

TOWN OF GROTON, CONNECTICUT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2013

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**The Fiscal Year Ended
June 30, 2013**

Prepared By:

The Finance Department

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

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December 18, 2013

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, 2013.

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

The Town of Groton's financial statements have been audited by Blum Shapiro & Company, P.C., and a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Groton for the fiscal year ended June 30, 2013, 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

“Submarine Capital of the World”

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, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government:

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut's Department of Public Health, the Town's population is approximately 39,896 residents. Originally part of the City of New London, the Town was incorporated May 10, 1705 and lies equidistant between New York City and Boston.

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

Governing Body:

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

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

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

Services:

The Town of Groton provides a full range of services, including education, public safety, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2013, approximately 268 full-time municipal employees provided services to a community of 38 square miles and 39,896 residents.

Budgetary Process:

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

In other matters, the RTM has the power of initiative to institute legislation or force reconsideration of an ordinance already adopted by the Town Council. The forty-one RTM members are elected by seven (7)-voting districts for two-year terms.

Expenditure Control:

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

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

The Town maintains an encumbrance accounting system as another method of maintaining budgetary control. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500

require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. For FYE 2013, State Statute required 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 2013 the Town had an unemployment rate of 8.7% as compared to the New London County rate of 8.2%, the state's average rate of 8.1% and the national average of 7.6%. New London County has an employed labor force of approximately 132,637 residents.

Grand List decreases by 2.1%: The October 1, 2012 net adjusted taxable Grand List fell 2.1% from the 2011 Grand List, after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,857,363,246. Real estate stayed about the same at \$3.389 billion. The net personal property grand list decreased 21.7%, from about \$352 million to about \$276 million. The motor vehicles portion of the grand list decreased 2.5% from \$197 million to \$192 million. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

Long-term Financial Planning/Relevant Financial Policies:

The unassigned fund balance in the general fund (9.7% 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 \$3,750,000 was reduced by the RTM to \$3,650,000.

Major Initiatives: For the Fiscal Year Ended June 30, 2013:

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 was mainly completed in March 2013.

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 was completed for a total of \$9.3 million, roughly \$2.4 million under budget, there is approximately \$400,000 of expenses that need to be bonded with another larger bond issue. The November 2007 authorization to bond which was about to expire in November 2012 was extended by the Town Council and RTM until November 2015.

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.

Major Initiatives: For the Future:

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:

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

The issue of consolidation, which would have been achieved with the referendum's passage, will be considered by the Board of Education as necessary to keep education costs as low as possible and to respond to a declining school population. A School Facilities Task Force was formed in January 2013 to determine the best approach to plan the successor to the Phase II school facilities plan.

Mystic Streetscape:

The Phase II project will install improvements along Water Street (Route 215) from the vicinity of the existing Public Restrooms and extend south to include the intersection of Noank Road at the local portion of Water Street for a total length of approximately 900 feet. Improvements include roadway re-paving, roadway widening to add parking space, drainage improvements, curb and sidewalk installations/pedestrian improvements, and landscaping. The improvements will be constructed in one phase. Total Project Cost is estimated at \$1.2 million and will be funded under the Federal STP-Urban Systems Program with 80% Federal and 20% Local funding participation under State Project #58-326. Construction is expected to begin in March 2014 and be completed by June 27, 2014.

Debt Administration:

In February 2013 Refunding Bonds in the amount of \$21,080,000 were sold. General Obligation Refunding Bonds issued totaled \$19,060,000 and \$2,020,000 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 \$1.5 million over the remaining eighteen years of the bonds. The distribution on savings between funds was estimated to be \$1.5 million to the General Fund and \$159,000 to the Sewer Operating Fund.

The sale date was Wednesday February 27, 2013. The actual budgetary savings over the remaining 18 years of the bonds was realized at \$1.6 million. The amount of the savings associated with debt service pertaining to the General Fund is \$1,503,990.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$38,580,000 of general obligation bonds, \$5,195,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$43,775,000. Last fiscal year that total amount was \$47,990,000.

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 2013 data.

	<u>Adopted Policy</u>	<u>FYE 2013</u>
Comparison to State’s Statutory Debt Limit:	not to exceed 50%	6.5%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.1%
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, 2012. 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 (19) consecutive years (FYE 1994 through FYE 2012). 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 (20) consecutive years, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2014 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,

S. M. Pandolfo

Salvatore M. Pandolfo
Finance Director



Government Finance Officers Association

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

Presented to

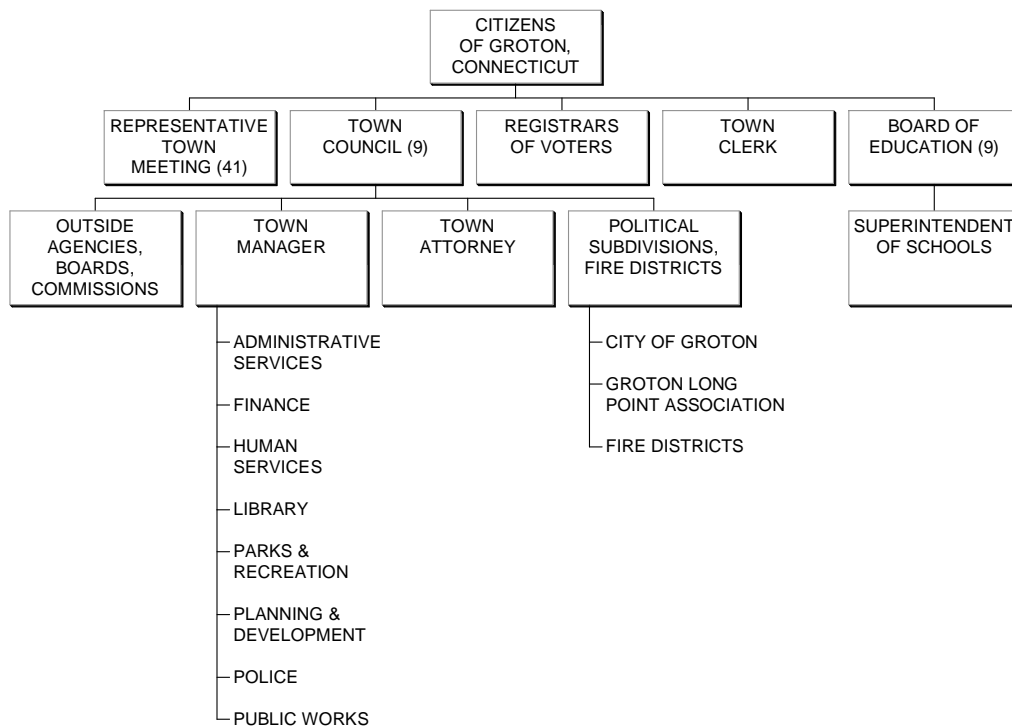
**Town of Groton
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2013

Town Council

Heather Bond Somers, Mayor
Dean G. Antipas
Bruce S. Flax
Bill Johnson
Karen F. Morton
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
Dr. John J. Ramos, Sr., Ed.D., Interim Superintendent of Schools
Eileen M. Duggan, Town Attorney

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison information on pages 60 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Groton, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 18, 2013

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, 2013 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars (ooo's).

Financial Highlights:

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$197,590 (net assets). Of this amount, \$35,517 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,546. This increase is mainly attributable to an increase in capital assets and a reduction in long term liabilities.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$28,815.
- For the fiscal year ended June 30, 2013, the unassigned fund balance for the General Fund was \$11,617 or 9.7% 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 \$4,827 (8.2%) during the current fiscal year. This was mainly due to decreases (\$4,215) in the principal amounts due on bonds for general government obligation debt and decreases (\$612) in the loan payment due to the State's Clean Water Fund.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2004 through the current audited fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 28-59 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 65 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 \$197,590 on June 30, 2013.

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

	Governmental Activities	
	2013	2012
Current assets	\$ 55,340	\$ 59,759
Capital assets, net of accumulated depreciation	216,397	214,210
Total assets	271,738	273,969
Long-term liabilities outstanding	62,667	66,773
Other liabilities	11,481	13,152
Total liabilities	74,148	79,925
Net Position:		
Net investment in capital assets	161,737	155,539
Restricted	336	247
Unrestricted	35,517	38,258
Total Net Position	\$ 197,590	\$ 194,044

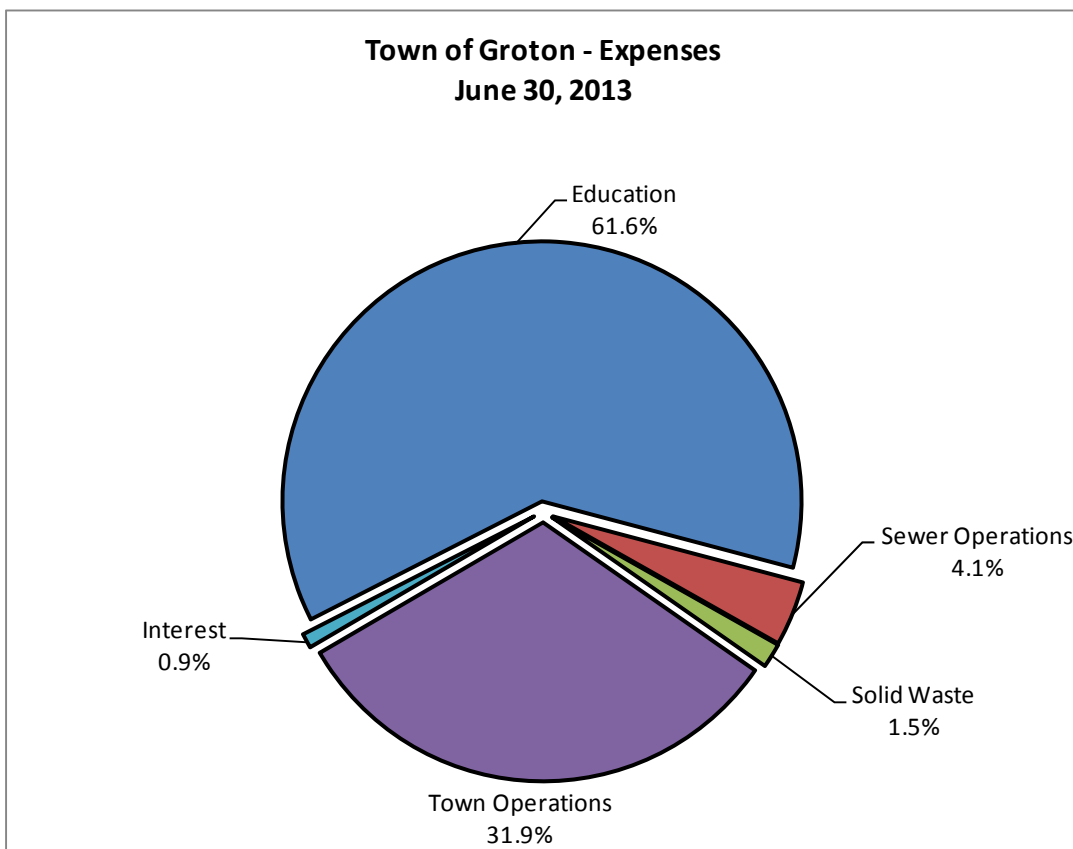
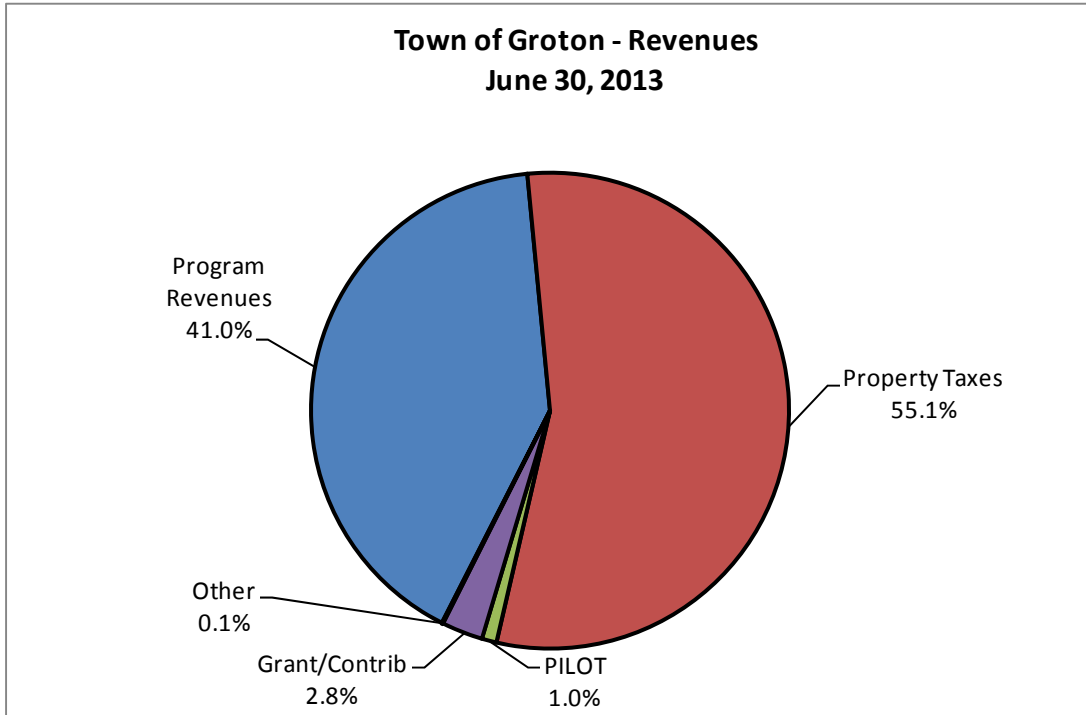
By far the largest portion of the Town of Groton's net position (82%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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 (\$35,517) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Approximately 55.1% of the revenues were derived from property taxes, followed by 34.8% from grants and contributions, then 9% from other program revenues, 1% from payments in lieu of taxes and finally less than 1% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	\$ 13,352	\$ 13,323
Operating grants and contributions	43,654	45,277
Capital grants and contributions	3,667	6,164
General revenues:		
Property taxes	81,627	79,098
Payments in lieu of taxes	1,480	1,623
Grants and contributions (not restricted)	4,144	3,849
Other unrestricted investment earnings	127	129
Total revenues	<u>148,051</u>	<u>149,463</u>
Expenses:		
General government/services	8,530	9,061
Public safety	12,296	12,371
Public works	13,629	17,352
Planning and development	1,831	1,641
Human service	2,715	2,743
Community services	7,107	6,798
Board of Education	89,023	87,769
Sewer operations	5,864	4,925
Solid waste	2,200	2,287
Interest on long-term debt	1,310	2,640
Total expenses	<u>144,505</u>	<u>147,587</u>
Increase in Net Position	3,546	1,876
Net Position July 1	<u>194,044</u>	<u>192,168</u>
Net Position June 30	<u>\$ 197,590</u>	<u>\$ 194,044</u>



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$1,412 lower in 2013 when compared to 2012 or a decrease of 0.9%.
- ◆ Grants and Contributions were less in 2013 as the Town realized less in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2013 increased mainly due to an increase in the amount of current and prior year taxes and interest and lien fees received. The Town's tax rate increased from 18.89 mills to 20.22 mills but due to the 2011 revaluation of real estate that impacted that mill rate, most property owners saw a decrease in taxes owed.
- ◆ Investment earnings decreased by \$2 from the prior fiscal year to \$127 for the fiscal year ended June 30, 2013. The reduction to interest and dividend earnings was the result of lower interest rates on investments and less funds available for investment purposes.

For Governmental Activities, 61.6% of the Town's expenses relate to education, 9.4% relate to public works, 8.5% relate to public safety, 5.9% to general government/services, 4.9% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$3,082 lower in 2013 when compared to 2012 or a decrease of 2.1%.
- ◆ Town Operations expenses were \$3,858 lower in 2013 when compared to 2012 or a decrease of 7.7%.
- ◆ Education expenses were \$1,254 higher in 2013 when compared to 2012 or an increase of 1.4%
- ◆ Decreases/increases in Sewer Operations, Solid Waste and Interest on Long Term Debt accounted for a decrease of \$478 in expenses over 2011 or a decrease of 4.8%.

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 \$28,815, a decrease of \$380 in comparison with the prior year. Of this amount, \$11,367 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,617, which is included in the total fund balance of \$14,621. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.7% of total general fund expenditures, while total fund balance represents 12.2% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$1,874 during the current fiscal year. The unassigned fund balance increased by \$2,196. Key factors in the total fund balance increase of \$1,874 are as follows:

- ◆ Revenues were \$2,377 more than budgeted mainly due to increases in general property taxes and Federal funding.
- ◆ Expenditures were under budget by \$1,536 due to unexpended funds in Town Operations, Debt Service and Contingency.
- ◆ With revenues over budget and expenditures under budget, the \$1,589 of fund balance applied to FYE 2013 was not required to balance the FYE 2013 budget.
- ◆ The reserve for encumbrances was reduced by \$866 reflecting the town's continued efforts to tighten up its procedure for handling encumbrances.
- ◆ The amount designated for the subsequent year budget was increased from \$1,589 to \$2,014.

