

Comprehensive Annual Financial Report

of the

Town of Groton



Fiscal Year Ended June 30, 2016

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**the Fiscal Year Ended
June 30, 2016**

Prepared By:

The Finance Department

**TOWN OF GROTON
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JUNE 30, 2016**

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Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

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December 13, 2016

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, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Groton was part of broader federally and state mandated "Single Audits" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of

federal and state awards. These reports are available in the Town of Groton's separately issued Single Audit Reports. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Groton's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government:

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut's Department of Public Health, the Town's population is approximately 39,692 residents. Originally part of the City of New London, the Town was incorporated May 10, 1705 and lies equidistant between New York City and Boston.

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

Governing Body:

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

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

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

Services:

The Town of Groton provides a full range of services, including education, public safety, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2016, approximately 268 full-time municipal employees provided services to a community of 38 square miles and 39,692 residents.

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Budgetary Process:

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

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

Expenditure Control:

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

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

The Town maintains an encumbrance accounting system as another method of maintaining budgetary control. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500 require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. For FYE 2016, the Town solicited formal competitive bids for expenditures at or above \$15,000. Funds are recorded as encumbered when the purchase order is issued and expenditures are recorded when the Town incurs a liability.

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

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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 2016 the Town had an unemployment rate of 5.3% as compared to the New London County rate of 5.9%, the state's average rate of 4.9% and the national average of 5.3%. New London County has an employed labor force of approximately 130,705 residents.

Grand List decreases by 0.5%: The October 1, 2015 net adjusted taxable Grand List decreased 0.5% from the 2014 Grand List after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,789,539,060. The combined assessments of the top 10 taxpayers dropped from \$788 million to about \$759 million. This decrease can mainly be attributed to the downsizing of the Pfizer, Inc. research campus. Net real estate remains flat at \$3.351 billion. The net personal property grand list decreased 6.2%, from \$260 million to \$244 million. The motor vehicles portion of the grand list decreased by 1.1% from \$197 million to \$195 million. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

Long-term Financial Planning/Relevant Financial Policies:

The unassigned fund balance in the general fund (8.3% of the FYE 2017 adopted general fund expenditures) is above the Town Council's Debt Policy and Management/Fiscal Practices that was initially adopted in September 1993 and revised in February 2014. The policy states that the unassigned fund balance shall be maintained in an amount equal to at least seven and three-quarters (7.75%) 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 \$5,000,000 was reduced by the RTM to \$2,723,400.

Major Initiatives: For the Fiscal Year Ended June 30, 2016:

Road Maintenance and Rehabilitation Program:

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

Thames Street Rehabilitation:

As per special acts of the state legislature, the Town of Groton provides for certain funding related to the making and repairing of the public road network within the City of Groton and Groton Long Point. Thames Street is located on the east bank of the Thames River and is approximately 5,800 feet long. It has been the subject of numerous studies conducted by the Town and City over the past 30 years. Following the defeat of the November 2009 referendum, the Town Council established the Thames Street Review Committee for the purpose of identifying potential cost-savings alternative to the initial project. In November 2010, the Town

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Council received the committee's recommendation for a \$6,375,505 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. The project went out to bid in December 2012 with the work commencing in June 2013. The Thames Street Rehabilitation was completed in January 2016.

Water Pollution Control Facility:

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

Rehabilitation of the Fishtown Road Pump Station:

This project consists of a major rehabilitation and renewal of the Fishtown Road Pump Station. This collection system intermediate pump station collects wastewater discharges for residences, businesses and a middle school and conveys the wastewater under pressure through the collection system for treatment. The design for this project was completed during spring 2016 and was advertised for bids. Bids were received in September 2016 and a construction contract will be awarded soon. Construction is expected to be completed in calendar year 2017.

Refurbishment of the Effluent Pump Station:

This project involves major work at the Water Pollution Control Facility (WPCF). The WPCF collects, treats, disinfects and discharges the wastewaters of the Town of Groton. This project consists of renovation and renewal of the effluent pump station, flood resiliency modifications, and replacement of significant underground piping and valve infrastructure. Currently, the design and engineering effort is being conducted by consulting engineers. This effort is expected to finish in September 2017 and construction is anticipated to occur in calendar year 2018.

Major Initiatives: For the Future:

School Projects, Groton 2020:

To address the findings of an educational needs assessment, the School Facilities Initiatives Task Force, formed in January 2013, developed a plan to succeed a previous Phase II school facilities plan, which failed at referendum. Using the Middle School Educational Specification that was provided by the Board of Education, in August 2014, the Task Force developed the Groton 2020 Plan. This plan includes one middle school of grades 6 to 8, located adjacent to the high school. Based on declining enrollments, the Board of Education determined that only one middle school is required to serve the Town. The plan also includes the renovation of the two existing middle schools to serve the students of three aging elementary schools, Claude Chester, Pleasant Valley, and SB Butler, which would no longer be required for educational purposes. The Groton 2020 Plan addresses important diversity and consolidation issues, responds to declining enrollments, and provides the delivery of a cost effective educational program.

The Groton 2020 Plan calls for the new middle school to be built on the Merritt property, a 35 acre site adjacent to the high school. Since this land was purchased for recreational purposes with a Department of Energy and Environmental Protection (DEEP) grant, the Town is continuing to work with DEEP to use this land for school purposes. The use of this land may require the Town to provide offsetting recreational land. Construction of a middle school on the Merritt property would provide considerable efficiency due to its proximity to the high school.

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The three vacated elementary schools will be returned to the Town for future disposition. The projected cost estimate for Groton 2020 is approximately \$184.5 million and was approved by the voters at a November 2016 Referendum.

Energy Efficiency and Conservation

The Public Works Department has evaluated the energy and maintenance cost savings associated with converting the existing High Pressure Sodium (HPS) street and parking lot lights to Light-Emitting Diode (LED) technology. The Town contracted with Tanko Lighting, Inc. to complete the first step in this conversion, an Investment Grade Audit of existing fixtures. This audit has been completed and a plan to replace approximately 1555 Town owned street and parking lot lights with LED lights has been completed. Once receiving Town Council approval for the \$583,000 project, the installation phase of the project will commence. Over 25% of the project costs will be paid for by incentives provided by Eversource (formerly Connecticut Light & Power) with the rest being paid for by energy savings achieved from the installation. Completion of this project is expected to reduce costs related to both energy and maintenance by 65-75%.

The Public Works Department has been pursuing installation of a solar farm on the closed Flanders Road Landfill since 2011. The initial attempt to complete the project failed due to unavailability of incentive dollars through the State. This project was revived in November 2015 through 2016 discussions with Geosyntec and Green Harbor Energy. These initial discussions culminated in January 2016 by signing a Letter of Intent with Green Harbor Energy allowing them access to the property for developing a solar farm on a portion of the 65 acre property. During the first part of 2016, Encore Renewable Energy was added to the development team and the Town expects to execute an Option to Lease for approximately 25 acres of the property by the end of 2016. The completed initial installation is expected to be up to 5 Megawatts which could power approximately 800 homes.

The Public Works Department also initiated discussions with Eversource related to supplying natural gas to Town Facilities, initially the Town Hall Annex Complex. These discussions culminated in Eversource extending gas lines to the complex and additionally providing natural gas service to nearby neighborhoods. Immediate connection to Town Buildings was not possible due to the cost of converting boilers and heating systems. A future project will be developed to allow the Town to take advantage of the cost savings by converting selected Town facilities to natural gas from oil. The high school, which is across the street from the Annex, will be able to connect as soon as the gas line is complete.

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

Airport Development Zone (ADZ):

Staff identified this project as the #1 administrative priority for 2015 for our Economic and Community Development division. The state enables certain communities with major airport assets to apply for ADZ designation. Such designation allows for such community to attract more business investment activity within a 2-mile radius from the airport through a tax incentive program. Tax exemptions granted only pertain to the increased value of the improvement up to 80% of that improved value for 5 years. The State of Connecticut (Department of Economic and Community Development) is currently reviewing Groton's submittal. State approval is anticipated in late 2016.

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Community Wide Market Analysis and Economic Development Marketing:

Staff has been working with Camoin Associates since the completion of the Market Analysis on the implementation of the analysis through marketing, promotions and other planning proposals. The Market Analysis product has provided excellent data, guidance, and recommendations to help Groton strategically maximize investments towards reaching economic development objectives. It analyzed market considerations relating to demographics, economics, real estate, workforce, industry, residential, retail and restaurant. Additionally an analysis of “opportunity areas” with targeted recommendations for addressing job and tax based growth was performed which will assist in the redevelopment of our downtown commercial corridor. The content for marketing Groton in the analysis is being used currently with media for promotions. Several public meetings have been held to present the data and recommendations of the analysis. The document is now available on the Town of Groton website for review.

Brownfields Area-Wide Revitalization Project:

Staff has applied for a State of Connecticut \$200,000 funding program suitable for targeting the Poquonnock Bridge Village neighborhood. The focus is on redevelopment, planning, environmental assessment, marketing and economic redevelopment within the corridor. Anticipating award of the grant, state funding would be used to hire technical consulting services to satisfy the objectives of the scope of work. Staff would coordinate the effort including use of a local committee.

Small Cities Community Development Block Grants:

2013 for Housing Rehabilitation: -

This is a \$400,000 grant with a Town match of \$150,000. The grant has been expended and the match is currently being spent. Staff anticipates the final closeout for this project in early spring 2016. Grant was fully expended as of June 30, 2015. Remaining Matching Funds are under contract and are expected to be expended before the end of the year. Pre-Closeout Certifications have been filed. An Audit from the State DOH is expected in early spring 2016.

2014 for Housing Authority:

This is an \$800,000 grant with an Authority match of \$80,000 (and associated tax credits of \$150,000 and \$450,000). Both the grant and the match were 100% expended as of March 31, 2016. This project was accomplished 90 days ahead of schedule.

2016 for Housing Authority:

This is an \$800,000 grant with an Authority match of \$80,000. The grant was awarded in July 2016. Assistance Agreement and associated bank account set up as well as all signatures from the Bank Manager, Finance Director and Town Manager have been returned to the State DOH. We are waiting for them to release the funds. All publications that are needed to release the funding for this project have already been accomplished. Our staff has met twice with the Housing Authority and provided the new director with a comprehensive listing of the procedures that will be observed during the grant expenditure process.

Update to the Plan of Conservation and Development (POCD):

The Town of Groton Planning Commission recently adopted the Plan of Conservation and Development. The document became effective October 1, 2016. Staff had been working with the Planning Commission and a steering committee on this project for over 3 years. The POCD is a state required document that sets the Town’s long term (ten year) planning priorities for development and conservation of the town. The Department of Planning and Development Services is now working on the implementation of the POCD.

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Regulatory Overhaul:

The Department of Planning and Development Services has been working with the Zoning Commission and consultants The Horsley Witten Group on the complete re-write of our Zoning Regulations. The Regulations have not been completely overhauled in over 30 years. This is a major multi-year effort and is expected to be completed during 2018.

LOTICIP Grant:

Planning staff has received a Local Transportation Capital Improvement Program (LOTICIP) grant for the Kings Highway/Bridge Street Intersection. The Town’s Economic Development Strategy identified this area as needing roadway improvements to help establish a gateway to Groton and to spur business development with better traffic patterns. Electric Boat has recently purchased the old Caldor plaza, substantially renovated the building for professional offices, and has moved approximately 700 employees to that building. The Town has included funds in the FYE 17 CIP budget to complete the design of the project. The grants require that the municipality pays for the design and permitting of the project, and the COG would grant the municipality funding for the construction of the project.

Debt Administration:

In March 2014, presentations were made to the three rating agencies; Fitch Ratings, Moody’s Investors Service and Standard & Poor’s Rating Services. Fitch and Moody’s affirmed their previous ratings for the Town as “AA” and “Aa2”, respectively. Standard & Poor’s upgraded the Town’s bond rating from AA to AA+. S & P’s rationale was that “The rating reflects our assessment of the town’s...strong economy; very strong budgetary flexibility; strong budgetary performance; very strong management; very strong debt and liability position”. Recently both Moody’s Investors Service & Fitch Ratings affirmed Groton’s ratings as Aa2 and AA, respectively. Moody’s Local Government Issuer Comment Report for Groton was published in August 2016. Fitch completed a surveillance review in March 2016 and again in October 2016 using their revised criteria for state and local governments.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$37,390,000 of general obligation bonds, \$4,150,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$41,540,000. Last fiscal year that total amount was \$45,610,000.

In February 2014, the Town Council revised its “Debt Policy and Management/Fiscal Practices” that establishes criteria for the issuance of debt as well as setting some benchmarks on which to evaluate the Town’s level of debt. This revision increased the unassigned General Fund reserve to an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures. The Town Council had previously adopted the following limits to guide the issuance of debt and they are compared to the FYE 2016 data.

	<u>Adopted Policy</u>	<u>FYE 2016</u>
Comparison to State’s Statutory Debt Limit:	not to exceed 50%	9.08%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.1%
Debt Service as compared to Expenditures	not to exceed 10%	4.1%

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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, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting. Its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for twenty-two (22) consecutive years (FYE 1994 through FYE 2015). We believe that this report continues to conform to the Certificate of Achievement program requirement and we are submitting it to GFOA to determine its eligibility for another certification.

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

Cindy R. Landry

Cindy R. Landry
Finance Director

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Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting**

Presented to

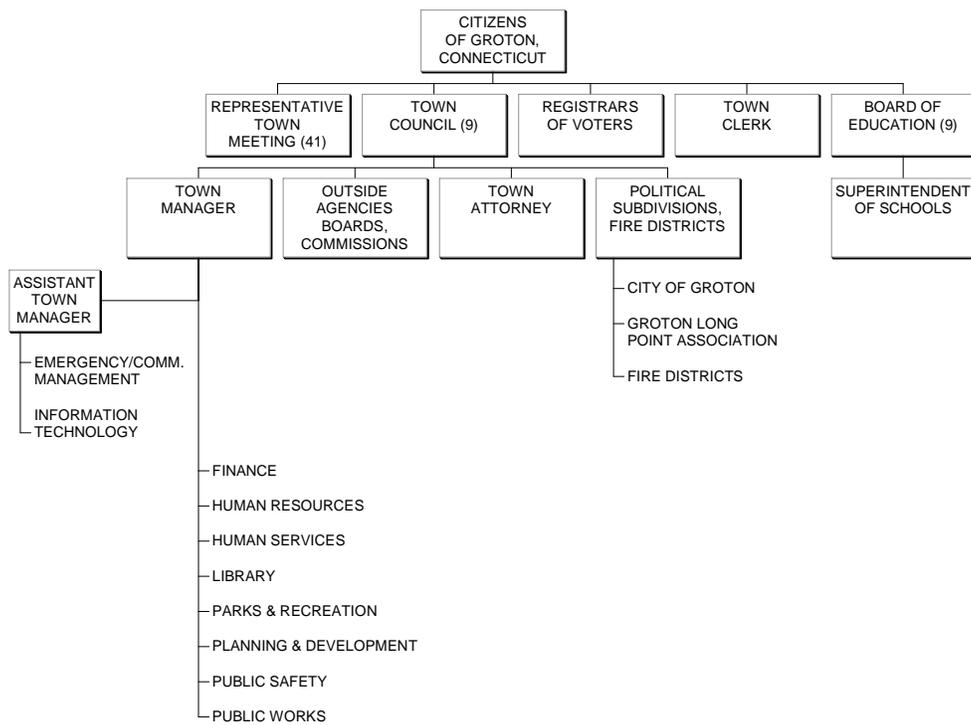
**Town of Groton
Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



FYE 2016

TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2016

Town Council

Bruce S. Flax, Mayor
Dean Antipas
Diane Barber
Joe de la Cruz
Gregory Grim
Karen Morton
Bonnie Nault
Deborah L. Peruzzotti
Harry A. Watson

Board of Education

Kim Shepardson Watson, Chairperson
Andrea Ackerman, Vice-Chairperson
Gary Baker
Katrina Fitzgerald
Gretchen Newsome
Rosemary Robertson
Rita Volkmann
Hay Weitlauf
Lee White

Appointed Officials

Mark R. Oefinger, Town Manager
Dr. Michael Graner, Superintendent of Schools
Eileen M. Duggan, Town Attorney

Financial Section

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 3A to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 63 through 67 and the pension schedules on pages 68 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Groton, Connecticut, as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 14, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Groton, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 13, 2016

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, 2016 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars (000's).

Financial Highlights:

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$179,701 (net position). Of this amount, \$17,012 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3,084. This decrease is mainly attributable to a decrease in current assets and an increase in long term liabilities.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$28,857.
- For the fiscal year ended June 30, 2016, the unassigned fund balance for the General Fund was \$10,097 or 8.3% of the FYE 2017 Adopted General Fund budget. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures".
- The Town of Groton's total debt decreased by \$4,682 (8.6%) during the current fiscal year. This was mainly due to a reduction (\$4,070) in the principal amounts due on bonds for general government obligation debt due to debt maturities and decreases (\$612) in the loan payment due to the State's Clean Water Fund.
- The Government Wide statement of net position reflects the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required recognition of the net pension liability.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2007 through the current audited fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information concerning the Town of Groton's funding obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 28-62 of this report.

Other Information. Required supplemental information for the General Fund and pension plans is provided immediately following the Notes to the Financial Statements. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 76 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 \$179,701 on June 30, 2016.

