

# TOWN OF GROTON, CONNECTICUT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2011

# **TOWN OF GROTON, CONNECTICUT**

## **Comprehensive Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2011**

**Prepared By:**

**The Finance Department**

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

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## **Introductory Section**



**TOWN OF GROTON  
DEPARTMENT OF FINANCE**

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Finance Director  
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November 28, 2011

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, 2011.

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

The Town of Groton's financial statements have been audited by Blum Shapiro & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Groton for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by

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management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

**Profile of the Government:**

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut's Department of Public Health, the Town's population is approximately 40,125 residents. Originally part of the City of New London, the Town was incorporated May 10, 1705 and lies equidistant between New York City and Boston.

Within the Town of Groton there are two political subdivisions, the City of Groton (City) and Groton Long Point Association (GLPA). In addition, there are seven (7) special taxing districts within the Town. For the political subdivisions, the Town funds their public works budgets (City: 91% and GLPA: 100%) and their public safety budgets (City: 46% and GLPA: 0%). The special districts are organized units of government within the Town, having separate governing bodies. They were established by special acts of the State legislature for specific purposes such as fire protection. All these governmental units have individual taxing authority.

**Governing Body:**

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

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

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

**Services:**

The Town of Groton provides a full range of services, including education, police, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2011, approximately 268 full-time municipal employees provided services to a community of 38 square miles and 40,000 residents.

**Budgetary Process:**

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

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

**Expenditure Control:**

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

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

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

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

**Local Economy:**

Groton was settled primarily by farmers, but they turned early to shipbuilding and the maritime trade to supplement their livelihood. Groton became known as the Submarine Capital of the World when the Electric Boat Division of General Dynamics delivered 74 diesel submarines to the Navy in World War II. This was followed in 1954 with the launch of the USS Nautilus, the world’s first nuclear-powered submarine, now permanently berthed at Goss Cove near the Submarine Base. Today Groton is a regional center for commerce and industry while its shoreline location and its many historical sites have made the region a prime tourist attraction. The three top employers are U. S. Navy Submarine Base, Electric Boat Corporation and Pfizer Inc. As of June 2011, the Town had an unemployment rate of 9.3% as compared to the New London County rate of 9.0%, the state’s average rate of 9.1% and the national average of 9.3%. New London County has an employed labor force of approximately 139,510 residents.

**Grand List Decreases by 0.1%:**

The October 1, 2010 net adjusted taxable Grand List fell 0.1% from the 2009 Grand List, after the Board of Assessment Appeals. The net adjusted grand list now totals \$4,098,212,168. Real estate rose about 0.4%, from about \$3.601 billion to \$3.617 billion. The net personal property grand list fell 8.2%, from about \$331 million to about \$303 million. The motor vehicles portion of the grand list rose 3.4% from \$171,487,204 in 2009 to \$177,292,052. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

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

The unassigned fund balance in the general fund (8.7% 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 \$1,500,000 was reduced by the Town Council to \$1,012,000 and further reduced by the RTM to \$828,000.

**Major Initiatives: For the Fiscal Year Ended June 30, 2011:**

**School Construction: Phase I:**

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

**School Construction: Phase II:**

With the completion of Phase I, facilities and educational needs of the Town were evaluated to identify additional school enhancement projects. Phase II, a \$133 million proposal, called for a new middle school to be built where Claude Chester Elementary School now stands, the renovation of Cutler Middle School into an intermediate elementary school and the conversion of S. B. Butler Elementary and West Side Middle into early education centers. About half of the

costs were expected to be paid by the State. On May 2, 2011 a voter referendum was held on this project and it was rejected by a vote of 4,184 to 1,437. The Board of Education is currently reviewing the options for future facility enhancements and consolidations.

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

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

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

The main project, the additions and improvements to the main facility, was awarded in February 2007 and is substantially completed. However, the rain event and subsequent flooding of March 2010 caused a significant system disruption; thus the testing phase of the Integrated Fixed Film/Activated Sludge (IFAS) System will be delayed for another year.

The three other related sub-projects were the installation of a second permanent generator, the rehabilitation of one of the old secondary clarifiers and the effluent force main valve upgrade. By June 30, 2011 all had either reached or were near substantial completion.

The complete project was approved with a combination of grants and loans from the State's Clean Water Fund, local funding and bonds.

**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.

**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.

**Mystic Streetscape:**

This is a \$5.5 million streetscape project that will reroute an aging sewer pipe on the north side of West Main Street from the drawbridge to Gravel Street. This project which began in November 2010 will remake the downtown business district by sinking utility line underground, widening sidewalks, improving crosswalks and accessibility and maximizing legal parking and is expected to take about 18 months. The bulk of the costs, about \$3.1 million, is covered federal stimulus dollars from the American Recovery & Reinvestment Act and the balance by other federal funds with a state-paid match.

**Major Initiatives: For the Future:**

**Thames Street Rehabilitation:**

Project design is expected to be completed by June 2012.

**School Projects, Phase II:**

The issue of consolidation, which would have been achieved with its passage, will be considered by the Board of Education as necessary to keep education costs as low as possible and to respond to a declining school population. A reduction in the number of middle schools from three to two is being considered.

**Mystic Streetscape:**

This project which began in November 2010 is expected to be completed by spring 2012.

**Debt Administration:**

In October 2010 Bond Anticipation Notes (BANs) in the amount of \$3,040,000 became due and BANs in the amount of \$3,210,000 were sold. Those BANs were sold for Phase I-Schools in the amount of \$2,840,000 which is mainly for the retainage held by the State pending an audit of the three school projects. Additionally BANs were sold for the Senior Center project in the amount of \$370,000 mainly due for additional costs that were incurred subsequent to the October 2009 bond sale. The BANs were issued for nine months and sold to Piper Jaffray with a net interest rate @ 0.409%. Those BANs matured in July 2011.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$45,700,000 of general obligation bonds, \$5,890,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$51,590,000. Last fiscal year that total amount was \$55,400,000.

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 2011 data.

	<u>Adopted Policy</u>	<u>FYE 2011</u>
Comparison to State’s Statutory Debt Limit	not to exceed 50%	10.7%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.7%
Debt Service as compared to Expenditures	not to exceed 10%	4.4%

**Awards and Acknowledgements:**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Groton for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for seventeen (17) consecutive years (FYE 1994 through FYE 2010). 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 eighteenth (18) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2012 Adopted Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The Award is the highest form of recognition in governmental budgeting.

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

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

Respectfully submitted,



Salvatore M. Pandolfo  
Finance Director



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Town of Groton Connecticut

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



*Linda C. Davison*

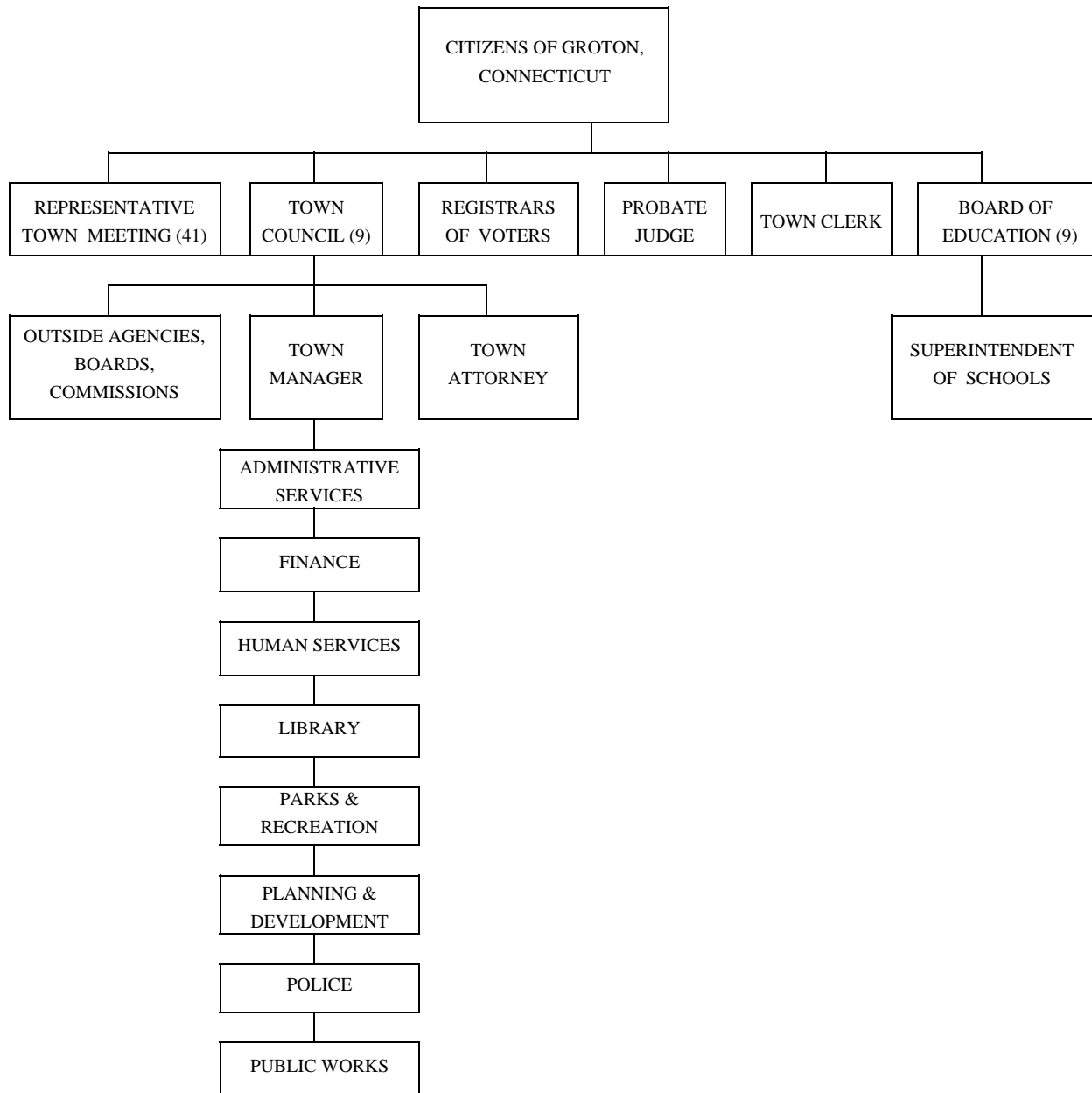
President

*Jeffrey R. Emer*

Executive Director

# TOWN OF GROTON

## ORGANIZATION CHART



**TOWN OF GROTON**  
**PRINCIPAL OFFICIALS**  
**AS OF JUNE 30, 2011**

Town Council

James L. Streeter, Mayor  
Bruce S. Flax  
Bill Johnson  
Catherine Kolnaski  
Deborah B. Monteiro  
Frank O'Beirne, Jr.  
Deborah L. Peruzzotti  
Paulann H. Sheets  
Harry A. Watson

Board of Education

Robert Peruzzotti, Chairperson  
Beverly H. Washington, Vice Chairperson  
Patricia Monahan Doyle  
Elizabeth B. Gianacoplos  
Kirsten E. Hoyt  
Brian M. Shirvell  
Jennifer M. Sim  
Rita P. Volkmann  
Charles Zezulka

Appointed Officials

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

**Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2011 and the respective changes in financial position and cash flows, where applicable, thereof, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2011 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 15, and the budgetary comparison information on pages 62 through 66, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

November 28, 2011

**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, 2011 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**Financial Highlights:**

- The Governmental Accounting Standards Board issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which the Town implemented this fiscal year. The Statement has two components, one addressing special revenue funds and the other component enhancing the usefulness of fund balance information. In order for a fund to be considered a special revenue fund, its revenue source needs to constitute a substantial portion of the resources of that fund. The fund balance component is meant to provide clearer fund balance classifications that can be more consistently applied.
- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$192,168 (net assets). Of this amount, \$40,303 (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 \$8,607. This increase is mainly attributable to revenues exceeding expenses.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$30,642.
- For the fiscal year ended June 30, 2011, the unassigned fund balance for the General Fund was \$10,161 or 8.7% of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum undesignated fund balance equal to at least 7.5% of the annual budget.
- The Town of Groton's total debt decreased by \$4,599 (6.4%) during the current fiscal year. This was mainly due to decreases (\$3,810) in the principal amounts due on bonds for general government obligation debt and decreases (\$959) in the loan payment due to the State's Clean Water Fund. That was offset by an increase in the amount of bond anticipation notes for general obligation debt which was increased (\$170) over the previous year.

**Overview of the Financial Statements:**

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2002 through the current audited fiscal year.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town of Groton's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown,

including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

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

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

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

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

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

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

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

The Town of Groton maintains twenty-six individual non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the



General Fund, the Capital Improvements Fund and the School Construction Fund which are considered to be major funds. Twenty special revenue funds, two Capital Project Funds, a Debt Service Fund and three Permanent Funds are combined into aggregate funds in this presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

The basic proprietary fund financial statements can be found on Exhibits 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 four private purpose funds, one pension trust fund, one OPEB trust fund and two agency funds. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on Exhibits 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 its obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 27-61 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 67 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 \$192,168 on June 30, 2011.

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

	<b>Governmental</b>	
	<b>Activities</b>	
	<u>2011</u>	<u>2010</u>
Current assets	\$ 60,483	\$ 57,404
Capital assets, net of accumulated depreciation	<u>218,270</u>	<u>218,395</u>
Total assets	<u>278,753</u>	<u>275,799</u>
Long-term liabilities outstanding	72,307	78,419
Other liabilities	<u>14,278</u>	<u>13,819</u>
Total liabilities	<u>86,585</u>	<u>92,238</u>
Net Assets:		
Invested in capital assets, net of related debt	151,539	147,045
Restricted	326	329
Unrestricted	<u>40,303</u>	<u>36,187</u>
Total Net Assets	<u>\$ 192,168</u>	<u>\$ 183,561</u>

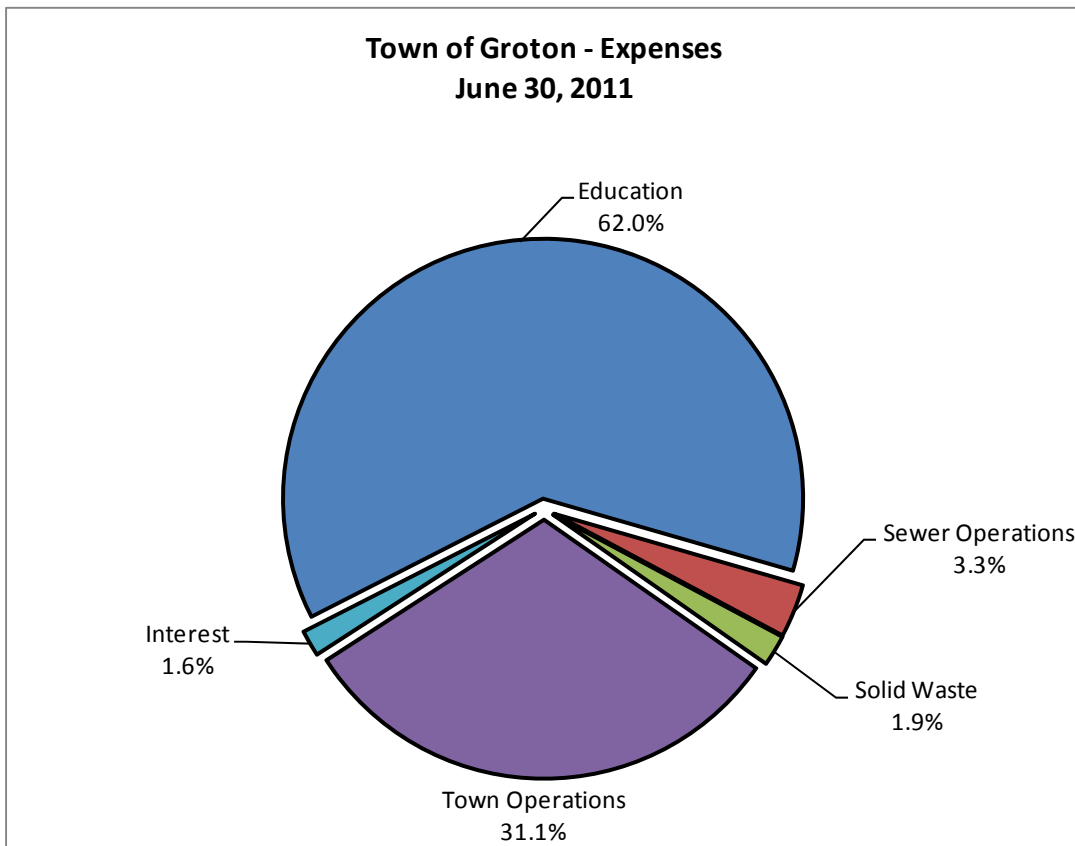
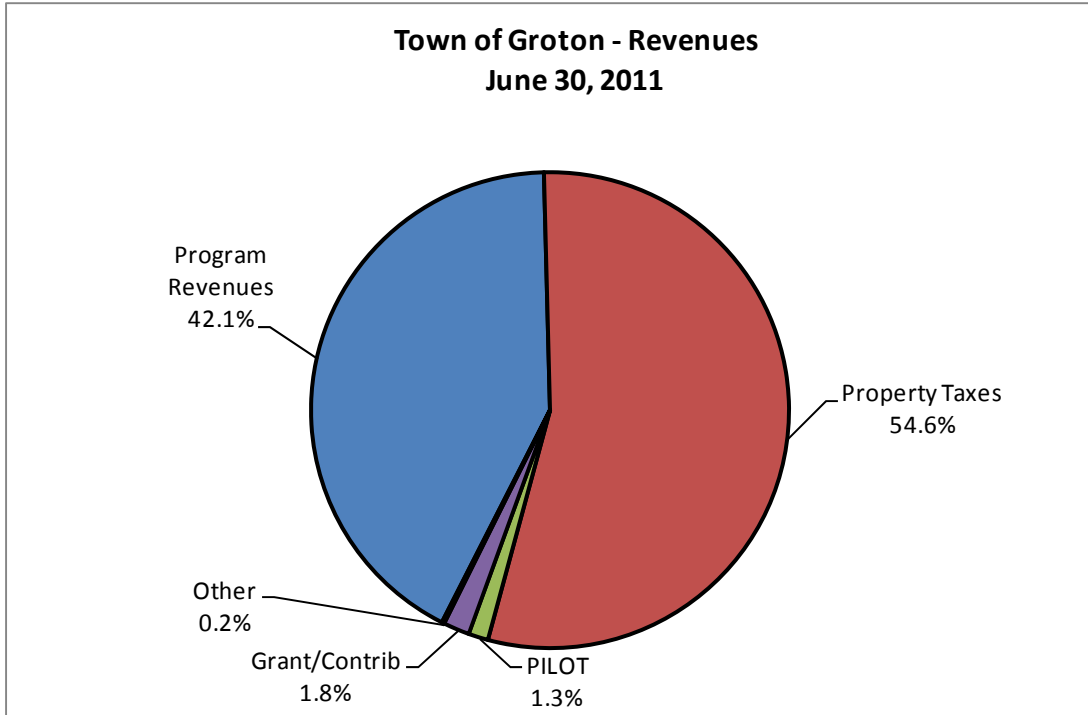
By far the largest portion of the Town of Groton's net assets (78.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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 (\$40,303) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Groton is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and proprietary activities. The current year increases in investment in capital assets reflects the completion of sewers in Fort Hill Homes area, purchase of equipment at the Water Pollution Control Facility, acceptance of roads in various subdivisions and road resurfacing.