Capital Improvements Fund. This fund has a total fund balance of \$5,694, down from \$6,506 in the prior year. The decrease is mainly explained by the increase in Capital Outlays.

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 \$812 for the Fleet Reserve Fund, \$6,450 for the Health Insurance Fund and a deficit of \$699 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total decrease in net assets for the internal service funds was \$2,321 mainly due a decrease 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 \$266 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 \$121,684 which was over the adopted budget by \$2,377. The majority of this increase can be attributed to an increase in property tax revenue and Federal revenues.

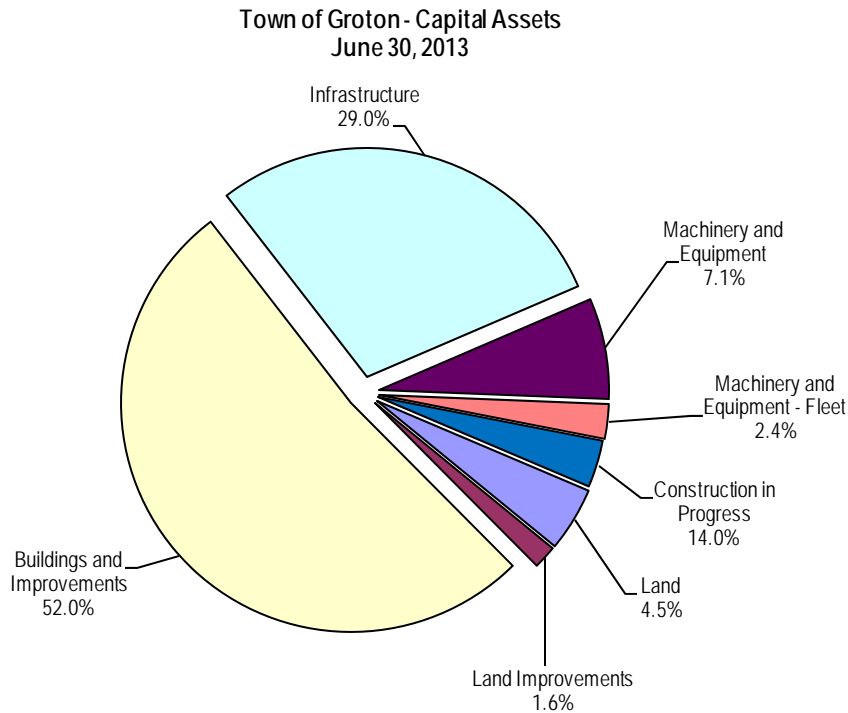
Actual expenditures were under budget by \$1,536 with town operations returning \$929 and \$184 was left unspent in the Contingency function and \$340 was unspent in the debt service function due to the refunding of bonds.

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$335,640. 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 2.9% 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)**

	Governmental Activities	
	2013	2012
Land	\$ 15,173	\$ 13,836
Land improvements	5,519	5,130
Buildings and improvements	174,380	173,739
Infrastructure	97,449	95,166
Machinery and equipment	23,786	22,364
Machinery and equipment - fleet	8,170	7,745
Construction in progress	11,163	8,076
Total	\$ 335,640	\$ 326,056



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

- Regarding the use of the State's Local Capital Improvement Project (LoCIP) funds, there were no major amounts (over \$50) expended.

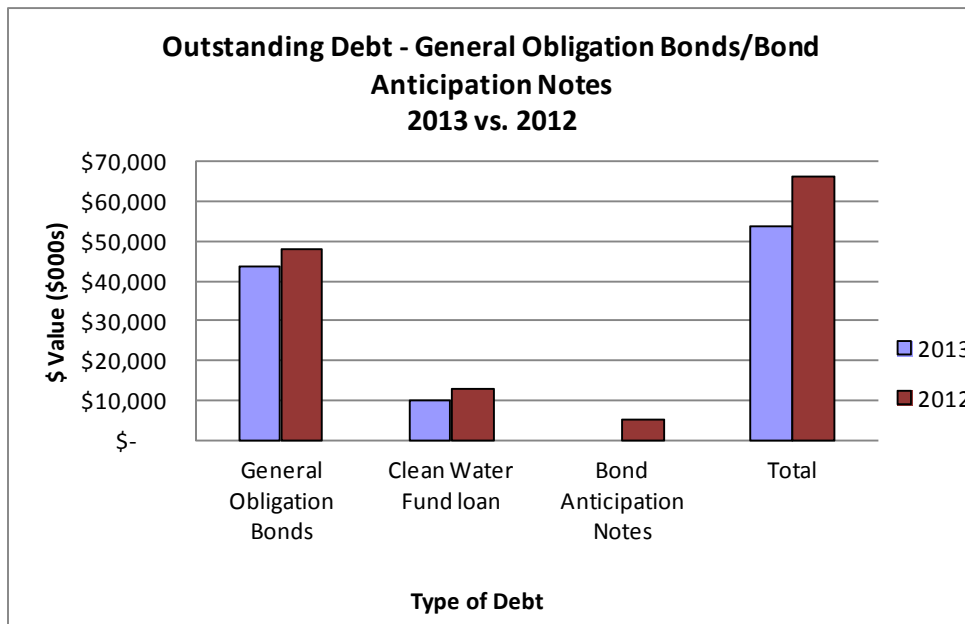
- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:
 - Bridge Construction: \$91
 - Middle School Modifications: \$795
 - Mystic Streetscapes Project: \$2,129
 - Mystic Streetscapes Project-Phase2: \$54
 - Open Space Acquisition: \$75
 - Pavement Management Program: \$616
 - Pavement Management Program-City: \$440
 - Pavement Management Program-GLP: \$190
 - Recreational Facilities Improvement: \$59
 - Schools-Asbestos: \$347
 - Schools-S. B. Butler: \$124
 - Schools-Security: \$215
 - Town/Fire Ems Radio System: \$165
 - Water Pollution Control Facility; Facility Renovations: \$961
 - Water Pollution Control Facility; Sewer Line Replacements: \$402

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 41-42 and on pages 93 through 95 of this report.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$53,828. Of this amount, \$48,633 comprises debt backed by the full faith and credit of the government and \$5,195 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	Governmental Activities	
	2013	2012
General obligation bonds	\$ 43,775	\$ 47,990
Clean Water Fund loan	10,053	10,665
Total	\$ 53,828	\$ 58,655



The Town of Groton’s general obligation bonds have decreased \$4,827 or 8.2% 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 2013, the Town of Groton’s bond rating was maintained at an “AA” rating with Fitch Ratings and Standard & Poor’s 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 \$669,064. As of June 30, 2013, the Town recorded total indebtedness of \$56,413 related to Governmental Activities, well below its statutory debt limits.

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

Economic Factors and Next Year's Budgets and Rates:

- As of June 2013, the Town had an unemployment rate of 8.7% as compared to the New London County rate of 8.2%, the state's average rate of 8.1% and the national average of 8.1%.
- New London County has an employed labor force of approximately 132,637 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List decreases by 2.1%:

The October 1, 2012 net adjusted taxable Grand List fell 2.1% from last year's after appeals were heard by the Board of Assessment Appeals. The net adjusted grand list now totals \$3,857,363. The combined assessment of the top 10 taxpayers comprises 23.5% of the town's net grand list.

Net real estate remained unchanged to about \$3.389 billion.

Net residential **real estate** assessments increased 0.1%, from about \$2,247 billion to \$2,249 billion. This year, with the decrease in the personal property portion of the grand list, the residential real estate's share of the entire net grand list increased slightly - from 57% of the 2011 grand List to 58.3% of the 2012 grand list. Net commercial real estate increased this year, increasing 0.2% to \$574 million. The net assessment for industrial property which includes Pfizer and EB, was reduced by \$2,145 or 0.4%.

Seventeen single-family homes were started for the October 1, 2012 grand List, compared to 13 last year.

The **personal property** grand list decreased in both the gross and net assessments. Netting out at a 21.7% reduction, the grand list fell from \$353 to \$276. The majority of the reduction is attributable to a drop in the declared business assets at Pfizer, Inc.

In addition to the drop in Pfizer Inc.'s assets, both the number of personal property assessment penalties and the assessed value of the penalties fell this year, also reflecting a downturn in the economy as businesses struggle to remain open and active. The final number of accounts for the 2012 grand list was 1,995 accounts, down from 2,114 active accounts on the 2011 personal property grand list.

The net assessment on personal property now comprises 7.2% of the grand list, compared to 9 percent of the 2011 grand list.

The **motor vehicles** portion of the grand list, adjusted for military exemptions dropped 2.5% this year, falling from \$197,354 in 2011 to \$192,352 in 2012. The National Auto Dealer Association August 2012 annual report indicates that the year-over-year value for used passenger cars has fallen slightly while passenger trucks & large SUV's have shown to be desired in the used car market. Passenger registrations make up 73% of the list, and the NADA report confirms the drop in the grand list. There were 268 fewer motor vehicles registered in town for 2012.

The net assessment on motor vehicles comprises 5.0% of the grand list, similar to the 2011 grand list.

Other Information:

During the fiscal year ended June 30, 2013, the Town of Groton's General Fund received 30.4% 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 2013 is at 9.7% of operating expenses which is above the minimum acceptable guideline set by the Town Council. With a reliance on property taxes, 67.0% of the General Fund revenues are derived from general property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

During the current fiscal year, the unassigned fund balance in the General Fund increased to \$11,617. The Town Council has assigned \$2,014 of the total fund balance to fund the 2014 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 POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 41,122,309
Investments	2,980,000
Receivables (net of allowances for collection losses):	
Property taxes	3,134,299
Special assessments	629,123
Accounts	988,841
Federal and state governments	2,942,945
Other	373,658
Due from fiduciary fund	728,284
Other assets	476,000
Net pension asset	1,019,760
Net other postemployment benefit asset	697,729
Capital assets, nondepreciable	26,335,737
Capital assets, net of accumulated depreciation	190,061,598
Restricted assets:	
Cash	133,685
Investments	113,858
Total assets	<u>271,737,826</u>
Liabilities:	
Accounts payable and accrued liabilities	10,441,908
Unearned revenue	1,039,444
Noncurrent liabilities:	
Due within one year	5,308,494
Due in more than one year	57,358,194
Total liabilities	<u>74,148,040</u>
Net Position:	
Net investment in capital assets	161,736,383
Restricted for:	
Trust, nonexpendable	336,163
Unrestricted	<u>35,517,240</u>
Total Net Position	<u>\$ 197,589,786</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, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</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	\$ 8,529,609	\$ 1,158,126	\$ 401,443	\$ 1,101,343	\$ (5,868,697)
Public safety	12,295,551	398,165	11,670	211,076	(11,674,640)
Public works	13,628,816	745,253	366,012	2,354,749	(10,162,802)
Planning and development	1,830,563	159,644	53,621		(1,617,298)
Health and human services	2,715,295	135,357	52,434		(2,527,504)
Community services	7,107,094	2,010,172	84,026		(5,012,896)
Education	89,023,978	1,042,262	42,629,153		(45,352,563)
Sewer operations	5,863,816	5,291,252	55,534		(517,030)
Solid waste management	2,199,954	2,411,917			211,963
Interest on long-term debt	1,310,199				(1,310,199)
Total Governmental Activities	\$ 144,504,875	\$ 13,352,148	\$ 43,653,893	\$ 3,667,168	(83,831,666)
		General revenues:			
					81,627,072
					1,479,465
					4,144,285
					126,718
					<u>87,377,540</u>
					Change in net position 3,545,874
					Net Position at Beginning of Year <u>194,043,912</u>
					Net Position at End of Year <u>\$ 197,589,786</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 16,381,411	\$ 6,663,679	\$ 9,163,299	\$ 32,208,389
Investments	2,980,000		113,858	3,093,858
Receivables, net	3,983,484	1,058,120	2,070,129	7,111,733
Due from other funds	1,815,440			1,815,440
Other assets	9,957		20,735	30,692
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 25,170,292</u>	<u>\$ 7,721,799</u>	<u>\$ 11,368,021</u>	<u>\$ 44,260,112</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,456,038	\$ 508,729	\$ 999,898	\$ 9,964,665
Due to State			7,208	7,208
Due to other funds		1,517,160	298,280	1,815,440
Deferred revenues	2,093,670	1,453	1,562,887	3,658,010
Total liabilities	<u>10,549,708</u>	<u>2,027,342</u>	<u>2,868,273</u>	<u>15,445,323</u>
Fund balances:				
Nonspendable			268,278	268,278
Restricted		5,694,457	2,215,000	7,909,457
Committed			6,266,751	6,266,751
Assigned	3,003,114			3,003,114
Unassigned	11,617,470		(250,281)	11,367,189
Total fund balances	<u>14,620,584</u>	<u>5,694,457</u>	<u>8,499,748</u>	<u>28,814,789</u>
Total Liabilities and Fund Balances	<u>\$ 25,170,292</u>	<u>\$ 7,721,799</u>	<u>\$ 11,368,021</u>	<u>\$ 44,260,112</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

Fund balances - total governmental funds (Exhibit III)	\$ 28,814,789
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	\$ 327,469,527
Less accumulated depreciation	<u>113,995,787</u>
Net capital assets	213,473,740
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Net pension asset	1,019,760
Net other postemployment benefit asset	697,729
Property taxes and assessments receivable greater than 60 days	2,067,027
Loan receivables greater than 60 days	551,539
Interest receivable on property taxes	781,538
Bond issuance costs	404,917
Internal service funds are used by management to charge the costs of fleet management, health benefits and workers compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	9,486,283
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	(43,775,000)
Bond premium	(3,488,821)
Deferred amounts on refunding	2,659,934
Clean water fund loan payable	(10,052,962)
Interest payable on bonds	(368,574)
Capital lease obligations	(4,103)
Compensated absences	(2,224,610)
Landfill closure costs	<u>(2,453,400)</u>
Net Position of Governmental Activities (Exhibit I)	<u>\$ 197,589,786</u>

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, 2013

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 81,691,813	\$	\$ 647,817	\$ 82,339,630
Assessments			4,375	4,375
Licenses and permits	175,081			175,081
Intergovernmental - state	40,387,709	2,415,770	3,707,916	46,511,395
Interest on investments	64,457	13,315	29,759	107,531
Intergovernmental - federal	4,495,804		1,308,551	5,804,355
Charges for current services	1,153,580		3,401,080	4,554,660
Schools, library and recreation fees	338,553			338,553
Sewer use charges			5,291,252	5,291,252
Solid waste management charges			2,411,917	2,411,917
Other revenue	496,322	27,326	594,614	1,118,262
Total revenues	<u>128,803,319</u>	<u>2,456,411</u>	<u>17,397,281</u>	<u>148,657,011</u>
Expenditures:				
Current:				
General government	991,575		275,218	1,266,793
General services	4,315,863			4,315,863
Public safety	6,338,941		543,752	6,882,693
Public works	6,257,089		36,270	6,293,359
Planning and development	1,201,607			1,201,607
Health and human services	562,602		185,569	748,171
Community services	3,359,237		2,147,500	5,506,737
Education	80,996,988		4,314,391	85,311,379
Subdivisions	5,228,234			5,228,234
Sewer operations			4,354,333	4,354,333
Solid waste management			2,199,954	2,199,954
Nondepartmental	8,743,450			8,743,450
Outside agencies	2,021,350		330,459	2,351,809
Debt service	4,440,354		1,512,702	5,953,056
Capital outlay	29,528	7,423,163	1,443,923	8,896,614
Total expenditures	<u>124,486,818</u>	<u>7,423,163</u>	<u>17,344,071</u>	<u>149,254,052</u>
Revenues over (under) Expenditures	<u>4,316,501</u>	<u>(4,966,752)</u>	<u>53,210</u>	<u>(597,041)</u>
Other Financing Sources (Uses):				
Transfers in	1,027,913	4,230,000	92,447	5,350,360
Transfers out	(3,667,447)	(75,000)	(1,607,913)	(5,350,360)
Refunding bonds issued	19,060,000		2,020,000	21,080,000
Payments to refunded bond escrow agent	(21,100,105)		(2,099,295)	(23,199,400)
Premiums/discounts on bond issuance	2,236,831		99,891	2,336,722
Total other financing sources (uses)	<u>(2,442,808)</u>	<u>4,155,000</u>	<u>(1,494,870)</u>	<u>217,322</u>
Net Change in Fund Balances	1,873,693	(811,752)	(1,441,660)	(379,719)
Fund Balances at Beginning of Year	<u>12,746,891</u>	<u>6,506,209</u>	<u>9,941,408</u>	<u>29,194,508</u>
Fund Balances at End of Year	<u>\$ 14,620,584</u>	<u>\$ 5,694,457</u>	<u>\$ 8,499,748</u>	<u>\$ 28,814,789</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, 2013

