$ 75,193</u>	<u>\$ 147,948</u>



## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<b>Performance Bonds</b>				
Assets:				
Cash	\$ 1,555,115	\$ 6,789	\$ 256,044	\$ 1,305,860
Liabilities:				
Due to contractors/developers	\$ 1,555,115	\$ 6,789	\$ 256,044	\$ 1,305,860
<b>Student Activities</b>				
Assets:				
Cash	\$ 234,460	\$ 378,857	\$ 400,325	\$ 212,992
Liabilities:				
Due to student groups	\$ 234,460	\$ 378,857	\$ 400,325	\$ 212,992
<b>Fire District Tax Collections</b>				
Assets:				
Cash	\$ -	\$ 16,727	\$ -	\$ 16,727
Liabilities:				
Due to fire districts	\$ -	\$ 16,727	\$ -	\$ 16,727
<b>Total</b>				
Assets:				
Cash	\$ 1,789,575	\$ 402,373	\$ 656,369	\$ 1,535,579
Liabilities:				
Due to contractors/developers	\$ 1,555,115	\$ 6,789	\$ 256,044	\$ 1,305,860
Due to student groups	234,460	378,857	400,325	212,992
Due to fire districts	-	16,727	-	16,727
Total Liabilities	\$ 1,789,575	\$ 402,373	\$ 656,369	\$ 1,535,579

**Other Schedules**

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Grand List Year	Uncollected Taxes 7/1/2011	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2012	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2010	\$	\$ 78,199,972	\$ 50,436	\$ 478,252	\$ 231,659	\$ 77,540,497	\$ 75,868,185	\$ 369,518	\$ 178	\$ 76,237,881	\$ 1,672,312
2009	1,445,186		158,693	43,549	125,644	1,434,686	715,497	141,771	14,011	871,279	719,189
2008	647,276		6,912	6,679	50,052	597,457	243,849	107,009	13,217	364,075	353,608
2007	236,976		788	311	15,107	222,346	57,067	31,084	10,921	99,072	165,279
2006	92,817		10	178	5,389	87,260	11,524	9,918	6,592	28,034	75,736
2005	39,241		295		3,682	35,854	802	4,414	3,884	9,100	35,052
2004	11,992		5	5	1,241	10,751	742	2,654	1,490	4,886	10,009
2003	9,806				698	9,108		1,304	834	2,138	9,108
2002	8,964				702	8,262		1,505	869	2,374	8,262
2001	6,708				635	6,073		1,290	669	1,959	6,073
2000	1,649				92	1,557		2,841	1,551	4,392	1,557
1999	915				92	823		2,990	1,384	4,374	823
1998	168				27	141		687	313	1,000	141
1997	27				27	-		3,801	1,493	5,294	-
1996	25				25	-		1,931	782	2,713	-
1995	178			178		-				-	-
	<u>\$ 2,501,928</u>	<u>\$ 78,199,972</u>	<u>\$ 217,139</u>	<u>\$ 529,152</u>	<u>\$ 435,072</u>	<u>\$ 79,954,815</u>	<u>\$ 76,897,666</u>	<u>\$ 682,717</u>	<u>\$ 58,188</u>	<u>\$ 77,638,571</u>	<u>\$ 3,057,149</u>

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - MUMFORD COVE DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grand List Year</u>	<u>Uncollected Taxes 7/1/2011</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 6/30/2012</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>
2010	\$	\$ 20,965	\$ 18	\$ 11	\$	\$ 20,972	\$ 20,938	\$ 29	\$	\$ 20,967	\$ 34
2009	3		7			10	9			9	1
2008			5		3	2	2			2	-
	<u>\$ 3</u>	<u>\$ 20,965</u>	<u>\$ 30</u>	<u>\$ 11</u>	<u>\$ 3</u>	<u>\$ 20,984</u>	<u>\$ 20,949</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 20,978</u>	<u>\$ 35</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, 2012

94

Grand List Year	Uncollected Taxes July 1, 2011	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2012	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2010	\$	\$ 661,450	\$ 373	\$ 2,424	\$ 793	\$ 658,606	\$ 646,989	\$ 1,983	\$	\$ 648,972	\$ 11,617
2009	10,938		152	49	375	10,666	4,681	2,933	73	7,687	5,985
2008	4,053		93	40	101	4,005	1,210	1,254	49	2,513	2,795
2007	1,775				76	1,699	347	508	52	907	1,352
2006	986				63	923	47	139	35	221	876
2005	997				67	930	14	66		80	916
2004	332				23	309	4	29		33	305
2003	302				23	279				-	279
2002	282				23	259	6	32		38	253
2001	104				23	81				-	81
2000	97				7	90		13		13	90
1999	63				7	56				-	56
1998	12				2	10		27	15	42	10
1997	12				2	10		183	75	258	10
1996	16				2	14		150	47	197	14
	\$ 19,969	\$ 661,450	\$ 618	\$ 2,513	\$ 1,587	\$ 677,937	\$ 653,298	\$ 7,317	\$ 346	\$ 660,961	\$ 24,639