**Governmental Activities.** Approximately 54.6% of the revenues were derived from property taxes, followed by 34.5% from grants and contributions, then 9.4% from other program revenues, 1.3% from payments in lieu of taxes and finally less than 1% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Program revenues:		
Charges for services	\$ 13,605	\$ 13,395
Operating grants and contributions	43,753	42,740
Capital grants and contributions	3,763	2,758
General revenues:		
Property taxes	79,310	75,990
Payments in lieu of taxes	1,946	3,291
Grants and contributions (not restricted)	2,596	2,252
Other unrestricted investment earnings	242	281
Total revenues	145,215	140,707
Expenses:		
General government/services	7,954	8,002
Public safety	11,271	11,562
Public works	11,857	13,719
Planning and development	1,576	1,782
Human service	2,861	2,603
Community services	7,032	7,202
Board of Education	84,645	86,698
Sewer operations	4,550	4,458
Solid waste	2,636	2,370
Interest on long-term debt	2,226	1,821
Total expenses	136,608	140,217
Increase in Net Assets	8,607	490
Net Assets July 1	183,561	183,071
Net Assets June 30	\$ 192,168	\$ 183,561



Major revenue factors included:

- ◆ Total revenues were \$4,508 higher in 2011 when compared to 2010 or an increase of 3.2%.
- ◆ Operating Grants were more in 2011 as the Town recognized more in State and Federal grants, mainly for Education.
- ◆ Property tax revenues recorded for fiscal year 2011 increased mainly due to a 2.6% increase in the tax rate. The Town's tax rate increased from 17.95 mills to 18.42 mills.
- ◆ Investment earnings decreased by \$39 from the prior fiscal year to \$242 for the fiscal year ended June 30, 2011. 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, 62% of the Town's expenses relate to education, 8.7% relate to public works, 8.3% relate to public safety, 5.8% to general government/services, 5.1% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste, human services and interest on long term debt.

Major expense factors include:

- ◆ Total expenses were \$3,609 lower in 2011 when compared to 2010 or a decrease of 2.6%.
- ◆ Town Operations expenses were \$2,319 lower in 2011 when compared to 2010 or a decrease of 5.2%.
- ◆ Education expenses were \$2,053 lower in 2011 when compared to 2010 or a decrease of 2.4%
- ◆ Increases in Sewer Operations, Solid Waste and Interest on Long Term Debt accounted for an increase of \$763 in expenses over 2010 or an increase of 8.8%.

**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 \$30,642, a decrease of \$121 in comparison with the prior year. Of this amount, \$8,552 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 \$10,161, which is included in the total fund balance of \$13,190. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.7% of total general fund expenditures, while total fund balance represents 11.3% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$1,289 during the current fiscal year. The unassigned fund balance increased by \$1,331. Key factors in the total fund balance increase of \$1,289 are as follows:

- ◆ Revenues were \$1,052 more than budgeted mainly due to increases in General Property Taxes that were associated with adjustments made on account of the State's Manufacturing, Machinery and Equipment exemption program.
- ◆ Expenditures were under budget by \$923 due to unspent funds in Town Operations, the Board of Education and Contingency.
- ◆ Since revenues came in over budget and expenses came in under budget, there was no need to use the \$932 that was assigned fund balance to be used to fund FYE 2011 expenditures.
- ◆ The reserve for encumbrances was reduced by \$664.
- ◆ With the implementation of GASB Statement #54, two special revenue funds were determined to be no longer standalone funds and their assigned fund balances are now recorded as assigned fund balances in the General Fund.
- ◆ The amount designated for the subsequent year budget was reduced by \$66.

**Capital Improvements Fund.** This fund has a total fund balance of \$6,729, up from \$4,911 in the prior year. The increase is mainly explained by the reduction in Due to Other Funds.

**School Construction Fund.** This fund has a total fund balance deficit of \$1,608 which is a decrease from the prior year deficit of \$2,786. The decrease in the fund balance deficit is attributed to an increase in the receipt of State grant reimbursements and a reduction in Bond Anticipation Notes.

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

Unrestricted net assets amounted to \$1,256 for the Fleet Reserve Fund, \$7,716 for the Health Insurance Fund and a deficit of \$397 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total increase in net assets for the internal service funds was \$2,482 mainly due an increase in the Health Insurance Fund.

**General Fund Budgetary Highlights:**

There is a difference between the original budget and the final budget due to the supplemental appropriation of \$73 made for transferring the Board of Education's education technology funds from the Capital Reserve Fund to the General Fund. Transfers of \$238 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 were \$117,955 which was over the adopted budget by \$1,092. The majority of this increase can be attributed to general property taxes.

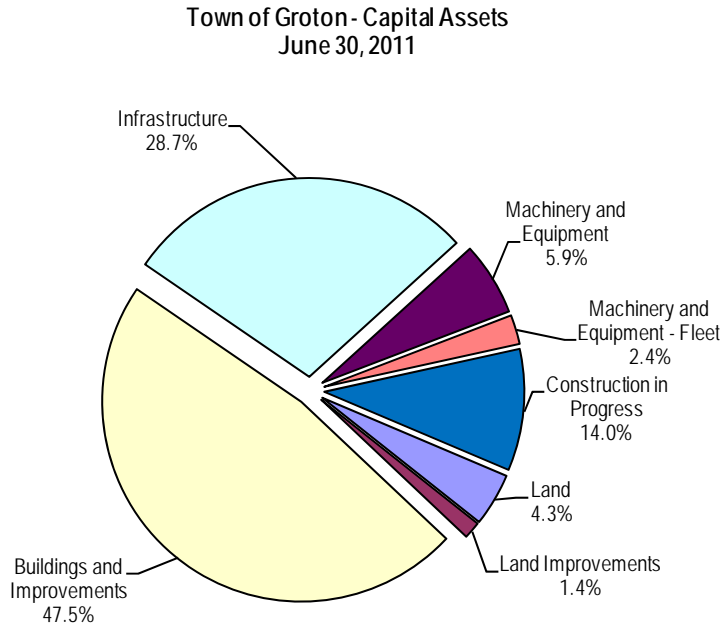
Actual expenditures on a budgetary basis and other financing uses totaled \$116,946; with actual revenues totaling \$117,995, revenues exceeded expenditures on a budgetary basis by \$1,009. The fiscal year 2010 audit had a designation of fund balance in the amount of \$932 to support FYE 2011 but it was not needed. Actual expenditures were under budget by \$922 with the town operations returning about \$682, the Board of Education returning \$128 and \$112 was left unspent in the Contingency function.

**Capital Asset and Debt Administration:**

**Capital Assets.** The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$323. 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 2.1% mainly which reflects the completion of sewers in Fort Hill Homes area, purchase of equipment at the Water Pollution Control Facility, acceptance of roads in various subdivisions and road resurfacing.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 13,836	\$ 13,836
Land improvements	4,453	3,452
Buildings and improvements	153,492	152,959
Infrastructure	92,656	83,560
Machinery and equipment	19,153	15,943
Machinery and equipment - fleet	7,647	7,347
Construction in progress	31,789	39,252
<b>Total</b>	<b>\$ 323,026</b>	<b>\$ 316,349</b>



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

- Regarding bonded projects including Clean Water fund grant and loan, the following amounts were expended:
  - School Construction: \$65,
  - Senior Center Additions and Renovations: \$201,
  - Fort Hill Homes Sewer Rehabilitation Project: \$27.
  
- Regarding the use of the State's Local Capital Improvement Project funds, the following major amounts (over \$50) were expended:
  - Golf Course Clubhouse Renovations: \$177.
  
- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:
  - BOE Charles Barnum Elementary School Parking Lot Improvements: \$324
  - Bridge Construction - Groton Long Point: \$60
  - Computer Assisted Dispatch/Records Management System: \$242
  - Education Technology (transfer out): \$73,000
  - Judson Avenue Drainage: \$50
  - Kolnaski Elementary School: \$142
  - Mystic Streetscapes Project: \$606
  - Pavement Management Program: \$141
  - Police Station Improvements: \$79
  - Roads-River Road: \$83
  - Security - All Schools: \$55
  - Water Pollution Control Facility (WPCF) (Clean Water Fund Transfer): \$1,595
  - Water Pollution Control Facility; Additions and Improvements: \$122
  - WPCF Mechanical/Electrical Equipment Repairs: \$134

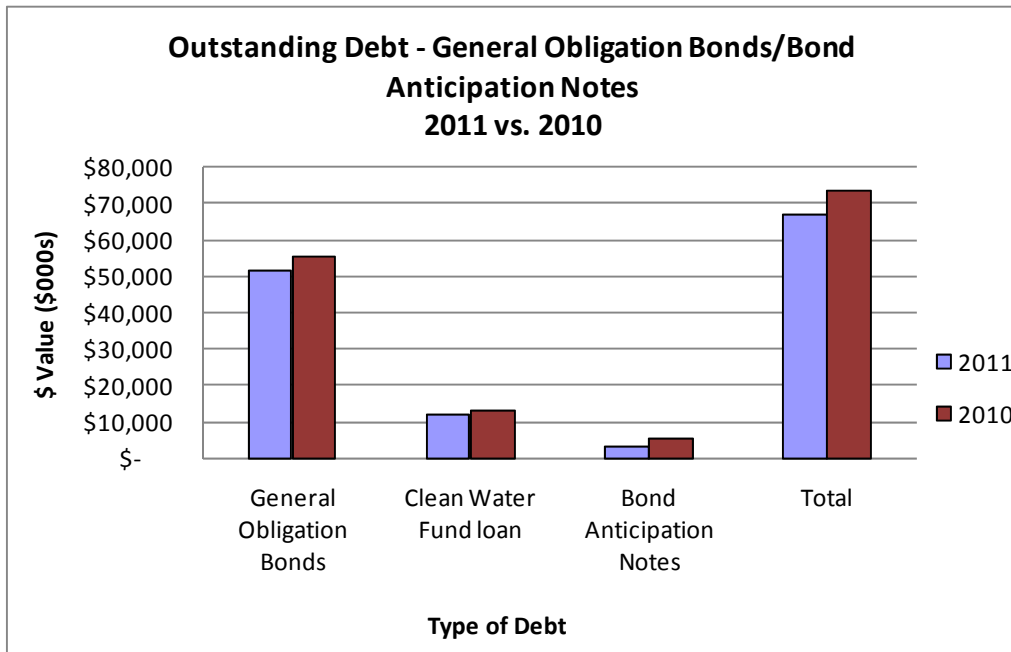


Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 43-44 of this report.

**Outstanding Debt.** At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$66,705. Of this amount, \$60,815 comprises debt backed by the full faith and credit of the government and \$5,890 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ 51,590	\$ 55,400
Clean Water Fund loan	11,905	12,864
Bond anticipation notes and notes payable	3,210	3,040
<b>Total</b>	<b>\$ 66,705</b>	<b>\$ 71,304</b>



The Town of Groton's general obligation bonds have decreased \$3,810. The total debt including bond anticipation notes decreased \$4,599 or 6.4% during the current fiscal year mainly due to no new bonds issued, bonds being paid down and the Clean Water fund principle being reduced due to loan payments made to the State.

For FYE 2011, the Town of Groton's bond rating was maintained at an "AA" rating with Fitch Ratings and Standard and Poors and at an "Aa2" rating with Moody's Investors Service.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$643,465. As of June 30, 2011, the Town recorded total indebtedness of \$68,618 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 48-50 of this report.

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

- As of June 2011, the Town had an unemployment rate of 9.3% as compared to the New London County rate of 9.0%, the state's average rate of 9.1% and the national average of 9.5%.
- New London County has an employed labor force of approximately 139,510 residents.
- Inflationary trends in the region compare similarly to national indices.

**Grand List decreases by 0.1%:**

The October 1, 2010 net adjusted taxable Grand List fell 0.1% from last year's after the Board of Assessment Appeals. The net adjusted grand list now totals \$4.1 billion. The combined assessments of the top 10 taxpayers, which fell for the second year in a row, this year some \$13 million to about \$880 million, now comprise about 21 percent of the town's net grand list.

Net **real estate** rose about 0.4%, from about \$3.601 billion to about \$3.617 billion. Penalty assessments, which this year contribute about \$10.3 million to the net grand list and are up substantially from last year's \$4.8 million, account for more than one third of the increase. These penalties, equal to 10 percent of their corresponding base assessments, were imposed on 97 properties where the owners of rental real estate failed to file an income and expense statement prior to June 1, 2010. Last year, these penalties were imposed on 102 parcels.

Net residential real estate assessments rose about 0.7 percent, from about \$2.35 billion to over \$2.37 billion. With the continuing contraction of the personal property portion of the grand list, the residential real estate's share of the entire net grand list again rose - this time slightly - from 57.3 percent of the 2009 Grand List to 57.8 percent of the 2010 Grand List. Net commercial real estate dropped slightly this year, falling 0.8 percent to about \$434 million. Commercial real estate assessments fell due to a number of court judgments settling lawsuits dating back to the 2006 revaluation. Industrial property, including Pfizer and EB, remained flat at about \$611 million. Apartments of five units rose 3.1 percent due to the imposition of income and expense penalties.

Thirty-three single-family homes were started for the October 1, 2010 Grand List.

The net **personal property** grand list fell 8.2 percent, from about \$331 million to about \$303 million, mostly due to continuing retraction at Pfizer, although depreciation and a lack of offsetting new purchases contributed to the decline. Personal property exemptions increased in 2010, rising 10.6 percent to about \$147 million. The town is eligible for state reimbursement of the taxes lost on the bulk of the exemptions applied to personal property assessments. There were 75 fewer businesses listed this year, with 2,140 accounts on the grand list. Also there were 183 new accounts added and 258 inactive accounts were removed.

Both the number of personal property assessment penalties and the assessed value of the penalties fell substantially this year. Owners of business personal property are required to declare the value of their holdings annually. Non-filers and late filers are subject to a 25 percent mandatory assessment penalty. The number of penalized accounts fell from 807 to 754, and the assessed value of the penalties fell almost 26 percent, to about \$4.6 million.

The assessments of the top ten personal property taxpayers now comprise 68.9 percent of the personal property portion of the net grand list.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose 3.4 percent this year, rising from \$171,487,204 in 2009 to \$177,292,052. The assessed value of motor vehicles rose despite the fact that there were 159 fewer motor vehicles registered in town in 2010.

Subsequent to the signing of the 2010 Grand List minor adjustments were made by the Board of Assessment Appeals. These adjustments further reduced the Grand List from -0.1% to -0.2%.

### **Other Information:**

During the fiscal year ended June 30, 2011, the Town of Groton's General Fund received 31.0% 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 2011 is at 8.7% of operating expenses which is above the minimum acceptable guideline set by the Town Council. With an overwhelming reliance on property taxes, 65.6% of the General Fund revenues are derived from property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$10,161. The Town Council has assigned \$866 of the total fund balance to fund the 2012 fiscal year budget.

### **Requests for Information:**

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

## **Basic Financial Statements**

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 52,110,709
Receivables (net of allowances for collection losses):	
Property taxes	2,882,673
Special assessments	496,631
Accounts receivable	975,668
Federal and state governments	2,051,843
Other receivables	607,063
Other assets	8,304
Net pension asset	1,024,337
Capital assets, nondepreciable	45,624,597
Capital assets, net of accumulated depreciation	172,645,635
Restricted assets:	
Cash	199,514
Investments	126,421
Total assets	<u>278,753,395</u>
Liabilities:	
Accounts payable and accrued liabilities	9,339,442
Unearned revenue	1,728,926
Bond anticipation notes payable	3,210,000
Noncurrent liabilities:	
Due within one year	5,551,338
Due in more than one year	66,755,609
Total liabilities	<u>86,585,315</u>
Net Assets:	
Investment in capital assets, net of related debt	151,539,570
Restricted for:	
Trust, nonexpendable	325,935
Unrestricted	<u>40,302,575</u>
Total Net Assets	<u>\$ 192,168,080</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, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Total</u>
Governmental activities:					
General government/services	\$ 7,953,840	\$ 1,053,881	\$ 460,394	\$ 612,431	\$ (5,827,134)
Public safety	11,270,325	316,817	14,393		(10,939,115)
Public works	11,857,453	584,879	353,493	1,928,865	(8,990,216)
Planning and development	1,576,259	205,591	41,635		(1,329,033)
Health and human services	2,861,366	252,668	52,684		(2,556,014)
Community services	7,031,916	1,988,062	179,566		(4,864,288)
Education	84,644,995	1,013,632	42,650,843	1,218,586	(39,761,934)
Sewer operations	4,550,117	5,390,630			840,513
Solid waste management	2,635,527	2,799,026			163,499
Interest on long-term debt	2,226,005			2,774	(2,223,231)
Total Governmental Activities	\$ <u>136,607,803</u>	\$ <u>13,605,186</u>	\$ <u>43,753,008</u>	\$ <u>3,762,656</u>	<u>(75,486,953)</u>
		General revenues:			
		Property taxes			79,309,946
		Payments in lieu of taxes			1,946,018
		Grants and contributions not restricted to specific programs			2,595,727
		Unrestricted investment earnings			242,222
		Total general revenues			<u>84,093,913</u>
		Change in net assets			8,606,960
		Net Assets at Beginning of Year			<u>183,561,120</u>
		Net Assets at End of Year			\$ <u>192,168,080</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,819,135	\$ 7,819,668	\$ 1,232,012	\$ 11,726,535	\$ 40,597,350
Investments				126,421	126,421
Receivables, net	2,504,544	278,087		3,436,022	6,218,653
Due from other funds	693,973			336,315	1,030,288
Other assets	<u>200</u>			<u>8,104</u>	<u>8,304</u>
Total Assets	<u>\$ 23,017,852</u>	<u>\$ 8,097,755</u>	<u>\$ 1,232,012</u>	<u>\$ 15,633,397</u>	<u>\$ 47,981,016</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 7,448,596	\$ 239,072	\$ 426	\$ 1,001,357	\$ 8,689,451
Due to State				8,469	8,469
Due to other funds	100	757,609		270,682	1,028,391
Bond anticipation notes payable		370,000	2,840,000		3,210,000
Deferred revenues	<u>2,378,914</u>	<u>1,452</u>		<u>2,021,942</u>	<u>4,402,308</u>
Total liabilities	<u>9,827,610</u>	<u>1,368,133</u>	<u>2,840,426</u>	<u>3,302,450</u>	<u>17,338,619</u>
Fund balances:					
Nonspendable				334,039	334,039
Restricted		6,729,622		1,381,586	8,111,208
Committed				10,615,517	10,615,517
Assigned	3,029,419				3,029,419
Unassigned	<u>10,160,823</u>		<u>(1,608,414)</u>	<u>(195)</u>	<u>8,552,214</u>
Total fund balances	<u>13,190,242</u>	<u>6,729,622</u>	<u>(1,608,414)</u>	<u>12,330,947</u>	<u>30,642,397</u>
Total Liabilities and Fund Balances	<u>\$ 23,017,852</u>	<u>\$ 8,097,755</u>	<u>\$ 1,232,012</u>	<u>\$ 15,633,397</u>	<u>\$ 47,981,016</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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