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)	\$ (379,719)
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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	9,671,601
Depreciation expense	(7,427,257)
Loss on disposal of capital assets	(145,470)

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	(724,896)
Interest income on property taxes	7,963
Revenue on loan receivables greater than 60 days	44,999

Change in pension asset	(2,286)
Change in other postemployment benefit asset	207,240

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	221,114
Principal payments on bonds	25,295,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	7,773
Bond proceeds	(21,080,000)
Bond premium	(2,225,812)
Deferred amounts on refunding	1,401,054
Landfill closure payments	168,200
Bond issuance costs	201,816

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	(75,534)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>(2,232,275)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,545,874</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2013

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,047,605
Accounts receivable	175,595
Due from other funds	728,284
Other assets	40,391
Total current assets	<u>9,991,875</u>
Noncurrent assets:	
Property and equipment, net	<u>2,923,595</u>
Total assets	<u>12,915,470</u>
Liabilities:	
Current liabilities:	
Accounts payable	101,461
Claims incurred but not reported	994,549
Total current liabilities	<u>1,096,010</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,333,177</u>
Total liabilities	<u>3,429,187</u>
Net Position:	
Net investment in capital assets	2,923,595
Unrestricted	<u>6,562,688</u>
Total Net Position	<u>\$ 9,486,283</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 14,785,938
Other revenue	83,189
Total operating revenues	<u>14,869,127</u>
Operating Expenses:	
Operating expenses	765,092
Claims	14,642,286
Depreciation	561,590
Administration	1,194,106
Total operating expenses	<u>17,163,074</u>
Operating Loss	<u>(2,293,947)</u>
Nonoperating Revenues:	
Interest on investments	19,187
Gain on disposal of capital assets	42,485
Net nonoperating revenues	<u>61,672</u>
Change in Net Position	(2,232,275)
Net Position at Beginning of Year	<u>11,718,558</u>
Net Position at End of Year	<u>\$ 9,486,283</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, 2013

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 14,854,428
Cash paid to other funds	(728,284)
Cash paid to vendors	(801,154)
Cash paid to beneficiaries	(15,813,220)
Net cash used in operating activities	<u>(2,488,230)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(650,113)
Proceeds from sale of property and equipment	42,485
Net cash used in capital and related financing activities	<u>(607,628)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>19,187</u>
Net Decrease in Cash and Cash Equivalents	(3,076,671)
Cash and Cash Equivalents - Beginning of Year	<u>12,124,276</u>
Cash and Cash Equivalents - End of Year	<u>\$ 9,047,605</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating loss	\$ (2,293,947)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	561,590
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(14,699)
(Increase) decrease in due from other funds	(728,284)
(Decrease) increase in accounts payable	(36,062)
(Decrease) increase in claims payable	23,172
Net Cash Used in Operating Activities	<u>\$ (2,488,230)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

JUNE 30, 2013

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,385,921	\$ 1,706,495	\$ 137,968	\$ 1,498,714
Investments, at fair value:				
Mutual funds	93,724,162	7,963,459		
Accounts receivable	10,483	43,494		
Total assets	<u>95,120,566</u>	<u>9,713,448</u>	<u>137,968</u>	<u>1,498,714</u>
Liabilities:				
Due to employees/others	79,200		300	
Claims incurred but not reported		261,096		
Due to contractors/developers				1,230,923
Due to student groups				224,344
Due to other funds		728,284		
Due to fire districts				43,447
Other liabilities	9,556	11,457		
Total liabilities	<u>88,756</u>	<u>1,000,837</u>	<u>300</u>	<u>1,498,714</u>
Net Position:				
Held in Trust for Benefits and Other Purposes	<u>\$ 95,031,810</u>	<u>\$ 8,712,611</u>	<u>\$ 137,668</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 3,258,317	\$ 3,764,700	\$
Plan members	1,281,364	2,766,503	
Other additions			12,250
Total contributions	<u>4,539,681</u>	<u>6,531,203</u>	<u>12,250</u>
Investment income:			
Net appreciation in fair value of investments	10,230,578	748,713	
Interest and dividends			248
	<u>10,230,578</u>	<u>748,713</u>	<u>248</u>
Less investment expenses:			
Investment management fees	333,781	557,012	
Net investment income	<u>9,896,797</u>	<u>191,701</u>	<u>248</u>
Total additions	14,436,478	6,722,904	12,498
Deductions:			
Benefits	<u>5,472,084</u>	<u>4,266,932</u>	<u>22,778</u>
Change in Net Position	8,964,394	2,455,972	(10,280)
Net Position - Beginning of Year	<u>86,067,416</u>	<u>6,256,639</u>	<u>147,948</u>
Net Position - End of Year	<u>\$ 95,031,810</u>	<u>\$ 8,712,611</u>	<u>\$ 137,668</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds.

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

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

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

C. Cash and Cash Equivalents

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

D. Investments

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Capital Assets

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

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

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

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

F. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2013 is recorded in the government-wide financial statements since the benefits are to be funded from future financial resources and will be paid from the General Fund, Golf Course Fund or Sewer Operations Fund, as may be appropriate.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported 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 GASB Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is recorded in the government-wide financial statements. In prior years, the General Fund has been used to liquidate the net pension obligation.

Funding Policy

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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.

Governmental Funds

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

Funding Policy

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

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 Position

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

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

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

Assigned Fund Balance - For all governmental funds other than the General Fund, this balance 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 balance represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

After one public hearing and numerous public meetings, the Town Council, on or before April 28th, recommends these budgets, as revised, to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25th. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9th. The Town Council must authorize all transfers of legally budgeted amounts between functions, with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2013, there were no additional appropriations.

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

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

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

- 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.
- Portions of Federal Emergency Management Administration grants that represented reimbursement for overtime costs were credited to expenditures.

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2013:

Nonmajor Funds:		
Sewer Construction	\$	(250,281)
Internal Service:		
Workers' Compensation		(698,678)

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.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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*, \$35,208,358 of the Town's bank balance of \$40,656,726 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 31,733,593
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,474,765</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 35,208,358</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$11,299,097. 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.

	Standard & Poor's
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, 2013, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Certificates of deposit	*	\$ 2,980,000	\$ <u>2,224,000</u>	\$ <u>756,000</u>	\$ <u>-</u>
Other Investments:					
Common stock	N/A	4,934			
Mutual funds	N/A	<u>101,796,545</u>			
Total Investments		<u>\$ 104,781,479</u>			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2013, the Town did not have any uninsured and unregistered securities held by counterparties, or by their trust department or agents, that were not in the Town's name.

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

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

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

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 and other postemployment benefit funds are also disclosed in Notes 4 and 5.

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>137,313</u>	<u>20,114</u>	<u>249</u>	<u>157,676</u>
Total Value	\$ <u><u>157,313</u></u>	\$ <u><u>47,657</u></u>	\$ <u><u>200,249</u></u>	\$ <u><u>405,219</u></u>

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Fund Receivables

Receivables at June 30, 2013, including the applicable allowances for collection losses, are as follows:

	General	Capital Improvement	Nonmajor and Other Funds	Total
Property taxes	\$ 2,555,934	\$	\$ 20,327	\$ 2,576,261
Assessments		1,453	581,711	583,164
Intergovernmental	1,506,368	1,047,536	388,732	2,942,636
Accounts receivable	141,182	9,131	323,590	473,903
User fees receivable			1,153,841	1,153,841
Gross receivables	4,203,484	1,058,120	2,468,201	7,729,805
Allowance for collection losses	(220,000)		(168,500)	(388,500)
Net Receivables	\$ 3,983,484	\$ 1,058,120	\$ 2,299,701	\$ 7,341,305

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 2,040,808	\$
Various grants		52,862
Capital Improvements Fund:		
Assessments receivable	1,453	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	24,766	
CDBG loans receivable	551,539	
Various grants		986,582
Total Deferred/Unearned Revenue for Governmental Funds	\$ 2,618,566	\$ 1,039,444

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

D. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$ 1,337,426	\$	\$ 15,173,157
Construction in progress	8,075,895	7,423,167	4,336,482	11,162,580
Total capital assets not being depreciated	21,911,626	8,760,593	4,336,482	26,335,737
Capital assets being depreciated:				
Land improvements	5,130,028	388,972		5,519,000
Buildings and improvements	173,738,715	692,228	51,592	174,379,351
Machinery and equipment	22,301,028	1,859,311	437,526	23,722,813
Machinery and equipment - fleet	7,745,007	650,113	225,025	8,170,095
Infrastructure	95,165,896	2,283,227		97,449,123
Machinery and equipment - capital-leased	63,503			63,503
Total capital assets being depreciated	304,144,177	5,873,851	714,143	309,303,885
Less accumulated depreciation for:				
Land improvements	2,799,626	136,401		2,936,027
Buildings and improvements	37,541,755	3,693,673	20,147	41,215,281
Machinery and equipment	12,702,341	758,256	347,253	13,113,344
Machinery and equipment - fleet	4,909,935	561,590	225,025	5,246,500
Infrastructure	53,874,682	2,833,085		56,707,767
Machinery and equipment - capital-leased	17,526	5,842		23,368
Total accumulated depreciation	111,845,865	7,988,847	592,425	119,242,287
Total capital assets being depreciated, net	192,298,312	(2,114,996)	121,718	190,061,598
Governmental Activities Capital Assets, Net	\$ 214,209,938	\$ 6,645,597	\$ 4,458,200	\$ 216,397,335

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

Governmental Activities:	
General government services	\$ 1,191,792
Public safety	82,485
Public works, including depreciation of general infrastructure assets	2,267,992
General services	49,693
Community services	22,922
Education	2,434,877
Sewer operating	1,323,447
Planning and development	1,900
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	561,590
Golf Course	52,149
Total Depreciation Expense - Governmental Activities	\$ 7,988,847

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

Construction Commitments

The Town has the following construction commitments as of June 30, 2013:

	Project Amount
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	\$ 138,927
Building Improvements/Modifications:	
Public Buildings	720
WPCF Projects:	
Sewer System	281,552
Land Improvements:	
Land Improvements	1,142

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, 2013, interfund receivables and payables that resulted from various interfund transactions were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 1,517,160
	Nonmajor governmental funds	298,280
		1,815,440
Health Fund	Other Post Employment Benefits Fund	728,284
		\$ 2,543,724

The balance of \$1,815,440 due from other funds to the General Fund represents amounts committed to the General Fund from various special revenue and capital project funds. The balance of \$728,284 due to the Health Fund from the Other Post Employment Benefits Fund represents amounts held in the Other Post Employment Benefits Fund representing contributions to the Health Fund.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Interfund Transfers

Interfund transfers during the year ended June 30, 2013 were as follows:

	Transfers In			Total Transfers Out
	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	
Transfers out:				
General Fund	\$	\$ 3,650,000	\$ 17,447	\$ 3,667,447
Capital Improvements Fund			75,000	75,000
Nonmajor funds	1,027,913	580,000		1,607,913
Total Transfers In	\$ 1,027,913	\$ 4,230,000	\$ 92,447	\$ 5,350,360

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, 2013 are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$	\$	\$ 20,735	\$ 20,735
Endowments			247,543	247,543
Restricted for:				
Grants			76,913	76,913
Bonded capital projects		5,694,457		5,694,457
Debt service			1,612,018	1,612,018
Regional probate court			8,062	8,062
Paving			2,668	2,668
Recreation and senior activities			357,663	357,663
Trust purposes			157,676	157,676
Committed to:				
Community development grant			227,320	227,320
Escrow funds			577,046	577,046
Land acquisition			19,782	19,782
Outside police services			455,783	455,783
Energy conservation			18,306	18,306
Donations			128,869	128,869
Emergency energy			15,546	15,546
Public infrastructure improvements			211,346	211,346
Library			106,063	106,063
Golf course operations			28,363	28,363
Parks & recreation			142,751	142,751
School cafeteria			89,206	89,206
Fitch High School library media			10,391	10,391
Grants			9,616	9,616
Sewer			2,583,223	2,583,223
Solid waste management			1,518,214	1,518,214
Outside agencies			124,258	124,258
Other			668	668
Assigned to:				
Subsequent year's budget	2,013,860			2,013,860
Purchases on order	356,443			356,443
Revaluation	141,313			141,313
Computer replacement	491,498			491,498
Unassigned	<u>11,617,470</u>		<u>(250,281)</u>	<u>11,367,189</u>
Total Fund Balance	<u>\$ 14,620,584</u>	<u>\$ 5,694,457</u>	<u>\$ 8,499,748</u>	<u>\$ 28,814,789</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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, 2013. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 83,541
2015	124,721
2016	17,695
2017	14,111
2018	12,499
Thereafter	12,116

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>(23,368)</u>
Total	<u><u>\$ 34,293</u></u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2013 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 4,199
Less amount for interest	<u>(96)</u>
Minimum lease payments	<u>\$ 4,103</u>

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2013 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	\$ 47,990,000	\$ 21,080,000	\$ 25,295,000	\$ 43,775,000	\$ 3,380,000
Clean Water Fund loan	10,665,325		612,363	10,052,962	612,363
Premium	<u>1,263,009</u>	<u>2,336,722</u>	<u>110,910</u>	<u>3,488,821</u>	
Total	59,918,334	23,416,722	26,018,273	57,316,783	3,992,363
Less deferred amounts on refunded bonds	<u>(1,258,880)</u>	<u>(1,499,400)</u>	<u>(98,346)</u>	<u>(2,659,934)</u>	
Total bonds and loans payable	58,659,454	21,917,322	25,919,927	54,656,849	3,992,363
Landfill post-closure monitoring	2,621,600		168,200	2,453,400	168,200
Capital lease obligations	11,876		7,773	4,103	4,103
Compensated absences	<u>2,149,076</u>	<u>235,344</u>	<u>159,810</u>	<u>2,224,610</u>	<u>149,279</u>
Long-Term Liabilities	<u>\$ 63,442,006</u>	<u>\$ 22,152,666</u>	<u>\$ 26,255,710</u>	<u>\$ 59,338,962</u>	<u>\$ 4,313,945</u>

Liability for compensated absences 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>Principal Payments</u>	<u>Interest Payments</u>
2014	\$ 3,380,000	\$ 1,504,688
2015	3,400,000	1,390,800
2016	3,360,000	1,284,725
2017	3,335,000	1,177,625
2018	2,940,000	1,070,000
2019-2023	14,055,000	3,701,450
2024-2028	12,130,000	1,195,700
2029-2030	<u>1,175,000</u>	<u>32,363</u>
	<u>\$ 43,775,000</u>	<u>\$ 11,357,351</u>

Total authorized but unissued long-term debt at June 30, 2013 consists of the following:

	<u>Bonds Authorized Unissued</u>
Senior Center	\$ 2,845,000
School Construction	<u>1,618,137</u>
	<u>\$ 4,463,137</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Category	Debt Limit	Indebtedness	Balance
Public improvement	\$ 215,056,351	\$ 23,233,728	\$ 191,822,623
Schools	430,112,703	27,050,137	403,062,566
Sewers	358,427,252	6,135,000	352,292,252
Urban renewal	310,636,952		310,636,952
Pension deficit	286,741,802		286,741,802

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$669,064,204. All long-term debt obligations are retired through General Fund, Debt Service Fund and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$7,925,049 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$4,463,137 at June 30, 2013.

Refunding

On March 12, 2013, the Town issued \$19,060,000 of general obligation refunding bonds with interest rates ranging from 3.00% to 4.00% and \$2,020,000 of general obligation sewer refunding bonds with interest rates ranging from 2.75% to 3.00% to advance refund the specified portions of the general obligation bonds listed below.

Original Issuance	Amount Refunded
General Obligation Bonds, November 1, 2006	\$ 2,475,000
General Obligation Bonds - Lot A, October 15, 2007	10,075,000
General Obligation Sewer Bonds - Lot B, October 15, 2007	1,950,000
General Obligation Bonds, October 15, 2009	7,200,000
	\$ 21,700,000

The refunding was undertaken to reduce total debt service payments over the term of the bonds by \$1,652,084 and represents an economic gain (difference between present values of the debt service payments on the old and new debt) of \$1,445,102. 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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Prior Year Defeasance of Debt

In prior years, the Town defeased general obligation bonds and general obligation sewer bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2013, \$13,635,000 of the prior refunded bonds remains outstanding.