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of of Year	Interest Paid
Public Safety Project Bond Issue of 2002	3.0-4.55	6-1-2002	1-15-2017	\$ 5,700,000	\$ 2,430,000		\$ 2,430,000		\$ 60,345
Library Additions/Alt of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	1,009,000	150,000		150,000		2,625
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	3,705,000	2,740,000		2,545,000	195,000	56,966
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	1,250,000		865,000	385,000	32,330
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	35,000		5,000	30,000	1,231
General Purpose Bond Issue of 2009 ( animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000	960,000		720,000	240,000	26,775
General Purpose Bond Issue of 2010 ( animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000	8,565,500		464,500	8,101,000	280,354
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	16,305,000		16,305,000		16,305,000	196,526
Fort Hill Water Line of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	566,000	85,000		85,000		1,488
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	2,550,000		150,000	2,400,000	98,625
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000	2,920,000		2,590,000	330,000	81,578
Sewer Refunding Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	2,710,000		2,710,000		2,710,000	23,926
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	420,000		210,000	210,000	16,800
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	940,000		870,000	70,000	19,628
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	12,000,000		8,250,000	3,750,000	311,625
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	13,140,000		770,000	12,370,000	501,550
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000	2,790,000		2,480,000	310,000	76,725
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000	614,500		30,500	584,000	20,302
Total Bonded Debt					\$ 51,590,000	\$ 19,015,000	\$ 22,615,000	\$ 47,990,000	\$ 1,809,399

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2011	Current Year	Balance June 30, 2012		
LOCIP Projects:						
Golf Course Facilities	\$ 50,000	\$ 47,237	\$ 2,423	\$ 49,660	\$ 340	\$ -
Probate Office Modifications	25,000	7,061		7,061		17,939
Sidewalks Rt 1 Regency Area	235,000	8,075	146,470	154,545	36,962	43,493
Sidewalks Rt 1 Downtown	150,000	93,424	1,335	94,759		55,241
Golf Course Replace Fuel Tank & Windows	110,000	5,149	68,236	73,385	2,785	33,830
Golf Course Clubhouse Renovations	240,000	195,555	14,345	209,900		30,100
Thomas Road Bikeway	138,000		11,007	11,007	3,703	123,290
FYE 2008 Capital Improvement Projects:						
Golf Course Renovations	60,000	45,593		45,593		14,407
Golf Course Facilities	30,000	29,965		29,965		35
Improvement to Riverview Ave	75,000	105	716	821		74,179
Thames St Rehabilitation	134,000	131,051		131,051		2,949
Police Station	205,000	150,796		150,796		54,204
Sidewalk-Thomas Rd Bikeway	70,000	5,580		5,580		64,420
Annex-Salt/Sand Storage	770,000	600,461	98,695	699,156		70,844
Jabez Smith House	25,000	2,573	9,000	11,573		13,427
Mech/Elec Equip Repair WPCF	722,000	646,752		646,752		75,248
Vacated School Property Reuse	10,000	6,250		6,250		3,750
CAD/RMS Software Implementation	270,000	240,384	23,617	264,001		5,999
William Seely School	25,000	20,169		20,169		4,831
Submarine Capital of the World	25,000	3,380		3,380		21,620
Kolnaski Elementary School	500,000	499,989	11	500,000		-
FYE 2009 Capital Improvement Projects:						
Golf Course Renovations	50,000	45,712		45,712		4,288
Thames St Rehabilitation	117,000	73,268		73,268		43,732
Flanders Rd Utility Installation	100,000		72,044	72,044	9,956	18,000
Police Station	57,500	39,809	13,782	53,591	225	3,684
Swr Line Infrs Replc - WPCF	260,000	182,555		182,555		77,445
Sidewalk-Poq Rd Kolnaski School	45,000	8,662		8,662		36,338
Traffic Signal Rep/Upgrade	35,000	8,090		8,090		26,910
Park Improvement Plan	15,000	10,548	4,000	14,548		452
Trail Improvement Program	15,000	5,627		5,627		9,373
Replace Roadside Barrier System	50,000	49,637		49,637		363
Mech/Elec Equip Repair-WPCF	685,000	404,313	2,250	406,563	3,124	275,313
Facility Repairs-WPCF	100,000	29,138	40,613	69,751	12,346	17,903
Pavement Management Program	575,000	395,530	61,542	457,072		117,928
Hurricane/Disaster Project	30,390	7,120		7,120		23,270
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	57,498		57,498		82,502
Spicer House P&R Office	25,000	9,088	15,412	24,500	500	-
Email Archiving	103,000	22,994	32,376	55,370		47,630