Fund balances - total governmental funds (Exhibit III)		\$ 30,642,397
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	115,109,586	
Less accumulated depreciation	<u>100,134,670</u>	
Net capital assets		215,244,256
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Net pension asset		1,024,337
Property taxes and assessments receivable greater than 60 days		2,302,704
Loan receivables greater than 60 days		370,678
Interest receivable on property taxes		584,276
Receivable from the state for school construction projects		54,689
Internal service funds are used by management to charge the costs of fleet management, health benefits and workers compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		11,601,342
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		(51,590,000)
Clean water fund loan payable		(11,904,830)
Interest payable on bonds		(534,881)
Capital lease obligations		(25,832)
Compensated absences		(2,054,061)
Net OPEB obligation		(757,195)
Landfill closure costs		<u>(2,789,800)</u>
Net Assets of Governmental Activities (Exhibit I)		<u>\$ 192,168,080</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, 2011

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 78,333,574	\$	\$	\$ 797,975	\$ 79,131,549
Assessments				16,462	16,462
Licenses and permits	219,643				219,643
Intergovernmental - state	33,769,265	612,431	1,218,586	3,874,076	39,474,358
Interest on investments	128,689	27,615	942	50,975	208,221
Intergovernmental - federal	8,756,718			940,444	9,697,162
Charges for current services	1,045,037	2,187		3,147,258	4,194,482
Schools, library and recreation fees	383,922				383,922
Sewer use charges				5,390,630	5,390,630
Solid waste management charges				2,658,222	2,658,222
Other revenue	578,097	6,053	23,151	966,274	1,573,575
Total revenues	<u>123,214,945</u>	<u>648,286</u>	<u>1,242,679</u>	<u>17,842,316</u>	<u>142,948,226</u>
Expenditures:					
Current:					
General government	1,078,740			357,271	1,436,011
General services	4,397,592				4,397,592
Public safety	6,354,202			265,684	6,619,886
Public works	6,801,065			58,267	6,859,332
Planning and development	1,107,830				1,107,830
Health and human services	558,639			434,459	993,098
Community services	3,820,985			2,162,976	5,983,961
Education	78,536,129			5,404,994	83,941,123
Subdivisions	4,740,354				4,740,354
Sewer operations				3,961,145	3,961,145
Solid waste management				2,635,527	2,635,527
Nondepartmental	7,999,321				7,999,321
Outside agencies	2,013,541			304,286	2,317,827
Debt service	5,136,523			1,900,161	7,036,684
Capital outlay	118,172	2,805,728	64,852	50,495	3,039,247
Total expenditures	<u>122,663,093</u>	<u>2,805,728</u>	<u>64,852</u>	<u>17,535,265</u>	<u>143,068,938</u>
Revenues over (under) Expenditures	<u>551,852</u>	<u>(2,157,442)</u>	<u>1,177,827</u>	<u>307,051</u>	<u>(120,712)</u>
Other Financing Sources (Uses):					
Transfers in	729,556	4,048,106		6,475	4,784,137
Transfers out	(834,475)	(73,000)		(3,876,662)	(4,784,137)
Total other financing sources (uses)	<u>(104,919)</u>	<u>3,975,106</u>	<u>-</u>	<u>(3,870,187)</u>	<u>-</u>
Net Change in Fund Balances	446,933	1,817,664	1,177,827	(3,563,136)	(120,712)
Fund Balances at Beginning of Year, as Restated	<u>12,743,309</u>	<u>4,911,958</u>	<u>(2,786,241)</u>	<u>15,894,083</u>	<u>30,763,109</u>
Fund Balances at End of Year	<u>\$ 13,190,242</u>	<u>\$ 6,729,622</u>	<u>\$ (1,608,414)</u>	<u>\$ 12,330,947</u>	<u>\$ 30,642,397</u>

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## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

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)	\$ (120,712)
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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	4,683,978
Depreciation expense	(6,543,335)
Loss on disposal of capital assets	(268)
Donated capital assets	1,922,365

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	191,512
Interest income on property taxes	(12,592)
Intergovernmental revenue on school bonds	(55,853)
Revenue on loan receivables greater than 60 days	204,953

Change in pension asset	(2,296)
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.

Accrued interest on bonds	41,163
Principal payments on bonds	3,810,000
Principal payments on Clean Water Fund loan payable	959,581
Principal payments on capital leases	19,225
Landfill closure payments	168,200
Change in other post employment benefit liability	(70,167)

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	929,620
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>2,481,586</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 8,606,960</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	<u><b>Governmental Activities Internal Service Funds</b></u>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 11,712,873
Accounts receivable	156,160
<b>Total current assets</b>	<u>11,869,033</u>
<b>Noncurrent assets:</b>	
Property and equipment, net	<u>3,025,976</u>
<b>Total assets</b>	<u>14,895,009</u>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	106,541
Due to other funds	1,897
Claims incurred but not reported	813,840
<b>Total current liabilities</b>	<u>922,278</u>
<b>Noncurrent liabilities:</b>	
Claims incurred but not reported, net of current portion	<u>2,371,389</u>
<b>Total liabilities</b>	<u>3,293,667</u>
<b>Net Assets:</b>	
Invested in capital assets	3,025,976
Unrestricted	<u>8,575,366</u>
<b>Total Net Assets</b>	<u><u>\$ 11,601,342</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Charges for services	\$ 16,180,211
Other revenue	323,541
Total operating revenues	<u>16,503,752</u>
Operating Expenses:	
Operating expenses	630,517
Claims	11,712,819
Depreciation	554,240
Administration	1,148,021
Total operating expenses	<u>14,045,597</u>
Operating Income	<u>2,458,155</u>
Nonoperating Revenues and Expenses:	
Intergovernmental revenue	6,500
Interest on investments	16,931
Net nonoperating revenues	<u>23,431</u>
Change in Net Assets	2,481,586
Net Assets at Beginning of Year	<u>9,119,756</u>
Net Assets at End of Year	<u>\$ 11,601,342</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, 2011

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 16,388,023
Cash paid to vendors	(588,627)
Cash paid to beneficiaries	(13,197,426)
Net cash provided by operating activities	<u>2,601,970</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(366,995)
Capital grants	6,500
Net cash used in capital and related financing activities	<u>(360,495)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>16,931</u>
Net Increase in Cash and Cash Equivalents	2,258,406
Cash and Cash Equivalents - Beginning of Year	<u>9,454,467</u>
Cash and Cash Equivalents - End of Year	<u>\$ 11,712,873</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 2,458,155
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	554,240
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(156,120)
(Increase) decrease in other assets	40,391
(Decrease) increase in accounts payable	41,890
(Decrease) increase in claims payable	<u>(336,586)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,601,970</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2011

	<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	\$ 1,309,042	\$ 171,889	\$ 180,634	\$ 1,789,575
Investments, at fair value:				
Mutual funds	82,509,456	4,893,228		
Accounts receivable	56,023	40,284		
Total assets	<u>83,874,521</u>	<u>5,105,401</u>	<u>180,634</u>	<u>1,789,575</u>
Liabilities:				
Claims incurred but not reported		247,596		
Due to student groups				234,460
Due to employees/others	63,461		300	
Due to contractors/developers				1,555,115
Total liabilities	<u>63,461</u>	<u>247,596</u>	<u>300</u>	<u>1,789,575</u>
Net Assets:				
Held in Trust for Benefits and Other Purposes	<u>\$ 83,811,060</u>	<u>\$ 4,857,805</u>	<u>\$ 180,334</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF GROTON, CONNECTICUT

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 2,283,892	\$ 3,258,700	\$
Plan members	1,329,541	2,651,842	
Other additions			50
Total contributions	<u>3,613,433</u>	<u>5,910,542</u>	<u>50</u>
Investment income:			
Net appreciation in fair value of investments	13,532,857	769,962	
Interest and dividends			344
	<u>13,532,857</u>	<u>769,962</u>	<u>344</u>
Less investment expenses:			
Investment management fees	<u>279,554</u>	<u>499,490</u>	
Net investment income	<u>13,253,303</u>	<u>270,472</u>	<u>344</u>
Total additions	16,866,736	6,181,014	394
Deductions:			
Benefits	<u>5,125,546</u>	<u>4,277,192</u>	<u>35,274</u>
Change in Net Assets	11,741,190	1,903,822	(34,880)
Net Assets Held in Trust - Beginning of Year	<u>72,069,870</u>	<u>2,953,983</u>	<u>215,214</u>
Net Assets Held in Trust - End of Year	<u>\$ 83,811,060</u>	<u>\$ 4,857,805</u>	<u>\$ 180,334</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

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

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

#### B. Basis of Presentation

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

#### Government-Wide and Fund Financial Statements

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

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



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

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

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

The Town reports the following major governmental funds.

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

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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Additionally, the Town reports the following fund types:

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

*Private Purpose Trust Funds* are used to account for resources legally held in trust for 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* account for monies held as a custodian for student groups and contractors/developers.

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

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

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

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**E. Capital Assets**

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

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

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

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

**F. Compensated Absences**

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

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

**G. Long-Term Obligations**

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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

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

##### **Governmental Funds**

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

##### **Funding Policy**

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

#### **I. Other Post Employment Benefits (OPEB) Accounting**

##### **OPEB Trust Fund**

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

##### **Governmental Funds**

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



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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 and report as expenditures for budgetary purposes as they do not constitute expenditures or liabilities.

#### **K. Fund Equity and Net Assets**

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

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

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

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

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

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

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

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

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

### **L. Property Taxes**

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

### **M. Accounting Estimates**

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

After one public hearing and numerous public meetings, the Town Council on or before April 28<sup>th</sup> recommends these budgets as revised to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25<sup>th</sup>. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9<sup>th</sup>. The Town Council must authorize all transfers of legally budgeted amounts between functions with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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, 2011, there were additional appropriations of \$73,000.

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

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

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

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

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

The following funds had a deficit fund balance at June 30, 2011:

Major Funds:	
School Construction	\$ (1,608,414)
Nonmajor Funds:	
Educational Grants	(195)
Internal Service:	
Workers' Compensation	(396,852)

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

### **C. Overexpended Appropriations**

The subdivisions line item was over expended by \$1,589 during the current year.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### 3. DETAILED NOTES ON ALL FUNDS

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

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

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

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

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$19,597,318 of the Town’s bank balance of \$26,209,486 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	6,285,886
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name		<u>13,311,432</u>
<b>Total Amount Subject to Custodial Credit Risk</b>	<b>\$</b>	<b><u><u>19,597,318</u></u></b>

**Cash Equivalents**

At June 30, 2011, the Town’s cash equivalents amounted to \$32,800,743. The following provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2011, the Town had the following investments:

<b><u>Investment Type</u></b>	<b><u>Credit Rating</u></b>	<b><u>Fair Value</u></b>
Common stock	N/A	\$ 15,367
Mutual funds	N/A	<u>87,513,737</u>
<b>Total Investments</b>		<b>\$ <u><u>87,529,104</u></u></b>

N/A Not Applicable

Investment Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town did not have any uninsured and unregistered securities held by counterparts, or by their trust department or agents, that were not in the Town’s name.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

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

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

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

**B. Endowments Received**

	<b>Williams Library Trust</b>	<b>Julia Bill Library Trust</b>	<b>Rispoli Scholarship</b>	<b>Total</b>
Original principal received	\$ 98,392	\$ 27,543	\$ 200,000	\$ 325,935
Net appreciation on investments	57,322	24,873	107	82,302
Total Value	\$ 155,714	\$ 52,416	\$ 200,107	\$ 408,237

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**C. Fund Receivables**

Receivables at June 30, 2011, including the applicable allowances for collection losses, are as follows:

	<b>General</b>	<b>Capital Improvement</b>	<b>Nonmajor and Other Funds</b>	<b>Total</b>
Property taxes	\$ 2,501,928	\$	\$ 19,969	\$ 2,521,897
Assessments		1,452	405,970	407,422
Intergovernmental	127,669	276,635	1,789,481	2,193,785
Accounts receivable	94,947		248,434	343,381
User fees receivable			1,275,668	1,275,668
Gross receivables	2,724,544	278,087	3,739,522	6,742,153
Allowance for collection losses	(220,000)		(303,500)	(523,500)
Net Receivables	\$ 2,504,544	\$ 278,087	\$ 3,436,022	\$ 6,218,653

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:

	<b>Unavailable</b>	<b>Unearned</b>
General Fund:		
Delinquent property taxes receivable	\$ 2,274,286	
Property taxes paid in advance		\$ 12,008
Recreation fees collected in advance		92,620
Capital Improvements Fund:		
Assessments receivable	1,452	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	26,966	
CDBG loans receivable	370,678	
Various grants		1,624,298
Total Deferred/Unearned Revenue for Governmental Funds	\$ 2,673,382	\$ 1,728,926

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$	\$	\$ 13,835,731
Construction in progress	39,251,766	3,766,691	11,229,591	31,788,866
Total capital assets not being depreciated	53,087,497	3,766,691	11,229,591	45,624,597
Capital assets being depreciated:				
Land improvements	3,451,965	1,001,017		4,452,982
Buildings and improvements	152,958,539	533,096		153,491,635
Machinery and equipment	15,880,382	3,439,364	229,328	19,090,418
Machinery and equipment - fleet	7,347,537	366,995	67,866	7,646,666
Infrastructure	83,560,025	9,095,766		92,655,791
Machinery and equipment - capital-leased	63,503			63,503
Total capital assets being depreciated	263,261,951	14,436,238	297,194	277,400,995
Less accumulated depreciation for:				
Land improvements	2,578,028	108,974		2,687,002
Buildings and improvements	30,790,099	3,091,200		33,881,299
Machinery and equipment	12,166,349	570,127	229,060	12,507,416
Machinery and equipment - fleet	4,134,316	554,240	67,866	4,620,690
Infrastructure	48,280,077	2,767,192		51,047,269
Machinery and equipment - capital-leased	5,842	5,842		11,684
Total accumulated depreciation	97,954,711	7,097,575	296,926	104,755,360
Total capital assets being depreciated, net	165,307,240	7,338,663	268	172,645,635
Governmental Activities Capital Assets, Net	\$ 218,394,737	\$ 11,105,354	\$ 11,229,859	\$ 218,270,232

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

Governmental Activities	
General government services	\$ 931,973
Public safety	16,572
Public works, including depreciation of general infrastructure assets	2,301,310
General services	99,974
Community services	25,044
Education	2,402,796
Sewer operating	721,166
Planning and development	1901
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	554,240
Golf Course	42,599
Total Depreciation Expense - Governmental Activities	\$ 7,097,575



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

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**Construction Commitments**

The Town has the following construction commitments as of June 30, 2011:

	<b>Project Amount</b>
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	\$ 4,097,329
Building Improvements/Modifications:	
Public Buildings	84,404

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, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Capital Improvement Fund	\$ 421,394
	Nonmajor governmental funds	270,682
	Fleet Fund	1,897
		693,973
Nonmajor governmental funds	Capital Improvement Fund	336,215
Nonmajor governmental funds	General Fund	100
		\$ 1,030,288

The balance of \$1,030,288 due from other funds represents amounts committed to the General Fund from various special revenue and capital project funds and funds committed from the Capital Improvement Fund to the Sewer Operating and Sewer Construction Funds related to Clean Water projects.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Interfund Transfers**

Interfund transfers during the year ended June 30, 2011 were as follows:

	<b>Transfers In</b>			<b>Total</b>
	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>Nonmajor Funds</b>	<b>Transfers Out</b>
Transfers out:				
General Fund	\$	\$ 828,000	\$ 6,475	\$ 834,475
Capital Improvement	73,000			73,000
Nonmajor funds	656,556	3,220,106		3,876,662
 Total Transfers In	\$ 729,556	\$ 4,048,106	\$ 6,475	\$ 4,784,137

Transfers are used to account for revenues collected mainly in the General Fund and appropriated to other funds to finance various programs, i.e., Capital Projects, Revaluation and Computer Replacement, all in accordance with budget authorizations. The purpose of the 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 and the transfer of grant revenue to fund clean water fund projects.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**F. Fund Balance**

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Major Capital Projects Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total</u>
		<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>		
Fund balances:					
Nonspendable:					
Prepaid items	\$	\$	\$	\$ 8,104	\$ 8,104
Endowments				325,935	325,935
Restricted for:					
Grants				137,578	137,578
Bonded capital projects		6,729,622		1,161,706	7,891,328
Trust expenditures				82,302	82,302
Committed to:					
Loan program				382,427	382,427
General government				3,763,637	3,763,637
Public safety				283,023	283,023
Human services				320,795	320,795
Community services				556,409	556,409
Education				214,826	214,826
Sewer				3,476,769	3,476,769
Solid waste management				1,553,476	1,553,476
Outside agencies				64,155	64,155
Assigned to:					
General government	907,879				907,879
Education	567,886				567,886
Subsequent years' budget	866,130				866,130
Revaluation	332,513				332,513
Computer replacement	355,011				355,011
Unassigned	<u>10,160,823</u>		<u>(1,608,414)</u>	<u>(195)</u>	<u>8,552,214</u>
Total Fund Balance	<u>\$ 13,190,242</u>	<u>\$ 6,729,622</u>	<u>\$ (1,608,414)</u>	<u>\$ 12,330,947</u>	<u>\$ 30,642,397</u>

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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**G. Leases**

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$86,896 for the year ended June 30, 2011. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 78,249
2013	67,342
2014	64,184
2015	105,413
2016	12,116
Thereafter	36,348

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>(5,842)</u>
Total	<u>\$ 51,819</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, 2011 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 15,157
2013	8,321
2014	4,200
Less amount for interest	<u>(1,846)</u>
Minimum lease payments	<u>\$ 25,832</u>

**H. Bond Anticipation Notes Payable**

Bond anticipation note transactions for the year ended June 30, 2011 were as follows:

Oustanding, July 1, 2010	\$ 3,040,000
New borrowings	3,210,000
Repayments	<u>(3,040,000)</u>
Oustanding, June 30, 2011	<u>\$ 3,210,000</u>

The Town issued bond anticipation notes in order to fund school construction projects. The bond anticipation notes outstanding at June 30, 2011 bear interest at 0.409% and mature on July 26, 2011.

**I. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 55,400,000	\$	\$ 3,810,000	\$ 51,590,000	\$ 3,805,000
Clean Water Fund loan	12,864,411		959,581	11,904,830	606,051
Landfill post-closure monitoring	2,958,000		168,200	2,789,800	168,200
Capital lease obligations	45,057		19,225	25,832	13,957
Compensated absences	2,983,681	597,481	1,527,101	2,054,061	144,290
Net OPEB obligation	<u>687,028</u>	<u>70,167</u>		<u>757,195</u>	
Long-Term Liabilities	<u>\$ 74,938,177</u>	<u>\$ 667,648</u>	<u>\$ 6,484,107</u>	<u>\$ 69,121,718</u>	<u>\$ 4,737,498</u>

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$2,054,061 as of June 30, 2011. The liability will be funded through the General Fund, the Golf Course Fund and the Sewer Operating Fund.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Bonds

All bonds are general obligation debt of the Town and are secured by the general revenue raising powers of the Town. However, it is management's intention that all sewer bonds be serviced by the taxes and sewer assessments of the Groton Sewer District, which are accounted for in the Debt Service Fund. The debt service associated with the Fort Hill sewer rehabilitation project 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>Groton General Fund</u>		<u>Groton Sewer District</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2012	\$ 3,595,000	\$ 1,975,130	\$ 210,000	\$ 16,800
2013	3,360,000	1,847,305	210,000	8,400
2014	3,360,000	1,722,225		
2015	3,355,000	1,593,211		
2016	3,350,000	1,465,290		
2017-2021	14,860,000	5,466,823		
2021-2026	13,805,000	2,577,569		
2027-2030	5,485,000	310,538		
	\$ 51,170,000	\$ 16,958,091	\$ 420,000	\$ 25,200

At June 30, 2011, the Town has available from the State of Connecticut \$54,689 of school bond principal subsidies due in installments through 2012.