Clean Water Fund Loan

During 2008, the Town entered into a project loan agreement with the State of Connecticut for a Clean Water Project. As of June 30, 2013, the Town has received total financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of amended funding. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

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>
2014	\$ 612,363	\$ 195,446
2015	612,363	183,199
2016	612,363	170,951
2017	612,363	158,704
2018	612,363	146,457
2019-2023	3,061,815	548,578
2024-2028	3,061,815	242,394
2029-2030	<u>867,517</u>	<u>13,013</u>
	<u>\$ 10,052,962</u>	<u>\$ 1,658,742</u>

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town's municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,319,500 (\$101,500 per year for 13 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$1,133,900 (\$66,700 for 17 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

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 highest paid 5 years of last 7 years) times the number of years of participation.

Board of Education - Custodians/Maintenance: 1.25% of average annual pay (highest 3 years) times years of service before July 1, 1989 and 1.85% of average annual pay times years of service after June 30, 1989 up to 25 years, plus 1.25% for years of service after 6/30/1989 in excess of 25 years.

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

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

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

Maximum benefits are 66-2/3% of average annual pay for members of the General Government, AFSCME and Board of Education. Maximum benefits are 70% of average annual pay for members of the 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, 2012, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	213
Terminated employees entitled to benefits but not yet receiving them	23
Active plan members	<u>405</u>
Total	<u><u>641</u></u>

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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	\$ 3,258,317
Interest on net pension obligation	(81,764)
Adjustment to annual required contribution	<u>84,050</u>
Annual pension cost	3,260,603
Contributions made	<u>3,258,317</u>
Decrease in net pension asset	2,286
Net Pension Asset, July 1, 2012	<u>(1,022,046)</u>
Net Pension Asset, June 30, 2013	<u>\$ (1,019,760)</u>

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

Actuarial valuation date	7/1/2012
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>
6/30/2011	\$	2,286,188	95.9%	\$ (1,024,337)
6/30/2012		2,970,766	99.9%	(1,022,046)
6/30/2013		3,260,603	99.9%	(1,019,760)

F. Schedule of Funding Progress and Schedule of Employer Contributions

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>		<u>Actuarial Value of Assets (a)</u>		<u>Actuarial Liability (AAL) (b)</u>		<u>Funding Excess (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>
7/1/07	\$	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%
7/1/12		87,003,117		109,105,111		(22,101,994)		79.7%		24,367,375		90.7%

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>		<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
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%
6/30/13		3,258,317	100.0%

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 \$7,764,069 for the year ended June 30, 2013.

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

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, 2012, plan membership consisted of the following:

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

Funding Policy

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

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$874 per month for retiree only coverage and \$1,800 per month for retiree and spouse coverage, to age 65, and \$596 and \$1,396 per month, respectively, thereafter.

Board of Education Employees

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

Contributions

For the year ended June 30, 2013, plan members contributed \$2,766,503. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$3,764,700 were made in accordance with actuarially determined requirements. Of this amount, \$1,439,347 represents premium payments, \$546,653 represents implicit rate subsidy and \$1,778,700 was contributed to prefund benefits.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Annual OPEB Cost and Net OPEB Obligations

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

Annual required contribution	\$ 3,566,000
Interest on net OPEB obligation	(36,787)
Adjustment to annual required contribution	<u>28,247</u>
Annual OPEB cost	3,557,460
Contributions made	<u>3,764,700</u>
Increase in net OPEB asset	(207,240)
Net OPEB Asset, July 1, 2012	<u>(490,489)</u>
Net OPEB Asset, June 30, 2013	<u>\$ (697,729)</u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ended June 30, 2013 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>
6/30/2011	\$ 3,328,867	\$ 3,258,700	97.9%	\$ 757,195
6/30/2012	3,449,552	4,697,236	136.2%	(490,489)
6/30/2013	3,557,460	3,764,700	105.8%	(697,729)

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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, 2012 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, 2012 was 30 years.

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
<i>Retiree Medical Program</i>						
7/1/2007	\$	\$ 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
7/1/2012		6,433,000	41,378,000	15.5%	52,762,000	66.23%

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2011	\$ 3,328,867	97.9%
6/30/2012	3,463,000	135.6%
6/30/2013	3,566,000	105.6%

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, 2013 for claims incurred but not reported to be \$871,750 in the Health Insurance Fund and \$2,455,976 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,869,035. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

Changes in the claims liability were as follows:

		<u>Liability</u> <u>July 1,</u>		<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>		<u>Due Within</u> <u>One Year</u>
<u>Health Insurance Fund</u>										
2012 - 2013	\$	801,447	\$	14,001,035	\$	13,930,732	\$	871,750	\$	871,750
2011 - 2012		689,030		12,896,452		12,784,035		801,447		801,447
<u>Workers' Compensation Fund</u>										
2012 - 2013	\$	2,529,494	\$	641,251	\$	714,769	\$	2,455,976	\$	122,799
2011 - 2012		2,496,199		626,561		593,266		2,529,494		126,475

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

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

B. Contingencies

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

C. Concentration of Taxes

The Town's two largest taxpayers, based on the October 2011 grand list, comprise 20.4% of the net taxable grand list of the Town and approximately 14.4% of the total General Fund revenues for the year ended June 30, 2013.

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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 79,981,815	\$ 79,981,815	\$ 81,474,843	\$ 1,493,028
Licenses and Permits:				
Building permits	184,869	184,869	149,983	(34,886)
Sporting licenses	850	850	773	(77)
Dog licenses	8,000	8,000	9,224	1,224
Other licenses and permits	10,245	10,245	14,895	4,650
Building permits - education fee	150	150	130	(20)
State land use fees	140	140	76	(64)
Total licenses and permits	<u>204,254</u>	<u>204,254</u>	<u>175,081</u>	<u>(29,173)</u>
Interest on Investments	<u>88,000</u>	<u>88,000</u>	<u>62,931</u>	<u>(25,069)</u>
Intergovernmental - State:				
General:				
Town aid road	189,622	189,622	183,913	(5,709)
Nuclear safety drill	24,072	24,072	29,800	5,728
Highway illumination	1,619	1,619	1,619	-
Telephone access	161,000	161,000	161,342	342
PILOT Enterprise zone	429,536	429,536	289,558	(139,978)
PILOT - state and tax exemptions	1,204,820	1,204,820	1,189,907	(14,913)
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,434	31,434	31,434	-
Pequot/Mohegan funds	1,394,298	1,394,298	1,376,364	(17,934)
Manufacturing transition grant	1,374,459	1,374,459	1,296,815	(77,644)
911 Enhancement	165,482	165,482	165,158	(324)
Property tax relief	546,969	546,969	275,771	(271,198)
Miscellaneous state grants	88,670	88,670	198,238	109,568
Board of Education:				
Education cost sharing	25,625,179	25,625,179	25,540,640	(84,539)
Adult education	122,161	122,161	111,262	(10,899)
Instruction for the blind	13,843	13,843	24,833	10,990
Special education	1,167,726	1,167,726	1,230,870	63,144
Transportation - private school	34,308	34,308	25,718	(8,590)
Transportation	283,132	283,132	267,540	(15,592)
Magnet School transportation			161,703	161,703
Nonpublic pupil services	27,970	27,970	29,916	1,946
Total State of Connecticut	<u>32,895,300</u>	<u>32,895,300</u>	<u>32,601,401</u>	<u>(293,899)</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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 3,329,619	\$ 3,329,619	\$ 3,827,570	\$ 497,951
Education - misc. federal funds	115,156	115,156	197,451	82,295
FEMA Reimbursement			295,607	295,607
Public safety - federal funds			15,901	15,901
Emergency management	15,196	15,196	25,007	9,811
Total federal government	<u>3,459,971</u>	<u>3,459,971</u>	<u>4,361,536</u>	<u>901,565</u>
Charges for Current Services:				
Planning Commission fees	16,000	16,000	8,420	(7,580)
Recording instruments	160,000	160,000	175,583	15,583
Conveyance tax	540,000	540,000	567,757	27,757
Planning department - other	1,000	1,000	1,035	35
Collection subdivisions taxes	98,115	98,115	98,115	-
Accident reports	1,674	1,674	1,560	(114)
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	50,600	50,600	53,128	2,528
Coordinated Medical Emergency Director	22,832	22,832	22,239	(593)
Board of Education - FHS/ground mowing	50,341	50,341	50,341	-
GIS - revenue	700	700	1,289	589
Vital statistics	6,000	6,000	4,749	(1,251)
Snow/Ice control services	74,837	74,837	106,104	31,267
Total charges for current services	<u>1,085,918</u>	<u>1,085,918</u>	<u>1,149,139</u>	<u>63,221</u>
Schools, Library and Recreation:				
Tuition from other towns	166,317	166,317	171,452	5,135
Other school receipts	54,075	54,075	72,080	18,005
Library fines	28,000	28,000	26,389	(1,611)
Lost and damaged book fees	3,000	3,000	2,529	(471)
Senior Center fees	42,540	42,540	41,271	(1,269)
Park concession and rental	1,500	1,500	1,200	(300)
Library - copier fees	6,000	6,000	6,116	116
Library fees	15,000	15,000	15,266	266
Park rentals	3,000	3,000	2,250	(750)
Total schools, library and recreation	<u>319,432</u>	<u>319,432</u>	<u>338,553</u>	<u>19,121</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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 13,800	\$ 13,800	\$ 16,177	\$ 2,377
Parking tickets	2,850	2,850	2,400	(450)
Aircraft registration fees	20,000	20,000	17,970	(2,030)
Lease fees	110,005	110,005	124,125	14,120
Land record copies	28,000	28,000	29,911	1,911
Vital copies	74,000	74,000	71,947	(2,053)
Miscellaneous	5,000	5,000	37,384	32,384
Dog warden - sold and redeemed	4,450	4,450	4,521	71
Public Works Disposal fees	195,901	195,901	172,192	(23,709)
Returned check fees	1,300	1,300	820	(480)
Sale of capital assets	5,000	5,000	17,693	12,693
Finance Dept. copies	1,300	1,300	1,183	(117)
Total other revenue	<u>461,606</u>	<u>461,606</u>	<u>496,323</u>	<u>34,717</u>
Other Financing Sources:				
Transfers in:				
Golf course	58,157	58,157	58,157	-
Sewer/landfill services	631,079	631,079	631,079	-
Sewer District	115,540	115,540	115,540	-
Mumford Cove	1,037	1,037	1,037	-
Community Investment Act Fund	5,200	5,200	5,200	-
School Construction Projects			213,646	213,646
Total other financing sources	<u>811,013</u>	<u>811,013</u>	<u>1,024,659</u>	<u>213,646</u>
Total Revenues and Other Financing Sources	\$ <u>119,307,309</u>	\$ <u>119,307,309</u>	121,684,466	\$ <u>2,377,157</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	7,764,069
Property tax revenue receivable accrual basis change	216,965
Certain bonds outstanding of the Town were refunded using refunding bonds, which were not recorded for budget purposes, as the transaction nets to zero	21,296,831
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	28,207
Elimination of interfund activity between the General Fund and funds combined for GASB 54 purposes	3,255
Portions of Federal Emergency Management Administration grants that represented reimbursement for overtime costs were credited to expenditure	<u>134,270</u>

Total Revenues and Other Financing Sources as Reported on the Statement
of Revenues, Expenditures and Changes in Fund Balances - Governmental
Funds - Exhibit IV\$ 151,128,063

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 42,653	\$ 42,653	\$ 37,256	\$ 5,397
Voter registration	146,574	146,574	114,381	32,193
Town Clerk	365,048	369,271	361,224	8,047
Legal services	362,950	454,950	443,787	11,163
Total general government	917,225	1,013,448	956,648	56,800
General Services:				
Executive management	289,124	296,686	289,236	7,450
Financial administration	1,343,683	1,354,169	1,335,185	18,984
Administrative services	2,764,142	2,805,781	2,659,941	145,840
Total general services	4,396,949	4,456,636	4,284,362	172,274
Public Safety:				
Police services	6,582,443	6,591,736	6,266,790	324,946
Public Works	6,244,901	6,298,231	6,091,779	206,452
Planning and Development Services	1,177,531	1,190,578	1,141,519	49,059
Human Services:				
Human services	562,734	565,741	562,534	3,207
Community Services:				
Parks and recreation	1,816,991	1,835,864	1,787,098	48,766
Library	1,674,007	1,681,339	1,614,287	67,052
Total community services	3,490,998	3,517,203	3,401,385	115,818
Nondepartmental:				
Insurance and claims	520,150	520,150	453,977	66,173
Contingency	450,000	183,608		183,608
Self-funded plans	8,125,541	8,125,541	8,124,025	1,516
Total nondepartmental	9,095,691	8,829,299	8,578,002	251,297
Education	72,645,500	72,645,500	72,634,763	10,737
Debt Service:				
Town	1,762,265	1,762,265	1,677,094	85,171
Board of Education	2,821,175	2,821,175	2,566,534	254,641
Total debt service	4,583,440	4,583,440	4,243,628	339,812

(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, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 117,692	\$ 119,972	\$ 117,692	\$ 2,280
Ambulance services	117,951	117,951	117,951	-
Health services - cultural agencies	1,598,889	1,598,889	1,595,707	3,182
Probate Court	13,433	16,753	16,753	-
Other libraries	190,000	190,000	190,000	-
Total outside agencies	<u>2,037,965</u>	<u>2,043,565</u>	<u>2,038,103</u>	<u>5,462</u>
Subdivisions:				
City of Groton	4,622,557	4,622,557	4,622,245	312
Groton Long Point	359,825	359,825	359,977	(152)
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>5,228,394</u>	<u>5,228,394</u>	<u>5,228,234</u>	<u>160</u>
Total expenditures	<u>116,963,771</u>	<u>116,963,771</u>	<u>115,427,747</u>	<u>1,536,024</u>
Other Financing Uses:				
Transfers out:				
Capital Reserve	3,650,000	3,650,000	3,650,000	-
Revaluation	35,000	35,000	35,000	-
Fleet	165,000	165,000	165,000	-
Computer Replacement	82,597	82,597	82,597	-
Total other financing uses	<u>3,932,597</u>	<u>3,932,597</u>	<u>3,932,597</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 120,896,368</u>	<u>\$ 120,896,368</u>	119,360,344	<u>\$ 1,536,024</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			7,764,069	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes			1,142,818	
Encumbrances for purchases and commitments ordered in the current year that were not received and liquidated in the current year are not reported for GAAP purposes			(356,443)	
Certain bonds outstanding of the Town were refunded using refunding bonds, which were not recorded for budget purposes, as the transaction nets to zero			21,296,831	
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			30,078	
Elimination of transfers between General Fund and funds combined for GASB 54 purposes			(117,597)	
Portions of Federal Emergency Management Administration grants that represented reimbursement for overtime costs were credited to expenditure			<u>134,270</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV				<u>\$ 149,254,370</u>