(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, 2012**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2011</u>	<u>Current Year</u>	<u>Balance June 30, 2012</u>		
FYE 2010 Capital						
Improvement Projects:						
Golf Course Renovations	\$ 50,000	\$ 46,509	\$	\$ 46,509	\$	\$ 3,491
Swr Line Infrs Replc - WPCF	460,000	50,750	409,250	460,000		-
Sidewalk-New - Drozdyk Dr	30,000	330		330		29,670
Info Tech Acq - Network	60,000	7,849		7,849	9,601	42,550
Info Tech Replace Town Radio System	25,000		3,500	3,500	16,500	5,000
Info Tech Radio/Telephone voice recorder	25,000		25,000	25,000		-
Park Improvement Plan	76,000	560	9,853	10,413		65,587
Mech/Elec Equip Repair-WPCF	125,000		14,600	14,600		110,400
Facility Repairs-WPCF	60,000	53,900		53,900		6,100
Pavement Management Program	526,000	487,914		487,914		38,086
BOE-Claude Chester Elementary	29,888		1,250	1,250		28,638
Spicer House P&R Office	10,000	861	6,210	7,071		2,929
FYE 2011 Capital						
Improvement Projects:						
Roads - River Road	300,000	83,026	190,512	273,538	4,400	22,062
Drainage Imrov New Install	45,000					45,000
Swr Line Infrs Replace - WPCF	600,000		600,000	600,000		-
Bridge Reconstruction - GLP	468,000	60,035	407,965	468,000		-
Traffic Signal Replace/Upgrade	25,000	5,946	1,000	6,946	8,250	9,804
Info Tech Acq - Network	40,000	20,708		20,708		19,292
Twn Fire/EMS Radio System	165,000					165,000
WPCF Add/Improvements	325,000		43,161	43,161		281,839
WPCF Facility Renovations	1,765,000		494,985	494,985	678,406	591,609
Pavement Management Program	300,000	450	174,746	175,196		124,804
Pavement Management - City	250,000					250,000
Pavement Management - Groton Long Point	83,671	21,277	62,394	83,671		-
BOE-SB Butler	15,000	754		754		14,246
All Schools - Security	216,000	55,000	17,460	72,460		143,540
School Design - Phase II	75,000	19,903		19,903		55,097
Timekeeper	38,000					38,000
Spicer House P&R Office	30,000		4,581	4,581	1,419	24,000
Town Hall Annex Complex	105,000		7,270	7,270	1,930	95,800
FYE 2012 Capital						
Improvement Projects:						
Golf Course FCC Compliance	25,000		23,533	23,533		1,467
Thames St Retaining Wall	241,540		112,484	112,484		129,056
Crystal Lake/Military Hwy Intersection	34,000		48	48		33,953
Judson Ave Drainage	165,000		127,812	127,812	27,204	9,984
Swr Line Infrs Replace - WPCF	685,000		120,893	120,893	424,885	139,222
Human Services Bldg Repair/Renovation	38,000		4,745	4,745	1,000	32,255
Bridge Reconstruction	140,000		9,954	9,954	120,093	9,954
Bridge Reconstruction-GLP	148,000		148,000	148,000		-
Info Tech Acq-Network	25,000					25,000
Town Fire/EMS Radio System	165,000					165,000
Jabez Smith House	30,000		23,965	23,965	965	5,070
BOE - Fitch Sr High	25,000		17,323	17,323		7,677
All Schools - Security	200,000					200,000
BOE- Basketball Courts	40,000		37,364	37,364		2,636
BOE Asbestos Tile Removal	15,000		15,000	15,000		-
Middle School Modifications	1,385,800		337,675	337,675		1,048,125

(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, 2012**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2011</u>	<u>Current Year</u>	<u>Balance June 30, 2012</u>		
Other Projects:						
Mystic Streetscapes Improvements	\$ 1,226,000	\$ 524,710	\$ 54,720	\$ 579,430	\$ 18,890	\$ 627,680
Mystic Streetscapes Utility Reloc	118,276	117,451	17,461	134,912	7,083	(23,719)
Mystic Streetscapes Demand Deposit	1,224,174	36,746	133,057	169,803	10,101	1,044,270
Mystic Streetscapes Construction (TCSP)	849,311	220,291	459,710	680,001	178,438	(9,128)
Mystic Streetscapes Construction (ARRA)	3,561,200	303,434	1,335,341	1,638,775	1,922,425	-
Mystic Streetscapes Phase 2			31,750	31,750	22,523	(54,273)
Total before retainage payable	23,051,750	6,320,392	6,102,446	12,422,838	3,524,053	7,104,859
Retainage Payable - 2011		42,779	(42,779)			
Retainage Payable - 2012			16,796	16,796		(16,796)
Total	<u>\$ 23,051,750</u>	<u>\$ 6,363,171</u>	<u>\$ 6,076,463</u>	<u>\$ 12,439,634</u>	<u>\$ 3,524,053</u>	<u>\$ 7,088,063</u>

**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

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 66,992,502	\$ 64,173,597	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570	\$ 155,538,608
Restricted			129,493	329,493	329,493	329,493	329,493	329,493	325,935	247,543
Unrestricted	<u>17,159,527</u>	<u>28,026,939</u>	<u>34,005,368</u>	<u>37,764,291</u>	<u>52,232,356</u>	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>	<u>40,302,575</u>	<u>38,257,761</u>
Total Governmental Activities Net Assets	<u>\$ 84,152,029</u>	<u>\$ 92,200,536</u>	<u>\$ 97,153,740</u>	<u>\$ 102,810,066</u>	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>	<u>\$ 192,168,080</u>	<u>\$ 194,043,912</u>