Total authorized but unissued long-term debt at June 30, 2011 consists of the following:

	<u>Bonds Authorized Unissued</u>
Animal Shelter	\$ 65,459
Senior Center	2,845,000
WPCF Additions/Improvements and Sewer System Evaluation	743,389
School Construction	3,471,993
Fort Hill Homes	131,200
	\$ 7,257,041

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 206,828,186	\$ 25,040,565	\$ 181,787,621
Schools	413,656,371	35,741,804	377,914,567
Sewers	344,713,643	7,835,589	336,878,054
Urban renewal	298,751,824		298,751,824
Pension deficit	275,770,914		275,770,914

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation including coterminous municipalities, or \$643,465,466. All long-term debt obligations are retired through General Fund and Debt Service Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$6,700,606 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$7,257,041 at June 30, 2011. School indebtedness is net of school building grants of \$54,689.

#### 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, 2011, the Town has received financing of \$10,932,360. This amount includes the original approved amount of \$9,361,766 and \$2,239,922 of the amended funding of \$3,502,645 that the Town has received to date. The total Clean Water Project funding will be \$12,864,411. The additional funding was recognized in prior years, and the remaining amended funding not yet received has been recorded as a receivable in the Sewer Construction Fund. The loan bears interest at 2% and is to be repaid over 20 years. Repayments begin in November 2010.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

<b>Fiscal Year</b>	<b>Sewer Construction Fund</b>	
	<b>Principal Payments</b>	<b>Interest Payments</b>
2012	\$ 606,051	\$ 217,673
2013	606,051	205,552
2014	606,051	193,431
2015	606,051	181,310
2016	606,051	169,189
2017-2021	3,030,256	664,131
2022-2026	3,030,256	361,105
2027-2030	<u>2,814,063</u>	<u>72,474</u>
	<u>\$ 11,904,830</u>	<u>\$ 2,064,865</u>

**J. Landfill Closure and Postclosure Care Cost**

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town’s municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,522,500 (\$101,500 per year for 15 years). The other landfill site stopped accepting waste in the fall of 2001 and its remaining postclosure cost is \$1,267,300 (\$66,700 for 19 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

**4. PUBLIC EMPLOYEE RETIREMENT SYSTEM**

**A. Plan Description and Provisions**

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



## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

**GMEA:** 2.05% of average annual pay (for highest 3 years) times the number of years of continuous service up to 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. The Rule of 85 (sum of age and years of service) may be applied if under 60 and the Rule of 75 may be applicable if over the age of 60.

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

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

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

### B. Funding Policy

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

At July 1, 2010, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	199
Terminated employees entitled to benefits but not yet receiving them	20
Active plan members	<u>423</u>
Total	<u><u>642</u></u>

### C. Method Used to Value Investments

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

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

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

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

Annual required contribution	\$ 2,383,892
Interest on net pension obligation	(82,131)
Adjustment to annual required contribution	<u>84,427</u>
Annual pension cost	2,386,188
Contributions made	<u>2,383,892</u>
Decrease in net pension asset	2,296
Net Pension Asset, July 1, 2010	<u>(1,026,633)</u>
Net Pension Asset, June 30, 2011	<u><u>\$ (1,024,337)</u></u>

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

Actuarial valuation date	July 1, 2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	30 years, open
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return*	8.00%
Projected salary increases	3.25% to 6.25% (varies by age and group)
Cost-of-living adjustments	None

\*includes an inflation rate of 3.25%

**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>
6/30/2009	\$ 1,433,407	95.4%	\$ (1,088,430)
6/30/2010	1,503,130	95.9%	(1,026,633)
6/30/2011	2,386,188	99.9%	(1,024,337)

**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>
7/1/05	\$ 76,641,258	\$ 71,217,521	\$ 5,423,737	107.6%	\$ 20,531,996	-26.4%
7/1/06	78,791,829	75,542,546	3,249,283	104.3%	21,603,225	-15.0%
7/1/07	82,698,074	80,107,841	2,590,233	103.2%	22,370,382	-11.6%
7/1/08	86,317,508	84,196,700	2,120,808	102.5%	23,647,808	-9.0%
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%

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/06	\$ 534,196	100.0%
6/30/07	848,582	103.0%
6/30/08	1,168,188	100.0%
6/30/09	1,367,891	100.0%
6/30/10	1,441,333	100.0%
6/30/11	2,383,892	100.0%

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**G. Connecticut State Teachers' Retirement System**

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$5,977,244 for the year ended June 30, 2011.

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

**Summary of Significant Accounting Policies**

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

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

**Plan Description**

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

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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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At July 1, 2010, plan membership consisted of the following:

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

#### **Funding Policy**

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

#### Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$791 per month for retiree only coverage and \$1,645 per month for retiree and spouse coverage, to age 65, and \$531 and \$1,225 per month, respectively, thereafter.

#### Board of Education Employees

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

#### **Contributions**

For the year ended June 30, 2011, plan members contributed \$2,651,842. 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 \$3,258,700 were made in accordance with actuarially determined requirements. Of this amount, \$1,244,204 represents premium payments, \$557,796 represents implicit rate subsidy and \$1,456,700 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):

		<u>Retiree Health Plan</u>
Annual required contribution (ARC)	\$	3,315,000
Interest on net OPEB obligation		51,527
Adjustment to annual required contribution		<u>(37,660)</u>
Annual OPEB cost		3,328,867
Contributions made		<u>3,258,700</u>
Increase in OPEB liability		70,167
Net OPEB liability, July 1, 2010		<u>687,028</u>
Net OPEB liability, June 30, 2011	\$	<u><u>757,195</u></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, 2011 is presented below.

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost (AOC)</u>		<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>		<u>Net OPEB Obligation (Asset)</u>
June 30, 2009	\$	2,776,866	\$	2,346,200	84.5%	\$	247,431
June 30, 2010		3,058,297		2,618,700	85.6%		687,028
June 30, 2011		3,328,867		3,258,700	97.9%		757,195

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, 2010 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, 2010 was 27 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>						
7/1/2006	\$ -	\$ 27,865,000	\$ 27,865,000	0.0%	n/a	n/a
7/1/2007	-	30,780,000	30,780,000	0.0%	n/a	n/a
7/1/2008	1,384,000	34,026,000	32,642,000	4.0%	n/a	n/a
7/1/2009	1,911,000	36,645,000	34,734,000	5.0%	n/a	n/a
7/1/2010	3,234,000	38,902,000	35,668,000	8.3%	n/a	n/a

**Schedule of Employer Contributions**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 2,776,866	84.0%
6/30/2010	3,053,000	86.0%
6/30/2011	3,328,867	97.9%



**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, 2011 for claims incurred but not reported to be \$689,030 in the Health Insurance Fund and \$2,496,199 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,924,817. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

Changes in the claims liability were as follows:

	<b>Liability July 1,</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Liability June 30,</b>	<b>Due Within One Year</b>
<u>Health Insurance Fund</u>					
2010-2011	\$ 943,668	\$ 11,075,205	\$ 11,329,843	\$ 689,030	\$ 689,030
2009-2010	933,131	11,986,271	11,975,734	943,668	943,668
<u>Workers' Compensation Fund</u>					
2010-2011	\$ 2,537,641	\$ 639,187	\$ 680,629	\$ 2,496,199	\$ 124,810
2009-2010	2,513,309	480,633	456,301	2,537,641	126,882

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

**B. Contingencies**

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**C. Concentration of Taxes**

The Town's two largest taxpayers, based on the October 2009 grand list, comprise 18.0% of the net taxable grand list of the Town and approximately 8.3% of the total General Fund revenues for the year ended June 30, 2011.

**7. PRIOR PERIOD ADJUSTMENTS**

During the year, the Town implemented GASB Statement No. 54. This required the Town to review its special revenue funds and determine if the funds have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result, various special revenue funds did not meet those requirements and are now reported as part of the General Fund.

The beginning fund balances for the following funds were restated as follows:

	<u>General Fund</u>	<u>Revaluation</u>	<u>Computer Replacement</u>
Balance, June 30, 2010	\$ 11,900,992	\$ 495,654	\$ 346,663
Reclassified to General Fund	<u>842,317</u>	<u>(495,654)</u>	<u>(346,663)</u>
Restated Fund Balance, July 1, 2010	<u>\$ 12,743,309</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 76,011,983	\$ 76,011,983	\$ 78,353,874	\$ 2,341,891
Licenses and Permits:				
Building permits	207,283	207,283	195,068	(12,215)
Sporting licenses	1,300	1,300	893	(407)
Dog licenses	8,200	8,200	8,439	239
Other licenses and permits	11,500	11,500	14,986	3,486
Building permits - education fee	80	80	183	103
State land use fees	150	150	74	(76)
Total licenses and permits	<u>228,513</u>	<u>228,513</u>	<u>219,643</u>	<u>(8,870)</u>
Interest on Investments	<u>100,000</u>	<u>100,000</u>	<u>127,274</u>	<u>27,274</u>
Intergovernmental - State:				
General:				
Town aid road	203,490	203,490	188,718	(14,772)
Nuclear safety drill	24,072	24,072	31,156	7,084
Highway illumination	1,619	1,619	1,619	-
Telephone access	250,000	250,000	161,647	(88,353)
PILOT Enterprise zone	543,625	543,625	547,385	3,760
PILOT manufacturing machinery and equipment	1,748,783	1,748,783		(1,748,783)
PILOT - state and tax exemptions	1,214,876	1,214,876	1,398,633	183,757
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,413	31,413	31,444	31
Pequot/Mohegan funds	1,372,285	1,372,285	1,374,940	2,655
911 Enhancement	162,500	162,500	162,557	57
Miscellaneous state grants	42,800	42,800	108,175	65,375
Board of Education:				
Education cost sharing	21,756,515	21,756,515	21,775,544	19,029
Adult education	153,130	153,130	135,251	(17,879)
Instruction for the blind	40,000	40,000	12,801	(27,199)
Special education	1,026,587	1,026,587	1,167,726	141,139
Transportation - private school	34,999	34,999	35,596	597
Transportation	496,514	496,514	536,465	39,951
School building grants	55,852	55,852	55,853	1
Bond interest subsidy	2,773	2,773	2,774	1
Nonpublic pupil services	34,400	34,400	32,846	(1,554)
Total State of Connecticut	<u>29,205,233</u>	<u>29,205,233</u>	<u>27,770,130</u>	<u>(1,435,103)</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, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 4,949,088	\$ 4,949,088	\$ 4,973,251	\$ 24,163
Education - Educ Grants ARRA/SFSF	2,331,962	2,331,962	3,620,123	1,288,161
Education - Gov Serv ARRA/SFSF	1,286,512	1,286,512		(1,286,512)
Education - misc. federal funds	95,000	95,000	69,163	(25,837)
FEMA Reimbursement			76,325	76,325
Emergency management	15,196	15,196	17,856	2,660
Total federal government	<u>8,677,758</u>	<u>8,677,758</u>	<u>8,756,718</u>	<u>78,960</u>
Charges for Current Services:				
Planning Commission fees	10,350	10,350	8,815	(1,535)
Recording instruments	160,000	160,000	159,192	(808)
Conveyance tax	550,000	550,000	577,832	27,832
Planning department - other	1,000	1,000	1,451	451
Collection subdivisions taxes	79,014	79,014	79,014	-
Accident reports	2,200	2,200	1,615	(585)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	37,562	37,562	37,562	-
Stonington ambulance - dispatch	5,000	5,000	5,000	-
Groton Utilities - dispatch	5,000	5,000	5,000	-
Playground aides - Board of Education	24,992	24,992	40,573	15,581
Housing Authority shelter rent	46,500	46,500	50,015	3,515
Coordinated Medical Emergency Director	22,832	22,832	21,891	(941)
Board of Education - FHS/ground mowing	44,538	44,538	44,538	-
GIS - revenue	1,800	1,800	679	(1,121)
Vital statistics	6,200	6,200	5,626	(574)
Total charges for current services	<u>997,988</u>	<u>997,988</u>	<u>1,039,803</u>	<u>41,815</u>
Schools, Library and Recreation:				
Tuition from other towns	251,425	251,425	166,317	(85,108)
Other school receipts	60,000	60,000	46,100	(13,900)
Library fines	28,000	28,000	27,244	(756)
Lost and damaged book fees	3,000	3,000	3,117	117
Senior Center fees	58,000	58,000	71,313	13,313
Park concession and rental	1,000	1,000	1,066	66
Other recreational receipts	15,330	15,330	18,922	3,592
Library - copier fees	6,500	6,500	6,191	(309)
Library fees	14,000	14,000	16,324	2,324
Park rentals	3,000	3,000	2,590	(410)
Playground fees	98,000	98,000	24,739	(73,261)
Total schools, library and recreation	<u>538,255</u>	<u>538,255</u>	<u>383,923</u>	<u>(154,332)</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, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 12,100	\$ 12,100	\$ 13,802	\$ 1,702
Parking tickets	3,100	3,100	2,550	(550)
Aircraft registration fees	20,000	20,000	19,310	(690)
Lease fees	106,744	106,744	106,398	(346)
Land record copies	32,000	32,000	24,127	(7,873)
Vital copies	60,000	60,000	69,789	9,789
Miscellaneous	44,207	44,207	178,520	134,313
Dog warden - sold and redeemed	5,200	5,200	4,757	(443)
Public Works Disposal fees	127,611	127,611	150,106	22,495
Returned check fees	1,600	1,600	1,140	(460)
Sale of capital assets	4,000	4,000	6,426	2,426
Finance Dept. copies	1,250	1,250	1,172	(78)
Total other revenue	<u>417,812</u>	<u>417,812</u>	<u>578,097</u>	<u>160,285</u>
Other Financing Sources:				
Transfers in:				
Golf course	57,074	57,074	57,074	-
Sewer/landfill services	519,548	519,548	485,477	(34,071)
Sewer District	102,846	102,846	102,846	-
Mumford Cove	767	767	767	-
Community Investment Act Fund	5,170	5,170	5,170	-
Capital Reserve (Educ Tech-Video Furnace)			73,000	73,000
Miscellaneous			1,282	1,282
Total other financing sources	<u>685,405</u>	<u>685,405</u>	<u>725,616</u>	<u>40,211</u>
Total Revenues and Other Financing Sources	\$ <u>116,862,947</u>	\$ <u>116,862,947</u>	117,955,078	\$ <u>1,092,131</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	5,977,244
Property tax revenue receivable accrual basis change	(20,300)
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	28,539
Elimination of interfund activity between the General Fund and funds combined for GASB 54 purposes	<u>3,940</u>

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

\$ 123,944,501

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 44,700	\$ 44,700	\$ 36,425	\$ 8,275
Voter registration	130,040	178,040	159,242	18,798
Judicial services	14,500	14,500	14,500	-
Town Clerk	367,539	394,539	362,496	32,043
Legal services	422,950	422,950	293,786	129,164
Total general government	<u>979,729</u>	<u>1,054,729</u>	<u>866,449</u>	<u>188,280</u>
General Services:				
Executive management	293,163	293,163	281,105	12,058
Financial administration	1,341,407	1,341,407	1,332,192	9,215
Administrative services	2,769,570	2,769,570	2,689,162	80,408
Total general services	<u>4,404,140</u>	<u>4,404,140</u>	<u>4,302,459</u>	<u>101,681</u>
Public Safety:				
Police services	<u>6,409,363</u>	<u>6,409,363</u>	<u>6,321,060</u>	<u>88,303</u>
Public Works	<u>6,432,260</u>	<u>6,594,805</u>	<u>6,591,503</u>	<u>3,302</u>
Planning and Development Services	<u>1,180,203</u>	<u>1,180,203</u>	<u>1,102,707</u>	<u>77,496</u>
Human Services:				
Human services	<u>569,929</u>	<u>569,929</u>	<u>558,635</u>	<u>11,294</u>
Community Services:				
Parks and recreation	2,129,684	2,129,684	2,111,992	17,692
Library	1,740,962	1,740,962	1,705,233	35,729
Total community services	<u>3,870,646</u>	<u>3,870,646</u>	<u>3,817,225</u>	<u>53,421</u>
Nondepartmental:				
Insurance and claims	638,800	638,800	481,955	156,845
Contingency	350,000	112,455		112,455
Self-funded plans	7,519,638	7,519,638	7,518,131	1,507
Total nondepartmental	<u>8,508,438</u>	<u>8,270,893</u>	<u>8,000,086</u>	<u>270,807</u>
Education	<u>72,572,500</u>	<u>72,645,500</u>	<u>72,517,308</u>	<u>128,192</u>
Debt Service:				
Town	2,141,200	2,141,200	2,141,137	63
Board of Education	2,995,450	2,995,450	2,995,449	1
Total debt service	<u>5,136,650</u>	<u>5,136,650</u>	<u>5,136,586</u>	<u>64</u>

(Continued on next page)

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 110,571	\$ 110,571	\$ 110,571	\$ -
Ambulance services	120,451	120,451	119,451	1,000
Health services - cultural agencies	1,617,289	1,617,289	1,616,968	321
Other libraries	166,552	166,552	166,552	-
Total outside agencies	<u>2,014,863</u>	<u>2,014,863</u>	<u>2,013,542</u>	<u>1,321</u>
Subdivisions:				
City of Groton	4,339,224	4,339,224	4,340,801	(1,577)
Groton Long Point	153,529	153,529	153,541	(12)
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>4,738,765</u>	<u>4,738,765</u>	<u>4,740,354</u>	<u>(1,589)</u>
Total expenditures	<u>116,817,486</u>	<u>116,890,486</u>	<u>115,967,914</u>	<u>922,572</u>
Other Financing Uses:				
Transfers out:				
Computer replacement	94,662	94,662	94,662	-
Capital improvements fund	828,000	828,000	828,000	-
Revaluation fund	55,000	55,000	55,000	-
Total other financing uses	<u>977,662</u>	<u>977,662</u>	<u>977,662</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>117,795,148</u>	\$ <u>117,868,148</u>	116,945,576	\$ <u>922,572</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	5,977,244
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	387,475
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	336,935
Elimination of transfers between General Fund and funds combined for GASB 54 purposes	<u>(149,662)</u>