**Supplemental and Combining
Fund Statements and Schedules**

General Fund

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2013 WITH COMPARATIVE TOTALS FOR 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 16,381,411	\$ 15,322,950
Investments	2,980,000	2,964,000
Property taxes receivable, net of allowance of \$220,000 in 2013 and 2012	3,983,484	3,844,700
Due from other funds	1,815,440	2,014,873
Prepaid expenditures and other assets	<u>9,957</u>	<u>9,714</u>
Total Assets	<u>\$ 25,170,292</u>	<u>\$ 24,156,237</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 8,456,038	\$ 8,598,752
Deferred revenue - taxes	<u>2,093,670</u>	<u>2,810,594</u>
Total liabilities	<u>10,549,708</u>	<u>11,409,346</u>
Fund Balance:		
Assigned:		
Subsequent years' budget	2,013,860	1,589,059
Revaluation	141,313	105,546
Computer replacement	491,498	408,284
Encumbrances	356,443	1,222,654
Unassigned	<u>11,617,470</u>	<u>9,421,348</u>
Total fund balance	<u>14,620,584</u>	<u>12,746,891</u>
Total Liabilities and Fund Balance	<u>\$ 25,170,292</u>	<u>\$ 24,156,237</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 79,981,815	\$ 79,981,815	\$ 81,474,843	\$ 1,493,028
Licenses and permits	204,254	204,254	175,081	(29,173)
Interest on investments	88,000	88,000	62,931	(25,069)
Intergovernmental - Federal	3,459,971	3,459,971	4,361,536	901,565
Intergovernmental - State	32,895,300	32,895,300	32,601,401	(293,899)
Charges for current services	1,085,918	1,085,918	1,149,139	63,221
Schools, library and recreation fees	319,432	319,432	338,553	19,121
Other revenue	461,606	461,606	496,323	34,717
Total revenues	<u>118,496,296</u>	<u>118,496,296</u>	<u>120,659,807</u>	<u>2,163,511</u>
Expenditures:				
Current:				
General government	917,225	1,013,448	956,648	56,800
General services	4,396,949	4,456,636	4,284,362	172,274
Public safety	6,582,443	6,591,736	6,266,790	324,946
Public works	6,244,901	6,298,231	6,091,779	206,452
Planning and development	1,177,531	1,190,578	1,141,519	49,059
Health and human services	562,734	565,741	562,534	3,207
Community services	3,490,998	3,517,203	3,401,385	115,818
Education	72,645,500	72,645,500	72,634,763	10,737
Subdivisions	5,228,394	5,228,394	5,228,234	160
Nondepartmental	9,095,691	8,829,299	8,578,002	251,297
Outside agencies	2,037,965	2,043,565	2,038,103	5,462
Debt service	4,583,440	4,583,440	4,243,628	339,812
Total expenditures	<u>116,963,771</u>	<u>116,963,771</u>	<u>115,427,747</u>	<u>1,536,024</u>
Excess of Revenues over Expenditures	<u>1,532,525</u>	<u>1,532,525</u>	<u>5,232,060</u>	<u>3,699,535</u>
Other Financing Sources (Uses):				
Transfers in	811,013	811,013	1,024,659	213,646
Transfers out	(3,932,597)	(3,932,597)	(3,932,597)	-
Total other financing uses	<u>(3,121,584)</u>	<u>(3,121,584)</u>	<u>(2,907,938)</u>	<u>213,646</u>
Net Change in Fund Balance	\$ <u>(1,589,059)</u>	\$ <u>(1,589,059)</u>	2,324,122	\$ <u>3,913,181</u>
Fund Balance at Beginning of Year			10,932,268	
Encumbrances Cancelled			<u>79,836</u>	
Fund Balance at End of Year			\$ <u>13,336,226</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, 2013

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 31,123,343	\$ 31,123,343	\$ 30,350,695	\$ 14,261	\$ 30,364,956	\$ 758,387
Special	10,323,479	10,323,479	10,531,466		10,531,466	(207,987)
Continuing	308,237	308,237	280,421	419	280,840	27,397
Total instruction	<u>41,755,059</u>	<u>41,755,059</u>	<u>41,162,582</u>	<u>14,680</u>	<u>41,177,262</u>	<u>577,797</u>
Supporting Services:						
Pupils	5,491,275	5,491,275	5,594,942	1,000	5,595,942	(104,667)
Staff	2,646,704	2,646,704	2,115,731	4,451	2,120,182	526,522
General support	5,964,922	5,964,922	6,480,011	364	6,480,375	(515,453)
Operational support	13,705,799	13,705,799	13,560,599	11,855	13,572,454	133,345
Total supporting services	<u>27,808,700</u>	<u>27,808,700</u>	<u>27,751,283</u>	<u>17,670</u>	<u>27,768,953</u>	<u>39,747</u>
Community Services:						
Nonpublic school pupils	<u>152,000</u>	<u>152,000</u>			-	<u>152,000</u>
Nonprogrammed Changes:						
Tuition payments	<u>2,929,741</u>	<u>2,929,741</u>	<u>3,688,548</u>		<u>3,688,548</u>	<u>(758,807)</u>
Total	<u>\$ 72,645,500</u>	<u>\$ 72,645,500</u>	<u>\$ 72,602,413</u>	<u>\$ 32,350</u>	<u>\$ 72,634,763</u>	<u>\$ 10,737</u>

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Donation Fund: Accounts for miscellaneous donations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Projects Fund

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

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

School Construction Fund: Accounts for capital improvements to the Town's schools, as well as the related revenues.

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, 2013

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	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
ASSETS										
Cash and cash equivalents	\$ 189,643	\$	\$ 205,756	\$ 137,167	\$ 10,391	\$ 879,302	\$ 106,251	\$ 83,441	\$ 2,079,615	\$ 1,289,555
Receivables, net	12,387	212,518	573,153						663,186	441,483
Investments										
Other assets										
Total Assets	\$ 202,030	\$ 212,518	\$ 778,909	\$ 137,167	\$ 10,391	\$ 879,302	\$ 106,251	\$ 83,441	\$ 2,742,801	\$ 1,731,038
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 87,250	\$ 123,312	\$ 50	\$ 8,298	\$	\$	\$ 188	\$ 55,078	\$ 159,578	\$ 212,824
Due to State	7,208									
Due to other funds										
Deferred revenue	102,509		551,539			874,749				
Total liabilities	196,967	123,312	551,589	8,298	-	874,749	188	55,078	159,578	212,824
Fund Balances:										
Nonspendable										
Restricted										
Committed	5,063	89,206	227,320	128,869	10,391	4,553	106,063	28,363	2,583,223	1,518,214
Unassigned										
Total fund balances	5,063	89,206	227,320	128,869	10,391	4,553	106,063	28,363	2,583,223	1,518,214
Total Liabilities and Fund Balances	\$ 202,030	\$ 212,518	\$ 778,909	\$ 137,167	\$ 10,391	\$ 879,302	\$ 106,251	\$ 83,441	\$ 2,742,801	\$ 1,731,038

(Continued on next page)

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

JUNE 30, 2013

	Special Revenue Funds										
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities	SECT Regional Probate Court
ASSETS											
Cash and cash equivalents	\$ 668	\$ 16,385	\$ 380,015	\$ 584,682	\$ 151,605	\$ 412,353	\$ 19,782	\$ 211,346	\$ 82,297	\$ 392,031	\$ 7,419
Receivables, net	108		47,999	377	309	49,353			42,623		1,000
Investments											
Other assets				625						16,978	
Total Assets	\$ 776	\$ 16,385	\$ 428,014	\$ 585,684	\$ 151,914	\$ 461,706	\$ 19,782	\$ 211,346	\$ 124,920	\$ 409,009	\$ 8,419
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	\$ 839	\$ 293,778	\$ 8,013	\$ 9,163	\$ 5,923	\$	\$	\$ 662	\$ 34,368	\$ 357
Due to State											
Due to other funds			47,999								
Deferred revenue	108		9,324								
Total liabilities	108	839	351,101	8,013	9,163	5,923	-	-	662	34,368	357
Fund Balances:											
Nonspendable				625						16,978	
Restricted			76,913							357,663	8,062
Committed	668	15,546		577,046	142,751	455,783	19,782	211,346	124,258		
Unassigned											
Total fund balances	668	15,546	76,913	577,671	142,751	455,783	19,782	211,346	124,258	374,641	8,062
Total Liabilities and Fund Balances	\$ 776	\$ 16,385	\$ 428,014	\$ 585,684	\$ 151,914	\$ 461,706	\$ 19,782	\$ 211,346	\$ 124,920	\$ 409,009	\$ 8,419

(Continued on next page)

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

JUNE 30, 2013

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	Special Revenue Funds		Capital Project Funds			Debt Service Fund	Permanent Funds			Totals
	Energy Conservation Fund	Pequot Village Paving Fund	Sewer Construction	Sewer Line Infrastructure Repair	School Construction Fund	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
ASSETS										
Cash and cash equivalents	\$ 18,306	\$ 2,668	\$ -	\$ -	\$ -	\$ 1,611,260	\$ 48,389	\$ 42,723	\$ 200,249	\$ 9,163,299
Receivables, net						25,633				2,070,129
Investments							108,924	4,934		113,858
Other assets						3,132				20,735
Total Assets	<u>\$ 18,306</u>	<u>\$ 2,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,640,025</u>	<u>\$ 157,313</u>	<u>\$ 47,657</u>	<u>\$ 200,249</u>	<u>\$ 11,368,021</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217	\$ -	\$ -	\$ -	\$ 999,898
Due to State										7,208
Due to other funds			250,281							298,280
Deferred revenue						24,658				1,562,887
Total liabilities	<u>-</u>	<u>-</u>	<u>250,281</u>	<u>-</u>	<u>-</u>	<u>24,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,868,273</u>
Fund Balances:										
Nonspendable						3,132	20,000	27,543	200,000	268,278
Restricted		2,668				1,612,018	137,313	20,114	249	2,215,000
Committed	18,306									6,266,751
Unassigned			(250,281)							(250,281)
Total fund balances	<u>18,306</u>	<u>2,668</u>	<u>(250,281)</u>	<u>-</u>	<u>-</u>	<u>1,615,150</u>	<u>157,313</u>	<u>47,657</u>	<u>200,249</u>	<u>8,499,748</u>
Total Liabilities and Fund Balances	<u>\$ 18,306</u>	<u>\$ 2,668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,640,025</u>	<u>\$ 157,313</u>	<u>\$ 47,657</u>	<u>\$ 200,249</u>	<u>\$ 11,368,021</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

		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	2,138,033	54,395					32,827		33,232	
	Federal government	154,375	1,036,871							60,165	3,728
	Investment earnings		9	436		23	4,553	620		1,865	1,732
	Charges for services		807,790						1,119,054		
	Sewer use charges									5,291,252	
	Solid waste management										2,411,917
	Other revenue	98,515	7,390	80,738	71,773					22,838	
	Total revenues	<u>2,390,923</u>	<u>1,906,455</u>	<u>81,174</u>	<u>71,773</u>	<u>23</u>	<u>4,553</u>	<u>33,447</u>	<u>1,119,054</u>	<u>5,409,352</u>	<u>2,417,377</u>
71	Expenditures:										
	General government										
	Public safety										
	Public works										
	Human services			57,815	55,952						
	Community services							46,900	1,059,864		
	Education	2,385,662	1,928,729								
	Sewer operations									4,354,333	
	Solid waste management										2,199,954
	Outside agencies										
	Capital outlay										
	Nondepartmental	20,080									
	Debt service									474,246	
	Total expenditures	<u>2,385,662</u>	<u>1,928,729</u>	<u>57,815</u>	<u>55,952</u>	<u>-</u>	<u>-</u>	<u>46,900</u>	<u>1,059,864</u>	<u>4,828,579</u>	<u>2,199,954</u>
	Revenues over (under) Expenditures	<u>5,261</u>	<u>(22,274)</u>	<u>23,359</u>	<u>15,821</u>	<u>23</u>	<u>4,553</u>	<u>(13,453)</u>	<u>59,190</u>	<u>580,773</u>	<u>217,423</u>
	Other Financing Sources (Uses):										
	Transfers in									232,251	
	Transfers out							(1,350)	(58,482)	(980,564)	(232,095)
	Refunding bonds issued									2,020,000	
	Payments to refunded bond escrow agent									(2,099,295)	
	Premiums/discounts on bond issuance									99,891	
	Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,350)</u>	<u>(58,482)</u>	<u>(727,717)</u>	<u>(232,095)</u>
	Net Change in Fund Balances	5,261	(22,274)	23,359	15,821	23	4,553	(14,803)	708	(146,944)	(14,672)
	Fund Balance - Beginning of Year	(198)	111,480	203,961	113,048	10,368	-	120,866	27,655	2,730,167	1,532,886
	Fund Balance - End of Year	<u>\$ 5,063</u>	<u>\$ 89,206</u>	<u>\$ 227,320</u>	<u>\$ 128,869</u>	<u>\$ 10,391</u>	<u>\$ 4,553</u>	<u>\$ 106,063</u>	<u>\$ 28,363</u>	<u>\$ 2,583,223</u>	<u>\$ 1,518,214</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, 2013

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities
Revenues:										
Property taxes, interest and lien fees	\$ 20,757	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut			1,448,013							
Federal government		12,000	41,412							
Investment earnings										
Charges for services			11,830		22,555	364,162	346	336	360,521	715,168
Sewer use charges										
Solid waste management										
Other revenue		22,730	8,707	118,800	110,539				88	15,547
Total revenues	<u>20,757</u>	<u>34,730</u>	<u>1,509,962</u>	<u>118,800</u>	<u>133,094</u>	<u>364,162</u>	<u>346</u>	<u>336</u>	<u>360,521</u>	<u>715,256</u>
Expenditures:										
General government			13,379	223,469						32,072
Public safety	20,010		219,818			303,924				
Public works			36,270							
Human services		28,716	43,086							
Community services			219,545		128,241				683,486	
Education										
Sewer operations										
Solid waste management										
Outside agencies								330,459		
Capital outlay			1,092,284				318,307			
Nondepartmental										
Debt service										
Total expenditures	<u>20,010</u>	<u>28,716</u>	<u>1,624,382</u>	<u>223,469</u>	<u>128,241</u>	<u>303,924</u>	<u>318,307</u>	<u>-</u>	<u>330,459</u>	<u>683,486</u>
Revenues over (under) Expenditures	<u>747</u>	<u>6,014</u>	<u>(114,420)</u>	<u>(104,669)</u>	<u>4,853</u>	<u>60,238</u>	<u>(317,961)</u>	<u>336</u>	<u>30,062</u>	<u>31,770</u>
Other Financing Sources (Uses):										
Transfers in			694				75,000		552	16,753
Transfers out	(1,037)		(5,200)		(552)					
Refunding bonds issued										
Payments to refunded bond escrow agent										
Premiums/discounts on bond issuance										
Total other financing sources (uses)	<u>(1,037)</u>	<u>-</u>	<u>(4,506)</u>	<u>-</u>	<u>(552)</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>552</u>
Net Change in Fund Balances	(290)	6,014	(118,926)	(104,669)	4,301	60,238	(242,961)	336	30,062	32,322
Fund Balance - Beginning of Year	958	9,532	195,839	682,340	138,450	395,545	262,743	211,010	94,196	342,319
Fund Balance - End of Year	<u>\$ 668</u>	<u>\$ 15,546</u>	<u>\$ 76,913</u>	<u>\$ 577,671</u>	<u>\$ 142,751</u>	<u>\$ 455,783</u>	<u>\$ 19,782</u>	<u>\$ 211,346</u>	<u>\$ 124,258</u>	<u>\$ 374,641</u>