TOWN OF GROTON, CONNECTICUT

CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

		FISCAL YEAR									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:											
Governmental activities:											
General government/services	\$	6,298,542	\$ 7,121,638	\$ 6,556,489	\$ 6,783,421	\$ 6,955,299	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840	\$ 9,060,730
Public safety		9,488,936	9,593,919	9,318,994	9,562,141	10,019,373	10,434,585	11,309,083	11,561,486	11,270,325	12,370,594
Public works		11,289,191	11,231,581	10,953,441	12,491,299	9,627,837	11,459,914	13,803,509	13,719,457	11,857,453	17,351,740
Planning and development		1,294,398	1,232,639	1,316,039	1,417,725	1,369,035	1,535,356	1,676,990	1,782,280	1,576,259	1,640,918
Human services		2,289,607	2,337,982	2,384,276	2,265,894	2,310,585	2,377,926	2,329,037	2,602,544	2,861,366	2,743,285
Community services		5,885,209	6,410,212	6,082,289	6,545,450	6,644,300	6,927,015	7,237,528	7,202,408	7,031,916	6,797,684
Board of Education		66,871,403	69,084,296	70,362,735	75,498,717	76,799,870	100,501,071	84,256,384	86,698,278	84,644,995	87,768,560
Sewer operations		3,440,434	3,985,526	3,899,926	4,120,740	3,977,467	4,113,078	4,426,909	4,458,483	4,550,117	4,925,362
Solid waste management		3,677,443	3,409,455	3,378,654	2,651,573	2,642,280	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841
Interest on long-term debt		914,390	886,717	554,543	750,785	1,111,142	1,706,630	2,388,266	1,821,202	2,226,005	2,639,790
Total governmental activities expenses		111,449,553	115,293,965	114,807,386	122,087,745	121,457,188	149,759,663	136,779,723	140,217,289	136,607,803	147,585,504
Program Revenues:											
Governmental activities:											
Charges for services:											
General government		1,341,965	1,733,133	1,653,662	1,867,504	1,718,340	1,887,556	1,106,270	1,071,530	1,053,881	1,003,874
Public safety		144,800	135,563	288,405	149,981	190,702	199,673	82,126	141,692	316,817	653,758
Public works		40,117	41,433	230,889	221,897	252,087	268,966	243,104	571,102	584,879	672,005
Planning and development		364,159	605,452	473,359	285,056	381,547	312,445	224,149	197,516	205,591	166,196
Health and human services		102,497	18,973	30,132	136,439	136,124	98,099	6,263	189,290	252,668	141,195
Community services		1,400,473	1,698,472	1,674,622	1,783,601	1,730,036	1,874,307	1,829,784	1,952,166	1,988,062	2,094,870
Education		1,056,092	1,087,146	1,219,312	1,105,975	1,105,975	1,228,048	1,207,114	1,052,259	1,013,632	1,060,826
Sewer system maintenance		4,271,282	4,339,224	4,448,245	4,630,430	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588
Solid waste management		2,673,748	2,881,820	2,869,354	2,856,433	2,877,959	2,930,894	2,839,702	2,729,052	2,799,026	2,489,314
Operating grants and contributions		35,764,639	39,835,750	37,313,290	38,689,866	39,341,065	61,978,581	44,123,462	42,740,303	43,753,008	45,276,670
Capital grants and contributions		424,815	1,155,334	476,168	3,518,613	25,209,627	24,753,713	5,624,084	2,758,010	3,762,656	6,163,449
Total governmental activities program revenues		47,584,587	53,532,300	50,677,438	54,322,897	77,602,948	100,734,578	62,626,018	58,892,897	61,120,850	64,762,745
Net Expenses		(63,864,966)	(61,761,665)	(64,129,948)	(67,764,848)	(43,854,240)	(49,025,085)	(74,153,705)	(81,324,392)	(75,486,953)	(82,822,759)
General Revenues and Other											
Changes in Net Assets:											
Governmental activities:											
Property taxes		54,297,192	61,013,523	58,113,695	61,283,570	67,663,380	69,586,226	72,729,198	75,989,758	79,309,946	79,097,987
Payments in lieu of taxes		5,355,847	6,974,514	6,839,719	7,071,935	5,128,088	4,976,112	4,391,044	3,291,461	1,946,018	1,622,860
Grants and contributions											
not restricted to specific programs		1,098,676	1,339,721	3,043,004	2,585,131	3,263,385	3,342,172	3,357,808	2,252,493	2,595,727	3,848,708
Unrestricted investment earnings		431,383	537,626	1,086,734	2,280,538	3,771,081	3,025,296	897,313	280,825	242,222	129,036
Contributions received					200,000						
Donated assets						1,900					
Special item - loss on disposal of capital assets			(55,212)								
Total governmental activities		61,183,098	69,810,172	69,083,152	73,421,174	79,827,834	80,929,806	81,375,363	81,814,537	84,093,913	84,698,591
Change in Net Assets	\$	(2,681,868)	\$ 8,048,507	\$ 4,953,204	\$ 5,656,326	\$ 35,973,594	\$ 31,904,721	\$ 7,221,658	\$ 490,145	\$ 8,606,960	\$ 1,875,832

## TOWN OF GROTON, CONNECTICUT

## FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assigned									3,029,419	3,325,543
Unassigned									10,160,823	9,421,348
Reserved	1,868,182	2,627,220	2,650,083	1,569,628	1,846,901	2,655,295	3,289,619	2,139,367		
Designated for subsequent year budget		2,506,713	3,521,736	2,298,358	3,943,110	2,665,505	2,013,725	932,201		
Unreserved/undesignated	<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>	<u>8,829,424</u>		
Total General Fund	<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>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>	<u>\$ 12,746,891</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$ 334,039	\$ 261,566
Restricted									8,111,208	7,636,668
Committed									10,615,517	8,799,862
Unassigned									(1,608,609)	(250,479)
Reserved	1,251,408	1,022,290	14,556,754	10,579,502	34,362,546	12,579,522	10,698,121	2,926,867		
Unreserved, reported in:										
Special revenue funds	4,898,851	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135		
Capital projects funds	1,225,099	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029		
Debt service funds	1,938,037	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289		
Permanent fund	<u>148,574</u>	<u>156,837</u>	<u>31,457</u>	<u>43,678</u>	<u>65,196</u>	<u>61,576</u>	<u>41,970</u>	<u>53,797</u>		
Total All Other Governmental Funds	<u>\$ 9,461,969</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>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>	<u>\$ 16,447,617</u>