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

\$ 123,497,568



**Supplemental and Combining  
Fund Statements and Schedules**

**General Fund**

## TOWN OF GROTON, CONNECTICUT

## GENERAL FUND

## BALANCE SHEET

JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 19,819,135	\$ 19,442,735
Property taxes receivable, net	2,504,544	2,083,049
Other receivables	693,973	524,724
Prepaid expenditures and other assets	<u>200</u>	<u>76</u>
Total Assets	<u>\$ 23,017,852</u>	<u>\$ 22,050,584</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 7,448,596	\$ 8,084,379
Due to other funds	100	
Deferred revenue - taxes	<u>2,378,914</u>	<u>2,065,213</u>
Total liabilities	<u>9,827,610</u>	<u>10,149,592</u>
Fund Balances:		
Assigned:		
Subsequent years' budget	866,130	932,201
Revaluation	332,513	
Computer replacement	355,011	
Encumbrances	1,475,765	2,139,367
Unassigned	<u>10,160,823</u>	<u>8,829,424</u>
Total fund balance	<u>13,190,242</u>	<u>11,900,992</u>
Total Liabilities and Fund Balance	<u>\$ 23,017,852</u>	<u>\$ 22,050,584</u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 76,011,983	\$ 76,011,983	\$ 78,353,874	\$ 2,341,891
Licenses and permits	228,513	228,513	219,643	(8,870)
Interest on investments	100,000	100,000	127,274	27,274
Intergovernmental - Federal	8,677,758	8,677,758	8,756,718	78,960
Intergovernmental - State	29,205,233	29,205,233	27,770,130	(1,435,103)
Charges for current services	997,988	997,988	1,039,803	41,815
Schools, library and recreation fees	538,255	538,255	383,923	(154,332)
Other revenue	417,812	417,812	578,097	160,285
Total revenues	<u>116,177,542</u>	<u>116,177,542</u>	<u>117,229,462</u>	<u>1,051,920</u>
Expenditures:				
Current:				
General government	979,729	1,054,729	866,449	188,280
General services	4,404,140	4,404,140	4,302,459	101,681
Public safety	6,409,363	6,409,363	6,321,060	88,303
Public works	6,432,260	6,594,805	6,591,503	3,302
Planning and development	1,180,203	1,180,203	1,102,707	77,496
Health and human services	569,929	569,929	558,635	11,294
Community services	3,870,646	3,870,646	3,817,225	53,421
Education	72,572,500	72,645,500	72,517,308	128,192
Subdivisions	4,738,765	4,738,765	4,740,354	(1,589)
Nondepartmental	8,508,438	8,270,893	8,000,086	270,807
Outside agencies	2,014,863	2,014,863	2,013,542	1,321
Debt service	5,136,650	5,136,650	5,136,586	64
Total expenditures	<u>116,817,486</u>	<u>116,890,486</u>	<u>115,967,914</u>	<u>922,572</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(639,944)</u>	<u>(712,944)</u>	<u>1,261,548</u>	<u>1,974,492</u>
Other Financing Sources (Uses):				
Transfers in	685,405	685,405	725,616	40,211
Transfers out	<u>(977,662)</u>	<u>(977,662)</u>	<u>(977,662)</u>	-
Total other financing uses	<u>(292,257)</u>	<u>(292,257)</u>	<u>(252,046)</u>	<u>40,211</u>
Net Change in Fund Balance	\$ <u>(932,201)</u>	\$ <u>(1,005,201)</u>	1,009,502	\$ <u>2,014,703</u>
Fund Balance at Beginning of Year			9,733,682	
Encumbrances Cancelled			<u>276,139</u>	
Fund Balance at End of Year			\$ <u>11,019,323</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, 2011**

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 34,871,199	\$ 35,243,566	\$ 34,653,818	\$ 469,414	\$ 35,123,232	\$ 120,334
Special	7,489,870	7,674,288	7,672,927	1,361	7,674,288	-
Continuing	262,480	269,469	269,469		269,469	-
Total instruction	<u>42,623,549</u>	<u>43,187,323</u>	<u>42,596,214</u>	<u>470,775</u>	<u>43,066,989</u>	<u>120,334</u>
Supporting Services:						
Pupils	4,950,313	4,775,726	4,775,651	75	4,775,726	-
Staff	2,925,186	2,480,054	2,464,714	7,482	2,472,196	7,858
General support	6,138,909	6,426,673	6,421,149	5,524	6,426,673	-
Operational support	13,438,060	13,204,568	13,120,538	84,030	13,204,568	-
Total supporting services	<u>27,452,468</u>	<u>26,887,021</u>	<u>26,782,052</u>	<u>97,111</u>	<u>26,879,163</u>	<u>7,858</u>
Community Services:						
Nonpublic school pupils	124,483	145,476	145,476		145,476	-
Nonprogrammed Changes:						
Tuition payments	2,445,000	2,425,680	2,425,680		2,425,680	-
Total	<u>\$ 72,645,500</u>	<u>\$ 72,645,500</u>	<u>\$ 71,949,422</u>	<u>\$ 567,886</u>	<u>\$ 72,517,308</u>	<u>\$ 128,192</u>

**Nonmajor Governmental Funds**

## *Nonmajor Governmental Funds*

### *Special Revenue Funds*

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

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

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

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

**Donation Fund:** Accounts for miscellaneous donations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Groton Sewer District:** Accounts for revenues and expenditures related to the maintenance of the Groton Sewer District.

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

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

### ***Permanent Funds***

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

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

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



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

**JUNE 30, 2011**

	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
ASSETS									
Cash and cash equivalents	\$ 742,554	\$ 18,195	\$ 368,798	\$ 108,026	\$ 10,341	\$ 801,357	\$ 130,081	\$ 44,706	\$ 2,807,362
Receivables, net	412,750	196,631	397,413					3,880	506,555
Due from other funds			100						336,215
Investments									
Other assets									
<b>Total Assets</b>	<b>\$ 1,155,304</b>	<b>\$ 214,826</b>	<b>\$ 766,311</b>	<b>\$ 108,026</b>	<b>\$ 10,341</b>	<b>\$ 801,357</b>	<b>\$ 130,081</b>	<b>\$ 48,586</b>	<b>\$ 3,650,132</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 461,667	\$	\$ 13,206	\$ 945	\$	\$	\$ 350	\$ 38,395	\$ 173,363
Due to State	8,469								
Due to other funds									
Deferred revenue	685,363		370,678			801,357			
<b>Total liabilities</b>	<b>1,155,499</b>	<b>-</b>	<b>383,884</b>	<b>945</b>	<b>-</b>	<b>801,357</b>	<b>350</b>	<b>38,395</b>	<b>173,363</b>
Fund Balances:									
Nonspendable									
Restricted									
Committed		214,826	382,427	107,081	10,341		129,731	10,191	3,476,769
Unassigned	(195)								
<b>Total fund balances</b>	<b>(195)</b>	<b>214,826</b>	<b>382,427</b>	<b>107,081</b>	<b>10,341</b>	<b>-</b>	<b>129,731</b>	<b>10,191</b>	<b>3,476,769</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,155,304</b>	<b>\$ 214,826</b>	<b>\$ 766,311</b>	<b>\$ 108,026</b>	<b>\$ 10,341</b>	<b>\$ 801,357</b>	<b>\$ 130,081</b>	<b>\$ 48,586</b>	<b>\$ 3,650,132</b>

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

**JUNE 30, 2011**

	<b>Special Revenue Funds</b>								
	<b>Solid Waste Fund</b>	<b>Mumford Cove District</b>	<b>Emergency Energy Fund</b>	<b>Other Special Revenue</b>	<b>Escrow Fund</b>	<b>Parks and Recreation Revolving</b>	<b>Outside Police Work</b>	<b>Land Acquisition</b>	<b>Economic Assistance</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,296,349	\$ 977	\$ 3,043	\$ 350,626	\$ 817,474	\$ 379,317	\$ 203,421	\$ 261,474	\$ 210,821
Receivables, net	469,409			26,988	79,388	3,346	89,209		
Due from other funds									
Investments									
Other assets						8,104			
<b>Total Assets</b>	<b><u>\$ 1,765,758</u></b>	<b><u>\$ 977</u></b>	<b><u>\$ 3,043</u></b>	<b><u>\$ 377,614</u></b>	<b><u>\$ 896,862</u></b>	<b><u>\$ 390,767</u></b>	<b><u>\$ 292,630</u></b>	<b><u>\$ 261,474</u></b>	<b><u>\$ 210,821</u></b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 212,282		\$ 150	\$ 25,788	\$ 21,397	\$ 32,786	\$ 10,584		\$
Due to State									
Due to other funds				20,401					
Deferred revenue				137,578					
<b>Total liabilities</b>	<b><u>212,282</u></b>	<b><u>-</u></b>	<b><u>150</u></b>	<b><u>183,767</u></b>	<b><u>21,397</u></b>	<b><u>32,786</u></b>	<b><u>10,584</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>									
Nonspendable						8,104			
Restricted				137,578					
Committed	1,553,476	977	2,893	56,269	875,465	349,877	282,046	261,474	210,821
Unassigned									
<b>Total fund balances</b>	<b><u>1,553,476</u></b>	<b><u>977</u></b>	<b><u>2,893</u></b>	<b><u>193,847</u></b>	<b><u>875,465</u></b>	<b><u>357,981</u></b>	<b><u>282,046</u></b>	<b><u>261,474</u></b>	<b><u>210,821</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,765,758</u></b>	<b><u>\$ 977</u></b>	<b><u>\$ 3,043</u></b>	<b><u>\$ 377,614</u></b>	<b><u>\$ 896,862</u></b>	<b><u>\$ 390,767</u></b>	<b><u>\$ 292,630</u></b>	<b><u>\$ 261,474</u></b>	<b><u>\$ 210,821</u></b>

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

**JUNE 30, 2011**

	<b>Special Revenue Funds</b>		<b>Capital Project Funds</b>		<b>Debt Service Fund</b>	<b>Permanent Funds</b>			<b>Totals</b>
	<b>Vehicle Maintenance</b>	<b>Collegiate Baseball Fund</b>	<b>Sewer Construction</b>	<b>Sewer Line Infrastructure Repair</b>	<b>Groton Sewer District</b>	<b>Williams Library Trust</b>	<b>Julia Bill Library Trust</b>	<b>Rispoli Scholarship</b>	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 18,952	\$ 10,051	\$	\$ 232,183	\$ 2,628,611	\$ 44,660	\$ 37,049	\$ 200,107	\$ 11,726,535
Receivables, net	45,596		1,179,804		25,053				3,436,022
Due from other funds									336,315
Investments						111,054	15,367		126,421
Other assets									8,104
<b>Total Assets</b>	<b><u>\$ 64,548</u></b>	<b><u>\$ 10,051</u></b>	<b><u>\$ 1,179,804</u></b>	<b><u>\$ 232,183</u></b>	<b><u>\$ 2,653,664</u></b>	<b><u>\$ 155,714</u></b>	<b><u>\$ 52,416</u></b>	<b><u>\$ 200,107</u></b>	<b><u>\$ 15,633,397</u></b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 393	\$ 10,051	\$	\$	\$	\$	\$	\$	\$ 1,001,357
Due to State									8,469
Due to other funds			250,281						270,682
Deferred revenue					26,966				2,021,942
<b>Total liabilities</b>	<b><u>393</u></b>	<b><u>10,051</u></b>	<b><u>250,281</u></b>	<b><u>-</u></b>	<b><u>26,966</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,302,450</u></b>
<b>Fund Balances:</b>									
Nonspendable						98,392	27,543	200,000	334,039
Restricted			929,523	232,183		57,322	24,873	107	1,381,586
Committed	64,155				2,626,698				10,615,517
Unassigned									(195)
<b>Total fund balances</b>	<b><u>64,155</u></b>	<b><u>-</u></b>	<b><u>929,523</u></b>	<b><u>232,183</u></b>	<b><u>2,626,698</u></b>	<b><u>155,714</u></b>	<b><u>52,416</u></b>	<b><u>200,107</u></b>	<b><u>12,330,947</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 64,548</u></b>	<b><u>\$ 10,051</u></b>	<b><u>\$ 1,179,804</u></b>	<b><u>\$ 232,183</u></b>	<b><u>\$ 2,653,664</u></b>	<b><u>\$ 155,714</u></b>	<b><u>\$ 52,416</u></b>	<b><u>\$ 200,107</u></b>	<b><u>\$ 15,633,397</u></b>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds								
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut	3,417,243	67,359					47,362		
Federal government		830,231				11,946			
Investments earnings		253	2,192		31	1,046	170		2,171
Charges for services		801,215						1,124,715	
Sewer use charges									5,390,630
Solid waste management									
Other revenue	108,226		42,615	67,210				514	1,668
Total revenues	<u>3,525,469</u>	<u>1,699,058</u>	<u>44,807</u>	<u>67,210</u>	<u>31</u>	<u>12,992</u>	<u>47,532</u>	<u>1,125,229</u>	<u>5,394,469</u>
Expenditures:									
General government									
Public safety									
Public works									
Human services			312,914	51,169					
Community services							44,078	1,057,881	
Education	3,537,769	1,857,174							
Sewer operations									3,961,145
Solid waste management									
Outside agencies									
Capital outlay						12,992			
Debt service									572,806
Total expenditures	<u>3,537,769</u>	<u>1,857,174</u>	<u>312,914</u>	<u>51,169</u>	<u>-</u>	<u>12,992</u>	<u>44,078</u>	<u>1,057,881</u>	<u>4,533,951</u>
Revenues Over (Under) Expenditures	<u>(12,300)</u>	<u>(158,116)</u>	<u>(268,107)</u>	<u>16,041</u>	<u>31</u>	<u>-</u>	<u>3,454</u>	<u>67,348</u>	<u>860,518</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out							(2,000)	(57,379)	(894,629)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(57,379)</u>	<u>(894,629)</u>
Net Change in Fund Balances	(12,300)	(158,116)	(268,107)	16,041	31	-	1,454	9,969	(34,111)
Fund Balance - Beginning of Year	<u>12,105</u>	<u>372,942</u>	<u>650,534</u>	<u>91,040</u>	<u>10,310</u>	<u>-</u>	<u>128,277</u>	<u>222</u>	<u>3,510,880</u>
Fund Balance - End of Year	<u>\$ (195)</u>	<u>\$ 214,826</u>	<u>\$ 382,427</u>	<u>\$ 107,081</u>	<u>\$ 10,341</u>	<u>\$ -</u>	<u>\$ 129,731</u>	<u>\$ 10,191</u>	<u>\$ 3,476,769</u>

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TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds								
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance
Revenues:									
Property taxes, interest and lien fees	\$	\$ 20,947	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut				340,598					
Federal government				98,267					
Investments earnings	3,850			40				422	263
Charges for services						593,402	287,198		
Sewer use charges									
Solid waste management	2,658,222								
Other revenue	140,804		25,139	12,113	398,176	122,821		35,950	
Total revenues	<u>2,802,876</u>	<u>20,947</u>	<u>25,139</u>	<u>451,018</u>	<u>398,176</u>	<u>716,223</u>	<u>287,198</u>	<u>36,372</u>	<u>263</u>
Expenditures:									
General government				17,056	333,614				
Public safety		20,000		9,089			236,595		
Public works				58,267					
Human services			27,351	43,025					
Community services				360,515		691,328			
Education									
Sewer operations									
Solid waste management	2,635,527								
Outside agencies									
Capital outlay				10,620					
Debt service									
Total expenditures	<u>2,635,527</u>	<u>20,000</u>	<u>27,351</u>	<u>498,572</u>	<u>333,614</u>	<u>691,328</u>	<u>236,595</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>167,349</u>	<u>947</u>	<u>(2,212)</u>	<u>(47,554)</u>	<u>64,562</u>	<u>24,895</u>	<u>50,603</u>	<u>36,372</u>	<u>263</u>
Other Financing Sources (Uses):									
Transfers in				6,475					
Transfers out	(192,482)	(767)		(6,187)	(266)				
Total other financing sources (uses)	<u>(192,482)</u>	<u>(767)</u>	<u>-</u>	<u>288</u>	<u>(266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(25,133)	180	(2,212)	(47,266)	64,296	24,895	50,603	36,372	263
Fund Balance - Beginning of Year	<u>1,578,609</u>	<u>797</u>	<u>5,105</u>	<u>241,113</u>	<u>811,169</u>	<u>333,086</u>	<u>231,443</u>	<u>225,102</u>	<u>210,558</u>
Fund Balance - End of Year	\$ <u>1,553,476</u>	\$ <u>977</u>	\$ <u>2,893</u>	\$ <u>193,847</u>	\$ <u>875,465</u>	\$ <u>357,981</u>	\$ <u>282,046</u>	\$ <u>261,474</u>	\$ <u>210,821</u>

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TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds		Capital Projects Funds		Debt Service Fund	Permanent Funds			Totals
	Vehicle Maintenance	Collegiate Baseball Fund	Sewer Construction	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	777,028	\$	\$	\$	\$ 797,975
Sewer assessments					16,462				16,462
State of Connecticut					1,514				3,874,076
Federal government									940,444
Investments earnings			847	345	6,564	28,811	3,970		50,975
Charges for services	340,375							353	3,147,258
Sewer use charges									5,390,630
Solid waste management									2,658,222
Other revenue		10,051				987			966,274
Total revenues	<u>340,375</u>	<u>10,051</u>	<u>847</u>	<u>345</u>	<u>801,568</u>	<u>29,798</u>	<u>3,970</u>	<u>353</u>	<u>17,842,316</u>
Expenditures:									
General government					6,601				357,271
Public safety									265,684
Public works									58,267
Human services									434,459
Community services						5,949	2,881	344	2,162,976
Education		10,051							5,404,994
Sewer operations									3,961,145
Solid waste management									2,635,527
Outside agencies	304,286								304,286
Capital outlay				26,883					50,495
Debt service					1,327,355				1,900,161
Total expenditures	<u>304,286</u>	<u>10,051</u>	<u>-</u>	<u>26,883</u>	<u>1,333,956</u>	<u>5,949</u>	<u>2,881</u>	<u>344</u>	<u>17,535,265</u>
Revenues Over (Under) Expenditures	<u>36,089</u>	<u>-</u>	<u>847</u>	<u>(26,538)</u>	<u>(532,388)</u>	<u>23,849</u>	<u>1,089</u>	<u>9</u>	<u>307,051</u>
Other Financing Sources (Uses):									
Transfers in									6,475
Transfers out			(2,620,106)		(102,846)				(3,876,662)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,620,106)</u>	<u>-</u>	<u>(102,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,870,187)</u>
Net Change in Fund Balances	36,089	-	(2,619,259)	(26,538)	(635,234)	23,849	1,089	9	(3,563,136)
Fund Balance - Beginning of Year	<u>28,066</u>	<u>-</u>	<u>3,548,782</u>	<u>258,721</u>	<u>3,261,932</u>	<u>131,865</u>	<u>51,327</u>	<u>200,098</u>	<u>15,894,083</u>
Fund Balance - End of Year	<u>\$ 64,155</u>	<u>\$ -</u>	<u>\$ 929,523</u>	<u>\$ 232,183</u>	<u>\$ 2,626,698</u>	<u>\$ 155,714</u>	<u>\$ 52,416</u>	<u>\$ 200,107</u>	<u>\$ 12,330,947</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 216	\$ 216	\$ 169	\$ (47)
State grants	1,200	1,200	1,136	(64)
ConnectiCard grant	44,000	44,000	46,226	2,226
Total revenues	<u>45,416</u>	<u>45,416</u>	<u>47,531</u>	<u>2,115</u>
Expenditures:				
Payroll charges	10,846	10,846	10,340	506
Utilities/Fuel/Mileage	3,250	3,250	1,620	1,630
Repairs & Maint-Fac/Equip	4,000	4,000	1,418	2,582
Software maintenance fees	20,800	20,800	16,827	3,973
Profess/Technical Services	4,000	4,000	6,421	(2,421)
Equipment, machinery and furniture	2,000	2,000	1,488	512
Computer equipment	750	750	5,964	(5,214)
Total expenditures	<u>45,646</u>	<u>45,646</u>	<u>44,078</u>	<u>1,568</u>
Revenues over (under) Expenditures	(230)	(230)	3,453	3,683
Other Financing Uses:				
Transfers Out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,230)</u>	<u>\$ (2,230)</u>	<u>\$ 1,453</u>	<u>\$ 3,683</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted</u>		<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,214,980	\$ 1,214,980	\$ 1,125,229	\$ (89,751)
Expenditures:				
Community services	<u>1,131,109</u>	<u>1,131,109</u>	<u>1,057,880</u>	<u>73,229</u>
Revenues over Expenditures	83,871	83,871	67,349	(16,522)
Other Financing Uses:				
Transfers out	<u>(57,379)</u>	<u>(57,379)</u>	<u>(57,379)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>26,492</u></u>	\$ <u><u>26,492</u></u>	\$ <u><u>9,970</u></u>	\$ <u><u>(16,522)</u></u>



## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,268,423	\$ 5,268,423	\$ 5,390,630	\$ 122,207
Interest income	900	900	2,171	1,271
Other revenue			1,668	1,668
Total revenues	<u>5,269,323</u>	<u>5,269,323</u>	<u>5,394,469</u>	<u>125,146</u>
Expenditures:				
Sewer system maintenance	<u>4,727,676</u>	<u>4,727,676</u>	<u>4,542,072</u>	<u>185,604</u>
Revenues over Expenditures	541,647	541,647	852,397	310,750
Other Financing Uses:				
Transfers out	<u>(894,629)</u>	<u>(894,629)</u>	<u>(894,629)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (352,982)</u>	<u>\$ (352,982)</u>	<u>\$ (42,232)</u>	<u>\$ 310,750</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 2,413,408	\$ 2,413,408	\$ 2,799,027	\$ 385,619
Interest income	2,925	2,925	3,850	925
Total revenues	<u>2,416,333</u>	<u>2,416,333</u>	<u>2,802,877</u>	<u>386,544</u>
Expenditures:				
Solid waste management	<u>2,395,735</u>	<u>2,636,601</u>	<u>2,635,527</u>	<u>1,074</u>
Revenues over (under) Expenditures	20,598	(220,268)	167,350	387,618
Other Financial Uses:				
Transfers out	<u>(192,483)</u>	<u>(192,483)</u>	<u>(192,483)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (171,885)</u>	<u>\$ (412,751)</u>	<u>\$ (25,133)</u>	<u>\$ 387,618</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes, interest and lien fees	\$ 20,787	\$ 20,787	\$ 20,947	\$ 160
Expenditures:				
Public safety	<u>20,020</u>	<u>20,020</u>	<u>20,000</u>	<u>20</u>
Revenues over Expenditures	767	767	947	180
Other Financial Uses:				
Transfers out	<u>(767)</u>	<u>(767)</u>	<u>(767)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180</u>	<u>\$ 180</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Interest income	\$ 1,320	\$ 1,320	\$ 622	\$ (698)
Expenditures:				
Property revaluation	<u>350,000</u>	<u>350,000</u>	<u>327,867</u>	<u>22,133</u>
Revenues under Expenditures	(348,680)	(348,680)	(327,245)	21,435
Other Financing Sources:				
Transfers in	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (293,680)</u>	<u>\$ (293,680)</u>	<u>\$ (272,245)</u>	<u>\$ 21,435</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 640	\$ 640	\$ 793	\$ 153
Other agencies	1,545	1,545	4,383	2,838
Outside agencies - MDT	25,570	25,570	22,742	(2,828)
Total revenues	<u>27,755</u>	<u>27,755</u>	<u>27,918</u>	<u>163</u>
Expenditures:				
Computer equipment	<u>59,140</u>	<u>59,140</u>	<u>53,843</u>	<u>5,297</u>
Revenues under Expenditures	(31,385)	(31,385)	(25,925)	5,460
Other Financing Sources:				
Transfers in	<u>98,602</u>	<u>98,602</u>	<u>98,602</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 67,217</u>	<u>\$ 67,217</u>	<u>\$ 72,677</u>	<u>\$ 5,460</u>

## TOWN OF GROTON, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<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	\$ 788,921	\$ 788,921	\$ 795,861	\$ 6,940
Interest income	8,100	8,100	6,564	(1,536)
Total revenues	<u>797,021</u>	<u>797,021</u>	<u>802,425</u>	<u>5,404</u>
Expenditures:				
Debt service	1,394,340	1,394,340	1,327,355	66,985
Operating expense	5,600	5,600	6,425	(825)
Total expenditures	<u>1,399,940</u>	<u>1,399,940</u>	<u>1,333,780</u>	<u>66,160</u>
Revenues under Expenditures	(602,919)	(602,919)	(531,355)	71,564
Other Financing Uses:				
Transfers out	<u>(102,846)</u>	<u>(102,846)</u>	<u>(102,846)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (705,765)</u>	<u>\$ (705,765)</u>	<u>\$ (634,201)</u>	<u>\$ 71,564</u>

**Internal Service Funds**

## **Internal Service Funds**

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

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

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

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



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

**JUNE 30, 2011**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,351,004	\$ 8,256,053	\$ 2,105,816	\$ 11,712,873
Accounts receivable	7,295	148,865		156,160
Total current assets	<u>1,358,299</u>	<u>8,404,918</u>	<u>2,105,816</u>	<u>11,869,033</u>
Noncurrent assets:				
Property and equipment, net	<u>3,025,976</u>			<u>3,025,976</u>
Total assets	<u>4,384,275</u>	<u>8,404,918</u>	<u>2,105,816</u>	<u>14,895,009</u>
Liabilities:				
Current liabilities:				
Accounts payable	100,072		6,469	106,541
Due to other funds	1,897			1,897
Claims incurred but not reported		689,030	124,810	813,840
Total current liabilities	<u>101,969</u>	<u>689,030</u>	<u>131,279</u>	<u>922,278</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,371,389</u>	<u>2,371,389</u>
Total liabilities	<u>101,969</u>	<u>689,030</u>	<u>2,502,668</u>	<u>3,293,667</u>
Net Assets:				
Invested in capital assets	3,025,976			3,025,976
Unrestricted	<u>1,256,330</u>	<u>7,715,888</u>	<u>(396,852)</u>	<u>8,575,366</u>
Total Net Assets	<u>\$ 4,282,306</u>	<u>\$ 7,715,888</u>	<u>\$ (396,852)</u>	<u>\$ 11,601,342</u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 965,985	\$ 14,693,199	\$ 521,027	\$ 16,180,211
Other revenue	8,482	255,050	60,009	323,541
Total operating revenue	<u>974,467</u>	<u>14,948,249</u>	<u>581,036</u>	<u>16,503,752</u>
Operating Expenses:				
Operating expenses	630,517			630,517
Claims - operating		11,073,632		11,073,632
Claims - workers' compensation			413,172	413,172
Claims - heart and hypertension			226,015	226,015
Administrative		1,040,334	107,687	1,148,021
Depreciation	554,240			554,240
Total operating expenses	<u>1,184,757</u>	<u>12,113,966</u>	<u>746,874</u>	<u>14,045,597</u>
Operating income (loss)	<u>(210,290)</u>	<u>2,834,283</u>	<u>(165,838)</u>	<u>2,458,155</u>
Nonoperating Revenue and Expenses:				
Intergovernmental revenue	6,500			6,500
Interest on investments	3,032	10,810	3,089	16,931
Total nonoperating revenue and expenses	<u>9,532</u>	<u>10,810</u>	<u>3,089</u>	<u>23,431</u>
Change in Net Assets	(200,758)	2,845,093	(162,749)	2,481,586
Net Assets - Beginning of Year	<u>4,483,064</u>	<u>4,870,795</u>	<u>(234,103)</u>	<u>9,119,756</u>
Net Assets - End of Year	<u>\$ 4,282,306</u>	<u>\$ 7,715,888</u>	<u>\$ (396,852)</u>	<u>\$ 11,601,342</u>

## TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	<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	\$ 967,172	\$ 14,839,815	\$ 581,036	\$ 16,388,023
Cash paid to vendors	(588,627)			(588,627)
Cash paid to beneficiaries		(12,408,995)	(788,431)	(13,197,426)
Net cash provided by (used in) operating activities	<u>378,545</u>	<u>2,430,820</u>	<u>(207,395)</u>	<u>2,601,970</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(366,995)			(366,995)
Capital grants	6,500			6,500
Net cash used in capital and related financing activities	<u>(360,495)</u>	<u>-</u>	<u>-</u>	<u>(360,495)</u>
Cash Flows from Investing Activities:				
Interest on investments	3,032	10,810	3,089	16,931
Net Increase (Decrease) in Cash and Cash Equivalents	21,082	2,441,630	(204,306)	2,258,406
Cash and Cash Equivalents - Beginning of Year	<u>1,329,922</u>	<u>5,814,423</u>	<u>2,310,122</u>	<u>9,454,467</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,351,004</u>	<u>\$ 8,256,053</u>	<u>\$ 2,105,816</u>	<u>\$ 11,712,873</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (210,290)	\$ 2,834,283	\$ (165,838)	\$ 2,458,155
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	554,240			554,240
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(7,295)	(148,825)		(156,120)
Decrease (increase) in other assets		40,391		40,391
(Decrease) increase in accounts payable	41,890			41,890
(Decrease) increase in claims payable		(295,029)	(41,557)	(336,586)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 378,545</u>	<u>\$ 2,430,820</u>	<u>\$ (207,395)</u>	<u>\$ 2,601,970</u>

**Fiduciary Funds**

## *Fiduciary Funds*

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

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

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

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

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

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

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

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

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

## TOWN OF GROTON, CONNECTICUT

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

JUNE 30, 2011

	<u>Private Purpose Trust Funds</u>				<u>Total</u>
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	
Assets:					
Cash	\$ <u>2,277</u>	\$ <u>5,634</u>	\$ <u>90,121</u>	\$ <u>82,602</u>	\$ <u>180,634</u>
Liabilities:					
Due to employees/others	<u>                    </u>	<u>                    </u>	<u>300</u>	<u>                    </u>	<u>300</u>
Net Assets Held in Trust	\$ <u><u>2,277</u></u>	\$ <u><u>5,634</u></u>	\$ <u><u>89,821</u></u>	\$ <u><u>82,602</u></u>	\$ <u><u>180,334</u></u>

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$	\$ 10	\$ 184	\$ 150	\$ 344
Other additions			50		50
Total additions	-	10	234	150	394
Deductions:					
Benefits		10	30,000	5,264	35,274
Change in Net Assets	-	-	(29,766)	(5,114)	(34,880)
Net Assets Held in Trust - Beginning of Year	2,277	5,634	119,587	87,716	215,214
Net Assets Held in Trust - End of Year	\$ 2,277	\$ 5,634	\$ 89,821	\$ 82,602	\$ 180,334

## TOWN OF GROTON, CONNECTICUT

## COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS

JUNE 30, 2011

	<b>Agency Funds</b>		
	<u>Performance Bonds</u>	<u>Student Activities</u>	<u>Total</u>
Assets:			
Cash	\$ 1,555,115	\$ 234,460	\$ 1,789,575
Liabilities:			
Due to student groups		234,460	234,460
Due to contractors/developers	1,555,115		1,555,115
Total liabilities	<u>1,555,115</u>	<u>234,460</u>	<u>1,789,575</u>
Net Assets Held in Trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## TOWN OF GROTON, CONNECTICUT

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

## FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>Performance Bonds</b>				
Assets:				
Cash	\$ 1,599,386	\$ 215,434	\$ 259,705	\$ 1,555,115
Liabilities:				
Due to contractors/developers	\$ 1,599,386	\$ 215,434	\$ 259,705	\$ 1,555,115
<b>Student Activities</b>				
Assets:				
Cash	\$ 230,563	\$ 438,635	\$ 434,738	\$ 234,460
Liabilities:				
Due to student groups	\$ 230,563	\$ 438,635	\$ 434,738	\$ 234,460
<b>Total</b>				
Assets:				
Cash	\$ 1,829,949	\$ 654,069	\$ 694,443	\$ 1,789,575
Liabilities:				
Due to contractors/developers	\$ 1,599,386	\$ 215,434	\$ 259,705	\$ 1,555,115
Due to student groups	230,563	438,635	434,738	234,460
Total Liabilities	\$ 1,829,949	\$ 654,069	\$ 694,443	\$ 1,789,575

**Other Schedules**

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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Grand List Year	Uncollected Taxes 7/1/2010	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2011	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2009	\$	\$ 76,025,979	\$ 1,096,901	\$ 566,502	\$ 268,404	\$ 76,287,974	\$ 74,842,788	\$ 222,661	\$	\$ 75,065,449	\$ 1,445,186
2008	1,408,141		3,454,647	1,768,229	119,710	2,974,849	2,327,573	168,820	19,241	2,515,634	647,276
2007	560,081		82,432	50,025	64,234	528,254	291,278	142,601	22,971	456,850	236,976
2006	161,477		25,346	31,788	22,651	132,384	39,567	36,564	13,450	89,581	92,817
2005	66,022		4,849	300	4,641	65,930	26,689	27,356	6,713	60,758	39,241
2004	33,901		1,230	313	4,081	30,737	18,745	23,084	4,333	46,162	11,992
2003	27,519		128	128	4,055	23,464	13,658	19,544	2,373	35,575	9,806
2002	22,905		58		4,103	18,860	9,896	15,807	1,881	27,584	8,964
2001	12,903		26		1,855	11,074	4,366	8,460	1,295	14,121	6,708
2000	3,920		47			3,967	2,318	5,959	1,085	9,362	1,649
1999	3,235					3,235	2,320	8,168	1,779	12,267	915
1998	2,536					2,536	2,368	8,548	1,638	12,554	168
1997	27					27		1,128	580	1,708	27
1996	25					25		2,328	839	3,167	25
1995	178					178		2,626	616	3,242	178
1994	179					179	179			179	-
	<u>\$ 2,303,049</u>	<u>\$ 76,025,979</u>	<u>\$ 4,665,664</u>	<u>\$ 2,417,285</u>	<u>\$ 493,734</u>	<u>\$ 80,083,673</u>	<u>\$ 77,581,745</u>	<u>\$ 693,654</u>	<u>\$ 78,794</u>	<u>\$ 78,354,193</u>	<u>\$ 2,501,928</u>

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - MUMFORD COVE DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Grand List Year</u>	<u>Uncollected Taxes 7/1/2010</u>	<u>Current Levy</u>	<u>Lawful Corrections</u>		<u>Suspense Transfers and Adjustments</u>	<u>Adjusted Uncollected Taxes</u>	<u>Collections</u>			<u>Uncollected Taxes 6/30/2011</u>	
			<u>Additions</u>	<u>Deletions</u>			<u>Taxes</u>	<u>Interest, Liens and Other Fees</u>	<u>Suspense Taxes Collected</u>		<u>Total</u>
2009	\$	\$ 20,890	\$ 15	\$ 13	\$ 4	\$ 20,888	\$ 20,885	\$ 48	\$	\$ 20,933	\$ 3
2008	12					12	12	2		14	-
	<u>\$ 12</u>	<u>\$ 20,890</u>	<u>\$ 15</u>	<u>\$ 13</u>	<u>\$ 4</u>	<u>\$ 20,900</u>	<u>\$ 20,897</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 20,947</u>	<u>\$ 3</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, 2011

Grand List Year	Uncollected Taxes July 1, 2010	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes June 30, 2011
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2009	\$	\$ 765,781	\$ 732	\$ 3,731	\$ 1,888	\$ 760,894	\$ 749,956	\$ 3,295	\$	\$ 753,251	\$ 10,938
2008	10,965		712	853	476	10,348	6,295	4,871	145	11,311	4,053
2007	3,462		545	587	348	3,072	1,297	2,024	121	3,442	1,775
2006	1,763		76	531	221	1,087	101	829	84	1,014	986
2005	1,596		148	4	143	1,597	600	1,029		1,629	997
2004	880		36	4	133	779	447	964		1,411	332
2003	851				133	718	416	1,003		1,419	302
2002	578				133	445	163	426		589	282
2001	322				67	255	151	438	1	590	104
2000	270					270	173	479		652	97
1999	236					236	173	510		683	63
1998	185					185	173	759	100	1,032	12
1997	12					12		59	27	86	12
1996	16					16		109	45	154	16
1995	15					15	13	191	54	258	2
	<u>\$ 21,151</u>	<u>\$ 765,781</u>	<u>\$ 2,249</u>	<u>\$ 5,710</u>	<u>\$ 3,542</u>	<u>\$ 779,929</u>	<u>\$ 759,958</u>	<u>\$ 16,986</u>	<u>\$ 577</u>	<u>\$ 777,521</u>	<u>\$ 19,971</u>

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of of Year	Interest Paid
Public Safety Project Bond Issue of 2002	3.0-4.55	6-1-2002	1-15-2017	\$ 5,700,000	\$ 2,835,000	\$ -	\$ 405,000	\$ 2,430,000	\$ 120,690
Library Additions/Alt of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	1,009,000	303,000	-	153,000	150,000	7,736
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	3,705,000	2,935,000	-	195,000	2,740,000	110,519
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	1,330,000	-	80,000	1,250,000	50,710
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000	40,000	-	5,000	35,000	1,425
General Purpose Bond Issue of 2009 ( animal shelter)	4.0-5.75	10-15-2008	10-15-2028	1,200,000	1,080,000	-	120,000	960,000	45,300
General Purpose Bond Issue of 2010 ( animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000	9,030,000	-	464,500	8,565,500	290,806
Fort Hill Water Line of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	566,000	172,000	-	87,000	85,000	4,389
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	2,700,000	-	150,000	2,550,000	105,375
Fort Hill Homes Sewer Rehab Bond Issue of 2009	4.5-5.75	10-15-2008	10-15-2028	3,250,000	3,085,000	-	165,000	2,920,000	152,431
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	630,000	-	210,000	420,000	25,200
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	1,010,000	-	70,000	940,000	38,030
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	12,750,000	-	750,000	12,000,000	486,750
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	13,910,000	-	770,000	13,140,000	531,388
School Bond Issue of 2009	4.0-5.75	10-15-2008	10-15-2028	3,100,000	2,945,000	-	155,000	2,790,000	142,794
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000	645,000	-	30,500	614,500	20,988
Total Bonded Debt					\$ 55,400,000	\$ -	\$ 3,810,000	\$ 51,590,000	\$ 2,134,531

## TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2010	Current Year	Balance June 30, 2011		
LOCIP Projects:						
Golf Course Facilities	\$ 50,000	\$ 40,797	\$ 6,440	\$ 47,237	\$ 2,763	\$ -
Probate Office Modifications	25,000		7,061	7,061		17,939
Sidewalks Rt 1 Regency Area	235,000		8,075	8,075		226,925
Sidewalks Rt 1 Downtown	150,000	93,424		93,424	1,335	55,241
Golf Course Replace Fuel Tank & Windows	110,000		5,149	5,149		104,851
Golf Course Clubhouse Renovations	240,000	18,790	176,765	195,555	18,352	26,093
Thomas Road Bikeway	138,000			-		138,000
FYE 2007 Capital						
Improvement Projects:						
Golf Course Facilities	135,000	134,397	600	134,997		3
Roads Crystal Lake Rd	50,000	4,850	24,768	29,618		20,382
Sewer Line Infrs Replace-WPCF	100,000	91,622	8,367	99,989		11
Sidewalk-Thomas Rd bikeway	40,000	15,195	15,860	31,055		8,945
Jabez Smith House	55,000	52,599	244	52,843		2,157
Mobile Data Terminals	40,000	3,956	36,044	40,000		-
WPCF Add/Improvements	3,400,000	2,904,548	122,802	3,027,350		372,650
Roof Replacements-WPCF	25,000	2,211		2,211		22,789
BOE-Westside Middle	50,000	35,919	980	36,899		13,101
Eastern Pt School re-use	45,000	13,523		13,523		31,477
Hurricane/Disaster Project	65,000	34,868		34,868		30,132
FYE 2008 Capital						
Improvement Projects:						
Golf Course Renovations	60,000	45,593		45,593		14,407
Golf Course Facilities	30,000	28,935	1,030	29,965	35	-
Improvement to Riverview Ave	75,000	27	78	105		74,895
Thames St Rehabilitation	134,000	130,644	407	131,051		2,949
Police Station	205,000	72,073	78,723	150,796		54,204
Sidewalk-Thomas Rd Bikeway	70,000	5,580		5,580		64,420
Sidewalk-Rte 1 Downtown	182,000	29,599	3,001	32,600		149,400
Annex-Salt/Sand Storage	770,000	556,534	43,927	600,461	47,709	121,830
Jabez Smith House	25,000	1,347	1,226	2,573	9,195	13,232
Park Improvement Plan	60,000	55,901	3,318	59,219		781
Mech/Elec Equip Repair WPCF	722,000	642,389	4,363	646,752	247	75,001
SB Butler	400,000	387,988		387,988		12,012
Vacated School Property Reuse	10,000	6,250		6,250	100	3,650
CAD/RMS Software Implementation	270,000	61,917	178,467	240,384	6,000	23,616
William Seely School	25,000	4,916	15,253	20,169		4,831
Submarine Capital of the World	25,000	3,380		3,380		21,620
Kolnaski Elementary School	500,000	358,491	141,498	499,989	11	-

(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, 2011

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2010	Current Year	Balance June 30, 2011		
FYE 2009 Capital						
Improvement Projects:						
Golf Course Renovations	\$ 50,000	\$ 45,712	\$	\$ 45,712	\$	\$ 4,288
Thames St Rehabilitation	117,000	71,765	1,503	73,268		43,732
Flanders Rd Utility Installation	100,000			-	73,000	27,000
Police Station	57,500	9,440	30,369	39,809	1,430	16,261
Swr Line Infrs Replc - WPCF	260,000	170,541	12,014	182,555		77,445
Sidewalk-Rte 1 Downtown	25,000	22,320	2,680	25,000		-
Sidewalk-Poq Rd Kolnaski School	45,000	280	8,382	8,662		36,338
Traffic Signal Rep/Upgrade	35,000	6,560	1,530	8,090		26,910
Park Improvement Plan	15,000		10,548	10,548	4,450	2
Trail Improvement Program	15,000	5,627		5,627		9,373
Replace Roadside Barrier System	50,000	42,820	6,817	49,637		363
Mech/Elec Equip Repair-WPCF	685,000	270,775	133,538	404,313	5,374	275,313
Facility Repairs-WPCF	100,000		29,138	29,138	41,762	29,100
Pavement Management Program	575,000	388,530	7,000	395,530		179,470
BOE-West Side Middle School	230,000	163,169		163,169		66,831
BOE-Charles Barnum Elem	500,000	51,225	323,722	374,947		125,053
BOE-Pleasant Valley Elem	30,000			-		30,000
Hurricane/Disaster Project	35,000	7,120		7,120		27,880
Educ Tech-Video Furnace	73,000			-		73,000
Educ Tech-21st Century Classroom	86,000	85,668		85,668		332
Educ Tech-Remediation software	30,000	27,182		27,182		2,818
Educ Tech- Attendance/Gradebook	140,000	54,998	2,500	57,498	32,897	49,605
Remediation of Town Land	45,000	38,015	-	38,015		6,985
Spicer House P&R Office	25,000	6,705	2,383	9,088	15,912	-
CAD/RMS Software Implementation	85,000	21,250	63,750	85,000		-
Email Archiving	103,000	21,770	1,224	22,994		80,006
FYE 2010 Capital						
Improvement Projects:						
Golf Course Renovations	50,000	46,509		46,509		3,491
Police Station	120,000	108,146		108,146		11,854
Swr Line Infrs Replc - WPCF	460,000	40,750	10,000	50,750	49,250	360,000
Bridge Reconstruction	20,000	14,250	5,750	20,000		-
Sidewalk-New - Drozdyk Dr	30,000	330		330		29,670
Info Tech Acq - Network	60,000	7,849		7,849	9,601	42,550
Info Tech Replace Town Radio System	25,000			-		25,000
Info Tech Radio/Telephonevoice recorder	25,000			-		25,000
Park Improvement Plan	76,000	560		560		75,440
Mech/Elec Equip Repair-WPCF	125,000			-		125,000
Facility Repairs-WPCF	60,000	51,264	2,636	53,900		6,100
Pavement Management Program	526,000	347,232	140,682	487,914	1,297	36,789
BOE-West Side Middle School	175,000	158,640		158,640		16,360
BOE-Claude Chester Elementary	29,888			-		29,888
Spicer House P&R Office	10,000		861	861	6,210	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, 2011**

	<u>Appropriation</u>	<u>Expenditures</u>		<u>Encumbrances</u>	<u>Unencumbered Balance</u>	
		<u>Balance July 1, 2010</u>	<u>Current Year</u>			<u>Balance June 30, 2011</u>
FYE 2011 Capital						
Improvement Projects:						
Roads - River Road	\$ 300,000	\$	\$ 83,026	\$ 83,026	\$ 4,400	\$ 212,574
Drainage Imrov New Install	45,000			-		45,000
Judson Ave Drainage	50,000		50,000	50,000		-
Swr Line Infrs Replace - WPCF	600,000			-	70,000	530,000
Bridge Reconstruction - GLP	468,000		60,035	60,035		407,965
Traffic Signal Replace/Upgrade	25,000		5,946	5,946	8,250	10,804
Info Tech Acq - Network	40,000		20,708	20,708		19,292
Twn Fire/EMS Radio System	165,000			-		165,000
WPCF Add/Improvements	325,000			-		325,000
WPCF Facility Renovations	1,765,000			-		1,765,000
Pavement Management Program	300,000		450	450		299,550
Pavement Management - City	250,000			-		250,000
Pavement Management - Groton Long Point	110,000		21,277	21,277		88,723
BOE-SB Butler	15,000		754	754		14,246
All Schools - Security	216,000		55,000	55,000		161,000
School Design - Phase II	75,000		19,903	19,903		55,097
Timekeeper	38,000			-		38,000
Spicer House P&R Office	30,000			-	6,000	24,000
Town Hall Annex Complex	105,000			-		105,000
Transfers Out	-		1,668,785	1,668,785		(1,668,785)
Other Projects:						
Mystic Streetscapes Improvements	1,226,000	466,670	58,040	524,710	23,460	677,830
Mystic Streetscapes Utility Reloc	118,276	111,461	5,990	117,451	24,544	(23,719)
Mystic Streetscapes Demand Deposit	1,224,174	18,800	17,946	36,746	27,203	1,160,225
Mystic Streetscapes Construction (TCSP)	849,311		220,291	220,291	619,020	10,000
Mystic Streetscapes Construction (ARRA)	3,561,200		303,434	303,434	3,257,766	-
Total before retainage payable	25,720,349	8,722,196	4,273,058	12,995,254	4,367,573	8,357,522
Retainage Payable - 2010		105,758	(105,758)	-		-
Retainage Payable - 2011			42,779	42,779		(42,779)
Total	\$ 25,720,349	\$ 8,827,954	\$ 4,210,079	\$ 13,038,033	\$ 4,367,573	\$ 8,314,743

**Statistical Section**

## *Statistical Section*

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

Statistical section information is presented in the following categories:

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

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

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

## TOWN OF GROTON, CONNECTICUT

## NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 62,817,503	\$ 66,992,502	\$ 64,173,597	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570
Restricted				129,493	329,493	329,493	329,493	329,493	329,493	325,935
Unrestricted	<u>24,016,294</u>	<u>17,159,527</u>	<u>28,026,939</u>	<u>34,005,368</u>	<u>37,764,291</u>	<u>52,232,356</u>	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>	<u>40,302,575</u>
Total Governmental Activities Net Assets	<u>\$ 86,833,797</u>	<u>\$ 84,152,029</u>	<u>\$ 92,200,536</u>	<u>\$ 97,153,740</u>	<u>\$ 102,810,066</u>	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>	<u>\$ 192,168,080</u>

TOWN OF GROTON, CONNECTICUT

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

		FISCAL YEAR									
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:											
Governmental activities:											
General government/services	\$	7,020,669	\$ 6,298,542	\$ 7,121,638	\$ 6,556,489	\$ 6,783,421	\$ 6,955,299	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840
Public safety		9,603,327	9,488,936	9,593,919	9,318,994	9,562,141	10,019,373	10,434,585	11,309,083	11,561,486	11,270,325
Public works		10,345,121	11,289,191	11,231,581	10,953,441	12,491,299	9,627,837	11,459,914	13,803,509	13,719,457	11,857,453
Planning and development		1,250,363	1,294,398	1,232,639	1,316,039	1,417,725	1,369,035	1,535,356	1,676,990	1,782,280	1,576,259
Human services		2,770,971	2,289,607	2,337,982	2,384,276	2,265,894	2,310,585	2,377,926	2,329,037	2,602,544	2,861,366
Community services		5,927,450	5,885,209	6,410,212	6,082,289	6,545,450	6,644,300	6,927,015	7,237,528	7,202,408	7,031,916
Board of Education		64,873,769	66,871,403	69,084,296	70,362,735	75,498,717	76,799,870	100,501,071	84,256,384	86,698,278	84,644,995
Sewer operations		3,319,235	3,440,434	3,985,526	3,899,926	4,120,740	3,977,467	4,113,078	4,426,909	4,458,483	4,550,117
Solid waste management		3,508,196	3,677,443	3,409,455	3,378,654	2,651,573	2,642,280	2,297,780	2,386,667	2,369,490	2,635,527
Interest on long-term debt		1,160,784	914,390	886,717	554,543	750,785	1,111,142	1,706,630	2,388,266	1,821,202	2,226,005
Total governmental activities expenses		109,779,885	111,449,553	115,293,965	114,807,386	122,087,745	121,457,188	149,759,663	136,779,723	140,217,289	136,607,803
Program Revenues:											
Governmental activities:											
Charges for services:											
General government		707,510	1,341,965	1,733,133	1,653,662	1,867,504	1,718,340	1,887,556	1,106,270	1,071,530	1,053,881
Public safety		433,080	144,800	135,563	288,405	149,981	190,702	199,673	82,126	141,692	316,817
Public works		37,451	40,117	41,433	230,889	221,897	252,087	268,966	243,104	571,102	584,879
Planning and development		218,976	364,159	605,452	473,359	285,056	381,547	312,445	224,149	197,516	205,591
Health and human services		39,387	102,497	18,973	30,132	136,439	136,124	98,099	6,263	189,290	252,668
Community services		1,723,683	1,400,473	1,698,472	1,674,622	1,730,036	1,730,036	1,874,307	1,829,784	1,952,166	1,988,062
Education		1,064,466	1,056,092	1,087,146	1,219,312	183,077	1,105,975	1,228,048	1,207,114	1,052,259	1,013,632
Sewer system maintenance		3,863,860	4,271,282	4,339,224	4,448,245	4,630,430	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630
Solid waste management		3,089,175	2,673,748	2,881,820	2,869,354	2,856,433	2,877,959	2,930,894	2,839,702	2,729,052	2,799,026
Operating grants and contributions		38,882,890	35,764,639	39,835,750	37,313,290	38,689,866	39,341,065	61,978,581	44,123,462	42,740,303	43,753,008
Capital grants and contributions		638,403	424,815	1,155,334	476,168	3,518,613	25,209,627	24,753,713	5,624,084	2,758,010	3,762,656
Total governmental activities program revenues		50,698,881	47,584,587	53,532,300	50,677,438	54,322,897	77,602,948	100,734,578	62,626,018	58,892,897	61,120,850
Net Expenses		(59,081,004)	(63,864,966)	(61,761,665)	(64,129,948)	(67,764,848)	(43,854,240)	(49,025,085)	(74,153,705)	(81,324,392)	(75,486,953)
General Revenues and Other											
Changes in Net Assets:											
Governmental activities:											
Property taxes		57,922,102	54,297,192	61,013,523	58,113,695	61,283,570	67,663,380	69,586,226	72,729,198	75,989,758	79,309,946
Payments in lieu of taxes			5,355,847	6,974,514	6,839,719	7,071,935	5,128,088	4,976,112	4,391,044	3,291,461	1,946,018
Grants and contributions											
not restricted to specific programs		2,328,742	1,098,676	1,339,721	3,043,004	2,585,131	3,263,385	3,342,172	3,357,808	2,252,493	2,595,727
Unrestricted investment earnings		1,221,053	431,383	537,626	1,086,734	2,280,538	3,771,081	3,025,296	897,313	280,825	242,222
Contributions received						200,000					
Donated assets							1,900				
Special item - loss on disposal of capital assets				(55,212)							
Total governmental activities		61,471,897	61,183,098	69,810,172	69,083,152	73,421,174	79,827,834	80,929,806	81,375,363	81,814,537	84,093,913
Change in Net Assets	\$	2,390,893	\$ (2,681,868)	\$ 8,048,507	\$ 4,953,204	\$ 5,656,326	\$ 35,973,594	\$ 31,904,721	\$ 7,221,658	\$ 490,145	\$ 8,606,960

## TOWN OF GROTON, CONNECTICUT

## FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Assigned										3,029,419
Unassigned										10,160,823
Reserved	2,255,314	1,868,182	2,627,220	2,650,083	1,569,628	1,846,901	2,655,295	3,289,619	2,139,367	
Designated for subsequent year budget	4,081,919		2,506,713	3,521,736	2,298,358	3,943,110	2,665,505	2,013,725	932,201	
Unreserved/undesignated	<u>5,046,766</u>	<u>4,890,837</u>	<u>8,566,229</u>	<u>8,556,581</u>	<u>9,157,831</u>	<u>9,036,656</u>	<u>10,412,092</u>	<u>10,489,614</u>	<u>8,829,424</u>	
Total General Fund	<u>\$ 11,383,999</u>	<u>\$ 6,759,019</u>	<u>\$ 13,700,162</u>	<u>\$ 14,728,400</u>	<u>\$ 13,025,817</u>	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 334,039
Restricted										8,111,208
Committed										10,615,517
Unassigned										(1,608,609)
Reserved	3,051,279	1,251,408	1,022,290	14,556,754	10,579,502	34,362,546	12,579,522	10,698,121	2,926,867	
Unreserved, reported in:										
Special revenue funds	4,187,014	4,898,851	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135	
Capital projects funds	2,628,687	1,225,099	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029	
Debt service funds	1,825,003	1,938,037	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289	
Permanent fund	<u>154,231</u>	<u>148,574</u>	<u>156,837</u>	<u>31,457</u>	<u>43,678</u>	<u>65,196</u>	<u>61,576</u>	<u>41,970</u>	<u>53,797</u>	
Total All Other Governmental Funds	<u>\$ 11,846,214</u>	<u>\$ 9,461,969</u>	<u>\$ 10,393,891</u>	<u>\$ 9,922,719</u>	<u>\$ 14,109,137</u>	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>