Town of Groton Net Position (\$000's)	Governmental Activities	
	2016	2015
	Current assets	\$ 53,122
Capital assets, net of accumulated depreciation	213,023	214,873
Total assets	266,145	273,409
Deferred outflows of resources	11,707	5,725
Long-term liabilities outstanding	80,650	78,165
Other liabilities	10,948	11,107
Total liabilities	91,598	89,272
Deferred inflows of resources	6,552	7,077
Net Position:		
Net investment in capital assets	162,348	159,430
Restricted	341	347
Unrestricted	17,012	23,008
Total Net Position	\$ 179,701	\$ 182,785

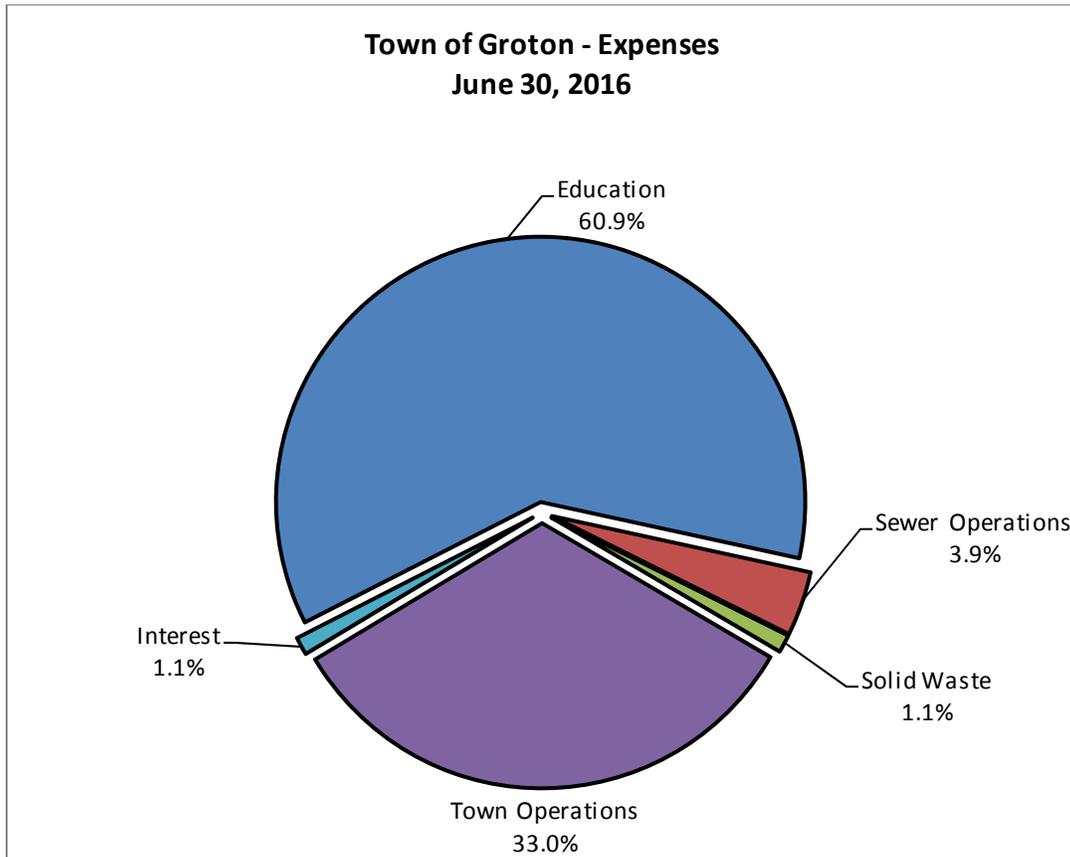
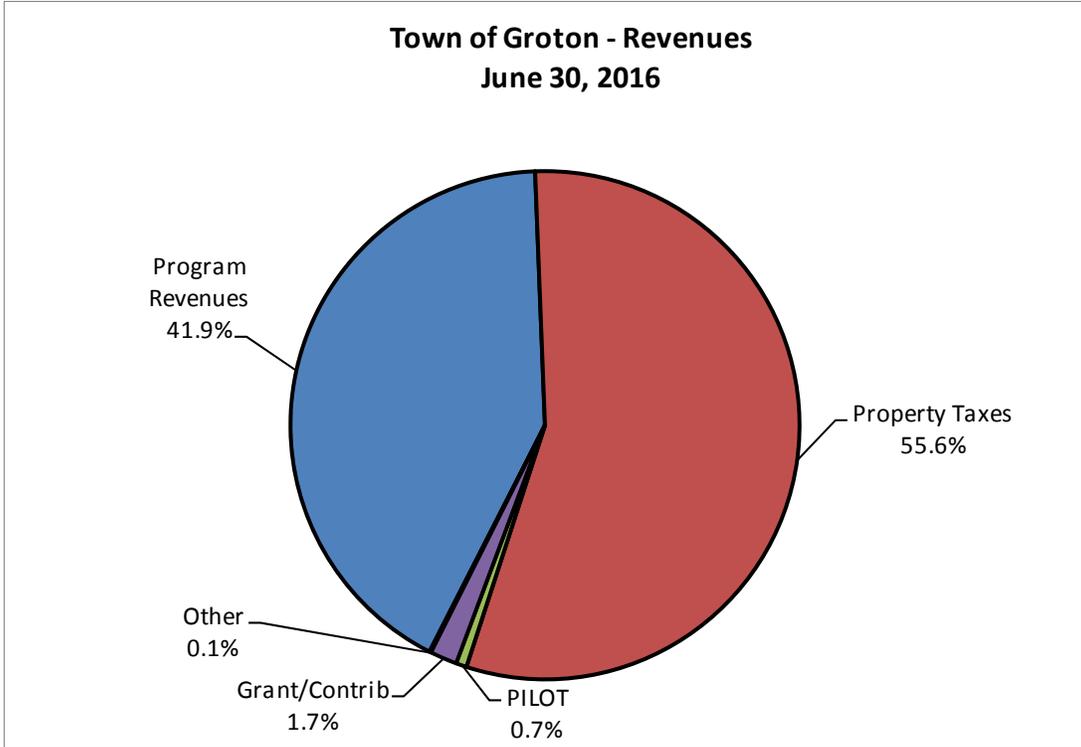
By far the largest portion of the Town of Groton's net position (80%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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 position (\$17,012) may be used to meet the government's ongoing obligations to citizens and creditors.

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

Governmental Activities. Approximately 55.6% of the revenues were derived from property taxes, followed by 34.1% from grants and contributions, 9.5% from other program revenues, and less than 1% from both payments in lieu of taxes and investment income.

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

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 13,779	\$ 14,299
Operating grants and contributions	46,303	45,953
Capital grants and contributions	702	783
General revenues:		
Property taxes	80,726	79,210
Payments in lieu of taxes	986	1,351
Grants and contributions (not restricted)	2,500	2,874
Other unrestricted investment earnings	149	144
Miscellaneous revenue	26	26
Total revenues	<u>145,145</u>	<u>144,640</u>
Expenses:		
General government/services	10,822	8,338
Public safety	12,712	12,789
Public works	11,171	12,343
Planning and development	1,845	1,571
Human service	4,489	3,181
Community services	7,846	7,451
Board of Education	90,278	89,228
Sewer operations	5,839	5,654
Solid waste	1,610	2,086
Interest on long-term debt	1,617	1,751
Total expenses	<u>148,229</u>	<u>144,392</u>
Increase in Net Position	(3,084)	248
Net Position July 1	<u>182,785</u>	<u>182,537</u>
Net Position June 30	<u>\$ 179,701</u>	<u>\$ 182,785</u>



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$504 higher in 2016 when compared to 2015 or an increase of 0.3%.
- ◆ Grants and Contributions were slightly lower in 2016 as the Town realized less in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2016 increased primarily due to an increase in the Town's tax rate from 20.13 mills to 20.95 mills..
- ◆ Investment earnings increased by \$5 from the prior fiscal year to \$149 for the fiscal year ended June 30, 2016. The increase to interest and dividend earnings was the result of slightly more funds available for investment purposes and the use of accounts paying a higher rate of return.

For Governmental Activities, 60.9% of the Town's expenses relate to education, 7.5% relate to public works, 8.6% relate to public safety, 7.3% to general government/services, 5.3% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$3,836 higher in 2016 when compared to 2015 or an increase of 2.7%.
- ◆ Town Operations expenses were \$3,211 higher in 2016 when compared to 2015 or an increase of 7%.
- ◆ Education expenses were \$1,050 higher in 2016 when compared to 2015 or an increase of 1.2%.
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for a decrease of \$425 in expenses over 2015 or a decrease of 4.5%.

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

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$28,857, a decrease of \$4,353 in comparison with the prior year. Of this amount, \$10,097 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 \$10,097, which is included in the total fund balance of \$12,790. 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 8.3% of total FYE2017 Adopted general fund budget, while total fund balance represents 10.5% of that same amount.

The total fund balance of the Town of Groton's General Fund decreased by \$3,977 during the current fiscal year. The unassigned fund balance increased by \$587. Key factors in the total fund balance decrease of \$3,977 are as follows:

- ◆ Revenues were \$1,528 less than anticipated primarily due to decreases in tax collections and reductions in both State and Federal intergovernmental revenue
- ◆ An increase in contributions for Capital projects
- ◆ An increase in funding for Economic Development
- ◆ An increase in Revaluation fund in anticipation of October 1, 2016 town wide revaluation as required by State Statute
- ◆ Expenditures were under budget by \$1,966 due to unexpended funds in Town Operations, Education, and Outside Agencies.
- ◆ The adopted FYE 2016 budget included a total of \$5,035 of fund balance applied - \$3,235 from unassigned fund balance and \$1,800 from the \$2,700 of fund balance committed in FYE 2014 to offset anticipated reductions in tax revenues. At year-end \$538 was returned to unassigned fund balance as it was not required.
- ◆ The amount designated for the subsequent year budget totals \$666,693. While \$900,000 remained of the \$2,700 fund balance committed in FYE 2014 to offset anticipated reductions in tax revenues, only \$666,693 of the \$900,000 could be applied to FYE 2017 in order to maintain the 7.75% fund balance as required by the debt policy.

Capital Improvements Fund. This fund has a total fund balance of \$7,873 a decrease from \$8,213 in the prior year and is related to capital outlays.

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

Unrestricted net assets amounted to \$695 for the Fleet Reserve Fund, \$6,865 for the Health Insurance Fund and a deficit of \$2,142 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total decrease in net position for the internal service funds was \$786 and reflects decreases in all three funds.

General Fund Budgetary Highlights:

No supplemental transfers were required during the year so there were no changes between the adopted and final budget. Transfers of \$550,000 occurred from Contingency to other functions within the General Fund to cover wage adjustments for collective bargaining unit contracts settled during the year and for legal fees and unemployment insurance budget overruns.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$119,175 which was under the adopted budget by \$1,528. The majority of this decrease can be attributed to a decrease in State and Federal revenue. State grants for Special Education and school transportation were reduced while anticipated Pupil Impact Aid payments related to prior years did not materialize. Pupil impact aid is a federal reimbursement for educating federal dependents. State PILOT (payments in lieu of taxes) payments for state owned and tax exempt properties were also reduced.

During the first quarter of FYE 2016 two issues arose that impacted the FYE 2016 budget – actual revenue for FYE 2015 was less than anticipated and the Governor announced reductions in State grant revenue to municipalities. In an attempt to mitigate the impact of these events, FYE 2016 budgeted funds in excess of \$600,000 (3.3%) were “set aside” in Town Departments to be returned as unexpended at year end. Actual expenditures were under budget by \$1,966 with town operations returning \$1,779 and Board of Education returning \$660.

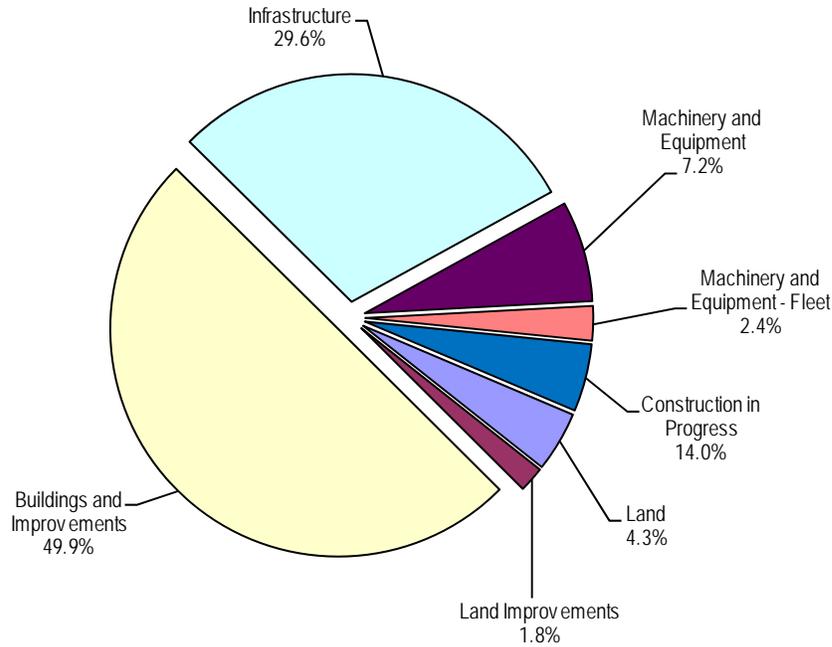
Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2016 amounts to \$355,393. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 1.7% mainly which reflects the purchase of equipment at the Water Pollution Control Facility, acceptance of roads in various subdivisions, road resurfacing and vehicle purchases.

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

	Governmental Activities	
	2016	2015
Land	\$ 15,188	\$ 15,173
Land improvements	6,432	6,153
Buildings and improvements	177,487	175,368
Infrastructure	105,115	100,785
Machinery and equipment	25,463	24,349
Machinery and equipment - fleet	8,671	8,396
Construction in progress	17,037	19,285
Total	\$ 355,393	\$ 349,509

Town of Groton - Capital Assets
June 30, 2016



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

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

Town Hall Annex Boiler Replacement	\$60
Police Stations Improvements	\$93

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

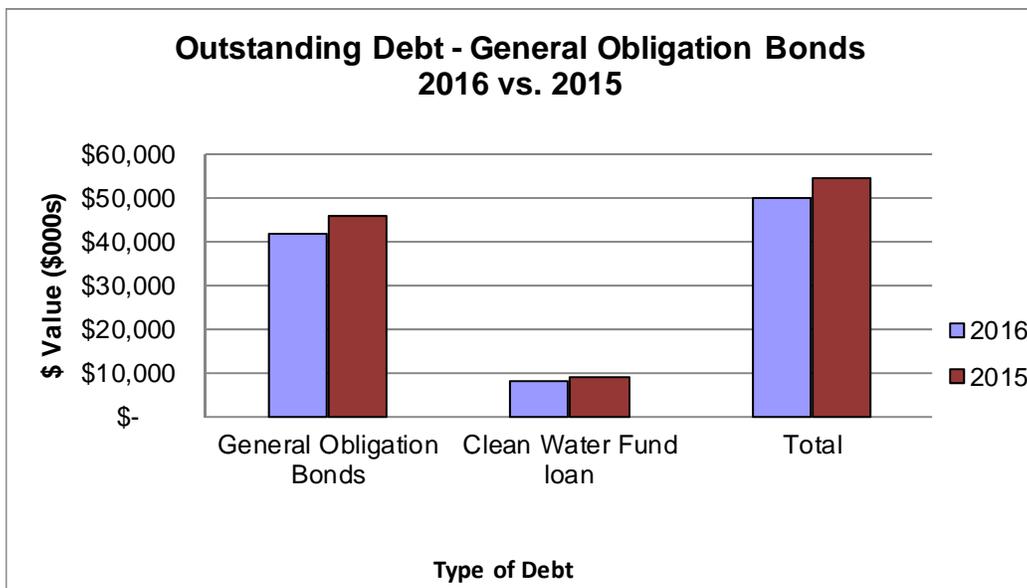
Town Fire/EMS Radio System	\$88
Bridge Reconstruction	\$75
Board of Education – Asbestos Tile Removal	\$294
School Design	\$69
Economic Assistance Fund	\$100
Information Technology Acquisition-Software Systems	\$73
Water Pollution Control Facility; Treatment Facility	\$80
Water Pollution Control Facility; Sewer Line infrastructure Replce	\$124

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 39-40 and on pages 106 and 107 of this report.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$49,756. Of this amount, \$45,606 comprises debt backed by the full faith and credit of the government and \$4,150 is special assessment/fee debt for which the government is liable in the event of default by the property owners subject to the assessment.

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

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 41,540	\$ 45,610
Clean Water Fund loan	8,216	8,828
 Total	 \$ 49,756	 \$ 54,438



The Town of Groton's general obligation bonds have decreased \$4,682 or 8.6% during the current fiscal year mainly due long term debt issues maturing during the year.

The Town of Groton's bond rating was maintained at an "AA" rating with Fitch Ratings and an "Aa2" rating with Moody's Investors Service and AA+ by Standard & Poor's. Moody's Local Government Issuer Comment Report for Groton was published in August 2016 and affirmed the Aa2 rating. Fitch completed a surveillance review in March 2016 and again in October 2016 using their revised criteria for state and local governments. Both Fitch reviews affirmed their AA rating for Groton.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$668,181. As of June 30, 2016, the Town recorded total indebtedness of \$60,676 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 44-46 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2016, the Town had an unemployment rate of 5.3% as compared to the New London County rate of 5.9%, the state's average rate of 5.9% and the national average of 4.9%.
- New London County has an employed labor force of approximately 130,705 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List decreases by 0.5%:

The October 1, 2015 net adjusted taxable Grand List decreased 0.5% from the adjusted 10/1/14 list after appeals were heard by the Board of Assessment Appeals. This decrease is primarily attributed to the continued downsizing of the research campus by Pfizer, Inc. In anticipation of this grand list reduction in FYE 2014 the Town committed \$2,700 of unassigned fund balance to be used in FYE 2016 (\$1,800) and FYE 2017 (\$900) to lessen a tax rate increase. The net adjusted grand list now totals \$3,789,539. The combined assessment of the top 10 taxpayers comprises 20.% of the town's net grand list.

Net real estate remained flat at \$3.351 billion. This decrease is mainly related to the downsizing of the Pfizer, Inc. research campus.

Net residential real estate assessments rose slightly from about \$2.262 billion to \$2.270 billion. The residential real estate's share of the entire net grand list increased slightly - from 59.4% of the 2014 grand List to 59.9% of the 2015 grand list. Net commercial real estate rose slightly this year at \$572 million but remained at 15% of the net overall grand list. The net assessment for industrial property which includes Pfizer and Electric Boat decreased from \$520 million to \$508 million but remained at 13% of the net overall grand list.

Sixteen single-family homes were started for the October 1, 2015 grand List, compared to twenty last year.

The **personal property** grand list experienced a decrease of 6.2% in net assessments. The grand list fell to \$244 million from \$260 million in 2015.

The number of business personal property accounts fell for the fourth year in a row and the volume of accounts experiencing penalties for late or non-filing has stabilized. The assessed value of the penalties decreased for the 2015 grand list to \$3 million, down from \$3.3 in 2014. The final number of taxable businesses for the 2015 grand list was 1,909 accounts, down from 1,938 accounts on the 2014 personal property grand list.

The net assessment on personal property now comprises 6.4% of the grand list, compared to 6.84% of the 2014 grand list.

The **motor vehicle** portion of the grand list, adjusted for military exemptions, fell by 1.1% this year from \$197,281 in 2014 to \$195,031.

The net assessment on motor vehicles now comprises 5.15% of the grand list, compared to 5.18% of the 2014 grand list.

Other Information:

During the fiscal year ended June 30, 2016, the Town of Groton's General Fund on a budgetary basis received 29.8% 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 2016 is at 8.3% of operating expenses which is above the minimum acceptable guideline set by the Town Council of 7.75%. With a reliance on property taxes, 67.3% of the General Fund revenues are derived from general property taxes, any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in subsequent fiscal years or some combination of all three.

- ◆ During the current fiscal year, the unassigned fund balance in the General Fund increased to \$10,097. The Town Council has assigned \$666,693 of the \$900 remaining from the \$2,700 committed fund balance to fund subsequent years' budget to offset anticipated reduction in tax revenues.