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Taxes, interest and lien fees	\$ 52,015,970	\$ 58,899,886	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549	\$ 78,391,217
Assessments	151,823	98,251	40,927	73,258	61,887	12,420	20,255	12,627	16,462	28,252
Licenses and permits	374,585	613,593	473,777	284,774	378,273	308,948	229,903	203,543	219,643	172,551
Intergovernmental - state	37,882,523	40,858,233	39,281,530	46,049,528	66,093,137	87,984,022	48,749,945	39,191,914	39,474,358	47,119,568
Intergovernmental - federal	6,875,474	9,743,461	7,755,470	4,354,411	6,169,237	6,470,582	8,133,140	9,103,956	208,221	117,160
Interest on investments	575,446	454,514	921,353	1,954,655	3,276,658	2,540,983	768,421	246,096	9,697,162	7,288,202
Charges for current services	3,001,852	4,252,119	4,453,847	4,454,353	4,316,112	4,641,836	3,641,867	3,988,455	4,194,482	4,749,468
Schools, library and recreation fees	642,550	395,262	437,436	397,320	341,499	461,072	455,396	433,701	383,922	328,918
Sewer use charges	4,271,282	4,246,585	4,448,245	4,615,730	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588
Solid waste management charges	2,673,748	2,795,602	2,870,209	2,856,433	2,877,959	2,930,894	2,839,702	2,669,731	2,658,222	2,489,102
Other revenue	970,650	868,045	1,068,011	1,345,114	1,388,699	1,292,668	1,211,107	1,195,308	1,573,575	1,465,363
<b>Total revenues</b>	<b>109,435,903</b>	<b>123,225,551</b>	<b>119,779,294</b>	<b>127,727,158</b>	<b>157,138,889</b>	<b>181,349,107</b>	<b>143,965,810</b>	<b>138,109,562</b>	<b>142,948,226</b>	<b>147,190,389</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,235,650	1,190,848	1,241,886	1,357,931	1,504,677	2,975,801	1,299,574	1,286,088	1,436,011	1,581,682
General services	4,669,418	4,641,646	3,989,388	4,167,487	4,263,014	4,408,325	4,589,704	4,624,308	4,397,592	4,319,947
Public safety	7,600,361	7,310,931	5,979,573	5,849,705	6,323,410	6,393,154	6,563,875	6,607,236	6,619,886	7,143,513
Public works	6,117,905	6,154,964	6,134,737	7,100,724	6,579,008	7,382,546	7,763,799	7,440,674	6,859,332	6,146,907
Planning and development	1,323,106	1,167,475	1,012,183	1,038,921	1,037,790	1,185,564	1,209,680	1,259,708	1,107,830	1,103,737
Health and human services	2,340,852	2,135,895	849,213	772,496	828,779	814,920	726,667	880,991	993,098	841,222
Community services	5,881,783	5,649,969	5,298,690	5,538,010	5,741,133	6,048,468	6,098,640	5,963,974	5,983,961	5,501,721
Education	66,295,799	67,852,694	69,780,332	74,848,015	76,797,640	99,693,643	80,526,482	84,009,416	83,941,123	85,613,686
Subdivisions	4,439,591	4,325,510	4,262,479	4,581,248	4,719,027	4,838,436	5,092,447	4,964,012	4,740,354	4,883,336
Sewer operations	3,004,914	3,017,330	2,946,567	3,338,937	3,514,978	3,550,353	3,771,722	3,949,168	3,961,145	4,274,215
Solid waste management	4,019,679	3,534,354	2,813,917	2,651,573	2,626,356	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841
Nondepartmental (1)	719,725	823,330	4,115,410	4,520,784	4,931,331	5,166,273	5,954,633	6,518,577	7,999,321	8,589,044
Outside agencies (2)			1,610,548	1,632,556	1,662,697	1,771,930	1,782,982	2,202,051	2,317,827	2,391,992
Debt service miscellaneous	300	114,287	465							
Debt service interest	914,090	811,639	692,503	695,072	966,583	1,568,804	4,130,000	4,010,000	4,769,581	23,854,505
Debt service principal	2,450,000	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252	2,145,073	2,267,103	(16,021,790)
Capital outlay	5,152,660	3,746,504	5,364,941	9,144,864	49,989,332	52,446,072	17,636,449	13,550,410	3,039,247	6,336,975
<b>Total expenditures</b>	<b>116,165,833</b>	<b>115,147,376</b>	<b>118,902,832</b>	<b>129,978,323</b>	<b>174,435,755</b>	<b>203,772,069</b>	<b>151,523,573</b>	<b>151,781,176</b>	<b>143,068,938</b>	<b>148,847,533</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(6,729,930)</b>	<b>8,078,175</b>	<b>876,462</b>	<b>(2,251,165)</b>	<b>(17,296,866)</b>	<b>(22,422,962)</b>	<b>(7,557,763)</b>	<b>(13,671,614)</b>	<b>(120,712)</b>	<b>(1,657,144)</b>
<b>Other Financing Sources (Uses):</b>										
Proceeds of bonds				5,005,000	16,570,000	18,500,000	7,550,000	9,675,000		
Issuance of capital lease								43,613		
Proceeds of loans							12,864,411			
Proceeds of refunding bonds		5,175,000								19,015,000
Payment to refunding escrow		(5,319,102)								(20,107,027)
Premiums on bond issuance		258,388								1,301,282
Operating transfers in	4,187,509	4,697,234	4,256,774	4,286,604	5,622,237	3,894,290	3,378,880	4,683,422	4,784,137	4,094,412
Operating transfers out	(4,466,804)	(5,016,630)	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)	(3,378,880)	(4,683,422)	(4,784,137)	(4,094,412)
<b>Total other financing sources (uses)</b>	<b>(279,295)</b>	<b>(205,110)</b>	<b>(319,396)</b>	<b>4,735,000</b>	<b>15,944,336</b>	<b>18,500,000</b>	<b>20,414,411</b>	<b>9,718,613</b>	<b>-</b>	<b>209,255</b>
<b>Net Change in Fund Balances</b>	<b>(7,009,225)</b>	<b>7,873,065</b>	<b>557,066</b>	<b>2,483,835</b>	<b>(1,352,530)</b>	<b>(3,922,962)</b>	<b>12,856,648</b>	<b>(3,953,001)</b>	<b>(120,712)</b>	<b>(1,447,889)</b>
<b>Fund Balance at Beginning of Year</b>	<b>23,230,213</b>	<b>16,220,988</b>	<b>24,094,053</b>	<b>24,651,119</b>	<b>27,134,954</b>	<b>25,782,424</b>	<b>21,859,462</b>	<b>34,716,110</b>	<b>30,763,109</b>	<b>30,642,397</b>
<b>Fund Balance at End of Year</b>	<b>\$ 16,220,988</b>	<b>\$ 24,094,053</b>	<b>\$ 24,651,119</b>	<b>\$ 27,134,954</b>	<b>\$ 25,782,424</b>	<b>\$ 21,859,462</b>	<b>\$ 34,716,110</b>	<b>\$ 30,763,109</b>	<b>\$ 30,642,397</b>	<b>\$ 29,194,508</b>
<b>Debt Service as a Percentage to Noncapital Expenditures</b>	<b>3.03%</b>	<b>3.13%</b>	<b>3.08%</b>	<b>2.84%</b>	<b>3.15%</b>	<b>3.20%</b>	<b>4.58%</b>	<b>4.47%</b>	<b>5.08%</b>	<b>5.33%</b>