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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes, interest and lien fees	\$ 46,427,732	\$ 52,015,970	\$ 58,899,886	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549
Assessments	213,315	151,823	98,251	40,927	73,258	61,887	12,420	20,255	12,627	16,462
Licenses and permits	233,495	374,585	613,593	473,777	284,774	378,273	308,948	229,903	203,543	219,643
Intergovernmental - state	43,645,471	37,882,523	40,858,233	39,281,530	46,049,528	66,093,137	87,984,022	48,749,945	39,191,914	39,474,358
Intergovernmental - federal	8,458,523	6,875,474	9,743,461	7,755,470	4,354,411	6,169,237	6,470,582	8,133,140	9,103,956	208,221
Interest on investments	1,174,286	575,446	454,514	921,353	1,954,655	3,276,658	2,540,983	768,421	246,096	9,697,162
Charges for current services	2,888,763	3,001,852	4,252,119	4,453,847	4,454,353	4,316,112	4,641,836	3,641,867	3,988,455	4,194,482
Schools, library and recreation fees	685,732	642,550	395,262	437,436	397,320	341,499	461,072	455,396	433,701	383,922
Sewer use charges	3,863,860	4,271,282	4,246,585	4,448,245	4,615,730	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630
Solid waste management charges	3,089,175	2,673,748	2,795,602	2,870,209	2,856,433	2,877,959	2,930,894	2,839,702	2,669,731	2,658,222
Other revenue	1,591,839	970,650	868,045	1,068,011	1,345,114	1,388,699	1,292,668	1,211,107	1,195,308	1,573,575
Total revenues	<u>112,272,191</u>	<u>109,435,903</u>	<u>123,225,551</u>	<u>119,779,294</u>	<u>127,727,158</u>	<u>157,138,889</u>	<u>181,349,107</u>	<u>143,965,810</u>	<u>138,109,562</u>	<u>142,948,226</u>
Expenditures:										
Current:										
General government	1,390,464	1,235,650	1,190,848	1,241,886	1,357,931	1,504,677	2,975,801	1,299,574	1,286,088	1,436,011
General services	4,650,593	4,669,418	4,641,646	3,989,388	4,167,487	4,263,014	4,408,325	4,589,704	4,624,308	4,397,592
Public safety	7,785,993	7,600,361	7,310,931	5,979,573	5,849,705	6,323,410	6,393,154	6,563,875	6,607,236	6,619,886
Public works	5,695,425	6,117,905	6,154,964	6,134,737	7,100,724	6,579,008	7,382,546	7,763,799	7,440,674	6,859,332
Planning and development	1,284,668	1,323,106	1,167,475	1,012,183	1,038,921	1,037,790	1,185,564	1,209,680	1,259,708	1,107,830
Health and human services	2,820,481	2,340,852	2,135,895	849,213	772,496	828,779	814,920	726,667	880,991	993,098
Community services	5,933,310	5,881,783	5,649,969	5,298,690	5,538,010	5,741,133	6,048,468	6,098,640	5,963,974	5,983,961
Education	64,291,407	66,295,799	67,852,694	69,780,332	74,848,015	76,797,640	99,693,643	80,526,482	84,009,416	83,941,123
Subdivisions	4,362,735	4,439,591	4,325,510	4,262,479	4,581,248	4,719,027	4,838,436	5,092,447	4,964,012	4,740,354
Sewer operations	2,887,694	3,004,914	3,017,330	2,946,567	3,338,937	3,514,978	3,550,353	3,771,722	3,949,168	3,961,145
Solid waste management	3,691,499	4,019,679	3,534,354	2,813,917	2,651,573	2,626,356	2,297,780	2,386,667	2,369,490	2,635,527
Nondepartmental (1)	1,110,178	719,725	823,330	4,115,410	4,520,784	4,931,331	5,166,273	5,954,633	6,518,577	7,999,321
Outside agencies (2)				1,610,548	1,632,556	1,662,697	1,771,930	1,782,982	2,202,051	2,317,827
Debt service miscellaneous	250,426	300	114,287	465						
Debt service interest	910,359	914,090	811,639	692,503	695,072	966,583	1,568,804	4,130,000	4,010,000	4,769,581
Debt service principal	2,370,000	2,450,000	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000	1,990,252	2,145,073	2,267,103
Capital outlay	7,137,689	5,152,660	3,746,504	5,364,941	9,144,864	49,989,332	52,446,072	17,636,449	13,550,410	3,039,247
Total expenditures	<u>116,572,921</u>	<u>116,165,833</u>	<u>115,147,376</u>	<u>118,902,832</u>	<u>129,978,323</u>	<u>174,435,755</u>	<u>203,772,069</u>	<u>151,523,573</u>	<u>151,781,176</u>	<u>143,068,938</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,300,730)</u>	<u>(6,729,930)</u>	<u>8,078,175</u>	<u>876,462</u>	<u>(2,251,165)</u>	<u>(17,296,866)</u>	<u>(22,422,962)</u>	<u>(7,557,763)</u>	<u>(13,671,614)</u>	<u>(120,712)</u>
Other Financing Sources (Uses):										
Proceeds of bonds	7,810,000				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							
Payment to refunding escrow			(5,319,102)							
Premiums on bond issuance			258,388							
Operating transfers in	5,313,293	4,187,509	4,697,234	4,256,774	4,286,604	5,622,237	3,894,290	3,378,880	4,683,422	4,784,137
Operating transfers out	(4,269,486)	(4,466,804)	(5,016,630)	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)	(3,378,880)	(4,683,422)	(4,784,137)
Total other financing sources (uses)	<u>8,853,807</u>	<u>(279,295)</u>	<u>(205,110)</u>	<u>(319,396)</u>	<u>4,735,000</u>	<u>15,944,336</u>	<u>18,500,000</u>	<u>20,414,411</u>	<u>9,718,613</u>	<u>-</u>
Net Change in Fund Balances	4,553,077	(7,009,225)	7,873,065	557,066	2,483,835	(1,352,530)	(3,922,962)	12,856,648	(3,953,001)	(120,712)
Fund Balance at Beginning of Year	18,677,136	23,230,213	16,220,988	24,094,053	24,651,119	27,134,954	25,782,424	21,859,462	34,716,110	30,763,109
Fund Balance at End of Year	<u>\$ 23,230,213</u>	<u>\$ 16,220,988</u>	<u>\$ 24,094,053</u>	<u>\$ 24,651,119</u>	<u>\$ 27,134,954</u>	<u>\$ 25,782,424</u>	<u>\$ 21,859,462</u>	<u>\$ 34,716,110</u>	<u>\$ 30,763,109</u>	<u>\$ 30,642,397</u>
Debt Service as a Percentage to Noncapital Expenditures	3.00%	3.03%	3.13%	3.08%	2.84%	3.15%	3.20%	4.58%	4.47%	5.08%

(1) Employee benefits were budgeted at the function level for Fiscal Years 2001-2004. For all other years, Employee benefits were included in Non-Departmental.

(2) In Fiscal Year 2005, Outside Agencies was created as a new Area of Service. In prior years these agencies were included in various areas of service.

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

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2,002	\$ 903,316	\$ 714,349	\$ 162,882	\$ 543,819	\$ 1,314,506	\$ 453,385	\$ 1,870,981	23.50	\$ 3,379,770	55.4 %
2003**	1,337,947	787,520	174,543	541,208	574,415	426,179	2,415,040	20.57	3,450,057	70.0
2,004	1,344,379	816,332	174,543	541,208	574,415	426,179	2,450,282	22.75	4,348,601	56.3
2,005	1,367,849	826,284	174,832	530,053	569,118	397,142	2,501,875	22.62	5,092,046	49.1
2,006	1,374,504	845,102	190,416	537,173	573,603	366,266	2,580,928	22.95	5,718,342	45.1
2,007	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

Source: Town Assessor's office

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

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

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

FYE 2008 reflects the 2006 revaluation, the increases of which were phased-in over a three-year period, FYE 2008 through FYE 2010.



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

	Taxpayer	Nature of Business	2011			2002		
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
103	Pfizer, Inc.	Pharmaceutical	\$ 543,405	1	13.3%	\$ 312,229	1	16.7%
	Electric Boat Corp.	Submarine Mfg./R&D	194,463	2	4.8%	158,277	2	8.5%
	Exit 88 Hotel LLC	Mystic Marriott Hotel	27,889	3	0.7%	8,079	6	0.4%
	LCOR Groton Apartments LLC	Ledges Apartments	21,636	4	0.5%			
	Groton Devel Assoc Ltd	Country Glen Apartments	20,537	5	0.5%	9,546	5	0.5%
	CW Groton Square LLC	Groton Square Shopping Center	17,670	6	0.4%	9,819	4	0.5%
	ELK La Triuphe LLC	LaTriumphe Apartments	17,437	7	0.4%	7,821	9	0.4%
	Groton Estates LLC	Colonial Manor Apartments	13,081	8	0.3%	6,863	10	0.4%
	Groton Shoppers Mart LLC	Shopping Center	12,184	9	0.3%			
	Cedar Groton LLC	Shopping Center	11,506	10	0.3%			
	CSC Outsourcing	Leased Equipment at Electric Boat	7,531		0.2%	12,568	3	0.7%
	Groton Residence Retirement Ltd	Retirement Residence				7,971	7	0.4%
	Groton Assoc of CT LP	Convalescent Home				7,897	8	0.4%
			<u>\$ 934,941</u>		<u>25.1%</u>	<u>\$ 489,199</u>		<u>26.7%</u>

Source: Town Assessor's office

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

<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>
2002	\$ 44,489	\$ 43,381	97.51 %	\$ 1,013	\$ 44,394	99.79 %
2003	50,226	49,200	97.96	1,418	50,618	100.78
2004	56,684	55,467	97.85	979	56,446	99.58
2005	56,978	56,033	98.34	709	56,742	99.59
2006	59,700	58,714	98.35	1,458	60,172	100.79
2007	65,828	64,595	98.13	991	65,586	99.63
2008	68,586	67,315	98.15	1,129	68,444	99.79
2009	71,554	70,215	98.13	1,704	71,919	100.51
2010	73,703	72,295	98.09	2,332	72,295	98.09
2011	76,226	74,842	98.18	n/a	74,842	98.18

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)**

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Fiscal Year	Town Direct Rate	Overlapping Rates											
	Basic Rate	City of Groton	Groton Long Point Association	Center Groton Fire District	First Taxing District	Groton Sewer District	Mumford Cove District	Mystic Fire District	Noank Fire District	Old Mystic Fire District	West Pleasant Valley Fire District	Poquunock Bridge Fire District	Second Taxing District
2002	23.50	4.950	5.100	5.500	3.900	1.750	0.410	3.950	2.000	2.950	3.540	5.900	5.810
2003	20.57	4.905	3.400	4.500	3.670	0.750	0.270	2.830	1.270	2.800	3.380	5.300	4.350
2004	22.75	4.905	3.300	4.500	3.900	0.750	0.260	2.770	1.170	2.600	3.500	5.300	5.710
2005	22.62	4.905	3.300	4.500	N/A	0.750	0.260	2.720	1.170	2.850	3.500	5.600	N/A
2006	22.95	4.905	3.450	4.500	N/A	0.750	0.260	2.750	1.000	2.800	3.400	5.900	N/A
2007	24.05	4.905	3.830	4.500	N/A	0.750	0.248	2.820	1.000	2.850	3.400	6.100	N/A
2008	21.21	4.400	3.410	3.500	N/A	0.390	0.197	2.390	1.350	2.800	3.000	5.400	N/A
2009	19.27	4.300	3.000	3.000	N/A	0.330	0.162	2.150	1.320	2.370	2.690	5.200	N/A
2010	17.95	4.135	2.580	3.000	N/A	0.280	0.279	1.960	1.140	2.200	3.100	4.800	N/A
2011	18.42	4.135	2.910	3.000	N/A	0.290	0.279	2.030	1.140	2.200	2.700	4.800	N/A

## TOWN OF GROTON, CONNECTICUT

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

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Bonded Debt</u>		<u>Debt as a Percentage of Actual Taxable Value of Property (1)</u>	<u>Total Primary Government</u>	<u>Debt as a Percentage of Personal Income (2)</u>	<u>Debt Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Other Bonds</u>				
2002	\$ 16,980,000	\$ 6,005,000	1.3%	\$ 22,985,000	2.32%	\$ 575
2003	15,370,000	5,165,000	1.1%	20,535,000	2.19%	524
2004	13,585,000	4,385,000	0.7%	17,970,000	1.86%	446
2005	11,555,000	3,605,000	0.6%	15,160,000	1.58%	379
2006	14,585,000	2,840,000	0.7%	17,425,000	1.80%	430
2007	28,940,000	2,105,000	1.2%	31,045,000	3.13%	750
2008	41,725,000	4,590,000	1.7%	46,315,000	5.33%	1,172
2009	42,555,000	7,180,000	1.3%	49,735,000	5.77%	1,270
2010	48,985,000	6,415,000	1.5%	55,400,000	6.43%	1,414
2011	45,700,000	5,890,000	1.3%	51,590,000	4.10%	1,286

(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, 2011**

Tax Base:		
Total tax collections (including interest and lien fees)	\$	78,330,344
Total tax collections (including interest and lien fees) of coterminous municipalities		13,591,294
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u><u>91,923,638</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	\$ 206,828,186	\$	\$	\$	\$
4 1/2 times base		413,656,371			
3 3/4 times base			344,713,643		
3 1/4 times base				298,751,824	
3 times base					<u>275,770,914</u>
Total limitations	<u>206,828,186</u>	<u>413,656,371</u>	<u>344,713,643</u>	<u>298,751,824</u>	<u>275,770,914</u>
Indebtedness:					
Bonds outstanding	16,130,500	29,484,500	5,890,000		
Serial notes	370,000	2,840,000			
Authorized and unissued	2,910,459	3,471,993	874,589		
Underlying debt:					
Bonds and serial notes	5,379,606		1,071,000		
Authorized and unissued	250,000				
Less school building grants		<u>(54,689)</u>			
Total indebtedness	<u>25,040,565</u>	<u>35,741,804</u>	<u>7,835,589</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 181,787,621</u>	<u>\$ 377,914,567</u>	<u>\$ 336,878,054</u>	<u>\$ 298,751,824</u>	<u>\$ 275,770,914</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 68,617,958

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 643,465,466

(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.

(3) Bonds and serial notes do not include water bonds of \$85,000 in accordance with State Statutes.

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

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

**TOWN OF GROTON, CONNECTICUT**

**LEGAL DEBT MARGIN INFORMATION**

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

	<b>FISCAL YEAR</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Debt limit	\$ 378,926	\$ 427,460	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465
Total net debt applicable to limit	<u>48,366</u>	<u>52,206</u>	<u>62,803</u>	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>	<u>68,618</u>
Legal Debt Margin	<u>\$ 330,560</u>	<u>\$ 375,254</u>	<u>\$ 411,988</u>	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>	<u>\$ 658,359</u>	<u>\$ 574,848</u>
Total net debt applicable to the limit as a percentage of debt limit	12.76%	12.21%	13.23%	30.19%	26.06%	20.03%	15.21%	10.99%	11.32%	10.66%

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 2011 debt limit can be found on Table 10.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars)</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>High School Graduate or Higher</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2002	39,224	\$ 939,611	\$ 23,955	32.5	88.0%	5,846	4.3%
2003	40,270	964,668	23,955	32.5	88.0%	5,780	5.5%
2004	40,020	958,679	23,955	32.5	88.0%	5,750	5.2%
2005	40,522	970,705	23,955	32.5	88.0%	5,572	4.9%
2006	41,366	990,923	23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	7.7%
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%	4,961	9.3%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

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

<u>Name</u>	<u>Nature of Business</u>	<u>2011</u>			<u>2002</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	9,150	1	34.1%	9,900	1	35.6%
Electric Boat Corporation	Submarine Mfg/R&D	8,452	2	31.5%	8,600	2	30.9%
Pfizer, Inc.	Pharmaceutical	5,149	3	19.2%	5,231	3	18.8%
Town of Groton	Municipality	924	4	3.4%	1,022	4	3.7%
Theater Aviation Sustainment Maintenance Group	Helicopter repair	484	5	1.8%	339	5	1.2%
City of Groton	Municipality	231	6	0.9%	180	7	0.6%
PCC Structural (1)	Manufacturer	216	7	0.8%	245	6	0.9%
Mystic Marriott	Hotel/Conference Center	215	8	0.8%			
Lawrence & Memorial Facilities	Hospital	190	9	0.7%			
Doncasters Precision Castings	Manufacturer	118	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>25,129</u>		<u>93.6%</u>	<u>25,832</u>		<u>92.8%</u>

(1) Formerly known as Wyman Gordon Company



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

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	56.50	57.00	55.00	52.00	52.00	53.00	54.00	54.00	53.00	51.00
Public safety	73.00	74.00	73.00	72.00	72.00	73.00	75.00	77.00	75.00	74.00
Public works	47.50	47.50	46.50	52.25	52.25	52.25	60.25	58.25	57.25	56.25
Planning and development	19.00	19.00	18.00	18.00	18.00	18.00	17.00	18.00	18.00	17.00
Human services	17.00	16.00	13.00	13.00	10.00	10.00	8.00	8.00	8.00	8.00
Community services	45.25	43.50	42.75	42.75	43.00	44.00	44.00	43.00	43.00	42.50
Golf course	7.75	7.50	7.25	7.25	7.00	7.00	7.00	7.00	7.00	6.50
Sewer system maintenance	20.25	20.25	17.75	17.75	17.75	17.75	17.75	17.75	17.75	18.75
Solid waste management	8.75	10.25	7.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	0.00	0.00	1.00	2.00	2.00	1.00	0.00	0.00
Fleet reserve	8.00	8.00	8.00	8.00	8.00	8.00	0.00	0.00	0.00	0.00
Subtotal town government	308.00	308.00	294.00	288.00	286.00	290.00	290.00	289.00	284.00	279.00
Board of Education	722.00	722.00	670.00	665.00	659.00	655.00	659.00	665.00	667.00	665.00
Total	<u>1,030.00</u>	<u>1,030.00</u>	<u>964.00</u>	<u>953.00</u>	<u>945.00</u>	<u>945.00</u>	<u>949.00</u>	<u>954.00</u>	<u>951.00</u>	<u>944.00</u>

Source: Adopted Town Budgets

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

**TOWN OF GROTON, CONNECTICUT**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>General Government</u>										
Marriages and civil unions of residents	432	405	479	456	524	507	474	488	515	540
Births to Groton residents	594	616	634	619	610	580	608	565	554	545
Deaths of Groton residents	362	331	375	365	350	394	381	402	408	374
<u>Boards and Agencies</u>										
Registered voters	17,447	17,187	17,718	18,723	17,909	17,824	18,025	19,559	22,901	19,524
Elections and referenda	2	1	3	2	1	2	3	1	1	3
<u>Planning and Development</u>										
Building permits issued	1,472	1,596	1,614	1,523	1,600	1,438	1,520	1,359	1,388	1,267
Building inspections conducted	4,900	5,400	5,510	4,389	4,500	5,800	5,400	4,600	4,000	3,500
Value of building permits	\$ 19,116,598	\$ 33,033,853	\$ 53,865,153	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056
<u>Public Safety</u>										
Arrests	1,273	1,207	1,151	905	672	685	1,058	1,016	1,112	883
Parking violations	903	960	903	450	336	175	292	313	198	228
Traffic violations	5,750	4,756	4,270	3,547	4,752	4,334	6,331	7,028	5,526	4,598
<u>Public Works</u>										
Street resurfacing (in miles)	3.17	3.16	5.85	2.73	3.94	3.27	3.03	1.20	1.59	2.29
Number of snow and ice control callouts	9	20	13	21	9	12	14	19	17	18
Miles of roads maintained (excludes GLP in 2006)	94.00	94.00	97.00	97.50	91.77	92.78	92.78	92.85	93.40	93.40
<u>Parks and Recreation</u>										
Athletic field permits issued	1,269	1,233	1,189	1,325	1,198	698	625	330	240	137
Summer season programs	196	232	204	163	181	170	161	201	197	197
Indoor season programs	627	599	541	637	583	603	606	640	706	719
Acres of grounds maintained	1,545	1,561	1,686	1,710	1,726	1,726	1,726	1,726	1,726	1,726
<u>Public Libraries</u>										
Volumes in collection	123,869	129,603	132,398	134,280	136,759	149,416	152,212	140,875	141,527	147,146
Items circulated	344,517	367,490	362,455	355,310	347,833	347,448	343,423	372,993	367,159	381,769
<u>Senior Center</u>										
Meals on wheels provided	31,595	35,207	34,620	31,046	34,068	36,982	23,800	23,800	17,888	16,756
Senior mini-bus trips	107	88	81	61	54	69	60	60	53	27
<u>Human Services</u>										
Households provided energy assistance	1,300	1,300	1,300	1,500	1,500	1,600	1,600	1,650	1,660	1,660
Households utilizing Groton Food Locker	4,300	4,300	4,500	4,500	4,500	4,500	4,500	4,500	4,600	4,600
Households receiving rent assistance	1,500	1,500	1,700	1,700	1,700	1,800	1,800	1,850	1,860	1,860
<u>Education</u>										
Elementary schools	10	10	9	9	9	9	8	7	7	7
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	129.1	129.8	130.0	130.7	130.7	132.9	134.0	135.3	135.3	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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	42	45	45	47	46	46	46	46	45	45
<u>Public Works</u>										
Miles of town streets	97.88	97.88	98.76	97.66	98.9	99.81	99.81	99.88	100.43	93.4
Streetlights	1,308	1,308	1,308	1,350	1,330	1,334	1,334	1,325	1,337	1,339
Public works vehicles	194	194	228	228	227	213	213	203	197	197
<u>Parks and Recreation</u>										
Acreage	641	641	754	768	780	780	780	1,018	1,019	1,019
Parks	22	22	30	32	33	33	33	33	53	53
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	7	7	7	5	5	5	5	5	5
<u>Education</u>										
Schools	14	14	13	13	13	13	12	11	11	11
<u>Sewer</u>										
Sanitary sewers (miles)	128	128	130	130	132.86	132.86	134	135.3	135.3	136.3
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	7,500	7,500	7,500

Source(s): Various Town Departments