(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, 2013

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund	Permanent Funds			Elimination	Totals
	Energy Conservation Fund	Pequot Village Paving Fund	Sewer Construction	Sewer Line Infrastructure Repair	School Construction Fund	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship		
Revenues:											
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$ 627,060	\$	\$	\$	\$	\$ 647,817
Sewer assessments						4,375					4,375
State of Connecticut						1,416					3,707,916
Federal government											1,308,551
Investment earnings	30			35		1,972	14,570	1,970	1,262		29,759
Charges for services											3,401,080
Sewer use charges											5,291,252
Solid waste management											2,411,917
Other revenue		36,000				698	251				594,614
Total revenues	<u>30</u>	<u>36,000</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>635,521</u>	<u>14,821</u>	<u>1,970</u>	<u>1,262</u>	<u>-</u>	<u>17,397,281</u>
Expenditures:											
General government						6,298					275,218
Public safety											543,752
Public works											36,270
Human services											185,569
Community services							7,954		1,510		2,147,500
Education											4,314,391
Sewer operations											4,354,333
Solid waste management											2,199,954
Outside agencies											330,459
Capital outlay		33,332									1,443,923
Nondepartmental											20,080
Debt service						1,038,456					1,512,702
Total expenditures	<u>-</u>	<u>33,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,044,754</u>	<u>7,954</u>	<u>-</u>	<u>1,510</u>	<u>-</u>	<u>17,344,071</u>
Revenues over (under) Expenditures	<u>30</u>	<u>2,668</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>(409,233)</u>	<u>6,867</u>	<u>1,970</u>	<u>(248)</u>	<u>-</u>	<u>53,210</u>
Other Financing Sources (Uses):											
Transfers in										(232,803)	92,447
Transfers out				(232,251)	(213,645)	(115,540)				232,803	(1,607,913)
Refunding bonds issued											2,020,000
Payments to refunded bond escrow agent											(2,099,295)
Premiums/discounts on bond issuance											99,891
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,251)</u>	<u>(213,645)</u>	<u>(115,540)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,494,870)</u>
Net Change in Fund Balances	30	2,668	-	(232,216)	(213,645)	(524,773)	6,867	1,970	(248)	-	(1,441,660)
Fund Balance - Beginning of Year	18,276	-	(250,281)	232,216	213,645	2,139,923	150,446	45,687	200,497		9,941,408
Fund Balance - End of Year	<u>\$ 18,306</u>	<u>\$ 2,668</u>	<u>\$ (250,281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,615,150</u>	<u>\$ 157,313</u>	<u>\$ 47,657</u>	<u>\$ 200,249</u>	<u>\$ -</u>	<u>\$ 8,499,748</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 16	\$ 16	\$ 620	\$ 604
State grants	1,200	1,200	422	(778)
ConnectiCard grant	36,900	36,900	32,405	(4,495)
Total revenues	<u>38,116</u>	<u>38,116</u>	<u>33,447</u>	<u>(4,669)</u>
Expenditures:				
Payroll charges	10,846	10,846	10,691	155
Utilities/Fuel/Mileage	1,620	1,620	751	869
Repairs & Maint-Fac/Equip	2,000	2,000	1,826	174
Software maintenance fees	31,031	31,031	30,869	162
Equipment, machinery and furniture	2,000	2,000	1,477	523
Computer equipment	1,475	1,475	1,286	189
Total expenditures	<u>48,972</u>	<u>48,972</u>	<u>46,900</u>	<u>2,072</u>
Revenues under Expenditures	(10,856)	(10,856)	(13,453)	(2,597)
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>\$ (12,206)</u>	<u>\$ (12,206)</u>	<u>\$ (14,803)</u>	<u>\$ (2,597)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,168,400	\$ 1,168,400	\$ 1,119,054	\$ (49,346)
Expenditures:				
Community services	<u>1,112,945</u>	<u>1,112,945</u>	<u>1,059,864</u>	<u>53,081</u>
Revenues over Expenditures	55,455	55,455	59,190	3,735
Other Financing Uses:				
Transfers out	<u>(58,482)</u>	<u>(58,482)</u>	<u>(58,482)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (3,027)</u>	<u>\$ (3,027)</u>	<u>\$ 708</u>	<u>\$ 3,735</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,259,594	\$ 5,259,594	\$ 5,291,252	\$ 31,658
Interest income	3,252	3,252	1,865	(1,387)
FEMA reimbursements			22,302	22,302
State grants			33,232	33,232
Other revenue			536	536
Total revenues	<u>5,262,846</u>	<u>5,262,846</u>	<u>5,349,187</u>	<u>86,341</u>
Expenditures:				
Sewer system maintenance	<u>4,947,107</u>	<u>4,947,107</u>	<u>4,907,646</u>	<u>39,461</u>
Revenues over Expenditures	<u>315,739</u>	<u>315,739</u>	<u>441,541</u>	<u>125,802</u>
Other Financing Sources (Uses):				
Transfers in			232,251	232,251
Transfers out	<u>(980,564)</u>	<u>(980,564)</u>	<u>(980,564)</u>	-
Total other financing uses	<u>(980,564)</u>	<u>(980,564)</u>	<u>(748,313)</u>	<u>232,251</u>
Net Change in Fund Balance	<u>\$ (664,825)</u>	<u>\$ (664,825)</u>	<u>\$ (306,772)</u>	<u>\$ 358,053</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Solid waste management	\$ 2,546,674	\$ 2,546,674	\$ 2,411,917	\$ (134,757)
Interest income	<u>2,160</u>	<u>2,160</u>	<u>1,732</u>	<u>(428)</u>
Total revenues	<u>2,548,834</u>	<u>2,548,834</u>	<u>2,413,649</u>	<u>(135,185)</u>
Expenditures:				
Solid waste management	<u>2,430,655</u>	<u>2,400,349</u>	<u>2,331,196</u>	<u>69,153</u>
Revenues over Expenditures	118,179	148,485	82,453	(66,032)
Other Financial Uses:				
Transfers out	<u>(232,095)</u>	<u>(232,095)</u>	<u>(232,095)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (113,916)</u>	<u>\$ (83,610)</u>	<u>\$ (149,642)</u>	<u>\$ (66,032)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property taxes, interest and lien fees	\$ 20,757	\$ 20,757	\$ 20,767	\$ 10
Expenditures:				
Public safety	<u>20,020</u>	<u>20,020</u>	<u>20,010</u>	<u>10</u>
Revenues over Expenditures	737	737	757	20
Other Financial Uses:				
Transfers out	<u>(1,037)</u>	<u>(1,037)</u>	<u>(1,037)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (300)</u>	<u>\$ (300)</u>	<u>\$ (280)</u>	<u>\$ 20</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 38	\$ 38	\$ 767	\$ 729
Expenditures:				
Property revaluation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues under Expenditures	38	38	767	729
Other Financing Sources:				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 35,038</u>	<u>\$ 35,038</u>	<u>\$ 35,767</u>	<u>\$ 729</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 762	\$ 762	\$ 759	\$ (3)
Other agencies	1,740	1,740	1,740	-
Outside agencies - MDT	26,920	26,920	24,941	(1,979)
Total revenues	<u>29,422</u>	<u>29,422</u>	<u>27,440</u>	<u>(1,982)</u>
Expenditures:				
Computer equipment	<u>146,765</u>	<u>146,765</u>	<u>40,629</u>	<u>106,136</u>
Revenues under Expenditures	(117,343)	(117,343)	(13,189)	104,154
Other Financing Sources:				
Transfers in	<u>85,852</u>	<u>85,852</u>	<u>85,852</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (31,491)</u>	<u>\$ (31,491)</u>	<u>\$ 72,663</u>	<u>\$ 104,154</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 642,142	\$ 642,142	\$ 630,476	\$ (11,666)
Interest income	5,450	5,450	1,972	(3,478)
Total revenues	<u>647,592</u>	<u>647,592</u>	<u>632,448</u>	<u>(15,144)</u>
Expenditures:				
Debt service	1,038,457	1,038,457	1,038,456	1
Operating expense	8,595	8,595	6,048	2,547
Total expenditures	<u>1,047,052</u>	<u>1,047,052</u>	<u>1,044,504</u>	<u>2,548</u>
Revenues under Expenditures	(399,460)	(399,460)	(412,056)	(12,596)
Other Financing Uses:				
Transfers out	<u>(115,540)</u>	<u>(115,540)</u>	<u>(115,540)</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ (515,000)</u></u>	<u><u>\$ (515,000)</u></u>	<u><u>\$ (527,596)</u></u>	<u><u>\$ (12,596)</u></u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Recreation programs	\$ 437,500	\$ 437,500	\$ 376,811	\$ (60,689)
Summer camp	164,726	164,726	162,697	(2,029)
Special needs programs	28,013	28,013	30,006	1,993
Senior trips	118,610	118,610	85,881	(32,729)
Senior programs	35,000	35,000	55,242	20,242
Total revenues	<u>783,849</u>	<u>783,849</u>	<u>710,637</u>	<u>(73,212)</u>
Expenditures:				
Recreation programs	405,159	405,159	354,071	51,088
Summer camp	177,244	177,244	163,393	13,851
Special needs programs	81,586	81,586	67,208	14,378
Senior trips	113,179	113,179	54,181	58,998
Senior programs	34,560	34,560	44,431	(9,871)
Total expenditures	<u>811,728</u>	<u>811,728</u>	<u>683,284</u>	<u>128,444</u>
Revenues over (under) Expenditures	(27,879)	(27,879)	27,353	55,232
Other Financing Sources:				
Transfers in	<u>-</u>	<u>-</u>	<u>552</u>	<u>552</u>
Net Change in Fund Balance	<u>\$ (27,879)</u>	<u>\$ (27,879)</u>	<u>\$ 27,905</u>	<u>\$ 55,784</u>

Proprietary Funds / Internal Service Funds

Internal Service Funds

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

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

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

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

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

JUNE 30, 2013

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 874,729	\$ 6,456,568	\$ 1,716,308	\$ 9,047,605
Accounts receivable	2,095	130,254	43,246	175,595
Due from other funds		728,284		728,284
Other assets		40,391		40,391
Total current assets	<u>876,824</u>	<u>7,355,497</u>	<u>1,759,554</u>	<u>9,991,875</u>
Noncurrent assets:				
Property and equipment, net	<u>2,923,595</u>			<u>2,923,595</u>
Total assets	<u>3,800,419</u>	<u>7,355,497</u>	<u>1,759,554</u>	<u>12,915,470</u>
Liabilities:				
Current liabilities:				
Accounts payable	65,004	34,201	2,256	101,461
Claims incurred but not reported		871,750	122,799	994,549
Total current liabilities	<u>65,004</u>	<u>905,951</u>	<u>125,055</u>	<u>1,096,010</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,333,177</u>	<u>2,333,177</u>
Total liabilities	<u>65,004</u>	<u>905,951</u>	<u>2,458,232</u>	<u>3,429,187</u>
Net Position:				
Invested in capital assets	2,923,595			2,923,595
Unrestricted	<u>811,820</u>	<u>6,449,546</u>	<u>(698,678)</u>	<u>6,562,688</u>
Total Net Position	<u>\$ 3,735,415</u>	<u>\$ 6,449,546</u>	<u>\$ (698,678)</u>	<u>\$ 9,486,283</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,166,629	\$ 13,194,366	\$ 424,943	\$ 14,785,938
Other revenue	1,399	22	81,768	83,189
Total operating revenue	<u>1,168,028</u>	<u>13,194,388</u>	<u>506,711</u>	<u>14,869,127</u>
Operating Expenses:				
Operating expenses	765,092			765,092
Claims - operating		14,001,035		14,001,035
Claims - workers' compensation			490,921	490,921
Claims - heart and hypertension			150,330	150,330
Administrative		1,145,448	48,658	1,194,106
Depreciation	561,590			561,590
Total operating expenses	<u>1,326,682</u>	<u>15,146,483</u>	<u>689,909</u>	<u>17,163,074</u>
Operating loss	<u>(158,654)</u>	<u>(1,952,095)</u>	<u>(183,198)</u>	<u>(2,293,947)</u>
Nonoperating Revenue:				
Interest on investments	2,248	13,737	3,202	19,187
Gain on disposal of capital assets	42,485			42,485
Total nonoperating revenue	<u>44,733</u>	<u>13,737</u>	<u>3,202</u>	<u>61,672</u>
Change in Net Position	(113,921)	(1,938,358)	(179,996)	(2,232,275)
Net Position - Beginning of Year	<u>3,849,336</u>	<u>8,387,904</u>	<u>(518,682)</u>	<u>11,718,558</u>
Net Position - End of Year	<u>\$ 3,735,415</u>	<u>\$ 6,449,546</u>	<u>\$ (698,678)</u>	<u>\$ 9,486,283</u>

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 1,167,471	\$ 13,223,492	\$ 463,465	\$ 14,854,428
Cash paid to other funds		(728,284)		(728,284)
Cash paid to vendors	(801,154)			(801,154)
Cash paid to beneficiaries		(15,051,027)	(762,193)	(15,813,220)
Net cash provided by (used in) operating activities	<u>366,317</u>	<u>(2,555,819)</u>	<u>(298,728)</u>	<u>(2,488,230)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(650,113)			(650,113)
Proceeds from sale of property and equipment	42,485			42,485
Net cash used in capital and related financing activities	<u>(607,628)</u>	<u>-</u>	<u>-</u>	<u>(607,628)</u>
Cash Flows from Investing Activities:				
Interest on investments	2,248	13,737	3,202	19,187
Net Decrease in Cash and Cash Equivalents	(239,063)	(2,542,082)	(295,526)	(3,076,671)
Cash and Cash Equivalents - Beginning of Year	<u>1,113,792</u>	<u>8,998,650</u>	<u>2,011,834</u>	<u>12,124,276</u>
Cash and Cash Equivalents - End of Year	<u>\$ 874,729</u>	<u>\$ 6,456,568</u>	<u>\$ 1,716,308</u>	<u>\$ 9,047,605</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:				
Operating loss	\$ (158,654)	\$ (1,952,095)	\$ (183,198)	\$ (2,293,947)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	561,590			561,590
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(557)	29,104	(43,246)	(14,699)
Decrease (increase) in due from other funds		(728,284)		(728,284)
(Decrease) increase in accounts payable	(36,062)			(36,062)
(Decrease) increase in claims payable		95,456	(72,284)	23,172
Net Cash Provided by (Used in) Operating Activities	<u>\$ 366,317</u>	<u>\$ (2,555,819)</u>	<u>\$ (298,728)</u>	<u>\$ (2,488,230)</u>

Fiduciary Funds

Fiduciary Funds

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

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

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

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

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

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2013

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Assets:					
Cash	\$ 2,278	\$ 5,626	\$ 57,838	\$ 72,226	\$ 137,968
Liabilities:					
Due to employees/others			300		300
Net Position Held in Trust	\$ <u>2,278</u>	\$ <u>5,626</u>	\$ <u>57,538</u>	\$ <u>72,226</u>	\$ <u>137,668</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$	\$ 35	\$ 94	\$ 119	\$ 248
Other additions			12,250		12,250
Total additions	-	35	12,344	119	12,498
Deductions:					
Benefits		38	19,654	3,086	22,778
Change in Net Position	-	(3)	(7,310)	(2,967)	(10,280)
Net Position - Beginning of Year	2,278	5,629	64,848	75,193	147,948
Net Position - End of Year	\$ 2,278	\$ 5,626	\$ 57,538	\$ 72,226	\$ 137,668

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Performance Bonds				
Assets:				
Cash	\$ <u>1,305,860</u>	\$ <u>9,565</u>	\$ <u>84,502</u>	\$ <u>1,230,923</u>
Liabilities:				
Due to contractors/developers	\$ <u>1,305,860</u>	\$ <u>9,565</u>	\$ <u>84,502</u>	\$ <u>1,230,923</u>
Student Activities				
Assets:				
Cash	\$ <u>212,992</u>	\$ <u>413,918</u>	\$ <u>402,566</u>	\$ <u>224,344</u>
Liabilities:				
Due to student groups	\$ <u>212,992</u>	\$ <u>413,918</u>	\$ <u>402,566</u>	\$ <u>224,344</u>
Fire District Tax Collections				
Assets:				
Cash	\$ <u>16,727</u>	\$ <u>14,746,252</u>	\$ <u>14,719,532</u>	\$ <u>43,447</u>
Liabilities:				
Due to fire districts	\$ <u>16,727</u>	\$ <u>14,746,252</u>	\$ <u>14,719,532</u>	\$ <u>43,447</u>
Total				
Assets:				
Cash	\$ <u>1,535,579</u>	\$ <u>15,169,735</u>	\$ <u>15,206,600</u>	\$ <u>1,498,714</u>
Liabilities:				
Due to contractors/developers	\$ 1,305,860	\$ 9,565	\$ 84,502	\$ 1,230,923
Due to student groups	212,992	413,918	402,566	224,344
Due to fire districts	<u>16,727</u>	<u>14,746,252</u>	<u>14,719,532</u>	<u>43,447</u>
Total Liabilities	\$ <u>1,535,579</u>	\$ <u>15,169,735</u>	\$ <u>15,206,600</u>	\$ <u>1,498,714</u>

Other Schedules

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

Grand List Year	Uncollected Taxes 7/1/2012	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2013
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2011	\$ -	\$ 80,238,704	\$ 1,457,404	\$ 992,893	\$ 470,903	\$ 80,232,312	\$ 78,991,533	\$ 245,476	\$ 1,133	\$ 79,238,142	\$ 1,240,779
2010	1,672,312		13,724	80,181	164,266	1,441,589	825,770	204,051	20,723	1,050,544	615,819
2009	719,189		215,112	18,003	34,801	881,497	559,201	138,053	22,501	719,755	322,296
2008	353,608		276	685	7,769	345,430	170,203	96,830	15,302	282,335	175,227
2007	165,279		515	1,521	12,996	151,277	58,064	40,295	12,386	110,745	93,213
2006	75,736		178	526	10,482	64,906	16,479	15,743	7,086	39,308	48,427
2005	35,052				7,651	27,401	680	6,066	4,521	11,267	26,721
2004	10,009				930	9,079	151	2,965	2,057	5,173	8,928
2003	9,108				855	8,253	27	2,382	1,493	3,902	8,226
2002	8,262		158		506	7,914	185	2,439	1,319	3,943	7,729
2001	6,073					6,073	25	1,828	945	2,798	6,048
2000	1,557					1,557		831	407	1,238	1,557
1999	823					823		772	384	1,156	823
1998	141					141		946	381	1,327	141
1997	-					-		2,352	906	3,258	-
	<u>\$ 3,057,149</u>	<u>\$ 80,238,704</u>	<u>\$ 1,687,367</u>	<u>\$ 1,093,809</u>	<u>\$ 711,159</u>	<u>\$ 83,178,252</u>	<u>\$ 80,622,318</u>	<u>\$ 761,029</u>	<u>\$ 91,544</u>	<u>\$ 81,474,891</u>	<u>\$ 2,555,934</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2013

Grand List Year	Uncollected Taxes 7/1/2012	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2013	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2011	\$ -	\$ 20,836	\$	\$ 12	\$ 11	\$ 20,813	\$ 20,705	\$ 32	\$	\$ 20,737	\$ 108
2010	34			6	7	21	21	5		26	-
2009	1					1	1			1	-
2008	-					-			3	3	-
	<u>\$ 35</u>	<u>\$ 20,836</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 18</u>	<u>\$ 20,835</u>	<u>\$ 20,727</u>	<u>\$ 37</u>	<u>\$ 3</u>	<u>\$ 20,767</u>	<u>\$ 108</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, 2013