(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.

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

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2003**	\$ 1,337,947	\$ 787,520	\$ 174,543	\$ 541,208	\$ 574,415	\$ 426,179	\$ 2,415,040	20.57	\$ 3,450,057	70.0 %
2004	1,344,379	816,332	174,543	541,208	574,415	426,179	2,450,282	22.75	4,348,601	56.3
2005	1,367,849	826,284	174,832	530,053	569,118	397,142	2,501,875	22.62	5,092,046	49.1
2006	1,374,504	845,102	190,416	537,173	573,603	366,266	2,580,928	22.95	5,718,342	45.1
2007	1,392,856	865,827	200,815	515,071	593,531	254,868	2,719,702	24.05	6,111,010	44.5
2008**	1,713,224	1,009,245	190,854	536,897	789,245	255,073	3,195,147	21.21	5,789,799	55.2
2009	2,059,143	1,110,085	191,697	560,878	847,697	229,543	3,692,260	19.27	6,114,730	60.4
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,250,151	78.2
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,759,272	71.3
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,148,252	79.8

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	2012			2003			
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	
104	Pfizer, Inc.	Pharmaceutical	\$ 543,405	1	13.3%	\$ 338,486	1	14.2%	
	Electric Boat Corp.	Submarine Mfg./R&D	194,463	2	4.8%	156,493	2	6.5%	
	Exit 88 Hotel LLC	Mystic Marriott Hotel	27,889	3	0.7%				
	LCOR Groton Apartments LLC	Ledges Apartments	21,636	4	0.5%				
	Groton Devel Assoc Ltd	Country Glen Apartments	20,537	5	0.5%	11,354	3	0.5%	
	CW Groton Square LLC	Groton Square Shopping Center	17,670	6	0.4%	10,484	5	0.4%	
	ELK La Triuphe LLC	LaTriumphe Apartments	17,437	7	0.4%	9,421	7	0.4%	
	Groton Estates LLC	Colonial Manor Apartments	13,081	8	0.3%	8,340	9	0.4%	
	Groton Shoppers Mart LLC	Shopping Center	12,184	9	0.3%				
	Cedar Groton LLC	Shopping Center	11,506	10	0.3%				
	CSC Outsourcing	Leased Equipment at Electric Boat				11,023	4	0.5%	
	Branford Manor Assoc	Apartment Complex				10,026	6	0.4%	
	Groton Assoc of CT LP	Convalescent Home				8,447	8	0.4%	
	Mall Inc.	Shopping Center				7,478	10	0.3%	
				<u>\$ 879,808</u>		<u>21.5%</u>	<u>\$ 571,553</u>		<u>23.9%</u>

Source: Town Assessor's office

**TOWN OF GROTON, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

(In Thousands)

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year *</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount *</u>	<u>Percentage of Levy</u>
2003	\$ 50,226	\$ 49,200	97.96 %	\$ 1,418	\$ 50,618	100.78 %
2004	56,684	55,467	97.85	980	56,447	99.58
2005	56,978	56,033	98.34	710	56,743	99.59
2006	59,700	58,714	98.35	1,460	60,174	100.79
2007	65,828	64,595	98.13	996	65,591	99.64
2008	68,586	67,315	98.15	1,147	68,462	99.82
2009	71,554	70,215	98.13	1,773	71,988	100.61
2010	73,703	72,295	98.09	2,589	72,295	98.09
2011	76,226	74,842	98.18	730	74,842	98.18
2012	77,465	75,868	97.94	n/a	75,868	97.94

Source: Town Assessor's office and Finance office

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

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

Fiscal Year	Town Direct Rate	Overlapping Rates											
	Basic Rate	Groton Sewer District	City of Groton	Poquonnock Bridge Fire District	Mystic Fire District	Noank Fire District	Old Mystic Fire District	Groton Long Point Association	Center Groton Fire District	West Pleasant Valley Fire District	Mumford Cove District	First Taxing District	Second Taxing District
2003	20.57	0.750	4.905	5.300	2.830	1.270	2.800	3.400	4.500	3.380	0.270	3.670	4.350
2004	22.75	0.750	4.905	5.300	2.770	1.170	2.600	3.300	4.500	3.500	0.260	3.900	5.710
2005	22.62	0.750	4.905	5.600	2.720	1.170	2.850	3.300	4.500	3.500	0.260	N/A	N/A
2006	22.95	0.750	4.905	5.900	2.750	1.000	2.800	3.450	4.500	3.400	0.260	N/A	N/A
2007	24.05	0.750	4.905	6.100	2.820	1.000	2.850	3.830	4.500	3.400	0.248	N/A	N/A
2008	21.21	0.390	4.400	5.400	2.390	1.350	2.800	3.410	3.500	3.000	0.197	N/A	N/A
2009	19.27	0.330	4.300	5.200	2.150	1.320	2.370	3.000	3.000	2.690	0.162	N/A	N/A
2010	17.95	0.280	4.135	4.800	1.960	1.140	2.200	2.580	3.000	3.100	0.279	N/A	N/A
2011	18.42	0.290	4.135	4.800	2.030	1.140	2.200	2.910	3.000	2.700	0.279	N/A	N/A
2012	18.89	0.250	4.135	5.500	1.940	1.140	2.200	2.780	3.000	2.750	0.279	N/A	N/A