Requests for Information:

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

Basic Financial Statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 43,120,853
Investments	3,050,000
Receivables (net of allowances for collection losses):	
Property taxes	2,692,659
Special assessments	918,327
Accounts	1,030,290
Federal and state governments	471,898
Other	390,012
Other assets	15,128
Net other post employment benefit asset	1,184,919
Capital assets, nondepreciable	32,224,274
Capital assets, net of accumulated depreciation	180,798,834
Restricted assets:	
Cash	134,231
Investments	113,312
Total assets	<u>266,144,737</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	2,166,446
Deferred outflows related to changes in actuarial assumptions	838,509
Changes in pension projected investment earnings	8,701,654
Total deferred outflows of resources	<u>11,706,609</u>
Liabilities:	
Accounts payable and accrued liabilities	10,948,141
Noncurrent liabilities:	
Due within one year	6,248,831
Due in more than one year	74,400,933
Total liabilities	<u>91,597,905</u>
Deferred Inflows of Resources:	
Changes in pension actuarial experience	2,876,198
Changes in pension actuarial assumptions	3,676,288
Total deferred inflows of resources	<u>6,552,486</u>
Net Position:	
Net investment in capital assets	162,347,720
Restricted for:	
Trust, nonexpendable	340,967
Unrestricted	<u>17,012,268</u>
Total Net Position	\$ <u>179,700,955</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, 2016**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
					Total
Governmental activities:					
General government/services	\$ 10,821,540	\$ 1,299,150	\$ 635,499	\$ 296,559	\$ (8,590,332)
Public safety	12,712,112	152,122	15,650		(12,544,340)
Public works	11,171,462	595,574	2,139,702	100,295	(8,335,891)
Planning and development	1,844,956	421,811			(1,423,145)
Health and human services	4,489,168	78,964	107,970		(4,302,234)
Community services	7,846,378	2,405,872	90,059	14,500	(5,335,947)
Education	90,277,870	1,027,754	43,313,599	291,144	(45,645,373)
Sewer operations	5,838,562	6,006,143			167,581
Solid waste management	1,609,559	1,791,595			182,036
Interest on long-term debt	1,616,896				(1,616,896)
Total Governmental Activities	\$ 148,228,503	\$ 13,778,985	\$ 46,302,479	\$ 702,498	(87,444,541)
General revenues:					
Property taxes					80,725,773
Payments in lieu of taxes					986,196
Grants and contributions not restricted to specific programs					2,499,693
Unrestricted investment earnings					148,535
Miscellaneous revenue					151
Total general revenues					<u>84,360,348</u>
Change in net position					(3,084,193)
Net Position at Beginning of Year					<u>182,785,148</u>
Net Position at End of Year					<u>\$ 179,700,955</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,673,391	\$ 8,030,206	\$ 7,545,132	\$ 34,248,729
Investments	3,050,000		113,312	3,163,312
Receivables, net	2,761,513	117,876	2,443,947	5,323,336
Due from other funds		22,341		22,341
Other assets	9,868		5,260	15,128
Total Assets	<u>\$ 24,494,772</u>	<u>\$ 8,170,423</u>	<u>\$ 10,107,651</u>	<u>\$ 42,772,846</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,165,973	\$ 297,432	\$ 915,772	\$ 10,379,177
Due to State			69,711	69,711
Due to other funds			22,341	22,341
Total liabilities	<u>9,165,973</u>	<u>297,432</u>	<u>1,007,824</u>	<u>10,471,229</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,815,754			1,815,754
Unavailable revenue - property tax interest	723,013			723,013
Unavailable revenue - special assessments			13,106	13,106
Unavailable revenue - loans receivable			892,410	892,410
Total deferred inflows of resources	<u>2,538,767</u>	<u>-</u>	<u>905,516</u>	<u>3,444,283</u>
Fund balances:				
Nonspendable			252,753	252,753
Restricted		7,872,991	2,373,361	10,246,352
Committed	666,693		5,568,197	6,234,890
Assigned	2,026,112			2,026,112
Unassigned	10,097,227			10,097,227
Total fund balances	<u>12,790,032</u>	<u>7,872,991</u>	<u>8,194,311</u>	<u>28,857,334</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 24,494,772</u>	<u>\$ 8,170,423</u>	<u>\$ 10,107,651</u>	<u>\$ 42,772,846</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2016

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 28,857,334
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 346,721,154	
Less accumulated depreciation	<u>136,209,302</u>	
Net capital assets		210,511,852

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

Net other postemployment benefit asset	1,184,919
Property taxes and assessments receivable greater than 60 days	1,828,860
Loan receivables greater than 60 days	892,410
Interest receivable on property taxes	723,013
Deferred outflows related to changes in actuarial assumptions	838,509
Deferred outflows related to changes in projected pension investment earnings	8,701,654

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

7,928,900

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	(41,540,000)
Bond premium	(3,010,131)
Deferred charge on refunding	2,166,446
Clean water fund loan payable	(8,215,873)
Interest payable on bonds	(349,419)
Capital lease obligations	(75,830)
Net pension liability	(20,245,383)
Deferred inflows related to pension actuarial experience	(2,876,198)
Deferred inflows related to changes in pension actuarial assumptions	(3,676,288)
Compensated absences	(1,995,020)
Landfill closure costs	<u>(1,948,800)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 179,700,955</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 80,035,498	\$	\$ 641,251	\$ 80,676,749
Assessments			13,393	13,393
Licenses and permits	434,229			434,229
Intergovernmental - state	40,110,080	550,497	3,762,393	44,422,970
Interest on investments	99,011	12,571	15,607	127,189
Intergovernmental - federal	3,606,861		1,529,307	5,136,168
Charges for current services	1,185,665		3,462,026	4,647,691
Schools, library and recreation fees	293,474			293,474
Sewer use charges			6,006,143	6,006,143
Solid waste management charges			1,507,441	1,507,441
Other revenue	503,037	12,072	1,356,857	1,871,966
Total revenues	<u>126,267,855</u>	<u>575,140</u>	<u>18,294,418</u>	<u>145,137,413</u>
Expenditures:				
Current:				
General government	1,378,805		250,876	1,629,681
General services	4,307,726			4,307,726
Public safety	6,647,355		151,220	6,798,575
Public works	6,201,908			6,201,908
Planning and development	1,238,980			1,238,980
Health and human services	607,301		824,636	1,431,937
Community services	3,312,209		2,387,133	5,699,342
Education	84,010,289		5,065,178	89,075,467
Subdivisions	4,192,898			4,192,898
Sewer operations			4,406,312	4,406,312
Solid waste management			1,609,559	1,609,559
Nondepartmental	9,136,274			9,136,274
Outside agencies	2,099,187		274,510	2,373,697
Debt service	5,106,382		1,273,928	6,380,310
Capital outlay	125,660	4,197,941	618,945	4,942,546
Total expenditures	<u>128,364,974</u>	<u>4,197,941</u>	<u>16,862,297</u>	<u>149,425,212</u>
Revenues over (under) Expenditures	<u>(2,097,119)</u>	<u>(3,622,801)</u>	<u>1,432,121</u>	<u>(4,287,799)</u>
Other Financing Sources (Uses):				
Transfers in	908,951	3,397,490	115,000	4,421,441
Transfers out	<u>(2,788,400)</u>	<u>(115,000)</u>	<u>(1,583,041)</u>	<u>(4,486,441)</u>
Total other financing sources (uses)	<u>(1,879,449)</u>	<u>3,282,490</u>	<u>(1,468,041)</u>	<u>(65,000)</u>
Net Change in Fund Balances	(3,976,568)	(340,311)	(35,920)	(4,352,799)
Fund Balances at Beginning of Year	<u>16,766,600</u>	<u>8,213,302</u>	<u>8,230,231</u>	<u>33,210,133</u>
Fund Balances at End of Year	<u>\$ 12,790,032</u>	<u>\$ 7,872,991</u>	<u>\$ 8,194,311</u>	<u>\$ 28,857,334</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

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)	\$ (4,352,799)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,221,316
Depreciation expense	(7,741,508)
Loss on disposal of capital assets	(400,680)

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	115,670
Interest income on property taxes	(80,039)
Revenue on loan receivables greater than 60 days	13,647
Changes in deferred outflows related to changes in actuarial assumptions	838,509
Changes in deferred outflows related to changes in projected pension investment earnings	5,307,510
Change in other post employment benefit asset	(79,499)

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

Accrued interest on bonds	22,475
Principal payments on bonds	4,070,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	25,935
Bond premium	223,072
Net pension liability	(7,517,873)
Change in deferred inflows related to pension actuarial experience	(241,226)
Change in deferred inflows related to changes in pension actuarial assumptions	765,893
Deferred charge on refunding	(164,496)
Landfill closure payments	168,200

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

Change in compensated absences	(104,180)
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>(786,483)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (3,084,193)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

	Governmental Activities
	Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,006,355
Accounts receivable	179,850
Total current assets	<u>9,186,205</u>
Noncurrent assets:	
Property and equipment	8,671,421
Accumulated depreciation	<u>(6,160,165)</u>
Property and equipment, net	<u>2,511,256</u>
Total assets	<u>11,697,461</u>
Liabilities:	
Current liabilities:	
Accounts payable	149,834
Claims incurred but not reported	<u>1,150,682</u>
Total current liabilities	<u>1,300,516</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,468,045</u>
Total liabilities	<u>3,768,561</u>
Net Position:	
Invested in capital assets	2,511,256
Unrestricted	<u>5,417,644</u>
Total Net Position	<u>\$ 7,928,900</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 16,444,650
Other revenue	57,281
Total operating revenues	<u>16,501,931</u>
Operating Expenses:	
Operating expenses	716,571
Claims	14,704,335
Depreciation	599,285
Administration	1,348,597
Total operating expenses	<u>17,368,788</u>
Operating Loss	<u>(866,857)</u>
Nonoperating Revenues (Expenses):	
Interest on investments	21,346
Loss on disposal of capital assets	(5,972)
Transfer in	65,000
Net nonoperating revenues (expenses)	<u>80,374</u>
Change in Net Position	(786,483)
Net Position at Beginning of Year	<u>8,715,383</u>
Net Position at End of Year	<u>\$ 7,928,900</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, 2016**

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 16,483,035
Cash paid to vendors	(762,927)
Cash paid to beneficiaries	(16,066,199)
Net cash provided by (used in) operating activities	<u>(346,091)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(676,730)
Cash Flows from Noncapital Financing Activities:	
Transfers in	65,000
Cash Flows from Investing Activities:	
Interest on investments	<u>21,346</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(936,475)
Cash and Cash Equivalents at Beginning of Year	<u>9,942,830</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,006,355</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (866,857)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	599,285
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(18,896)
(Decrease) increase in accounts payable	(46,356)
(Decrease) increase in claims payable	<u>(13,267)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (346,091)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 1,428,964	\$ 90,195	\$ 739,332
Investments, at fair value:			
Mutual funds	120,109,172		
Accounts receivable	181,522		
Total assets	<u>121,719,658</u>	<u>90,195</u>	<u>739,332</u>
Liabilities:			
Accounts payable	14,338		
Due to employees/others	65,578		
Claims incurred but not reported	281,000		
Due to contractors/developers			493,151
Due to student groups			217,810
Due to fire districts			28,371
Other liabilities	2,357		
Total liabilities	<u>363,273</u>	<u>-</u>	<u>739,332</u>
Net Position:			
Restricted for Ledge Light pensions	544,954		
Restricted for firefighters pensions	9,325,319		
Restricted for Town and BOE pensions	111,486,112		
Restricted for trusts		90,195	
Total Net Position	<u>\$ 121,356,385</u>	<u>\$ 90,195</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 6,665,089	\$
Plan members	3,974,409	
Other additions		25,150
Total contributions	<u>10,639,498</u>	<u>25,150</u>
Investment income:		
Net change in fair value of investments	245,773	
Interest and dividends		370
	<u>245,773</u>	<u>370</u>
Less investment expenses:		
Investment management fees	860,240	
Net investment income (loss)	<u>(614,467)</u>	<u>370</u>
Total additions	<u>10,025,031</u>	<u>25,520</u>
Deductions:		
Benefits	11,767,203	32,527
Administrative expense	33,806	
Total deductions	<u>11,801,009</u>	<u>32,527</u>
Change in Net Position	(1,775,978)	(7,007)
Net Position at Beginning of Year	<u>123,132,363</u>	<u>97,202</u>
Net Position at End of Year	<u>\$ 121,356,385</u>	<u>\$ 90,195</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds.

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

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

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

C. Cash and Cash Equivalents

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

D. Investments

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

E. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension results from differences between expected and actual investment earnings and changes in actuarial assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

G. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2016 is recorded in the government-wide financial statements since the benefits are to be funded from future financial resources and will be paid from the General Fund, Golf Course Fund or Sewer Operating Fund, as may be appropriate.

H. Long-Term Obligations

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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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.

I. Pension Accounting

Pension Trust Fund

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

Net Pension Liability

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

Funding Policy

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

J. Other Post Employment Benefits (OPEB) Accounting

OPEB Trust Fund

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

Governmental Funds

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

Funding Policy

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

K. Encumbrances

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

L. Fund Equity and Net Position

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

M. 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.

N. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The Town shall propose budgets that provide for an unrestricted fund General Fund balance of not less than 7.75% of the total operating General Fund expenditures.

After one public hearing and numerous public meetings, the Town Council, on or before April 28th, recommends these budgets, as revised, to the Representative Town Meeting (RTM). The RTM reviews and takes final action on each function's budget no later than May 25th. These appropriations become the legal level of control. Following RTM approval of a final budget, the Town Council shall determine the final tax rate on or before June 9th. The Town Council must authorize all transfers of legally budgeted amounts between functions, with RTM authorization required on all transfers over \$10,000. In this process, function budget accounts serve as the legal level of control. Transfers within functions are not necessary. Additional appropriations may only be made by the Town Council and RTM in accordance with Town Charter provisions. For the year ended June 30, 2016, there were no additional appropriations.

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

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

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

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

B. Deficit Fund Equity

The Workers' Compensation Fund had a deficit fund balance of \$2,141,806 at June 30, 2016. The deficit will be funded on a current basis with future premiums.

C. Expenditures Exceeding Appropriations

The insurance and claims line item in the General Fund exceeded appropriations by \$40,678.

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$46,815,968 of the Town’s bank balance of \$49,851,783 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 38,822,595
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>7,993,373</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 46,815,968</u>

Cash Equivalents

At June 30, 2016, the Town’s cash equivalents amounted to \$824,124. The following provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm
Bank of America, N.A. Cash Management Assets	Not rated
RBC Reserve Class Money Market Fund	Not rated

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Investments

As of June 30, 2016, the Town had the following investments:

	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>Less Than 1</u>	<u>1 - 10</u>
Interest-bearing investments:			
Certificate of Deposit *	\$ 3,050,000	\$ <u>1,525,000</u>	\$ <u>1,525,000</u>
Other investments:			
Mutual Funds	N/A 120,203,666		
Common Stock	N/A 8,424		
Alternative Investments	N/A <u>10,394</u>		
Total Investments	\$ <u>123,272,484</u>		

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2016, the Town did not have any uninsured and unregistered securities held by counterparties, or by their trust department or agents, that were not in the Town's name.

Credit Risk - Investments

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

Concentration of Credit Risk

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

Interest Rate Risk

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

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

Deposits and investments for retirement and other post employment benefit funds are also disclosed in Notes 4 and 5.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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The Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Common Stock	\$ 8,424	\$ 8,424	\$	\$
Mutual Funds	120,203,666	120,149,150	54,516	
Alternative Investments	<u>10,394</u>			<u>10,394</u>
Total Investments by Fair Value Level	<u>\$ 120,222,484</u>	<u>\$ 120,157,574</u>	<u>\$ 54,516</u>	<u>\$ 10,394</u>

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

B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>143,605</u>	<u>20,970</u>	<u>250</u>	<u>164,825</u>
Total Value	<u>\$ 163,605</u>	<u>\$ 48,513</u>	<u>\$ 200,250</u>	<u>\$ 412,368</u>

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

C. Fund Receivables

Receivables at June 30, 2016, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 2,174,915	\$	\$ 14,630	\$ 2,189,545
Property tax interest	723,013			723,013
Assessments			892,410	892,410
Intergovernmental	20,088	117,876	367,061	505,025
Accounts receivable	63,497		501,149	564,646
User fees receivable			1,190,069	1,190,069
Gross receivables	<u>2,981,513</u>	<u>117,876</u>	<u>2,965,319</u>	<u>6,064,708</u>
Allowance for collection losses	<u>(220,000)</u>		<u>(160,000)</u>	<u>(380,000)</u>
Net Receivables	<u>\$ 2,761,513</u>	<u>\$ 117,876</u>	<u>\$ 2,805,319</u>	<u>\$ 5,684,708</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases/ Adjustments</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,173,157	\$ 14,500	\$	\$ 15,187,657
Construction in progress	19,284,986	3,836,563	6,084,932	17,036,617
Total capital assets not being depreciated	<u>34,458,143</u>	<u>3,851,063</u>	<u>6,084,932</u>	<u>32,224,274</u>
Capital assets being depreciated:				
Land improvements	6,152,962	279,271		6,432,233
Buildings and improvements	175,368,406	2,118,179		177,486,585
Machinery and equipment	24,214,005	1,413,172	298,851	25,328,326
Machinery and equipment - fleet	8,395,792	676,730	401,100	8,671,422
Infrastructure	100,785,272	4,329,824		105,115,096
Machinery and equipment - capital-leased	134,639			134,639
Total capital assets being depreciated	<u>315,051,076</u>	<u>8,817,176</u>	<u>699,951</u>	<u>323,168,301</u>
Less accumulated depreciation for:				
Land improvements	3,213,929	139,423		3,353,352
Buildings and improvements	48,205,332	3,748,840		51,954,172
Machinery and equipment	14,609,181	864,590	212,910	15,260,861
Machinery and equipment - fleet	5,956,009	599,285	395,128	6,160,166
Infrastructure	62,617,209	2,982,813		65,600,022
Machinery and equipment - capital-leased	35,052	5,842		40,894
Total accumulated depreciation	<u>134,636,712</u>	<u>8,340,793</u>	<u>608,038</u>	<u>142,369,467</u>
Total capital assets being depreciated, net	<u>180,414,364</u>	<u>476,383</u>	<u>91,913</u>	<u>180,798,834</u>
Governmental Activities Capital Assets, Net	<u>\$ 214,872,507</u>	<u>\$ 4,327,446</u>	<u>\$ 6,176,845</u>	<u>\$ 213,023,108</u>

**TOWN OF GROTON
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016**

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

Governmental Activities:	
General government services	\$ 2,386,202
Public safety	205,672
Public works, including depreciation of general infrastructure assets	2,207,844
Community services	1,523,903
Education	21,716
Sewer operating	1,333,929
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	599,604
Golf Course	<u>61,923</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>8,340,793</u></u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2016:

	<u>Project Amount</u>
Roads/Streets/Sidewalks:	
Signal Upgrade	\$ 166,371

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, 2016, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements Fund	Nonmajor Funds	\$ 22,341

The balance of \$22,341 due from other funds to the Capital Improvement Fund represents amounts committed to the Capital Improvement Fund from various special revenue and capital project funds.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Interfund Transfers

Interfund transfers during the year ended June 30, 2016 were as follows:

	Transfers In				
	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Internal Service Fund	Total Transfers Out
Transfers out:					
General Fund	\$	\$ 2,723,400	\$	\$ 65,000	\$ 2,788,400
Capital Improvements Fund			115,000		115,000
Nonmajor Funds	<u>908,951</u>	<u>674,090</u>			<u>1,583,041</u>
 Total Transfers In	 <u>\$ 908,951</u>	 <u>\$ 3,397,490</u>	 <u>\$ 115,000</u>	 <u>\$ 65,000</u>	 <u>\$ 4,486,441</u>

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Prepaid items	\$	\$	\$ 2,330	\$ 2,330
Endowments			250,423	250,423
Restricted for:				
Various grant funded projects			208,845	208,845
Bonded capital projects		7,872,991		7,872,991
Debt service			701,928	701,928
Regional probate court			15,713	15,713
Recreation and senior activities			320,232	320,232
Trust purposes			164,825	164,825
Education			961,818	961,818
Committed to:				
Subsequent year's budget	666,693			666,693
Community development grant			174,250	174,250
Escrow funds			539,937	539,937
Land acquisition			61,365	61,365
Outside police services			53,739	53,739
Energy conservation			18,432	18,432
Human services donations			266,436	266,436
Emergency energy			12,464	12,464
Public infrastructure improvements			614,734	614,734
Library			62,052	62,052
Golf course operations			99,589	99,589
Parks & recreation			86,162	86,162
School cafeteria			398,595	398,595
Fitch High School library media			4,622	4,622
Sewer			2,496,143	2,496,143
Solid waste management			497,960	497,960
Outside agencies			181,500	181,500
Other			217	217
Assigned to:				
Highway projects - encumbrances	889,041			889,041
Police department - encumbrances	64,846			64,846
Utilities/Public works - encumbrances	128,256			128,256
Planning and development - encumbrances	86,807			86,807
Parks and recreation - encumbrances	6,399			6,399
Education services - encumbrances	277,726			277,726
Revaluation	178,926			178,926
Technology	394,111			394,111
Unassigned	<u>10,097,227</u>			<u>10,097,227</u>
Total Fund Balance	<u>\$ 12,790,032</u>	<u>\$ 7,872,991</u>	<u>\$ 8,194,311</u>	<u>\$ 28,857,334</u>

Encumbrances of \$1,453,075 and \$122,781 at June 30, 2016 are contained in the above table in the assigned and committed categories of the General Fund and Nonmajor Governmental Funds, respectively.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

G. Leases

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$59,561 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 58,451
2018	55,757
2019	52,130
2020	4,240
2021	2,473

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

Capital Leases

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

	<u>Governmental Activities</u>
Equipment	\$ 134,639
Less accumulated depreciation	<u>(40,894)</u>
Total	<u>\$ 93,745</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2016 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 30,432
2018	30,431
2019	20,288
Less amount for interest	<u>(5,321)</u>
Minimum lease payments	<u>\$ 75,830</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds and loans payable:					
General obligation bonds	\$ 45,610,000	\$	\$ 4,070,000	\$ 41,540,000	\$ 4,045,000
Clean Water Fund loan	8,828,236		612,363	8,215,873	612,363
Premium	<u>3,233,203</u>		<u>223,072</u>	<u>3,010,131</u>	
Total bonds and loans payable	57,671,439	-	4,905,435	52,766,004	4,657,363
Landfill post-closure monitoring	2,117,000		168,200	1,948,800	168,200
Capital lease obligations	101,765		25,935	75,830	27,261
Compensated absences	1,890,840	128,175	23,995	1,995,020	245,325
Claims payable	3,656,314		37,587	3,618,727	1,150,682
Net pension liability	<u>12,727,510</u>	<u>7,517,873</u>		<u>20,245,383</u>	
Long-Term Liabilities	<u>\$ 78,164,868</u>	<u>\$ 7,646,048</u>	<u>\$ 5,161,152</u>	<u>\$ 80,649,764</u>	<u>\$ 6,248,831</u>

Liability for compensated absences will be funded through the General Fund, the Golf Course Fund and the Sewer Operating Fund.

Bonds

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

The Town's general obligation bonds bear interest at rates from 2% to 5.5% and mature as follows:

<u>Town of Groton</u>		
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2017	\$ 4,045,000	\$ 1,399,344
2018	3,650,000	1,271,075
2019	3,640,000	1,137,856
2020	3,440,000	1,003,256
2021	3,420,000	886,131
2022-2026	15,980,000	2,688,813
2027-2031	6,585,000	523,250
2032-2034	<u>780,000</u>	<u>62,400</u>
	<u>\$ 41,540,000</u>	<u>\$ 8,972,125</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Total authorized but unissued long-term debt at June 30, 2016 consists of the following:

	Bonds Authorized Unissued
Senior Center	\$ 2,470,000
Thames Street Rehabilitation	645,505
Road Maint & Rehab (paving)	<u>7,485,000</u>
	<u>\$ 10,600,505</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
Public improvement	\$ 214,772,612	\$ 33,269,442	\$ 181,503,170
Schools	429,545,223	20,122,000	409,423,223
Sewers	357,954,353	7,285,000	350,669,353
Urban renewal	310,227,106		310,227,106
Pension deficit	286,363,482		286,363,482

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$668,181,458. All long-term debt obligations are retired through General Fund, Debt Service Fund and Sewer Operating Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes issued and outstanding. Additionally, underlying debt of \$8,535,937 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$10,600,505 at June 30, 2016.

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, 2016, the Town has received total financing of \$12,235,166. This amount includes the original approved amount of \$9,361,766 and \$2,873,400 of amended funding. The loan bears interest at 2% and is to be repaid over 20 years. Repayments began in November 2010.

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

<u>Fiscal Year</u>	<u>Debt Service Fund</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>
2017	\$ 612,363	\$ 158,704
2018	612,363	146,457
2019	612,363	134,210
2020	612,363	121,962
2021	612,363	109,715
2022-2026	3,061,816	364,866
2027-2030	2,092,242	73,228
	<u>\$ 8,215,873</u>	<u>\$ 1,109,142</u>

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town’s municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,015,000 (\$101,500 per year for 10 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$933,800 (\$66,700 for 14 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 Benefits Provided

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

Board of Education - School Secretaries

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

Board of Education - Custodians/Maintenance

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

CILU

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

Board of Education - Administrative

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

General Government AFSCME

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

General Government Nonbargaining

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

Steelworkers

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

Firefighters

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

Union Police Officers

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Nonunion Police Officers

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

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

At July 1, 2014, TGRS membership consisted of:

	<u>Town of Groton Town and BOE</u>	<u>Poquonnock Fire District</u>	<u>Ledge Light Health District</u>
Retirees and beneficiaries currently receiving benefits	236	19	1
Terminated employees entitled to benefits but not yet receiving them	26		1
Active plan members	<u>357</u>	<u>24</u>	<u>1</u>
Total	<u><u>619</u></u>	<u><u>43</u></u>	<u><u>3</u></u>

B. Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

C. Funding Policy

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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D. Investments

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TGRS Board by a majority vote of its members. It is the policy of the TGRS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The overall investment goal is to obtain a competitive rate of return on portfolio assets commensurate with the prudent investment rule and the responsibility to provide retirement benefits to retirees and their beneficiaries. The following was the Board's adopted asset allocation policy as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap	37.00%
U.S. Small Cap	7.00
Developed International Equities	11.00
Emerging International Equities	2.00
Core Fixed Income	37.00
High-Yield Bonds	3.00
Real Estate (REITs)	3.00
Cash	<u>0.00</u>
 Total	 <u><u>100.00%</u></u>

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability

The components of the net pension liability of the Town at June 30, 2016 were as follows:

	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Fire</u>
Total pension liability	\$ 117,313,592	\$ 638,887	\$ 12,751,917
Plan fiduciary net position	<u>97,068,209</u>	<u>544,954</u>	<u>9,325,319</u>
Total Net Pension Liability	<u>\$ 20,245,383</u>	<u>\$ 93,933</u>	<u>\$ 3,426,598</u>
Plan fiduciary net position as a percentage of the total pension liability	82.74%	85.30%	73.13%

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	3.00%
Salary increases	Vary by age group
Investment rate of return	7.75%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	7.05%
U.S. Small Cap	8.10
Developed International Equities	7.60
Emerging International Equities	10.00
Core Fixed Income	1.85
High-Yield Bonds	4.85
Real Estate (REITs)	5.95
Cash	0.25

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was changed from 8.00% since the prior measurement date.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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F. Changes in Net Pension Liability

Town and BOE			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 112,746,207	\$ 100,018,697	\$ 12,727,510
Changes for the year:			
Service cost	2,318,892		2,318,892
Interest on total pension liability	8,666,967		8,666,967
Differences between expected and actual experience	(831,909)		(831,909)
Changes in assumptions	1,002,922		1,002,922
Employer contributions		2,553,991	(2,553,991)
Member contributions		1,169,678	(1,169,678)
Net investment income		(53,985)	53,985
Benefit payments, including refund to employee contributions	(6,589,487)	(6,589,487)	-
Administrative expenses		(30,685)	30,685
Net changes	<u>4,567,385</u>	<u>(2,950,488)</u>	<u>7,517,873</u>
Balances as of June 30, 2016	\$ <u>117,313,592</u>	\$ <u>97,068,209</u>	\$ <u>20,245,383</u>
Ledge Light			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 618,417	\$ 570,287	\$ 48,130
Changes for the year:			
Service cost	621,108		621,108
Interest on total pension liability	94,625		94,625
Differences between expected and actual experience	(651,642)		(651,642)
Changes in assumptions	(5,817)		(5,817)
Employer contributions		8,971	(8,971)
Member contributions		4,052	(4,052)
Net investment income		(380)	380
Benefit payments, including refund to employee contributions	(37,804)	(37,804)	-
Administrative expenses		(172)	172
Net changes	<u>20,470</u>	<u>(25,333)</u>	<u>45,803</u>
Balances as of June 30, 2016	\$ <u>638,887</u>	\$ <u>544,954</u>	\$ <u>93,933</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Poquonnock Fire District

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2015	\$ 11,874,472	\$ 9,486,002	\$ 2,388,470
Changes for the year:			
Service cost	299,682		299,682
Interest on total pension liability	918,671		918,671
Differences between expected and actual experience	390,732		390,732
Changes in benefit terms	96		96
Changes in assumptions	(78,888)		(78,888)
Employer contributions		392,293	(392,293)
Member contributions		106,863	(106,863)
Net investment income		(4,042)	4,042
Benefit payments, including refund to employee contributions	(652,848)	(652,848)	-
Administrative expenses		(2,949)	2,949
Net changes	<u>877,445</u>	<u>(160,683)</u>	<u>1,038,128</u>
Balances as of June 30, 2016	\$ <u>12,751,917</u>	\$ <u>9,325,319</u>	\$ <u>3,426,598</u>

Amounts reported as changes of assumptions resulted primarily from adjustments to the actuarial cost method from adjusting the investment rate of return from 8.00% to 7.75%.

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Town and BOE Net Pension Liability	\$ 31,800,777	\$ 20,245,383	\$ 7,571,942
Ledge Light Net Pension Liability	167,749	93,933	30,926
Fire Net Pension Liability	5,035,719	3,426,598	2,085,793

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

For the year ended June 30, 2016, the Town and BOE, Ledge Light and Fire Pensions recognized pension expense of \$3,400,954, \$512,867, and \$693,052 respectively. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town and BOE	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (2,876,198)
Changes of assumptions	838,509	(3,676,288)
Net difference between projected and actual earning on pension plan investments	<u>8,701,654</u>	<u></u>
Total	<u>\$ 9,540,163</u>	<u>\$ (6,552,486)</u>
	Ledge Light	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (484,597)
Changes of assumptions	13,417	(4,286)
Net difference between projected and actual earning on pension plan investments	<u>50,585</u>	<u></u>
Total	<u>\$ 64,002</u>	<u>\$ (488,883)</u>
	Poquonnock Fire District	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 334,104	\$ (400,605)
Changes of assumptions	615,656	(67,455)
Net difference between projected and actual earning on pension plan investments	<u>837,951</u>	<u></u>
Total	<u>\$ 1,787,711</u>	<u>\$ (468,060)</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Poquonnock Fire District</u>
2017	\$ 1,195,383	\$ (155,739)	\$ 307,726
2018	1,195,383	(155,739)	307,726
2019	1,195,383	(122,130)	307,724
2020	346,849	8,727	223,943
2021	(948,129)		77,292
Thereafter	2,808		95,240

Connecticut State Teachers' Retirement System

A. Plan Description

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

B. Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

**TOWN OF GROTON
 NOTES TO FINANCIAL STATEMENTS
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C. Contributions

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>101,271,189</u>
Total	<u>\$ 101,271,189</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$8,114,374 in Exhibit II for on-behalf amounts for the benefits provided by the State.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

**TOWN OF GROTON
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Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

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

F. Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

H. Other Information

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

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

Plan Description

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

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

At July 1, 2014, plan membership consisted of the following:

	Retiree Health Plan
Retired members	208
Spouses of retirees	90
Active plan members	750
	<hr/>
Total Participants	<u>1,048</u>

Funding Policy

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Town Employees

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

Board of Education Employees

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

Annual OPEB Cost and Net OPEB Obligations

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

Annual required contribution	\$ 3,799,204
Interest on net OPEB obligation	(94,831)
Adjustment to annual required contribution	<u>84,960</u>
Annual OPEB cost	3,789,333
Contributions made	<u>3,709,834</u>
Change in net OPEB asset	(79,499)
Net OPEB Asset, Beginning of Year	<u>1,264,418</u>
Net OPEB Asset, End of Year	<u><u>\$ 1,184,919</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, 2016 is presented below.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
6/30/2014	\$ 3,540,942	\$ 3,738,481	105.6%	\$ 895,268
6/30/2015	3,681,331	4,050,481	110.0%	1,264,418
6/30/2016	3,789,333	3,709,834	97.9%	1,184,919

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

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

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

In the July 1, 2014 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 6.8% initially, reduced by decrements to an ultimate rate of 4.7% after 68 years for pre-65 and 78 years for post-65. The general inflation assumption is 3.75%. 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, 2014 was 25 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>						
7/1/2010	\$ 3,234,000	\$ 38,902,000	\$ 35,668,000	4.0%	\$ n/a	n/a
7/1/2011	5,065,000	40,455,000	35,390,000	5.0%	n/a	n/a
7/1/2012	6,433,000	41,378,000	34,945,000	15.5%	52,762,000	66.23%
7/1/2013	8,974,000	43,697,000	34,723,000	20.5%	n/a	n/a
7/1/2014	11,636,000	46,371,000	34,735,000	25.1%	50,195,000	69.20%
7/1/2015	13,351,000	48,924,000	35,573,000	27.3%	n/a	n/a

n/a - The covered payroll is not available.

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/2014	\$ 3,552,000	132.2%
6/30/2015	3,694,000	109.7%
6/30/2016	3,799,000	106.6%

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

6. PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Trust Funds</u>
Assets:			
Cash and cash equivalents	\$ 405	\$ 1,428,559	\$ 1,428,964
Investments, at fair value:			
Mutual funds	106,889,284	13,219,888	120,109,172
Accounts receivable	114,371	67,151	181,522
Total assets	<u>107,004,060</u>	<u>14,715,598</u>	<u>121,719,658</u>
Liabilities:			
Accounts payable		14,338	14,338
Due to employees/others	65,578		65,578
Claims incurred but not reported		281,000	281,000
Other liabilities		2,357	2,357
Total liabilities	<u>65,578</u>	<u>297,695</u>	<u>363,273</u>
Net Position:			
Restricted for employees of Ledge Light	544,954		544,954
Restricted for firefighters	9,325,319		9,325,319
Restricted for benefits and other purposes	97,068,209	14,417,903	111,486,112
Total Net Position	<u>\$ 106,938,482</u>	<u>\$ 14,417,903</u>	<u>\$ 121,356,385</u>

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

	Trust Funds		
	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 2,955,255	\$ 3,709,834	\$ 6,665,089
Plan members	<u>1,280,593</u>	<u>2,693,816</u>	<u>3,974,409</u>
Total contributions	<u>4,235,848</u>	<u>6,403,650</u>	<u>10,639,498</u>
Investment income:			
Change in fair value of investments	222,638	23,135	245,773
Less investment expenses:			
Investment management fees	<u>281,045</u>	<u>579,195</u>	<u>860,240</u>
Net investment income (loss)	<u>(58,407)</u>	<u>(556,060)</u>	<u>(614,467)</u>
Total additions	<u>4,177,441</u>	<u>5,847,590</u>	<u>10,025,031</u>
Deductions:			
Benefits	7,280,139	4,487,064	11,767,203
Administrative expense	<u>33,806</u>	<u>33,806</u>	<u>33,806</u>
Total deductions	<u>7,313,945</u>	<u>4,487,064</u>	<u>11,801,009</u>
Change in Net Position	(3,136,504)	1,360,526	(1,775,978)
Net Position - Beginning of Year	<u>110,074,986</u>	<u>13,057,377</u>	<u>123,132,363</u>
Net Position - End of Year	<u>\$ 106,938,482</u>	<u>\$ 14,417,903</u>	<u>\$ 121,356,385</u>

7. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss, including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee and retiree health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. The OPEB Trust fund covers all retired employee claims. Town management has estimated a liability using actuarial methods at June 30, 2016 for claims incurred but not reported to be \$1,020,000 in the Health Insurance Fund and \$2,598,727 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,547,215, and \$295,338 in the OPEB Trust Fund. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016**

Changes in the claims liability were as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>	<u>Due Within One Year</u>
<u>Health Insurance Fund</u>					
2015 - 2016	\$ 880,000	\$ 13,643,330	\$ 13,503,330	\$ 1,020,000	\$ 1,020,000
2014 - 2015	874,000	13,472,948	13,466,948	880,000	880,000
<u>Workers' Compensation Fund</u>					
2015 - 2016	\$ 2,776,314	\$ 1,061,005	\$ 1,238,592	\$ 2,598,727	\$ 130,682
2014 - 2015	2,384,381	1,557,759	1,165,826	2,776,314	118,355
<u>OPEB Trust Fund</u>					
2015 - 2016	\$ 294,000	\$ 4,487,064	\$ 4,485,726	\$ 295,338	-
2014 - 2015	287,000	4,872,207	4,865,207	294,000	-

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

B. Contingencies

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

C. Concentration of Taxes

The Town's two largest taxpayers, based on the October June 30, 2014 grand list, comprise 17.2% of the net taxable grand list of the Town and approximately 11.8% of the total General Fund revenues for the year ended June 30, 2016.