Grand List Year	Uncollected Taxes 7/1/2012	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2013	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2011	\$ -	\$ 613,954	\$ 980	\$ 3,539	\$ 1,392	\$ 610,003	\$ 602,217	\$ 2,610	\$ -	\$ 604,827	\$ 7,786
2010	11,617		175	363	580	10,849	6,512	4,151	93	10,756	4,337
2009	5,985		116	234	100	5,767	2,637	2,473	91	5,201	3,130
2008	2,795		1	7	85	2,704	1,106	1,357	97	2,560	1,598
2007	1,352			16	214	1,122	201	415	72	688	921
2006	876			10	189	677	3	134	47	184	674
2005	916				139	777	35	89	3	127	742
2004	305				30	275	1	25		26	274
2003	279				17	262	1	25		26	261
2002	253				3	250	1	26		27	249
2001	81					81				-	81
2000	90					90				-	90
1999	56					56				-	56
1998	10					10		44	17	61	10
1997	24			14		10		146	56	202	10
	<u>\$ 24,639</u>	<u>\$ 613,954</u>	<u>\$ 1,272</u>	<u>\$ 4,183</u>	<u>\$ 2,749</u>	<u>\$ 632,933</u>	<u>\$ 612,714</u>	<u>\$ 11,495</u>	<u>\$ 476</u>	<u>\$ 624,685</u>	<u>\$ 20,219</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2013

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of of Year	Interest Paid
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	\$ 3,705,000	\$ 195,000	\$ -	\$ 195,000	\$ -	\$ 3,413
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	385,000	-	305,000	80,000	9,375
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	30,000	-	20,000	10,000	756
General Purpose Bond Issue of 2009 (animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000	240,000	-	120,000	120,000	8,400
General Purpose Bond Issue of 2010 (animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000	8,101,000	-	7,172,000	929,000	152,661
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	5,675,000	5,675,000	-	418,000	5,257,000	182,805
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	-	6,752,000	-	6,752,000	12,870
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	2,400,000	-	2,100,000	300,000	53,813
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000	330,000	-	165,000	165,000	11,138
Sewer Refunding Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	2,710,000	2,710,000	-	-	2,710,000	70,600
Sewer Refunding Issue of 2013	2.75-.3.0	3-12-2013	10-1-2029	2,020,000	-	2,020,000	-	2,020,000	3,100
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	210,000	-	210,000	-	8,400
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	70,000	-	70,000	-	1,225
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	3,750,000	-	3,000,000	750,000	90,750
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	12,370,000	-	10,830,000	1,540,000	272,431
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000	310,000	-	155,000	155,000	10,850
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000	584,000	-	523,000	61,000	10,971
School Bond Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	10,630,000	10,630,000	-	12,000	10,618,000	392,808
School Bond Issue of 2013	2.75-.3.0	3-12-2013	10-1-2029	12,308,000	-	12,308,000	-	12,308,000	24,315
Total Bonded Debt					\$ 47,990,000	\$ 21,080,000	\$ 25,295,000	\$ 43,775,000	\$ 1,320,681

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2013

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2012	Current Year	Balance June 30, 2013		
LOCIP Projects:						
Golf Course Facilities	\$ 50,000	\$ 49,660	\$ 340	\$ 50,000	\$	\$ -
Probate Office Modifications	25,000	7,061	11,314	18,375		6,625
Sidewalks Rt 1 Regency Area	235,000	154,545	2,654	157,199		77,801
Golf Course Replace Fuel Tank & Windows	110,000	73,385	3,037	76,422		33,578
Golf Course Clubhouse Renovations	240,000	209,900		209,900		30,100
Thomas Road Bikeway	138,000	11,007	7,057	18,064	1,828	118,108
Town Hall Annex Roof & Ex	65,000					65,000
GC Clubhouse - Roof/Trim	242,000		18,730	18,730	6,889	216,381
Sidewalk High Meadow/Ice House	60,000					60,000
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	9,934	81,978		18,022
Police Station	57,500	53,591		53,591		3,909
Swr Line Infrs Reple - WPCF	260,000	182,255	186	182,441		77,559
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
Trail Improvement Program	15,000	5,627	7,750	13,377		1,623
Replace Roadside Barrier System	50,000	49,637		49,637		363
Mech/Elec Equip Repair-WPCF	685,000	406,563		406,563		278,437
Facility Repairs-WPCF	100,000	69,751	22,572	92,323		7,677
Pavement Management Program	575,000	457,072	116,458	573,530		1,470
Hurricane/Disaster Project	30,390	7,120		7,120		23,270
Spicer House P&R Office	25,000	24,500		24,500		500
Email Archiving	103,000	55,370	47,630	103,000		-
FYE 2010 Capital						
Improvement Projects:						
Golf Course Renovations	50,000	46,509	2,884	49,393		607
Sidewalk-New - Drozdyk Dr	30,000	330		330		29,670
Info Tech Acq - Network	60,000	7,849	7,102	14,951	9,601	35,448
Info Tech Replace Town Radio System	25,000	3,500	475	3,975	16,025	5,000
Park Improvement Plan	76,000	10,413	104	10,517	5,000	60,483
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	38,086	526,000		-
BOE-Claude Chester Elementary	29,888	1,250		1,250		28,638
Spicer House P&R Office	10,000	7,071		7,071		2,929

(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, 2013

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2012</u>	<u>Current Year</u>	<u>Balance June 30, 2013</u>		
FYE 2011 Capital						
Improvement Projects:						
Roads - River Road	\$ 300,000	\$ 273,538	\$	\$ 273,538	\$ 4,400	\$ 22,062
Drainage Improv New Install	45,000		251	251		44,749
Traffic Signal Replace/Upgrade	25,000	6,946	18,054	25,000		-
Info Tech Acq - Network	40,000	20,708		20,708		19,292
Twtn Fire/EMS Radio System	165,000		165,000	165,000		-
WPCF Add/Improvements	325,000	43,161		43,161		281,839
WPCF Facility Renovations	1,765,000	494,985	883,404	1,378,389	2,220	384,391
Pavement Management Program	300,000	175,196		175,196		124,804
Pavement Management - City	250,000		218,761	218,761		31,239
All Schools - Security	216,000	72,460	143,540	216,000		-
School Design - Phase II	75,000	19,903		19,903		55,097
Timekeeper	38,000		128	128		37,872
Spicer House P&R Office	30,000	4,581	943	5,524	675	23,801
Town Hall Annex Complex	105,000	7,270	45,078	52,348	1,453	51,199
FYE 2012 Capital						
Improvement Projects:						
Thames St Retaining Wall	241,540	112,484	584	113,068		128,472
Crystal Lake/Military Hwy Intersection	34,000	48	5,998	6,046		27,954
Judson Ave Drainage	165,000	127,812	28,341	156,153		8,847
Swr Line Insfers Replace - WPCF	685,000	120,893	402,312	523,205		161,795
Human Services Bldg Repair/Renovation	38,000	4,745	28,900	33,645		4,355
Bridge Reconstruction	140,000	9,954	91,222	101,176	7,318	31,506
Info Tech Acq-Network	25,000			-		25,000
Town Fire/EMS Radio System	165,000		30,800	30,800		134,200
Jabez Smith House	30,000	23,965	1,620	25,585		4,415
BOE - Fitch Sr High	25,000	17,323	3,419	20,742		4,258
All Schools - Security	200,000		70,896	70,896		129,104
Middle School Modifications	1,385,800	337,675	794,965	1,132,640		253,160

(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, 2013

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2012	Current Year	Balance June 30, 2013		
FYE 2013 Capital						
Improvement Projects:						
Golf Course Renovations	\$ 25,000	\$	\$ 24,592	\$ 24,592	\$	\$ 408
Improvements to Riverview Avenue	90,000		1,131	1,131	74,150	14,719
Crystal Lake/Military Hwy Intersection	20,300			-		20,300
Drainage Improv New Install	85,000		7,521	7,521		77,479
Groton Public Library	35,000		9,919	9,919	9,400	15,681
Sidewalk-Thomas Rd. Bikeway	176,000			-		176,000
Info Tech Acq-Replace Radio Console System	55,000			-		55,000
Jabez Smith House	13,000			-		13,000
Park Improvement Plan	5,000			-		5,000
Trail Improvement Plan	40,000			-		40,000
WPCF-Treatment Facility	220,000		78,375	78,375	97,645	43,980
WPCF-Pump Stations	360,000		24,000	24,000	84,500	251,500
Pavement Management Program	500,000		500,000	500,000		-
City-Pavement Management	400,000		220,554	220,554		179,446
GLP-Pavement Management	131,230		128,363	128,363		2,867
BOE-Fitch Sr High School	835,000			-		835,000
BOE-Charles Barnum	108,000			-		108,000
BOE-S.B. Butler	125,000		124,392	124,392		608
BOE-Mary Morrison	90,000			-		90,000
School Design Phase II	75,000		23,509	23,509	51,491	-
BOE-Asbestos Tile Removal	360,000		347,423	347,423		12,577
Mystic Education Center	25,000			-		25,000
Open Space Acquisition/Dev	75,000		75,000	75,000		-
Town Hall Annex Complex	79,000			-		79,000
Rec Facilities Improvement	75,000		58,767	58,767		16,233
CAD/RMS MDT Implementation	40,000			-		40,000
Other Projects:						
Mystic Streetscapes Improvements	1,226,000	579,430	48,148	627,578	20,249	578,173
Mystic Streetscapes Utility Reloc	118,276	134,912		134,912	7,083	(23,719)
Mystic Streetscapes Demand Deposit	1,224,174	169,803	61,599	231,402		992,772
Mystic Streetscapes Construction (TCSP)	849,311	680,001	232,142	912,143		(62,832)
Mystic Streetscapes Construction (ARRA)	3,561,200	1,638,775	1,786,738	3,425,513		135,687
Mystic Streetscapes Phase 2	22,523	31,750	53,508	85,258		(62,735)
Total before retainage payable	22,262,132	7,766,474	7,036,210	14,802,684	399,927	7,059,521
Retainage Payable - 2012		16,796	(16,796)			
Retainage Payable - 2013			1,693	1,693		(1,693)
Total	\$ 22,262,132	\$ 7,783,270	\$ 7,021,107	\$ 14,804,377	\$ 399,927	\$ 7,057,828

Statistical Section

Statistical Section

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF GROTON, CONNECTICUT

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 161,736,383
Restricted		129,493	329,493	329,493	329,493	329,493	329,493	325,935	247,543	336,163
Unrestricted	<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>	<u>35,517,240</u>
Total Governmental Activities										
Net Position	<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>	<u>\$ 197,589,786</u>

TOWN OF GROTON, CONNECTICUT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental activities:										
General government/services	\$ 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	\$ 8,529,609
Public safety	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	12,295,551
Public works	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	13,628,816
Planning and development	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	1,830,563
Human services	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	2,715,295
Community services	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	7,107,094
Board of Education	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	89,023,978
Sewer operations	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	5,863,816
Solid waste management	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	2,199,954
Interest on long-term debt	886,717	554,543	750,785	1,111,142	1,706,630	2,388,266	1,821,202	2,226,005	2,639,790	1,310,199
Total governmental activities expenses	<u>115,293,965</u>	<u>114,807,386</u>	<u>122,087,745</u>	<u>121,457,188</u>	<u>149,759,663</u>	<u>136,779,723</u>	<u>140,217,289</u>	<u>136,607,803</u>	<u>147,585,504</u>	<u>144,504,875</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	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	1,158,126
Public safety	135,563	288,405	149,981	190,702	199,673	82,126	141,692	316,817	653,758	398,165
Public works	41,433	230,889	221,897	252,087	268,966	243,104	571,102	584,879	672,005	745,253
Planning and development	605,452	473,359	285,056	381,547	312,445	224,149	197,516	205,591	166,196	159,644
Health and human services	18,973	30,132	136,439	136,124	98,099	6,263	189,290	252,668	141,195	135,357
Community services	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	2,010,172
Education	1,087,146	1,219,312	183,077	1,105,975	1,228,048	1,207,114	1,052,259	1,013,632	1,060,826	1,042,262
Sewer system maintenance	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	5,291,252
Solid waste management	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	2,411,917
Operating grants and contributions	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	43,653,893
Capital grants and contributions	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	3,667,168
Total governmental activities program revenues	<u>53,532,300</u>	<u>50,677,438</u>	<u>54,322,897</u>	<u>77,602,948</u>	<u>100,734,578</u>	<u>62,626,018</u>	<u>58,892,897</u>	<u>61,120,850</u>	<u>64,762,745</u>	<u>60,673,209</u>
Net Expenses	<u>(61,761,665)</u>	<u>(64,129,948)</u>	<u>(67,764,848)</u>	<u>(43,854,240)</u>	<u>(49,025,085)</u>	<u>(74,153,705)</u>	<u>(81,324,392)</u>	<u>(75,486,953)</u>	<u>(82,822,759)</u>	<u>(83,831,666)</u>
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	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	81,627,072
Payments in lieu of taxes	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	1,479,465
Grants and contributions										
not restricted to specific programs	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	4,144,285
Unrestricted investment earnings	537,626	1,086,734	2,280,538	3,771,081	3,025,296	897,313	280,825	242,222	129,036	126,718
Contributions received			200,000							
Donated assets				1,900						
Special item - loss on disposal of capital assets	(55,212)									
Total governmental activities	<u>69,810,172</u>	<u>69,083,152</u>	<u>73,421,174</u>	<u>79,827,834</u>	<u>80,929,806</u>	<u>81,375,363</u>	<u>81,814,537</u>	<u>84,093,913</u>	<u>84,698,591</u>	<u>87,377,540</u>
Change in Net Position	<u>\$ 8,048,507</u>	<u>\$ 4,953,204</u>	<u>\$ 5,656,326</u>	<u>\$ 35,973,594</u>	<u>\$ 31,904,721</u>	<u>\$ 7,221,658</u>	<u>\$ 490,145</u>	<u>\$ 8,606,960</u>	<u>\$ 1,875,832</u>	<u>\$ 3,545,874</u>

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

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assigned								3,029,419	3,325,543	3,003,114
Unassigned								10,160,823	9,421,348	11,617,470
Reserved	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>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>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>	\$ <u>14,620,584</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	334,039	261,566	268,278
Restricted								8,111,208	7,636,668	7,909,457
Committed								10,615,517	8,799,862	6,266,751
Unassigned								(1,608,609)	(250,479)	(250,281)
Reserved	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	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135			
Capital projects funds	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029			
Debt service funds	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289			
Permanent fund	<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>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>	\$ <u>14,194,205</u>

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

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes, interest and lien fees	\$ 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	\$ 82,339,630
Assessments	98,251	40,927	73,258	61,887	12,420	20,255	12,627	16,462	28,252	4,375
Licenses and permits	613,593	473,777	284,774	378,273	308,948	229,903	203,543	219,643	172,551	175,081
Intergovernmental - state	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	46,511,395
Intergovernmental - federal	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	107,531
Interest on investments	454,514	921,353	1,954,655	3,276,658	2,540,983	768,421	246,096	9,697,162	7,288,202	5,804,355
Charges for current services	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	4,554,660
Schools, library and recreation fees	395,262	437,436	397,320	341,499	461,072	455,396	433,701	383,922	328,918	338,553
Sewer use charges	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	5,291,252
Solid waste management charges	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	2,411,917
Other revenue	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	1,118,262
Total revenues	123,225,551	119,779,294	127,727,158	157,138,889	181,349,107	143,965,810	138,109,562	142,948,226	147,190,389	148,657,011
Expenditures:										
Current:										
General government	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	1,266,793
General services	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	4,315,863
Public safety	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	6,882,693
Public works	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	6,293,359
Planning and development	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	1,201,607
Health and human services	2,135,895	849,213	772,496	828,779	814,920	726,667	880,991	993,098	841,222	748,171
Community services	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	5,506,737
Education	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	85,311,379
Subdivisions	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	5,228,234
Sewer operations	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	4,354,333
Solid waste management	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	2,199,954
Nondepartmental (1)	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	8,743,450
Outside agencies (2)		1,610,548	1,632,556	1,662,697	1,771,930	1,782,982	2,202,051	2,317,827	2,391,992	2,351,809
Debt service miscellaneous	114,287	465								
Debt service interest	811,639	692,503	695,072	966,583	1,568,804	4,130,000	4,010,000	4,769,581	2,639,790	1,310,199
Debt service principal	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252	2,145,073	2,267,103	5,192,925	4,642,857
Capital outlay	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	8,896,614
Total expenditures	115,147,376	118,902,832	129,978,323	174,435,755	203,772,069	151,523,573	151,781,176	143,068,938	148,847,533	149,254,052
Excess (Deficiency) of Revenues over Expenditures	8,078,175	876,462	(2,251,165)	(17,296,866)	(22,422,962)	(7,557,763)	(13,671,614)	(120,712)	(1,657,144)	(597,041)
Other Financing Sources (Uses):										
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	21,080,000
Payment to refunding escrow	(5,319,102)								(20,107,027)	(23,199,400)
Premiums on bond issuance	258,388								1,301,282	2,336,722
Operating transfers in	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	5,350,360
Operating transfers out	(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)	(5,350,360)
Total other financing sources (uses)	(205,110)	(319,396)	4,735,000	15,944,336	18,500,000	20,414,411	9,718,613	-	209,255	217,322
Net Change in Fund Balances	7,873,065	557,066	2,483,835	(1,352,530)	(3,922,962)	12,856,648	(3,953,001)	(120,712)	(1,447,889)	(379,719)
Fund Balance at Beginning of Year	16,220,988	24,094,053	24,651,119	27,134,954	25,782,424	21,859,462	34,716,110	30,763,109	30,642,397	29,194,508
Fund Balance at End of Year	\$ 24,094,053	\$ 24,651,119	\$ 27,134,954	\$ 25,782,424	\$ 21,859,462	\$ 34,716,110	\$ 30,763,109	\$ 30,642,397	\$ 29,194,508	\$ 28,814,789
Debt Service as a Percentage to Noncapital Expenditures	3.13%	3.08%	2.84%	3.15%	3.20%	4.58%	4.47%	5.08%	5.33%	4.26%

(1) Employee benefits were budgeted at the function level for Fiscal Year 2004. For all other years, Employee benefits were included in Non-Departmental.
(2) In Fiscal Year 2005, Outside Agencies was created as a new Area of Service. In prior years these agencies were included in various areas of service.