106

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

## TOWN OF GROTON, CONNECTICUT

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

**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Bonded Debt</b>		<b>Debt as a Percentage of Actual Taxable Value of Property (1)</b>	<b>Total Primary Government</b>	<b>Debt as a Percentage of Personal Income (2)</b>	<b>Debt Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Other Bonds</b>				
2003	\$ 15,370,000	\$ 5,165,000	1.1%	\$ 20,535,000	2.19%	\$ 524
2004	13,585,000	4,385,000	0.7%	17,970,000	1.86%	446
2005	11,555,000	3,605,000	0.6%	15,160,000	1.58%	379
2006	14,585,000	2,840,000	0.7%	17,425,000	1.80%	430
2007	28,940,000	2,105,000	1.2%	31,045,000	3.13%	750
2008	41,725,000	4,590,000	1.7%	46,315,000	5.33%	1,172
2009	42,555,000	7,180,000	1.3%	49,735,000	5.77%	1,270
2010	48,985,000	6,415,000	1.7%	55,400,000	5.95%	1,309
2011	45,700,000	5,890,000	1.3%	51,590,000	5.93%	1,304
2012	42,340,000	5,650,000	1.2%	47,990,000	3.83%	1,199

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

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

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF DEBT LIMITATION**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Tax Base:		
Total tax collections (including interest and lien fees)	\$	77,638,571
Total tax collections (including interest and lien fees) of coterminous municipalities		13,427,793
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u><u>91,068,364</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	\$ 204,903,819	\$	\$	\$	\$
4 1/2 times base		409,807,638			
3 3/4 times base			341,506,365		
3 1/4 times base				295,972,183	
3 times base					<u>273,205,092</u>
Total limitations	<u>204,903,819</u>	<u>409,807,638</u>	<u>341,506,365</u>	<u>295,972,183</u>	<u>273,205,092</u>
Indebtedness:					
Bonds outstanding	14,626,000	27,714,000	5,650,000		
Serial notes					
Authorized and unissued	1,618,137	2,910,459			
Underlying debt:					
Bonds and serial notes	4,742,756		765,000		
Authorized and unissued	250,000				
Less school building grants					
Total indebtedness	<u>21,236,893</u>	<u>30,624,459</u>	<u>6,415,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 183,666,926</u>	<u>\$ 379,183,179</u>	<u>\$ 335,091,365</u>	<u>\$ 295,972,183</u>	<u>\$ 273,205,092</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 58,276,352

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 637,478,548

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

**TOWN OF GROTON, CONNECTICUT**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS  
(In Thousands)**

	<b>FISCAL YEAR</b>									
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Debt limit	\$ 427,460	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479
Total net debt applicable to limit	<u>52,206</u>	<u>62,803</u>	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>	<u>68,618</u>	<u>58,276</u>
Legal Debt Margin	<u>\$ 375,254</u>	<u>\$ 411,988</u>	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>	<u>\$ 658,359</u>	<u>\$ 574,848</u>	<u>\$ 579,202</u>
Total net debt applicable to the limit as a percentage of debt limit	12.21%	13.23%	30.19%	26.06%	20.03%	15.21%	10.99%	11.32%	10.66%	9.14%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2012 debt limit can be found on Table 10.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>High School Graduate or Higher</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2003	40,270	\$ 964,668	\$ 23,955	32.5	88.0%	5,780	5.5%
2004	40,020	958,679	23,955	32.5	88.0%	5,750	5.2%
2005	40,522	970,705	23,955	32.5	88.0%	5,572	4.9%
2006	41,366	990,923	23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	7.7%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	9.0%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	9.3%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.8%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

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

<u>Name</u>	<u>Nature of Business</u>	<u>2012</u>			<u>2003</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
U.S. Navy Submarine Base	Military Base	9,710	1	35.5%	9,900	1	35.0%
Electric Boat Corporation	Submarine Mfg/R&D	5,897	2	21.6%	8,600	2	30.4%
Pfizer, Inc.	Pharmaceutical	4,013	3	14.7%	5,231	3	18.5%
Town of Groton	Municipality	952	4	3.5%	1,022	4	3.6%
Theater Aviation Sustainment Maintenance Group	Helicopter repair	502	5	1.8%	339	5	1.2%
City of Groton	Municipality	227	6	0.8%	180	7	0.6%
PCC Structural (1)	Manufacturer	180	7	0.7%	245	6	0.9%
Mystic Marriott	Hotel/Conference Center	216	8	0.8%			
Lawrence & Memorial Facilities	Hospital	198	9	0.7%			
Doncasters Precision Castings	Manufacturer	125	10	0.5%	90	10	0.3%
Anteon Corporation	Engineering/Technology				120	8	0.4%
Proto-Power Corporation	Engineering/Design				105	9	0.4%
		<u>22,020</u>		<u>80.6%</u>	<u>25,832</u>		<u>91.3%</u>