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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
General Property Taxes (Including Interest and Lien Fees)	\$ 80,717,402	\$ 80,717,402	\$ 80,220,465	\$ (496,937)
Licenses and Permits:				
Building permits	210,130	210,130	407,403	197,273
Sporting licenses	700	700	633	(67)
Dog licenses	7,500	7,500	7,681	181
Other licenses and permits	20,020	20,020	17,886	(2,134)
Building permits - education fee	180	180	396	216
State land use fees	175	175	230	55
Total licenses and permits	<u>238,705</u>	<u>238,705</u>	<u>434,229</u>	<u>195,524</u>
Interest on Investments	<u>95,000</u>	<u>95,000</u>	<u>97,091</u>	<u>2,091</u>
Intergovernmental - State:				
General:				
Town aid road	377,392	377,392	380,167	2,775
Nuclear safety drill	37,041	37,041	31,453	(5,588)
Highway illumination	1,619	1,619	1,812	193
Telephone access	162,000	162,000	172,106	10,106
PILOT - state and tax exemptions	1,181,146	1,181,146	986,196	(194,950)
TVCCA - supp housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,737	31,737	29,859	(1,878)
Pequot/Mohegan funds	1,407,316	1,407,316	1,412,077	-
911 Enhancement	165,318	165,318	165,318	-
Municipal project grant	1,240,819	1,240,819	1,242,507	1,688
Miscellaneous state grants	7,455	7,455	115	(7,340)
Board of Education:				
Education cost sharing	25,625,179	25,625,179	25,753,096	127,917
Adult education	105,778	105,778	103,726	(2,052)
Special education	1,376,555	1,376,555	1,124,603	(251,952)
Transportation - private school	32,407	32,407	49,520	17,113
Transportation	275,881	275,881	236,347	(39,534)
Magnet School transportation	182,000	182,000	188,500	6,500
Nonpublic pupil services	33,514	33,514	21,743	(11,771)
Total State of Connecticut	<u>32,252,157</u>	<u>32,252,157</u>	<u>31,908,145</u>	<u>(344,012)</u>
Intergovernmental - Federal:				
Pupil impact aid	4,570,000	4,570,000	3,436,824	(1,133,176)
Education - misc. federal funds	90,000	90,000	134,528	44,528
FEMA Reimbursement			15,421	15,421
Emergency management	20,019	20,019	20,088	69
Total federal government	<u>4,680,019</u>	<u>4,680,019</u>	<u>3,606,861</u>	<u>(1,073,158)</u>

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**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for Current Services:				
Planning Commission fees	\$ 12,000	\$ 12,000	\$ 12,595	\$ 595
Recording instruments	168,000	168,000	146,678	(21,322)
Conveyance tax	650,000	650,000	712,777	62,777
Planning department - other	750	750	1,187	437
Collection subdivisions taxes	103,277	103,277	103,277	-
Accident reports	1,580	1,580	3,698	2,118
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Housing Authority shelter rent	61,313	61,313	62,994	1,681
Coordinated Medical Emergency Director	22,832	22,832	22,258	(574)
Board of Education - FHS/ground mowing	55,010	55,010	55,010	-
GIS - revenue	700	700	646	(54)
Vital statistics	5,300	5,300	4,842	(458)
Snow/Ice control services	32,467	32,467	26,105	(6,362)
Total charges for current services	<u>1,167,048</u>	<u>1,167,048</u>	<u>1,205,886</u>	<u>38,838</u>
Schools, Library and Recreation:				
Tuition from other towns	14,785	14,785	100,921	86,136
Other school receipts	72,080	72,080	89,029	16,949
Library fines	20,000	20,000	20,812	812
Lost and damaged book fees	3,400	3,400	3,363	(37)
Senior Center fees	50,000	50,000	56,170	6,170
Park concession and rental	1,500	1,500		(1,500)
Library - copier fees	6,200	6,200	6,432	232
Library fees	17,500	17,500	16,292	(1,208)
Park rentals	3,000	3,000	455	(2,545)
Total schools, library and recreation	<u>188,465</u>	<u>188,465</u>	<u>293,474</u>	<u>105,009</u>
Other Revenue:				
Court fines	16,930	16,930	22,898	5,968
Parking tickets	3,240	3,240	360	(2,880)
Aircraft registration fees	21,700	21,700	20,690	(1,010)
Lease fees	128,040	128,040	166,467	38,427
Land record copies	28,000	28,000	33,113	5,113
Vital copies	64,000	64,000	69,891	5,891
Miscellaneous	5,000	5,000	19,946	14,946
Dog warden - sold and redeemed	4,310	4,310	3,945	(365)
Public Works Disposal fees	162,830	162,830	145,005	(17,825)
Returned check fees	1,400	1,400	960	(440)
Sale of capital assets	5,000	5,000	2,272	(2,728)
Delinquent MV fees	17,476	17,476	16,532	(944)
Finance Dept. copies	900	900	960	60
Total other revenue	<u>458,826</u>	<u>458,826</u>	<u>503,039</u>	<u>44,213</u>

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**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources:				
Transfers in:				
Golf course	\$ 60,376	\$ 60,376	\$ 60,376	\$ -
Sewer/landfill services	768,004	768,004	768,004	-
Sewer District	44,534	44,534	44,534	-
Mumford Cove	1,008	1,008	1,008	-
Community Investment Act Fund	5,000	5,000	5,000	-
Outside Police services	27,107	27,107	27,107	-
Total other financing sources	<u>906,029</u>	<u>906,029</u>	<u>906,029</u>	<u>-</u>
Total Revenues and Other Financing Sources	\$ <u>120,703,651</u>	\$ <u>120,703,651</u>	119,175,219	\$ <u>(1,528,432)</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			8,114,374	
Property tax revenue receivable accrual basis change			(183,446)	
Various funds of the Town did not meet the definition of a special revenue fund for GASB 54 purposes and were, therefore, combined with the General Fund on a GAAP basis only			6,878	
Revenues credited to expenditures			65,303	
Other revenue adjustment			<u>(1,522)</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>127,176,806</u>	

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 42,933	\$ 42,933	\$ 42,160	\$ 773
Voter registration	147,337	148,312	135,654	12,658
Town Clerk	327,421	331,590	300,507	31,083
Legal services	450,000	647,704	620,632	27,072
Total general government	<u>967,691</u>	<u>1,170,539</u>	<u>1,098,953</u>	<u>71,586</u>
General Services:				
Executive management	420,383	420,383	321,235	99,148
Information technology	996,848	1,005,275	977,430	27,845
Human resources	331,744	331,744	313,364	18,380
Financial administration	1,399,453	1,418,320	1,369,721	48,599
Emergency communications	1,412,871	1,412,871	1,329,460	83,411
Total general services	<u>4,561,299</u>	<u>4,588,593</u>	<u>4,311,210</u>	<u>277,383</u>
Public Safety:				
Police services	<u>6,647,847</u>	<u>6,872,113</u>	<u>6,617,417</u>	<u>254,696</u>
Public Works	<u>6,604,690</u>	<u>6,617,918</u>	<u>6,241,360</u>	<u>376,558</u>
Planning and Development Services	<u>1,250,895</u>	<u>1,266,312</u>	<u>1,192,735</u>	<u>73,577</u>
Human Services:				
Human services	<u>591,258</u>	<u>603,072</u>	<u>585,300</u>	<u>17,772</u>
Community Services:				
Parks and recreation	1,754,599	1,768,492	1,659,559	108,933
Library	1,665,715	1,691,955	1,653,544	38,411
Total community services	<u>3,420,314</u>	<u>3,460,447</u>	<u>3,313,103</u>	<u>147,344</u>
Nondepartmental:				
Insurance and claims	577,407	592,407	633,085	(40,678)
Contingency	550,000			-
Self-funded plans	8,503,514	8,503,514	8,503,189	325
Total nondepartmental	<u>9,630,921</u>	<u>9,095,921</u>	<u>9,136,274</u>	<u>(40,353)</u>
Education	<u>76,730,239</u>	<u>76,730,239</u>	<u>76,070,086</u>	<u>660,153</u>
Debt Service:				
Town	2,641,195	2,641,195	2,564,104	77,091
Board of Education	2,542,280	2,542,280	2,542,278	2
Total debt service	<u>5,183,475</u>	<u>5,183,475</u>	<u>5,106,382</u>	<u>77,093</u>
Outside Agencies:				
Regional agencies	137,415	137,415	137,414	1
Ambulance services	145,951	145,951	145,951	-
Health services - cultural agencies	1,656,350	1,656,350	1,607,822	48,528
Other libraries	208,000	208,000	208,000	-
Total outside agencies	<u>2,147,716</u>	<u>2,147,716</u>	<u>2,099,187</u>	<u>48,529</u>

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**TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Subdivisions:				
City of Groton	\$ 4,353,293	\$ 4,353,293	\$ 4,351,463	\$ 1,830
Groton Long Point	425,942	425,942	425,715	227
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>5,025,247</u>	<u>5,025,247</u>	<u>5,023,190</u>	<u>2,057</u>
Total expenditures	<u>122,761,592</u>	<u>122,761,592</u>	<u>120,795,197</u>	<u>1,966,395</u>
Other Financing Uses:				
Transfers out:				
Capital Reserve	2,723,400	2,723,400	2,723,400	-
Revaluation	100,000	100,000	100,000	-
Fleet	65,000	65,000	65,000	-
Spicer Fund	22,000	22,000	22,000	-
Computer Replacement	66,688	66,688	66,688	-
Total other financing uses	<u>2,977,088</u>	<u>2,977,088</u>	<u>2,977,088</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 125,738,680</u>	<u>\$ 125,738,680</u>	123,772,285	<u>\$ 1,966,395</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			8,114,374	
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			412,949	
Encumbrances for purchases and commitments ordered in the current year that were not received and liquidated in the current year are not reported for GAAP purposes			(1,315,580)	
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			270,711	
Elimination of transfers between General Fund and funds combined for GASB 54 purposes			(166,668)	
Revenues credited to expenditures			<u>65,303</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			<u>\$ 131,153,374</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 2,451,526	\$ 2,525,072	\$ 2,318,892
Interest	8,757,689	9,188,020	8,666,967
Differences between expected and actual experience		(3,089,277)	(831,909)
Changes of assumptions		(5,208,074)	1,002,922
Benefit payments, including refunds of member contributions	<u>(5,929,846)</u>	<u>(5,876,377)</u>	<u>(6,589,487)</u>
Net change in total pension liability	5,279,369	(2,460,636)	4,567,385
Total pension liability - beginning	<u>109,927,474</u>	<u>115,206,843</u>	<u>112,746,207</u>
Total pension liability - ending	<u>115,206,843</u>	<u>112,746,207</u>	<u>117,313,592</u>
Plan fiduciary net position:			
Contributions - employer	3,114,144	3,192,047	2,553,991
Contributions - member	1,114,042	1,131,674	1,169,678
Net investment income	13,481,409	3,540,403	(53,985)
Benefit payments, including refunds of member contributions	(5,929,846)	(5,876,377)	(6,589,487)
Administrative expense	<u>(54,307)</u>	<u>(37,255)</u>	<u>(30,685)</u>
Net change in plan fiduciary net position	11,725,442	1,950,492	(2,950,488)
Plan fiduciary net position - beginning	<u>86,342,763</u>	<u>98,068,205</u>	<u>100,018,697</u>
Plan fiduciary net position - ending	<u>98,068,205</u>	<u>100,018,697</u>	<u>97,068,209</u>
Net Pension Liability - Ending	<u>\$ 17,138,638</u>	<u>\$ 12,727,510</u>	<u>\$ 20,245,383</u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%	88.71%	82.74%
Covered-employee payroll	\$ 23,026,395	23,605,993	\$ 21,927,290
Net pension liability as a percentage of covered-employee payroll	74.43%	53.92%	92.33%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 6,972	\$ 7,181	\$ 621,108
Interest	44,858	46,078	94,625
Differences between expected and actual experience		(7,730)	(651,642)
Changes of assumptions		23,355	(5,817)
Benefit payments, including refunds of member contributions	<u>(35,815)</u>	<u>(37,804)</u>	<u>(37,804)</u>
Net change in total pension liability	16,015	31,080	20,470
Total pension liability - beginning	<u>571,322</u>	<u>587,337</u>	<u>618,417</u>
Total pension liability - ending	<u>587,337</u>	<u>618,417</u>	<u>638,887</u>
Plan fiduciary net position:			
Contributions - employer	9,556	6,764	8,971
Contributions - member	3,483	3,627	4,052
Net investment income	79,029	19,083	(380)
Benefit payments, including refunds of member contributions	(35,815)	(37,804)	(37,804)
Administrative expense	<u>(321)</u>	<u>(212)</u>	<u>(172)</u>
Net change in plan fiduciary net position	55,932	(8,542)	(25,333)
Plan fiduciary net position - beginning	<u>522,897</u>	<u>578,829</u>	<u>570,287</u>
Plan fiduciary net position - ending	<u>578,829</u>	<u>570,287</u>	<u>544,954</u>
Net Pension Liability - Ending	<u>\$ 8,508</u>	<u>48,130</u>	<u>\$ 93,933</u>
Plan fiduciary net position as a percentage of the total pension liability	98.55%	92.22%	85.30%
Covered-employee payroll	\$ 120,539	89,652	\$ 90,125
Net pension liability as a percentage of covered-employee payroll	7.06%	53.69%	104.23%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 401,849	\$ 413,904	\$ 299,682
Interest	843,728	889,636	918,671
Changes of benefit terms			96
Differences between expected and actual experience		(520,189)	390,732
Changes of assumptions		799,434	(78,888)
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>
Net change in total pension liability	687,192	768,710	877,445
Total pension liability - beginning	<u>10,418,570</u>	<u>11,105,762</u>	<u>11,874,472</u>
Total pension liability - ending	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>
Plan fiduciary net position:			
Contributions - employer	428,378	414,790	392,293
Contributions - member	128,634	94,356	106,863
Net investment income	1,308,508	326,423	(4,042)
Benefit payments, including refunds of member contributions	(558,385)	(814,075)	(652,848)
Administrative expense	<u>(5,243)</u>	<u>(3,534)</u>	<u>(2,949)</u>
Net change in plan fiduciary net position	1,301,892	17,960	(160,683)
Plan fiduciary net position - beginning	<u>8,166,150</u>	<u>9,468,042</u>	<u>9,486,002</u>
Plan fiduciary net position - ending	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>
Net Pension Liability - Ending	<u>\$ 1,637,720</u>	<u>\$ 2,388,470</u>	<u>\$ 3,426,598</u>
Plan fiduciary net position as a percentage of the total pension liability	85.25%	79.89%	73.13%
Covered-employee payroll	\$ 2,287,906	2,281,958	\$ 2,010,535
Net pension liability as a percentage of covered-employee payroll	71.58%	104.67%	170.43%

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 736,891	\$ 1,055,860	\$ 1,253,592	\$ 1,305,560	\$ 2,073,417	\$ 2,614,225	\$ 2,886,997	\$ 3,114,144	\$ 3,192,047	\$ 2,553,991
Contributions in relation to the actuarially determined contribution	<u>754,335</u>	<u>1,055,860</u>	<u>1,253,592</u>	<u>1,305,560</u>	<u>2,073,417</u>	<u>2,614,225</u>	<u>2,886,997</u>	<u>3,114,144</u>	<u>3,192,047</u>	<u>2,553,991</u>
Contribution Deficiency (Excess)	\$ <u>(17,444)</u>	\$ <u>-</u>								
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290
Contributions as a percentage of covered-employee payroll								13.52%	13.52%	11.65%

Notes to Schedule

Valuation date: July 1, 2015
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age Actuarial Cost Method
Amortization method: Normal Actuarial Cost
Remaining amortization period: 25 years
Asset valuation method: Adjusted value of assets
Inflation: 3%
Salary increases: Vary by age group
Investment rate of return: 7.75%, net of pension plan investment expenses
Retirement age: Age related table
Mortality: RP-2000 Healthy Annuitant Mortality Table

N/A Not Available

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ -	\$ -	\$ 4,902	\$ -	\$ 1,940	\$ 6,918	\$ 10,599	\$ 9,556	\$ 6,764	\$ 8,971
Contributions in relation to the actuarially determined contribution	-	-	4,902	-	1,940	6,918	10,599	9,556	6,764	8,971
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 120,539	\$ 89,652	\$ 90,125
Contributions as a percentage of covered-employee payroll								7.93%	7.54%	9.95%

Notes to Schedule

Valuation date: July 1, 2015
 Measurement date: June 30, 2016
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Normal Actuarial Cost
Remaining amortization period	25 years
Asset valuation method	Adjusted value of assets
Inflation	3%
Salary increases	Vary by age group
Investment rate of return	7.75%, net of pension plan investment expenses
Retirement age	Age related table
Mortality	RP-2000 Healthy Annuitant Mortality Table

N/A Not Available

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 111,691	\$ 112,328	\$ 109,397	\$ 135,773	\$ 208,535	\$ 347,332	\$ 378,701	\$ 428,378	\$ 414,790	\$ 392,293
Contributions in relation to the actuarially determined contribution	<u>111,691</u>	<u>112,328</u>	<u>109,397</u>	<u>135,773</u>	<u>208,535</u>	<u>347,332</u>	<u>378,701</u>	<u>428,378</u>	<u>414,790</u>	<u>392,293</u>
Contribution Deficiency (Excess)	\$ <u>-</u>									
Covered-employee payroll	\$ N/A	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535						
Contributions as a percentage of covered-employee payroll								18.72%	18.18%	19.51%

Notes to Schedule

Valuation date: July 1, 2015
 Measurement date: June 30, 2016
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Normal Actuarial Cost
Remaining amortization period	25 years
Asset valuation method	Adjusted value of assets
Inflation	3%
Salary increases	Vary by age group
Investment rate of return	7.75%, net of pension plan investment expenses
Retirement age	Age related table
Mortality	RP-2000 Healthy Annuitant Mortality Table

N/A Not Available

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

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

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

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>93,604,919</u>	<u>101,271,189</u>
Total	<u>\$ 93,604,919</u>	<u>\$ 101,271,189</u>
Town's covered-employee payroll	\$ 36,486,290	\$ 37,787,402
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

**Supplemental and Combining
Fund Statements and Schedules**

General Fund

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2016 WITH COMPARATIVE TOTALS FOR 2015**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 18,673,391	\$ 22,296,997
Investments	3,050,000	3,022,000
Property taxes receivable, net of allowance of \$220,000 in 2016 and 2015	2,761,513	3,142,995
Due from other funds		64,308
Prepaid expenditures and other assets	<u>9,868</u>	<u>800</u>
Total Assets	<u>\$ 24,494,772</u>	<u>\$ 28,527,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 9,165,973	\$ 9,248,700
Unearned revenues		5,564
Total liabilities	<u>9,165,973</u>	<u>9,254,264</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,815,754	1,703,184
Unavailable revenue - property tax interest	<u>723,013</u>	<u>803,052</u>
Total deferred inflows of resources	<u>2,538,767</u>	<u>2,506,236</u>
Fund Balance:		
Committed:		
Subsequent years' budget	666,693	2,700,000
Assigned:		
Subsequent years' budget		3,235,029
Revaluation	178,926	222,148
Computer replacement	394,111	448,031
Encumbrances	1,453,075	650,900
Unassigned	<u>10,097,227</u>	<u>9,510,492</u>
Total fund balance	<u>12,790,032</u>	<u>16,766,600</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 24,494,772</u>	<u>\$ 28,527,100</u>