TOWN OF GROTON, CONNECTICUT

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

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
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
2013 **	2,255,322	1,183,933	222,949	512,177	982,988	236,104	3,938,277	20.22	5,626,110	70.0

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	2013			2004		
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
101	Pfizer, Inc.	Pharmaceutical	\$ 587,665	1	13.3%	\$ 379,263	1	15.3%
	Electric Boat Corp.	Submarine Mfg./R&D	215,640	2	4.8%	159,541	2	6.4%
	LCOR Groton Apartments LLC	Ledges Apartments	21,454	3	0.7%	N/A	N/A	
	Exit 88 Hotel LLC	Mystic Marriott Hotel	20,456	4	0.5%	10,501	4	0.4%
	Groton Devel Assoc Ltd	Country Glen Apartments	17,533	5	0.5%	11,354	3	0.4%
	CW Groton Square LLC	Groton Square Shopping Center	14,518	6	0.4%	10,484	5	0.4%
	ELK La Triumphe LLC	LaTriumphe Apartments	14,501	7	0.4%	9,425	7	0.3%
	Groton Estates LLC	Colonial Manor Apartments	12,232	8	0.3%	8,313	9	0.3%
	Branford Manor Assoc	Apartment Complex	10,932	9	0.3%	9,116	8	0.3%
	CSC Outsourcing	Leased Equipment at Electric Boat	10,512	10	0.3%	9,587	6	0.3%
	Groton Assoc of CT LP	Convalescent Home				7,679	10	0.3%
			<u>\$ 925,443</u>		<u>21.5%</u>	<u>\$ 615,264</u>		<u>24.8%</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>
2004	\$ 56,684	\$ 55,467	97.85 %	\$ 982	\$ 56,449	99.59 %
2005	56,978	56,033	98.34	711	56,744	99.59
2006	59,700	58,714	98.35	1,463	60,177	100.80
2007	65,828	64,595	98.13	1,002	65,597	99.65
2008	68,586	67,315	98.15	1,171	68,486	99.85
2009	71,554	70,215	98.13	1,873	72,088	100.75
2010	73,703	72,295	98.09	2,775	75,070	101.85
2011	76,226	74,842	98.18	1,311	76,153	99.90
2012	77,465	75,868	97.94	846	76,714	99.03
2013	80,232	78,991	98.45	n/a	78,991	98.45

Source: Town Assessor's office and Finance office

* The "Taxes Levied for the Fiscal Year" figure is based on the 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)

Town Direct Rate			Overlapping Rates											
Fiscal Year	Basic Rate	Groton Sewer District	City of Groton		Poquonock Bridge Fire District		Mystic Fire District		Noank Fire District		Old Mystic Fire District		Groton Long Point Association	
			City of Groton	Total Direct Rate	Poquonock Bridge Fire District	Total Direct Rate	Mystic Fire District	Total Direct Rate	Noank Fire District	Total Direct Rate	Old Mystic Fire District	Total Direct Rate	Groton Long Point Association	Total Direct Rate
2004	22.75	0.750	4.905	27.655	5.300	28.8	2.770	26.270	1.170	24.670	2.600	26.100	3.300	26.800
2005	22.62	0.750	4.905	27.525	5.600	28.970	2.720	26.090	1.170	24.540	2.850	26.220	3.300	26.670
2006	22.95	0.750	4.905	27.855	5.900	29.600	2.750	26.450	1.000	24.700	2.800	26.500	3.450	27.150
2007	24.05	0.750	4.905	28.955	6.100	30.900	2.820	27.620	1.000	25.800	2.850	27.650	3.830	28.630
2008	21.21	0.390	4.400	25.610	5.400	27.000	2.390	23.990	1.350	22.950	2.800	24.400	3.410	25.010
2009	19.27	0.330	4.300	23.570	5.200	24.800	2.150	21.750	1.320	20.920	2.370	21.970	3.000	22.600
2010	17.95	0.280	4.135	22.085	4.800	23.030	1.960	20.190	1.140	19.370	2.200	20.430	2.580	20.810
2011	18.42	0.290	4.135	22.555	4.800	23.510	2.030	20.740	1.140	19.850	2.200	20.910	2.910	21.620
2012	18.89	0.250	4.135	23.025	5.500	24.640	1.940	21.080	1.140	20.280	2.200	21.340	2.780	21.920
2013	20.22	0.250	4.595	24.815	5.900	26.370	2.050	22.520	1.190	21.660	2.400	22.870	2.835	23.305

Fiscal Year	Basic Rate	Groton Sewer District	Center Groton Fire District		West Pleasant Valley Fire District		Mumford Cove District		First Taxing District		Second Taxing District	
			Center Groton Fire District	Total Direct Rate	West Pleasant Valley Fire District	Total Direct Rate	Mumford Cove District	Total Direct Rate	First Taxing District	Total Direct Rate	Second Taxing District	Total Direct Tax
2004	22.75	0.750	4.500	28.000	3.500	27.000	0.260	23.760	3.900	26.590	5.710	29.21
2005	22.62	0.750	4.500	27.870	3.500	26.870	0.260	23.630	N/A	N/A	N/A	N/A
2006	22.95	0.750	4.500	28.200	3.400	27.100	0.260	23.960	N/A	N/A	N/A	N/A
2007	24.05	0.750	4.500	29.300	3.400	28.200	0.248	25.048	N/A	N/A	N/A	N/A
2008	21.21	0.390	3.500	25.100	3.000	24.600	0.197	21.797	N/A	N/A	N/A	N/A
2009	19.27	0.330	3.000	22.600	2.690	22.290	0.162	19.762	N/A	N/A	N/A	N/A
2010	17.95	0.280	3.000	21.230	3.100	21.330	0.279	18.509	N/A	N/A	N/A	N/A
2011	18.42	0.290	3.000	21.710	2.700	21.410	0.279	18.989	N/A	N/A	N/A	N/A
2012	18.89	0.250	3.000	22.140	2.750	21.890	0.279	19.419	N/A	N/A	N/A	N/A
2013	20.22	0.250	3.500	23.970	2.820	23.290	0.305	20.775	N/A	N/A	N/A	N/A

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

TOWN OF GROTON, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Debt as a Percentage of Actual Taxable Value of Property (1)	Total Primary Government	Debt as a Percentage of Personal Income (2)	Debt Per Capita
	General Obligation Bonds	Other Bonds				
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	2.0%	55,400,000	6.37%	1,402
2011	45,700,000	5,890,000	1.4%	51,590,000	5.99%	1,317
2012	43,603,009	5,650,000	1.2%	49,253,009	3.92%	1,227
2013	42,068,821	5,195,000	1.1%	47,263,821	3.71%	1,185

(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, 2013

Tax Base:		
Total tax collections (including interest and lien fees)	\$	81,474,892
Total tax collections (including interest and lien fees) of coterminous municipalities		14,103,708
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u><u>95,580,601</u></u>

	<u>Public Improvement</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 215,056,351	\$	\$	\$	\$
4 1/2 times base		430,112,703			
3 3/4 times base			358,427,252		
3 1/4 times base				310,636,952	
3 times base					<u>286,741,802</u>
Total limitations	<u>215,056,351</u>	<u>430,112,703</u>	<u>358,427,252</u>	<u>310,636,952</u>	<u>286,741,802</u>
Indebtedness:					
Bonds outstanding	13,148,000	25,432,000	5,195,000		
Authorized and unissued	2,845,000	1,618,137			
Underlying debt:					
Bonds and serial notes	6,990,728		940,000		
Authorized and unissued	<u>250,000</u>				
Total indebtedness	<u>23,233,728</u>	<u>27,050,137</u>	<u>6,135,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 191,822,623</u>	<u>\$ 403,062,566</u>	<u>\$ 352,292,252</u>	<u>\$ 310,636,952</u>	<u>\$ 286,741,802</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 56,418,865

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 669,064,204

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

TOWN OF GROTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS
(In Thousands)

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064
Total net debt applicable to limit	<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>	<u>56,413</u>
Legal Debt Margin	<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>	<u>\$ 612,651</u>
Total net debt applicable to the limit as a percentage of debt limit	13.23%	30.19%	26.06%	20.03%	15.21%	10.99%	11.32%	10.66%	9.14%	8.43%

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

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	High School Graduate or Higher	School Enrollment (2)	Unemployment Rate (3)
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%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	8.7%

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>2013</u>			<u>2004</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	34.5%	9,900	1	33.5%
Electric Boat Corporation	Submarine Mfg/R&D	6,700	2	23.8%	8,600	2	29.1%
Pfizer, Inc.	Pharmaceutical	3,360	3	11.9%	5,231	3	17.7%
Town of Groton	Municipality	1,296	4	4.6%	1,022	4	3.5%
Theater Aviation Sustainment Maintenance Group	Helicopter repair	528	5	1.9%	339	5	1.1%
City of Groton	Municipality	206	6	0.7%	180	7	0.6%
PCC Structural (1)	Manufacturer	180	7	0.6%	245	6	0.8%
Mystic Marriott	Hotel/Conference Center	225	8	0.8%			
Lawrence & Memorial Facilities	Hospital	149	9	0.5%			
Doncasters Precision Castings	Manufacturer	105	10	0.4%	90	10	0.3%
Anteon Corporation	Engineering/Technology				120	8	0.4%
Proto-Power Corporation	Engineering/Design				105	9	0.4%
		<u>22,459</u>		<u>79.8%</u>	<u>25,832</u>		<u>87.3%</u>

(1) Formerly known as Wyman Gordon Company

TOWN OF GROTON, CONNECTICUT

FULL-TIME EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	55.00	52.00	52.00	53.00	54.00	54.00	53.00	51.00	48.00	49.00
Public safety	73.00	72.00	72.00	73.00	75.00	77.00	75.00	74.00	72.00	72.00
Public works	46.50	52.25	52.25	52.25	60.25	58.25	57.25	56.25	52.25	52.25
Planning and development	18.00	18.00	18.00	18.00	17.00	18.00	18.00	17.00	16.00	16.00
Human services	13.00	13.00	10.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	42.75	42.75	43.00	44.00	44.00	43.00	43.00	42.50	40.50	40.75
Golf course	7.25	7.25	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.25
Sewer system maintenance	17.75	17.75	17.75	17.75	17.75	17.75	17.75	18.75	18.75	18.75
Solid waste management	7.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	1.00	2.00	2.00	1.00	0.00	0.00	0.00	0.00
Fleet reserve	8.00	8.00	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	294.00	288.00	286.00	290.00	290.00	289.00	284.00	279.00	267.00	268.00
Board of Education	670.00	665.00	659.00	655.00	659.00	665.00	667.00	665.00	683.00	683.00
Total	964.00	953.00	945.00	945.00	949.00	954.00	951.00	944.00	950.00	951.00

Source: Adopted Town Budgets

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

TOWN OF GROTON, CONNECTICUT
 OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General Government</u>										
Marriages and civil unions of residents	479	456	524	507	474	488	515	540	464	495
Births to Groton residents	634	619	610	580	608	565	554	545	419	556
Deaths of Groton residents	375	365	350	394	381	402	408	374	338	418
<u>Boards and Agencies</u>										
Registered voters	17,718	18,723	17,909	17,824	18,025	19,559	22,901	19,524	20,138	19,082
Elections and referenda	3	2	1	2	3	1	1	3	2	1
<u>Planning and Development</u>										
Building permits issued	1,614	1,523	1,600	1,438	1,520	1,359	1,388	1,267	1,355	1,300
Building inspections conducted	5,510	4,389	4,500	5,800	5,400	4,600	4,000	3,500	3,100	3,000
Value of building permits	\$ 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	\$ 14,676,632
<u>Public Safety</u>										
Arrests	1,151	905	672	685	1,058	1,016	1,112	883	755	1,555
Parking violations	903	450	336	175	292	313	198	228	244	263
Traffic violations	4,270	3,547	4,752	4,334	6,331	7,028	5,526	4,598	5,857	7,872
<u>Public Works</u>										
Street resurfacing (in miles)	5.85	2.73	3.94	3.27	3.03	1.20	1.59	2.29	3.25	3.18
Number of snow and ice control callouts	13	21	9	12	14	19	17	18	6	16
Miles of roads maintained (excludes GLP in 2006)	97.00	97.50	91.77	92.78	92.78	92.85	93.40	93.40	95.21	95.21
<u>Parks and Recreation</u>										
Athletic field permits issued	1,189	1,325	1,198	698	625	330	240	137	86	89
Summer season programs	204	163	181	170	161	201	197	197	201	124
Indoor season programs	541	637	583	603	606	640	706	719	537	305
Acres of grounds maintained	1,686	1,710	1,726	1,726	1,726	1,726	1,726	1,726	143	150
<u>Public Libraries</u>										
Volumes in collection	132,398	134,280	136,759	149,416	152,212	140,875	141,527	147,146	144,416	144,199
Items circulated	362,455	355,310	347,833	347,448	343,423	372,993	367,159	381,769	368,587	354,923
<u>Senior Center</u>										
Meals on wheels provided	34,620	31,046	34,068	36,982	23,800	23,800	17,888	16,756	16,270	14,935
Senior mini-bus trips	81	61	54	69	60	60	53	27	35	31
<u>Human Services</u>										
Households provided energy assistance	1,300	1,500	1,500	1,600	1,600	1,650	1,660	1,660	1,660	1,670
Households utilizing Groton Food Locker	4,500	4,500	4,500	4,500	4,500	4,500	4,600	4,600	4,600	4,600
Households receiving rent assistance	1,700	1,700	1,700	1,800	1,800	1,850	1,860	1,860	1,875	1,800
<u>Education</u>										
Elementary schools	9	9	9	9	8	7	7	7	7	7
Middle schools	3	3	3	3	3	3	3	3	3	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	130.0	130.7	130.7	132.9	134.0	135.3	135.3	136.5	136.5	136.5

Source(s): Various Town Departments

N/A Information not available

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

	FISCAL YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	45	47	46	46	46	46	45	45	45	43
<u>Public Works</u>										
Miles of town streets	98.76	97.66	98.9	99.81	99.81	99.88	100.43	93.4	95.21	95.21
Streetlights	1,308	1,350	1,330	1,334	1,334	1,325	1,337	1,339	1,339	1,371
Public works vehicles	228	228	227	213	213	203	197	197	197	197
<u>Parks and Recreation</u>										
Acreage	754	768	780	780	780	1,018	1,019	1,019	1,237	1,266
Parks	30	32	33	33	33	33	53	53	53	54
<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	5	5	5	5	5	5	6	6
<u>Education</u>										
Schools	13	13	13	13	12	11	11	11	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	130	130	132.86	132.86	134	135.3	135.3	136.3	136.3	136.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500	7,500	7,500

Source(s): Various Town Departments