(1) Formerly known as Wyman Gordon Company



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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	57.00	55.00	52.00	52.00	53.00	54.00	54.00	53.00	51.00	48.00
Public safety	74.00	73.00	72.00	72.00	73.00	75.00	77.00	75.00	74.00	72.00
Public works	47.50	46.50	52.25	52.25	52.25	60.25	58.25	57.25	56.25	52.25
Planning and development	19.00	18.00	18.00	18.00	18.00	17.00	18.00	18.00	17.00	16.00
Human services	16.00	13.00	13.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00
Community services	43.50	42.75	42.75	43.00	44.00	44.00	43.00	43.00	42.50	40.50
Golf course	7.50	7.25	7.25	7.00	7.00	7.00	7.00	7.00	6.50	6.50
Sewer system maintenance	20.25	17.75	17.75	17.75	17.75	17.75	17.75	17.75	18.75	18.75
Solid waste management	10.25	7.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	0.00	1.00	2.00	2.00	1.00	0.00	0.00	0.00
Fleet reserve	8.00	8.00	8.00	8.00	8.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	308.00	294.00	288.00	286.00	290.00	290.00	289.00	284.00	279.00	267.00
Board of Education	722.00	670.00	665.00	659.00	655.00	659.00	665.00	667.00	665.00	683.00
Total	<u>1,030.00</u>	<u>964.00</u>	<u>953.00</u>	<u>945.00</u>	<u>945.00</u>	<u>949.00</u>	<u>954.00</u>	<u>951.00</u>	<u>944.00</u>	<u>950.00</u>

Source: Adopted Town Budgets

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

**TOWN OF GROTON, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Government</b>										
Marriages and civil unions of residents	405	479	456	524	507	474	488	515	540	464
Births to Groton residents	616	634	619	610	580	608	565	554	545	419
Deaths of Groton residents	331	375	365	350	394	381	402	408	374	338
<b>Boards and Agencies</b>										
Registered voters	17,187	17,718	18,723	17,909	17,824	18,025	19,559	22,901	19,524	20,138
Elections and referenda	1	3	2	1	2	3	1	1	3	2
<b>Planning and Development</b>										
Building permits issued	1,596	1,614	1,523	1,600	1,438	1,520	1,359	1,388	1,267	1,355
Building inspections conducted	5,400	5,510	4,389	4,500	5,800	5,400	4,600	4,000	3,500	3,100
Value of building permits	\$ 33,033,853	\$ 53,865,153	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056	\$ 15,235,881
<b>Public Safety</b>										
Arrests	1,207	1,151	905	672	685	1,058	1,016	1,112	883	755
Parking violations	960	903	450	336	175	292	313	198	228	244
Traffic violations	4,756	4,270	3,547	4,752	4,334	6,331	7,028	5,526	4,598	5,857
<b>Public Works</b>										
Street resurfacing (in miles)	3.16	5.85	2.73	3.94	3.27	3.03	1.20	1.59	2.29	3.25
Number of snow and ice control callouts	20	13	21	9	12	14	19	17	18	6
Miles of roads maintained (excludes GLP in 2006)	94.00	97.00	97.50	91.77	92.78	92.78	92.85	93.40	93.40	95.21
<b>Parks and Recreation</b>										
Athletic field permits issued	1,233	1,189	1,325	1,198	698	625	330	240	137	86
Summer season programs	232	204	163	181	170	161	201	197	197	201
Indoor season programs	599	541	637	583	603	606	640	706	719	537
Acres of grounds maintained	1,561	1,686	1,710	1,726	1,726	1,726	1,726	1,726	1,726	143
<b>Public Libraries</b>										
Volumes in collection	129,603	132,398	134,280	136,759	149,416	152,212	140,875	141,527	147,146	144,416
Items circulated	367,490	362,455	355,310	347,833	347,448	343,423	372,993	367,159	381,769	368,587
<b>Senior Center</b>										
Meals on wheels provided	35,207	34,620	31,046	34,068	36,982	23,800	23,800	17,888	16,756	16,270
Senior mini-bus trips	88	81	61	54	69	60	60	53	27	35
<b>Human Services</b>										
Households provided energy assistance	1,300	1,300	1,500	1,500	1,600	1,600	1,650	1,660	1,660	1,660
Households utilizing Groton Food Locker	4,300	4,500	4,500	4,500	4,500	4,500	4,500	4,600	4,600	4,600
Households receiving rent assistance	1,500	1,700	1,700	1,700	1,800	1,800	1,850	1,860	1,860	1,875
<b>Education</b>										
Elementary schools	10	9	9	9	9	8	7	7	7	7
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<b>Sewer</b>										
Miles of Sewer Line Maintained	129.8	130.0	130.7	130.7	132.9	134.0	135.3	135.3	136.5	136.5

Source(s): Various Town Departments

N/A Information not available

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

	FISCAL YEAR									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	45	45	47	46	46	46	46	45	45	45
<u>Public Works</u>										
Miles of town streets	97.88	98.76	97.66	98.9	99.81	99.81	99.88	100.43	93.4	95.21
Streetlights	1,308	1,308	1,350	1,330	1,334	1,334	1,325	1,337	1,339	1,339
Public works vehicles	194	228	228	227	213	213	203	197	197	197
<u>Parks and Recreation</u>										
Acreage	641	754	768	780	780	780	1,018	1,019	1,019	1,237
Parks	22	30	32	33	33	33	33	53	53	53
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	7	7	5	5	5	5	5	5	6
<u>Education</u>										
Schools	14	13	13	13	13	12	11	11	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	128	130	130	132.86	132.86	134	135.3	135.3	136.3	136.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500	7,500

Source(s): Various Town Departments