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes	\$ 80,717,402	\$ 80,717,402	\$ 80,220,465	\$ (496,937)
Licenses and permits	238,705	238,705	434,229	195,524
Interest on investments	95,000	95,000	97,091	2,091
Intergovernmental - Federal	4,680,019	4,680,019	3,606,861	(1,073,158)
Intergovernmental - State	32,252,157	32,252,157	31,908,145	(344,012)
Charges for current services	1,167,048	1,167,048	1,205,886	38,838
Schools, library and recreation fees	188,465	188,465	293,474	105,009
Other revenue	458,826	458,826	503,039	44,213
Total revenues	<u>119,797,622</u>	<u>119,797,622</u>	<u>118,269,190</u>	<u>(1,528,432)</u>
Expenditures:				
Current:				
General government	967,691	1,170,539	1,098,953	71,586
General services	4,561,299	4,588,593	4,311,210	277,383
Public safety	6,647,847	6,872,113	6,617,417	254,696
Public works	6,604,690	6,617,918	6,241,360	376,558
Planning and development	1,250,895	1,266,312	1,192,735	73,577
Health and human services	591,258	603,072	585,300	17,772
Community services	3,420,314	3,460,447	3,313,103	147,344
Education	76,730,239	76,730,239	76,070,086	660,153
Subdivisions	5,025,247	5,025,247	5,023,190	2,057
Nondepartmental	9,630,921	9,095,921	9,136,274	(40,353)
Outside agencies	2,147,716	2,147,716	2,099,187	48,529
Debt service	5,183,475	5,183,475	5,106,382	77,093
Total expenditures	<u>122,761,592</u>	<u>122,761,592</u>	<u>120,795,197</u>	<u>1,966,395</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,963,970)</u>	<u>(2,963,970)</u>	<u>(2,526,007)</u>	<u>437,963</u>
Other Financing Sources (Uses):				
Transfers in	906,029	906,029	906,029	-
Transfers out	<u>(2,977,088)</u>	<u>(2,977,088)</u>	<u>(2,977,088)</u>	<u>-</u>
Total other financing uses	<u>(2,071,059)</u>	<u>(2,071,059)</u>	<u>(2,071,059)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (5,035,029)</u>	<u>\$ (5,035,029)</u>	<u>(4,597,066)</u>	<u>\$ 437,963</u>
Fund Balance at Beginning of Year			15,070,984	
Encumbrances Cancelled			<u>100,456</u>	
Fund Balance at End of Year			<u>\$ 10,574,374</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, 2016**

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 30,907,816	\$ 30,907,816	\$ 30,496,137	\$ 119,087	\$ 30,615,224	\$ 292,592
Special	11,201,393	11,201,393	11,803,348	204	11,803,552	(602,159)
Continuing	318,841	318,841	309,536	277	309,813	9,028
Total instruction	<u>42,428,050</u>	<u>42,428,050</u>	<u>42,609,021</u>	<u>119,568</u>	<u>42,728,589</u>	<u>(300,539)</u>
Supporting Services:						
Pupils	5,938,770	5,938,770	6,034,458	1,437	6,035,895	(97,125)
Staff	2,020,909	2,020,909	2,048,216	18,056	2,066,272	(45,363)
General support	6,846,202	6,846,202	6,240,266	2,304	6,242,570	603,632
Operational support	14,416,595	14,416,595	13,539,408	136,362	13,675,770	740,825
Total supporting services	<u>29,222,476</u>	<u>29,222,476</u>	<u>27,862,348</u>	<u>158,159</u>	<u>28,020,507</u>	<u>1,201,969</u>
Nonprogrammed Changes:						
Tuition payments	<u>5,079,713</u>	<u>5,079,713</u>	<u>5,320,990</u>		<u>5,320,990</u>	<u>(241,277)</u>
Total	<u>\$ 76,730,239</u>	<u>\$ 76,730,239</u>	<u>\$ 75,792,359</u>	<u>\$ 277,727</u>	<u>\$ 76,070,086</u>	<u>\$ 660,153</u>

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2016**

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Total Combined Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,056,928	\$ 222,404	\$ 394,059	\$ 18,673,391
Investments	3,050,000			3,050,000
Receivables, net	2,761,461		52	2,761,513
Other assets	<u>9,868</u>			<u>9,868</u>
Total Assets	<u>\$ 23,878,257</u>	<u>\$ 222,404</u>	<u>\$ 394,111</u>	<u>\$ 24,494,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ 9,122,495</u>	<u>\$ 43,478</u>		<u>\$ 9,165,973</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,815,754			1,815,754
Unavailable revenue - property tax interest	<u>723,013</u>			<u>723,013</u>
Total deferred inflows of resources	<u>2,538,767</u>	<u>-</u>	<u>-</u>	<u>2,538,767</u>
Fund balances:				
Committed	666,693			666,693
Assigned	1,453,075	178,926	394,111	2,026,112
Unassigned	<u>10,097,227</u>			<u>10,097,227</u>
Total fund balances	<u>12,216,995</u>	<u>178,926</u>	<u>394,111</u>	<u>12,790,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,878,257</u>	<u>\$ 222,404</u>	<u>\$ 394,111</u>	<u>\$ 24,494,772</u>

TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Revaluation Fund	Computer Replacement Fund	Elimination	Total Combined Funds
Revenues:					
Property taxes, interest and lien fees	\$ 80,035,498	\$	\$	\$	\$ 80,035,498
Licenses and permits	434,229				434,229
Intergovernmental - state	40,110,080				40,110,080
Interest on investments	97,091	1,276	644		99,011
Intergovernmental - federal	3,606,861				3,606,861
Charges for current services	1,183,629		2,036		1,185,665
Schools, library and recreation fees	293,474				293,474
Other revenue	503,037				503,037
Total revenues	<u>126,263,899</u>	<u>1,276</u>	<u>2,680</u>	<u>-</u>	<u>126,267,855</u>
Expenditures:					
Current:					
General government	1,233,756	144,499	550		1,378,805
General services	4,307,726				4,307,726
Public safety	6,647,355				6,647,355
Public works	6,201,908				6,201,908
Planning and development	1,238,980				1,238,980
Health and human services	607,301				607,301
Community services	3,312,209				3,312,209
Education	84,010,289				84,010,289
Subdivisions	4,192,898				4,192,898
Nondepartmental	9,136,274				9,136,274
Outside agencies	2,099,187				2,099,187
Debt service	5,106,382				5,106,382
Capital outlay			125,660		125,660
Total expenditures	<u>128,094,265</u>	<u>144,499</u>	<u>126,210</u>	<u>-</u>	<u>128,364,974</u>
Revenues over (under) Expenditures	<u>(1,830,366)</u>	<u>(143,223)</u>	<u>(123,530)</u>	<u>-</u>	<u>(2,097,119)</u>
Other Financing Sources (Uses):					
Transfers in	906,029	100,000	69,610	(166,688)	908,951
Transfers out	<u>(2,955,088)</u>			<u>166,688</u>	<u>(2,788,400)</u>
Total other financing sources (uses)	<u>(2,049,059)</u>	<u>100,000</u>	<u>69,610</u>	<u>-</u>	<u>(1,879,449)</u>
Net Change in Fund Balances	(3,879,425)	(43,223)	(53,920)	-	(3,976,568)
Fund Balances at Beginning of Year	<u>16,096,420</u>	<u>222,149</u>	<u>448,031</u>	<u>-</u>	<u>16,766,600</u>
Fund Balances at End of Year	<u>\$ 12,216,995</u>	<u>\$ 178,926</u>	<u>\$ 394,111</u>	<u>\$ -</u>	<u>\$ 12,790,032</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REVALUATION FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ <u>915</u>	\$ <u>915</u>	\$ <u>1,276</u>	\$ <u>361</u>
Expenditures:				
Property revaluation	<u>250,000</u>	<u>250,000</u>	<u>249,258</u>	<u>742</u>
Revenues over (under) Expenditures	(249,085)	(249,085)	(247,982)	1,103
Other Financing Sources:				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(149,085)</u>	\$ <u>(149,085)</u>	\$ <u>(147,982)</u>	\$ <u>1,103</u>
<u>Reconciliation to GAAP Basis</u>			Change in Fund Balance	
	Revenues	Expenditures		
Current year encumbrances	\$	\$ 113,389	\$ 113,389	
Liquidated prior year encumbrances		(8,630)	<u>(8,630)</u>	
Net Change in Fund Balance, GAAP			\$ <u>(43,223)</u>	

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - COMPUTER REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 650	\$ 650	\$ 644	\$ (6)
Other agencies	1,500	1,500	1,500	-
Outside agencies - MDT	600	600	536	(64)
Total revenues	<u>2,750</u>	<u>2,750</u>	<u>2,680</u>	<u>(70)</u>
Expenditures:				
Computer equipment	<u>125,320</u>	<u>125,320</u>	<u>122,915</u>	<u>2,405</u>
Revenues over (under) Expenditures	(122,570)	(122,570)	(120,235)	2,335
Other Financing Sources:				
Transfers in	<u>69,611</u>	<u>69,611</u>	<u>69,610</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ (52,959)</u>	<u>\$ (52,959)</u>	<u>\$ (50,625)</u>	<u>\$ 2,334</u>
Reconciliation to GAAP Basis				
	Revenues	Expenditures	Change in Fund Balance	
Current year encumbrances	\$	\$ 4,600	\$ 4,600	
Liquidated prior year encumbrances		(7,895)	<u>(7,895)</u>	
Net Change in Fund Balance, GAAP			<u>\$ (53,920)</u>	

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Donation Fund: Accounts for miscellaneous donations.

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

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

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

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

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

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

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

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

FEMA Hazard Mitigation Fund: Accounts for revenue and expenditures for FEMA Hazard Mitigation funds utilized to hurricane retrofit the Highway Garage.

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

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

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

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

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

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

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

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

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

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

DECD Brownfield Assessment Fund: Accounts for revenue and expenditures for State Brownfield funds utilized for environmental site assessment and characterization of real property.

Debt Service Fund

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

Permanent Funds

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

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

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

**TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
ASSETS										
Cash and cash equivalents	\$ 137,633	\$ 347,152	\$ 174,500	\$ 269,017	\$ 4,622	\$ 1,001,233	\$ 62,744	\$ 162,808	\$ 2,037,807	\$ 282,507
Investments										
Receivables, net	170,420	51,443	892,410						647,791	382,499
Other assets				50						
Total Assets	\$ 308,053	\$ 398,595	\$ 1,066,910	\$ 269,067	\$ 4,622	\$ 1,001,233	\$ 62,744	\$ 162,808	\$ 2,685,598	\$ 665,006
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 228,027	\$	\$ 250	\$ 2,631	\$	\$ 49,730	\$ 692	\$ 63,219	\$ 189,455	\$ 167,046
Due to State	69,711									
Due to other funds										
Total liabilities	297,738	-	250	2,631	-	49,730	692	63,219	189,455	167,046
Deferred inflows of resources:										
Unavailable revenue - special assessments			892,410							
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	892,410	-	-	-	-	-	-	-
Fund balances:										
Nonspendable										
Restricted	10,315					951,503				
Committed		398,595	174,250	266,436	4,622		62,052	99,589	2,496,143	497,960
Total fund balances	10,315	398,595	174,250	266,436	4,622	951,503	62,052	99,589	2,496,143	497,960
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 308,053	\$ 398,595	\$ 1,066,910	\$ 269,067	\$ 4,622	\$ 1,001,233	\$ 62,744	\$ 162,808	\$ 2,685,598	\$ 665,006

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**TOWN OF GROTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016**

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	FEMA Hazard Mitigation Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance
ASSETS										
Cash and cash equivalents	\$ 217	\$ 12,433	\$	\$ 139,724	\$ 548,419	\$ 89,033	\$ 37,849	\$ 61,365	\$ 614,734	\$ 129,422
Investments										
Receivables, net		370		167,275	3,734	980	25,917			52,604
Other assets										
Total Assets	\$ 217	\$ 12,803	\$ -	\$ 306,999	\$ 552,153	\$ 90,013	\$ 63,766	\$ 61,365	\$ 614,734	\$ 182,026
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 339	\$	\$ 98,154	\$ 12,216	\$ 3,851	\$ 10,027	\$	\$	\$ 526
Due to State										
Due to other funds										
Total liabilities	-	339	-	98,154	12,216	3,851	10,027	-	-	526
Deferred inflows of resources:										
Unavailable revenue - special assessments										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-	-
Fund balances:										
Nonspendable										
Restricted				208,845						
Committed	217	12,464			539,937	86,162	53,739	61,365	614,734	181,500
Total fund balances	217	12,464	-	208,845	539,937	86,162	53,739	61,365	614,734	181,500
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 217	\$ 12,803	\$ -	\$ 306,999	\$ 552,153	\$ 90,013	\$ 63,766	\$ 61,365	\$ 614,734	\$ 182,026

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**TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds			Debt Service Fund	Permanent Funds			Totals	
	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund	DECD Brownfield Assessment Fund	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust		Rispoli Scholarship
ASSETS									
Cash and cash equivalents	\$ 397,807	\$ 16,235	\$ 18,432	\$ -	\$ 700,383	\$ 58,717	\$ 40,089	\$ 200,250	\$ 7,545,132
Investments						104,888	8,424		113,312
Receivables, net	947			32,906	14,651				2,443,947
Other assets	2,330				2,880				5,260
Total Assets	\$ 401,084	\$ 16,235	\$ 18,432	\$ 32,906	\$ 717,914	\$ 163,605	\$ 48,513	\$ 200,250	\$ 10,107,651
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 78,522	\$ 522	\$ -	\$ 10,565	\$ -	\$ -	\$ -	\$ -	\$ 915,772
Due to State									69,711
Due to other funds				22,341					22,341
Total liabilities	78,522	522	-	32,906	-	-	-	-	1,007,824
Deferred inflows of resources:									
Unavailable revenue - special assessments					13,106				13,106
Unavailable revenue - loans receivable									892,410
Total deferred inflows of resources	-	-	-	-	13,106	-	-	-	905,516
Fund balances:									
Nonspendable	2,330				2,880	20,000	27,543	200,000	252,753
Restricted	320,232	15,713			701,928	143,605	20,970	250	2,373,361
Committed			18,432						5,568,197
Total fund balances	322,562	15,713	18,432	-	704,808	163,605	48,513	200,250	8,194,311
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 401,084	\$ 16,235	\$ 18,432	\$ 32,906	\$ 717,914	\$ 163,605	\$ 48,513	\$ 200,250	\$ 10,107,651

**TOWN OF GROTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut	2,505,749	98,372	577,301				29,309			
Investment earnings			39		32	4,507	228		1,870	908
Federal government	32,714	1,250,219				230,861				
Charges for services		835,367						1,206,176		
Sewer use charges									6,006,143	
Solid waste management										1,507,441
Other revenue	344,923	11,448	45,412	126,963					39,650	284,154
Total revenues	<u>2,883,386</u>	<u>2,195,406</u>	<u>622,752</u>	<u>126,963</u>	<u>32</u>	<u>235,368</u>	<u>29,537</u>	<u>1,206,176</u>	<u>6,047,663</u>	<u>1,792,503</u>
Expenditures:										
General government										
Public safety										
Human services			653,725	37,728						
Community services							41,250	1,081,152		
Education	2,883,386	2,179,888			1,904					
Sewer operations									4,406,312	
Solid waste management										1,609,559
Outside agencies										
Debt service									490,613	
Capital outlay						355,012				
Total expenditures	<u>2,883,386</u>	<u>2,179,888</u>	<u>653,725</u>	<u>37,728</u>	<u>1,904</u>	<u>355,012</u>	<u>41,250</u>	<u>1,081,152</u>	<u>4,896,925</u>	<u>1,609,559</u>
Revenues over (under) Expenditures	<u>-</u>	<u>15,518</u>	<u>(30,973)</u>	<u>89,235</u>	<u>(1,872)</u>	<u>(119,644)</u>	<u>(11,713)</u>	<u>125,024</u>	<u>1,150,738</u>	<u>182,944</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out							(1,208)	(60,781)	(1,165,858)	(272,455)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,208)</u>	<u>(60,781)</u>	<u>(1,165,858)</u>	<u>(272,455)</u>
Net Change in Fund Balances	-	15,518	(30,973)	89,235	(1,872)	(119,644)	(12,921)	64,243	(15,120)	(89,511)
Fund Balance - Beginning of Year	<u>10,315</u>	<u>383,077</u>	<u>205,223</u>	<u>177,201</u>	<u>6,494</u>	<u>1,071,147</u>	<u>74,973</u>	<u>35,346</u>	<u>2,511,263</u>	<u>587,471</u>
Fund Balance - End of Year	<u>\$ 10,315</u>	<u>\$ 398,595</u>	<u>\$ 174,250</u>	<u>\$ 266,436</u>	<u>\$ 4,622</u>	<u>\$ 951,503</u>	<u>\$ 62,052</u>	<u>\$ 99,589</u>	<u>\$ 2,496,143</u>	<u>\$ 497,960</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, 2016**

	Special Revenue Funds									
	Mumford Cove District	Emergency Energy Fund	FEMA Hazard Mitigation Fund	Other Special Revenue	Escrow Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance
Revenues:										
Property taxes, interest and lien fees	\$ 20,979	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut				449,766						
Investment earnings							228	2,334		
Federal government			226	15,287						
Charges for services				10,918		27,790	102,848			292,367
Sewer use charges										
Solid waste management										
Other revenue		21,687		262,112	148,407	43,986		1,000		
Total revenues	20,979	21,687	226	738,083	148,407	71,776	102,848	1,228	2,334	292,367
Expenditures:										
General government				68,519	151,940					
Public safety	20,010			38,521			92,689			
Human services		24,282		7,026						
Community services			226	236,019		54,871				
Education										
Sewer operations										
Solid waste management										
Outside agencies										274,510
Debt service										
Capital outlay				263,933						
Total expenditures	20,010	24,282	226	614,018	151,940	54,871	92,689	-	-	274,510
Revenues over (under) Expenditures	969	(2,595)	-	124,065	(3,533)	16,905	10,159	1,228	2,334	17,857
Other Financing Sources (Uses):										
Transfers in								15,000	100,000	
Transfers out	(1,008)			(5,000)		(5,090)	(27,107)			
Total other financing sources (uses)	(1,008)	-	-	(5,000)	-	(5,090)	(27,107)	15,000	100,000	-
Net Change in Fund Balances	(39)	(2,595)	-	119,065	(3,533)	11,815	(16,948)	16,228	102,334	17,857
Fund Balance - Beginning of Year	256	15,059	-	89,780	543,470	74,347	70,687	45,137	512,400	163,643
Fund Balance - End of Year	\$ 217	\$ 12,464	\$ -	\$ 208,845	\$ 539,937	\$ 86,162	\$ 53,739	\$ 61,365	\$ 614,734	\$ 181,500

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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, 2016**

	Special Revenue Funds				Debt Service Fund	Permanent Funds			Totals
	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund	DECD Brownfield Assessment Fund	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$ 620,272	\$	\$	\$	\$ 641,251
Sewer assessments					13,393				13,393
State of Connecticut				101,875	21				3,762,393
Investment earnings			72		747	2,498	1,140	1,004	15,607
Federal government									1,529,307
Charges for services	986,560								3,462,026
Sewer use charges									6,006,143
Solid waste management									1,507,441
Other revenue		26,700				415			1,356,857
Total revenues	986,560	26,700	72	101,875	634,433	2,913	1,140	1,004	18,294,418
Expenditures:									
General government		22,959			7,458				250,876
Public safety									151,220
Human services				101,875					824,636
Community services	966,042					6,570		1,003	2,387,133
Education									5,065,178
Sewer operations									4,406,312
Solid waste management									1,609,559
Outside agencies									274,510
Debt service					783,315				1,273,928
Capital outlay									618,945
Total expenditures	966,042	22,959	-	101,875	790,773	6,570	-	1,003	16,862,297
Revenues over (under) Expenditures	20,518	3,741	72	-	(156,340)	(3,657)	1,140	1	1,432,121
Other Financing Sources (Uses):									
Transfers in									115,000
Transfers out					(44,534)				(1,583,041)
Total other financing sources (uses)	-	-	-	-	(44,534)	-	-	-	(1,468,041)
Net Change in Fund Balances	20,518	3,741	72	-	(200,874)	(3,657)	1,140	1	(35,920)
Fund Balance - Beginning of Year	302,044	11,972	18,360	-	905,682	167,262	47,373	200,249	8,230,231
Fund Balance - End of Year	\$ 322,562	\$ 15,713	\$ 18,432	\$ -	\$ 704,808	\$ 163,605	\$ 48,513	\$ 200,250	\$ 8,194,311

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SPECIAL LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 300	\$ 300	\$ 228	\$ (72)
State grants	1,200	1,200	362	(838)
ConnectiCard grant	32,000	32,000	28,947	(3,053)
Total revenues	<u>33,500</u>	<u>33,500</u>	<u>29,537</u>	<u>(3,963)</u>
Expenditures:				
Payroll charges	13,645	13,645	13,263	382
Professional/Technical Services	28,673	28,673	26,947	1,726
Software maintenance fees	840	840	840	-
Equipment, machinery and furniture	2,000	2,000	200	1,800
Total expenditures	<u>45,158</u>	<u>45,158</u>	<u>41,250</u>	<u>3,908</u>
Revenues over (under) Expenditures	(11,658)	(11,658)	(11,713)	(55)
Other Financing Uses:				
Transfers Out	<u>(1,208)</u>	<u>(1,208)</u>	<u>(1,208)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (12,866)</u>	<u>\$ (12,866)</u>	<u>\$ (12,921)</u>	<u>\$ (55)</u>

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - GOLF COURSE FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,233,494	\$ 1,233,494	\$ 1,206,176	\$ (27,318)
Expenditures:				
Community services	<u>1,149,619</u>	<u>1,149,619</u>	<u>1,081,152</u>	<u>68,467</u>
Revenues over (under) Expenditures	83,875	83,875	125,024	41,149
Other Financing Uses:				
Transfers out	<u>(60,781)</u>	<u>(60,781)</u>	<u>(60,781)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>23,094</u></u>	\$ <u><u>23,094</u></u>	\$ <u><u>64,243</u></u>	\$ <u><u>41,149</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, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer use charges	\$ 6,155,019	\$ 6,155,019	\$ 6,006,143	\$ (148,876)
Interest income	1,125	1,125	1,870	745
State grants				-
Other revenue	650,000	650,000	39,650	(610,350)
Total revenues	<u>6,806,144</u>	<u>6,806,144</u>	<u>6,047,663</u>	<u>(758,481)</u>
Expenditures:				
Sewer system maintenance	<u>5,778,835</u>	<u>5,778,835</u>	<u>4,913,096</u>	<u>865,739</u>
Revenues over (under) Expenditures	1,027,309	1,027,309	1,134,567	107,258
Other Financing Uses:				
Transfers out	<u>(1,165,858)</u>	<u>(1,165,858)</u>	<u>(1,165,858)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(138,549)</u>	\$ <u>(138,549)</u>	\$ <u>(31,291)</u>	\$ <u>107,258</u>
<u>Reconciliation to GAAP Basis</u>			Change in	
	Revenues	Expenditures	Fund Balance	
Current year encumbrances		\$ 122,781	\$ 122,781	
Liquidated prior year encumbrances		(106,610)	<u>(106,610)</u>	
Net Change in Fund Balance, GAAP			\$ <u>(15,120)</u>	

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - SOLID WASTE FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 2,334,669	\$ 2,334,669	\$ 1,791,595	\$ (543,074)
Interest income	1,005	1,005	908	(97)
Total revenues	<u>2,335,674</u>	<u>2,335,674</u>	<u>1,792,503</u>	<u>(543,171)</u>
Expenditures:				
Solid waste management	<u>2,074,387</u>	<u>2,074,387</u>	<u>1,609,559</u>	<u>464,828</u>
Revenues over (under) Expenditures	261,287	261,287	182,944	(78,343)
Other Financial Uses:				
Transfers out	<u>(272,455)</u>	<u>(272,455)</u>	<u>(272,455)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>(11,168)</u></u>	\$ <u><u>(11,168)</u></u>	\$ <u><u>(89,511)</u></u>	\$ <u><u>(78,343)</u></u>

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
 BUDGET AND ACTUAL - MUMFORD COVE DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes, interest and lien fees	\$ 21,028	\$ 21,028	\$ 20,979	\$ (49)
Expenditures:				
Public safety	20,020	20,020	20,010	10
Revenues over (under) Expenditures	1,008	1,008	969	(39)
Other Financial Uses:				
Transfers out	(1,008)	(1,008)	(1,008)	-
Net Change in Fund Balance	\$ -	\$ -	\$ (39)	\$ (39)

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GROTON SEWER DISTRICT
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and other	\$ 633,510	\$ 633,510	\$ 634,019	\$ 509
Interest income	1,940	1,940	747	(1,193)
Total revenues	<u>635,450</u>	<u>635,450</u>	<u>634,766</u>	<u>(684)</u>
Expenditures:				
Debt service	783,315	783,315	783,315	-
Operating expense	<u>7,601</u>	<u>7,601</u>	<u>7,458</u>	<u>143</u>
Total expenditures	<u>790,916</u>	<u>790,916</u>	<u>790,773</u>	<u>143</u>
Revenues over (under) Expenditures	(155,466)	(155,466)	(156,007)	(541)
Other Financing Uses:				
Transfers out	<u>(44,534)</u>	<u>(44,534)</u>	<u>(44,534)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (200,541)</u>	<u>\$ (541)</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REC & SENIOR ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Recreation programs	\$ 500,975	\$ 500,975	\$ 507,826	\$ 6,851
Summer camp	212,600	212,600	151,373	(61,227)
Special needs programs	58,600	58,600	66,340	7,740
Senior trips	87,000	87,000	91,353	4,353
Senior programs	66,000	66,000	78,301	12,301
Senior food concession	113,000	113,000	91,367	(21,633)
Total revenues	<u>1,038,175</u>	<u>1,038,175</u>	<u>986,560</u>	<u>(51,615)</u>
Expenditures:				
Recreation programs	485,845	485,845	481,637	4,208
Summer camp	210,662	210,662	166,608	44,054
Special needs programs	84,541	84,541	75,429	9,112
Senior trips	96,690	96,690	98,167	(1,477)
Senior programs	57,846	57,846	62,020	(4,174)
Senior food concession	108,247	108,247	89,193	19,054
Total expenditures	<u>1,043,831</u>	<u>1,043,831</u>	<u>973,054</u>	<u>70,777</u>
Revenues over (under) Expenditures	(5,656)	(5,656)	13,506	19,162
Other Financing Sources (Uses):				
Transfers out				-
Net Change in Fund Balance	<u>\$ (5,656)</u>	<u>\$ (5,656)</u>	<u>\$ 13,506</u>	<u>\$ 19,162</u>

Internal Service Funds

Internal Service Funds

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

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

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

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

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 776,231	\$ 7,771,998	\$ 458,126	\$ 9,006,355
Accounts receivable	12,795	167,055		179,850
Total current assets	<u>789,026</u>	<u>7,939,053</u>	<u>458,126</u>	<u>9,186,205</u>
Noncurrent assets:				
Property and equipment	8,671,421			8,671,421
Accumulated depreciation	<u>(6,160,165)</u>			<u>(6,160,165)</u>
Property and equipment, net	<u>2,511,256</u>	<u>-</u>	<u>-</u>	<u>2,511,256</u>
Total assets	<u>3,300,282</u>	<u>7,939,053</u>	<u>458,126</u>	<u>11,697,461</u>
Liabilities:				
Current liabilities:				
Accounts payable	94,183	54,446	1,205	149,834
Claims incurred but not reported		<u>1,020,000</u>	<u>130,682</u>	<u>1,150,682</u>
Total current liabilities	<u>94,183</u>	<u>1,074,446</u>	<u>131,887</u>	<u>1,300,516</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			<u>2,468,045</u>	<u>2,468,045</u>
Total liabilities	<u>94,183</u>	<u>1,074,446</u>	<u>2,599,932</u>	<u>3,768,561</u>
Net Position:				
Invested in capital assets	2,511,256			2,511,256
Unrestricted	<u>694,843</u>	<u>6,864,607</u>	<u>(2,141,806)</u>	<u>5,417,644</u>
Total Net Position	<u>\$ 3,206,099</u>	<u>\$ 6,864,607</u>	<u>\$ (2,141,806)</u>	<u>\$ 7,928,900</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,082,847	\$ 14,507,247	\$ 854,556	\$ 16,444,650
Other revenue	37,026		20,255	57,281
Total operating revenue	<u>1,119,873</u>	<u>14,507,247</u>	<u>874,811</u>	<u>16,501,931</u>
Operating Expenses:				
Operating expenses	716,571			716,571
Claims - operating		13,643,330		13,643,330
Claims - workers' compensation			960,233	960,233
Claims - heart and hypertension			100,772	100,772
Depreciation	599,285			599,285
Administrative		1,298,496	50,101	1,348,597
Total operating expenses	<u>1,315,856</u>	<u>14,941,826</u>	<u>1,111,106</u>	<u>17,368,788</u>
Operating Income (Loss)	<u>(195,983)</u>	<u>(434,579)</u>	<u>(236,295)</u>	<u>(866,857)</u>
Nonoperating Revenue (Expenses):				
Interest on investments	1,981	17,552	1,813	21,346
Gain on disposal of capital assets	(5,972)			(5,972)
Transfer in	65,000			65,000
Total nonoperating revenue	<u>61,009</u>	<u>17,552</u>	<u>1,813</u>	<u>80,374</u>
Change in Net Position	(134,974)	(417,027)	(234,482)	(786,483)
Net Position - Beginning of Year	<u>3,341,073</u>	<u>7,281,634</u>	<u>(1,907,324)</u>	<u>8,715,383</u>
Net Position - End of Year	<u>\$ 3,206,099</u>	<u>\$ 6,864,607</u>	<u>\$ (2,141,806)</u>	<u>\$ 7,928,900</u>

**TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 1,107,354	\$ 14,500,870	\$ 874,811	\$ 16,483,035
Cash paid to vendors	(762,927)			(762,927)
Cash paid to beneficiaries		(14,757,477)	(1,308,722)	(16,066,199)
Net cash provided by (used in) operating activities	<u>344,427</u>	<u>(256,607)</u>	<u>(433,911)</u>	<u>(346,091)</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(676,730)			(676,730)
Cash Flows from Noncapital Financing Activities:				
Transfers in	65,000			65,000
Cash Flows from Investing Activities:				
Interest on investments	<u>1,981</u>	<u>17,552</u>	<u>1,813</u>	<u>21,346</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(265,322)	(239,055)	(432,098)	(936,475)
Cash and Cash Equivalents - Beginning of Year	<u>1,041,553</u>	<u>8,011,053</u>	<u>890,224</u>	<u>9,942,830</u>
Cash and Cash Equivalents - End of Year	<u>\$ 776,231</u>	<u>\$ 7,771,998</u>	<u>\$ 458,126</u>	<u>\$ 9,006,355</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (195,983)	\$ (434,579)	\$ (236,295)	\$ (866,857)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	599,285			599,285
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(12,519)	(6,377)		(18,896)
(Decrease) increase in accounts payable	(46,356)			(46,356)
(Decrease) increase in claims payable		184,349	(197,616)	(13,267)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 344,427</u>	<u>\$ (256,607)</u>	<u>\$ (433,911)</u>	<u>\$ (346,091)</u>

Fiduciary Funds

Fiduciary Funds

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

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

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

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

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

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION - PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2016

	<u>Private Purpose Trust Funds</u>				
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ <u>2,279</u>	\$ <u>5,627</u>	\$ <u>24,370</u>	\$ <u>57,919</u>	\$ <u>90,195</u>
Net Position:					
Held in Trust for Benefits and Other Purposes	\$ <u><u>2,279</u></u>	\$ <u><u>5,627</u></u>	\$ <u><u>24,370</u></u>	\$ <u><u>57,919</u></u>	\$ <u><u>90,195</u></u>

**TOWN OF GROTON, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016**

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Contributions:					
Other revenue	\$	\$	\$ 25,150	\$	\$ 25,150
Total contributions	-	-	25,150	-	25,150
Investment income:					
Interest and dividends		28	114	228	370
Total additions	-	28	25,264	228	25,520
Deductions:					
Benefits		27	29,016	3,484	32,527
Change in Net Position	-	1	(3,752)	(3,256)	(7,007)
Net Position at Beginning of Year	2,279	5,626	28,122	61,175	97,202
Net Position at End of Year	\$ 2,279	\$ 5,627	\$ 24,370	\$ 57,919	\$ 90,195

**TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
Performance Bonds				
Assets:				
Cash	\$ 1,243,149	\$ 53,250	\$ 803,248	\$ 493,151
Liabilities:				
Due to contractors/developers	\$ 1,243,149	\$ 53,250	\$ 803,248	\$ 493,151
Student Activities				
Assets:				
Cash	\$ 192,158	\$ 385,475	\$ 359,823	\$ 217,810
Liabilities:				
Due to student groups	\$ 192,158	\$ 385,475	\$ 359,823	\$ 217,810
Fire District Tax Collections				
Assets:				
Cash	\$ 28,738	\$ 16,061,576	\$ 16,061,943	\$ 28,371
Liabilities:				
Due to fire districts	\$ 28,738	\$ 16,061,576	\$ 16,061,943	\$ 28,371
Total				
Assets:				
Cash	\$ 1,464,045	\$ 16,500,301	\$ 17,225,014	\$ 739,332
Liabilities:				
Due to contractors/developers	\$ 1,243,149	\$ 53,250	\$ 803,248	\$ 493,151
Due to student groups	192,158	385,475	359,823	217,810
Due to fire districts	28,738	16,061,576	16,061,943	28,371
Total Liabilities	\$ 1,464,045	\$ 16,500,301	\$ 17,225,014	\$ 739,332

Other Schedules

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

Grand List Year	Uncollected Taxes 7/1/2015	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2016	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2014	\$	\$ 80,429,247	\$ 152,501	\$ 664,920	\$ 383,345	\$ 79,533,483	\$ 78,407,602	\$ 242,173	\$ 222	\$ 78,649,997	\$ 1,125,881
2013	1,160,192		30,836	64,685	77,896	1,048,447	669,509	165,738	45,715	880,962	378,938
2012	352,606		36,822	38,605	37,105	313,718	150,564	73,140	26,221	249,925	163,154
2011	202,291			13,273	29,008	160,010	58,139	49,345	24,633	132,117	101,871
2010	168,079			119	25,205	142,755	37,796	34,852	13,067	85,715	104,959
2009	126,241			82	24,444	101,715	14,554	24,191	6,772	45,517	87,161
2008	119,427		1	27	23,827	95,574	10,419	18,467	8,210	37,096	85,155
2007	79,375				2,847	76,528	7,121	17,949	7,656	32,726	69,407
2006	40,118				678	39,440	5,861	13,443	3,943	23,247	33,579
2005	22,917		1			22,918	5,320	11,488	2,132	18,940	17,598
2004	7,267					7,267	5,077	10,268	516	15,861	2,190
2003	6,785					6,785	5,004	10,697	361	16,062	1,781
2002	6,485					6,485	5,032	12,824	705	18,561	1,453
2001	4,923		1			4,924	3,812	8,046	636	12,494	1,112
2000	830			96		734	58	1,035	224	1,317	676
	<u>\$ 2,297,536</u>	<u>\$ 80,429,247</u>	<u>\$ 220,162</u>	<u>\$ 781,807</u>	<u>\$ 604,355</u>	<u>\$ 81,560,783</u>	<u>\$ 79,385,868</u>	<u>\$ 693,656</u>	<u>\$ 141,013</u>	<u>\$ 80,220,537</u>	<u>\$ 2,174,915</u>

**TOWN OF GROTON, CONNECTICUT
 SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
 MUMFORD COVE DISTRICT
 FOR THE YEAR ENDED JUNE 30, 2016**

Grand List Year	Uncollected Taxes 7/1/2015	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes 6/30/2016	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2014	\$	\$ 21,087	\$	\$ 7	\$ 2	\$ 21,078	\$ 20,968	\$ 8	\$	\$ 20,976	\$ 110
2013	4				1	3	2			2	1
2012	1					1				-	1
	<u>\$ 5</u>	<u>\$ 21,087</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 3</u>	<u>\$ 21,082</u>	<u>\$ 20,970</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 20,978</u>	<u>\$ 112</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, 2016**

Grand List Year	Uncollected Taxes 7/1/2015	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2016
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2014	\$	\$ 614,599	\$ 824	\$ 2,755	\$ 583	\$ 612,085	\$ 605,789	\$ 2,644	\$	\$ 608,433	\$ 6,296
2013	5,863		339	463	442	5,297	3,089	2,044		5,133	2,208
2012	2,036		429	430	181	1,854	662	887	87	1,636	1,192
2011	1,764			162	337	1,265	444	834	158	1,436	821
2010	1,424			1	332	1,091	358	566	107	1,031	733
2009	1,367				385	982	202	350	69	621	780
2008	1,219				370	849	108	230	83	421	741
2007	793				49	744	109	283	95	487	635
2006	592					592	108	218	31	357	484
2005	683					683	166	341	12	519	517
2004	225					225	166	374	14	554	59
2003	214					214	166	359	2	527	48
2002	208					208	166	385		551	42
2001	41					41				-	41
2000	33					33				-	33
	<u>\$ 16,462</u>	<u>\$ 614,599</u>	<u>\$ 1,592</u>	<u>\$ 3,811</u>	<u>\$ 2,679</u>	<u>\$ 626,163</u>	<u>\$ 611,533</u>	<u>\$ 9,515</u>	<u>\$ 658</u>	<u>\$ 621,706</u>	<u>\$ 14,630</u>

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2016**

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Interest Paid
General Purpose Bond Issue of 2014 (Rd Maint & Thames St)	2.0-4.0	4-16-2014	4-1-2034	\$ 8,945,000	\$ 8,315,000	\$	\$ 635,000	\$ 7,680,000	\$ 235,894
General Purpose Bond Issue of 2014 (Sr Center)	2.0-2.25	4-16-2014	4-1-2019	375,000	300,000		75,000	225,000	6,375
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2024	5,675,000	3,855,000		789,000	3,066,000	130,810
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	6,752,000		455,000	6,297,000	237,025
Sewer Refunding Issue of 2012	2.0-3.75	12-13-2011	10-15-2028	2,710,000	2,500,000		205,000	2,295,000	64,350
Sewer Refunding Issue of 2013	2.75-3.0	3-12-2013	10-1-2027	2,020,000	2,020,000		165,000	1,855,000	56,263
School Bond Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	10,630,000	9,560,000		971,000	8,589,000	347,203
School Bond Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	12,308,000	12,308,000		775,000	11,533,000	449,075
Total Bonded Debt					\$ 45,610,000	\$ -	\$ 4,070,000	\$ 41,540,000	\$ 1,526,995

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2015	Current Year	Balance June 30, 2016		
LOCIP Projects:						
Probate Office Modifications	\$ 25,000	\$ 18,375	\$	\$ 18,375	\$	6,625
Noank Dock	93,000			-		93,000
GC Improvement Plan	50,000		46,236	46,236	3,500	264
Mystic Streetscape Phase III	15,000			-		15,000
Police Station	279,000		2,620	2,620	9,460	266,920
Golf Course Chemical Storage Building	35,000	29,500		29,500		5,500
Town Hall Annex Boiler Replacement	65,000	4,818	59,536	64,354		646
New Sidewalk, Rt 1 Mystic	80,000			-		80,000
Intersection Claude Chester/Vergennes/Rt 1	118,000			-		118,000
Golf Course Clubhouse Renovations	240,000	239,424		239,424	576	
Thomas Road Bikeway	138,000	18,897		18,897	995	118,108
Town Hall Annex Roof & Ex	65,000	16,381		16,381		48,619
GC Clubhouse - Roof/Trim	242,000	181,063	12,282	193,345		48,655
Sidewalk High Meadow/Ice House	60,000	52,610	2,769	55,379		4,621
Sidewalk/Curb Pearl St Noank	55,000			-		55,000
Police Station Improvements	168,000	7,218	92,922	100,140	51,100	16,760
Park Improv ADA Compliance	60,000	3,995		3,995		56,005
GC Site Improvements	50,000	48,677		48,677		1,323
FYE 2012 Capital Improvement Projects:						
Thames St Retaining Wall	241,540	125,924		125,924		115,616
Crystal Lake/Military Hwy Intersection	34,000	34,000		34,000		
Swr Line Insfrs Replace - WPCF	685,000	557,400	123,950	681,350		3,650
Bridge Reconstruction	140,000	130,705	9,295	140,000		
Town Fire/EMS Radio System	165,000	56,813	88,144	144,957		20,043
Jabez Smith House	30,000	25,585		25,585		4,415
All Schools - Security	200,000	190,085	281	190,366		9,634
Middle School Modifications	1,185,800	1,177,068		1,177,068		8,732
FYE 2013 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	20,300	19,094		19,094	1,206	
Drainage Improv New Install	85,000	34,563		34,563		50,437
Sidewalk-Thomas Rd. Bikeway	176,000	29,225	37,031	66,256	11,864	97,880
Jabez Smith House	13,000	162		162	838	12,000
WPCF-Treatment Facility	220,000	203,163	7,589	210,752	9	9,239
WPCF-Pump Stations	360,000	294,945	4,400	299,345		60,655
City-Pavement Management	400,000	370,286		370,286		29,714
GLP-Pavement Management	131,230	128,363		128,363		2,867
BOE-Fitch Sr High School	835,000	572,480		572,480		262,520
BOE-Charles Barnum	108,000	102		102		107,898
BOE-Mary Morrison	90,000	102		102		89,898
School Design Phase II	75,000	66,314		66,314	8,686	
Mystic Education Center	25,000		8,500	8,500		16,500
Town Hall Annex Complex	79,000	19,492	42,587	62,079		16,921
Rec Facilities Improvement	75,000	60,256		60,256		14,744
CAD/RMS MDT Implementation	40,000	17,895	12,921	30,816		9,184
FYE 2014 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	96,000	79,093	10,067	89,160	6,840	-
Drainage Improvement New Installation	23,000	5,691		5,691		17,309
Fishtown Rd. Improvements	45,000	44,082	736	44,818		182
Groton Public Library	45,000	4,000		4,000		41,000
Traffic Signal Replacement/Upgrade	25,000	19,500		19,500	5,500	-
Info Tech Acq-Network	105,000	61,845		61,845		43,155
Tech-Replace Radio Console System	640,000	585,000	1,260	586,260		53,740
Info Tech Acq-Software Systems	75,000	73,245	1,486	74,731	269	-
Info Tech-Phone System	45,000	7,261	2,200	9,461		35,539
Jabez Smith House	12,000	1,502		1,502		10,498
Park Improvement Plan	15,000			-	4,675	10,325
WPCF-Treatment Facility	800,000	583,634	7,963	591,597		208,403
School Facilities Initiation	125,000	111,325	13,675	125,000		-
BOE-Energy Efficiency Measures	83,000	69,547		69,547		13,453
Noank Town Dock Area Improvements	20,000	6,343	3,700	10,043	4,300	5,657
TOG- Energy Efficiency Measures	30,000			-		30,000
Rec Facilities Improvement	50,000	32,250	5,250	37,500	11,500	1,000

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016**

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2015	Current Year	Balance June 30, 2016		
FYE 2015 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	\$ 399,000	\$ 4,296	\$	\$ 4,296	\$	\$ 394,704
Drainage Improvement New Installation	25,000			-		25,000
Sewer Line Infrastructure Repairs-WPCF	285,000		4,085	4,085		280,915
Groton Public Library	39,000	30,700		30,700		8,300
Bridge Reconstruction	75,000		75,000	75,000		-
Thomas Road Sidewalk/Bikeway	191,000			-		191,000
Jabez Smith House	10,000			-		10,000
Trail Improvement Plan	50,000			-		50,000
WPCF-Treatment Facility	25,000	12,000	3,000	15,000	10,000	-
All Schools - Security	200,000	38,032	5,724	43,756		156,244
BOE-Asbestos Tile Removal	445,000	1,201	199,207	200,408		244,592
BOE-Energy Efficiency Measures	65,000	23,488	36,124	59,612		5,388
Vehicle Wash Facility	25,000			-	25,000	-
Spicer Park Dock	61,000	48,640	10,451	59,091		1,909
Vacant School Properties	605,000	537,118	38,751	575,869	750	28,381
Spicer House P&R Office	45,000	30		30		44,970
Town Hall Complex	55,000	44,640	9,360	54,000	1,000	-
Town Hall Annex Complex-Barn Renovation	25,000	24,175		24,175		825
FYE 2016 Capital Improvement Projects:						
Payments/Contributions			600,070	600,070		(600,070)
School Design	75,000		68,509	68,509	6,491	-
LED Streetlights	28,000			-		28,000
Route 117 Sewers-GF/WPCF	70,000			-		70,000
Upgrade Radio Sys-Police	100,000			-	91,719	8,281
Replace UPS-Emer Comm Ctr	110,000		7,420	7,420	4,000	98,580
WPCF-Treatment Facility	1,106,000		80,177	80,177	577,339	448,484
Groton Public Library	445,000		22,510	22,510	7,490	415,000
WPCF-Pump Stations	213,000		7,627	7,627	154,373	51,000
Town Hall Complex	475,000		10,350	10,350	4,092	460,558
Info Tech Acq SW Systems	380,400		72,524	72,524	53,275	254,601
Park Improv-ADA Compliance	60,000			-		60,000
Esker Point Concession	27,000		13,020	13,020	9,697	4,283
South Road Sewers-GF/WPCF	30,000			-		30,000
Economic Assistance Fund	100,000		100,000	100,000		-
Vacant School Properties	160,000			-		160,000
Open Space Acquisition/Dev	15,000		15,000	15,000		-
Traffic Signal Rep/Upgrade	213,000		2,000	2,000	177,521	33,479
BOE-Asbestos Tile Removal	845,000		95,087	95,087		749,913
Other Projects:						
Mystic Streetscapes Improvements	1,226,000	637,901		637,901		588,099
Mystic Streetscapes Utility Reloc	118,276	138,030		138,030		(19,754)
Mystic Streetscapes Demand Deposit	1,224,174	231,402		231,402		992,772
Mystic Streetscapes Construction (TCSP)	849,311	912,144		912,144		(62,833)
Mystic Streetscapes Construction (ARRA)	3,561,200	3,430,138		3,430,138		131,062
Mystic Streetscapes Phase 2	22,523	85,257		85,257		(62,734)
Total before retainage payable	23,564,754	12,618,490	2,073,396	14,691,886	1,244,065	7,628,803
Total	\$ 23,564,754	\$ 12,618,490	\$ 2,073,396	\$ 14,691,886	\$ 1,244,065	\$ 7,628,803

Statistical Section

Statistical Section

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

Statistical section information is presented in the following categories:

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

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

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

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net investment in capital assets	\$ 92,285,747	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570	\$ 155,538,608	\$ 161,736,383	\$ 154,930,034	\$ 159,430,245	\$ 162,347,720
Restricted	329,493	329,493	329,493	329,493	325,935	247,543	336,163	338,581	347,495	340,967
Unrestricted	<u>52,232,356</u>	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>	<u>40,302,575</u>	<u>38,257,761</u>	<u>35,517,240</u>	<u>45,424,903</u>	<u>23,007,408</u>	<u>17,012,268</u>
Total Governmental Activities										
Net Position	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>	<u>\$ 192,168,080</u>	<u>\$ 194,043,912</u>	<u>\$ 197,589,786</u>	<u>\$ 200,693,518</u>	<u>\$ 182,785,148</u>	<u>\$ 179,700,955</u>

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government/services	\$ 6,955,299	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840	\$ 9,060,730	\$ 8,529,609	\$ 8,691,422	\$ 8,337,626	\$ 10,821,540
Public safety	10,019,373	10,434,585	11,309,083	11,561,486	11,270,325	12,370,594	12,295,551	12,501,644	12,789,334	12,712,112
Public works	9,627,837	11,459,914	13,803,509	13,719,457	11,857,453	17,351,740	13,628,816	13,377,760	12,342,955	11,171,462
Planning and development	1,369,035	1,535,356	1,676,990	1,782,280	1,576,259	1,640,918	1,830,563	1,716,137	1,570,770	1,844,956
Human services	2,310,585	2,377,926	2,329,037	2,602,544	2,861,366	2,743,285	2,715,295	2,759,569	3,180,545	4,489,168
Community services	6,644,300	6,927,015	7,237,528	7,202,408	7,031,916	6,797,684	7,107,094	7,563,406	7,450,944	7,846,378
Board of Education	76,799,870	100,501,071	84,256,384	86,698,278	84,644,995	87,768,560	89,023,978	90,079,021	89,228,450	90,277,870
Sewer operations	3,977,467	4,113,078	4,426,909	4,458,483	4,550,117	4,925,362	5,863,816	5,780,402	5,653,724	5,838,562
Solid waste management	2,642,280	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559
Interest on long-term debt	1,111,142	1,706,630	2,388,266	1,821,202	2,226,005	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896
Total governmental activities expenses	121,457,188	149,759,663	136,779,723	140,217,289	136,607,803	147,585,504	144,504,875	146,685,527	144,391,508	148,228,503
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,718,340	1,887,556	1,106,270	1,071,530	1,053,881	1,003,874	1,158,126	1,351,390	1,512,226	1,299,150
Public safety	190,702	199,673	82,126	141,692	316,817	653,758	398,165	346,820	231,852	152,122
Public works	252,087	268,966	243,104	571,102	584,879	672,005	745,253	807,774	654,007	595,574
Planning and development	381,547	312,445	224,149	197,516	205,591	166,196	159,644	301,056	334,146	421,811
Health and human services	136,124	98,099	6,263	189,290	252,668	141,195	135,357	136,358	278,018	78,964
Community services	1,730,036	1,874,307	1,829,784	1,952,166	1,988,062	2,094,870	2,010,172	2,185,314	2,332,015	2,405,872
Education	1,105,975	1,228,048	1,207,114	1,052,259	1,013,632	1,060,826	1,042,262	1,066,571	959,511	1,027,754
Sewer system maintenance	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143
Solid waste management	2,877,959	2,930,894	2,839,702	2,729,052	2,799,026	2,489,314	2,411,917	2,351,710	2,201,040	1,791,595
Operating grants and contributions	39,341,065	61,978,581	44,123,462	42,740,303	43,753,008	45,276,670	43,653,893	47,200,162	45,952,894	46,302,479
Capital grants and contributions	25,209,627	24,753,713	5,624,084	2,758,010	3,762,656	6,163,449	3,667,168	1,807,869	783,148	702,498
Total governmental activities program revenues	77,602,948	100,734,578	62,626,018	58,892,897	61,120,850	64,762,745	60,673,209	63,313,295	61,035,444	60,783,962
Net Expenses	(43,854,240)	(49,025,085)	(74,153,705)	(81,324,392)	(75,486,953)	(82,822,759)	(83,831,666)	(83,372,232)	(83,356,064)	(87,444,541)
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	67,663,380	69,586,226	72,729,198	75,989,758	79,309,946	79,097,987	81,627,072	82,290,623	79,210,399	80,725,773
Payments in lieu of taxes	5,128,088	4,976,112	4,391,044	3,291,461	1,946,018	1,622,860	1,479,465	1,454,422	1,350,490	986,196
Grants and contributions not restricted to specific programs	3,263,385	3,342,172	3,357,808	2,252,493	2,595,727	3,848,708	4,144,285	129,179	2,873,504	2,499,693
Unrestricted investment earnings	3,771,081	3,025,296	897,313	280,825	242,222	129,036	126,718		143,093	148,535
Contributions received										
Donated assets	1,900									
Miscellaneous revenue									26,314	151
Total governmental activities	79,827,834	80,929,806	81,375,363	81,814,537	84,093,913	84,698,591	87,377,540	86,475,964	83,603,800	84,360,348
Change in Net Position	\$ 35,973,594	\$ 31,904,721	\$ 7,221,658	\$ 490,145	\$ 8,606,960	\$ 1,875,832	\$ 3,545,874	\$ 3,103,732	\$ 247,736	\$ (3,084,193)

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed								2,700,000	2,700,000	666,693
Assigned					3,029,419	3,325,543	3,003,114	4,346,530	4,556,108	2,026,112
Unassigned					10,160,823	9,421,348	11,617,470	11,442,314	9,510,492	10,097,227
Reserved	1,846,901	2,655,295	3,289,619	2,139,367						
Designated for subsequent year budget	3,943,110	2,665,505	2,013,725	932,201						
Unreserved/undesignated	9,036,656	10,412,092	10,489,614	8,829,424						
Total General Fund	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>	<u>\$ 12,746,891</u>	<u>\$ 14,620,584</u>	<u>\$ 18,488,844</u>	<u>\$ 16,766,600</u>	<u>\$ 12,790,032</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted					8,111,208	7,636,668	7,909,457	14,297,309	10,770,323	10,246,352
Committed					10,615,517	8,799,862	6,266,751	6,213,171	5,424,407	5,568,197
Unassigned					(1,608,609)	(250,479)	(250,281)			
Reserved	34,362,546	12,579,522	10,698,121	2,926,867						
Unreserved, reported in:										
Special revenue funds	4,281,537	3,184,251	6,197,942	8,276,135						
Capital projects funds	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029						
Debt service funds	2,787,781	2,966,039	3,093,238	3,261,289						
Permanent fund	65,196	61,576	41,970	53,797						
Total All Other Governmental Funds	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>	<u>\$ 16,447,617</u>	<u>\$ 14,194,205</u>	<u>\$ 20,767,023</u>	<u>\$ 16,443,533</u>	<u>\$ 16,067,302</u>

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

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes, interest and lien fees	\$ 67,575,942	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549	\$ 78,391,217	\$ 82,339,630	\$ 82,526,804	\$ 79,238,570	\$ 80,676,749
Assessments	61,887	12,420	20,255	12,627	16,462	28,252	4,375	7,999	59,972	13,393
Licenses and permits	378,273	308,948	229,903	203,543	219,643	172,551	175,081	317,422	342,131	434,229
Intergovernmental - state	66,093,137	87,984,022	48,749,945	39,191,914	39,474,358	47,119,568	46,511,395	46,617,234	43,814,938	44,422,970
Intergovernmental - federal	6,169,237	6,470,582	8,133,140	9,103,956	208,221	117,160	107,531	115,560	126,196	127,189
Interest on investments	3,276,658	2,540,983	768,421	246,096	9,697,162	7,288,202	5,804,355	5,905,398	6,373,371	5,136,168
Charges for current services	4,316,112	4,641,836	3,641,867	3,988,455	4,194,482	4,749,468	4,554,660	4,743,472	4,922,677	4,647,691
Schools, library and recreation fees	341,499	461,072	455,396	433,701	383,922	328,918	338,553	313,187	260,937	293,474
Sewer use charges	4,659,486	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143
Solid waste management charges	2,877,959	2,930,894	2,839,702	2,669,731	2,658,222	2,489,102	2,411,917	2,287,817	2,201,040	1,507,441
Other revenue	1,388,699	1,292,668	1,211,107	1,195,308	1,573,575	1,465,363	1,118,262	1,331,789	1,311,473	1,871,966
Total revenues	<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>	<u>147,190,389</u>	<u>148,657,011</u>	<u>149,924,953</u>	<u>144,447,892</u>	<u>145,137,413</u>
Expenditures:										
Current:										
General government	1,504,677	2,975,801	1,299,574	1,286,088	1,436,011	1,581,682	1,266,793	1,068,673	1,384,263	1,629,681
General services	4,263,014	4,408,325	4,589,704	4,624,308	4,397,592	4,319,947	4,315,863	4,482,277	4,475,963	4,307,726
Public safety	6,323,410	6,393,154	6,563,875	6,607,236	6,619,886	7,143,513	6,882,693	6,847,447	6,826,320	6,798,575
Public works	6,579,008	7,382,546	7,763,799	7,440,674	6,859,332	6,146,907	6,293,359	6,411,003	6,466,672	6,201,908
Planning and development	1,037,790	1,185,564	1,209,680	1,259,708	1,107,830	1,103,737	1,201,607	1,105,233	1,021,024	1,238,980
Health and human services	828,779	814,920	726,667	880,991	993,098	841,222	748,171	834,766	1,186,125	1,431,937
Community services	5,741,133	6,048,468	6,098,640	5,963,974	5,983,961	5,501,721	5,506,737	5,890,493	5,910,146	5,699,342
Education	76,797,640	99,693,643	80,526,482	84,009,416	83,941,123	85,613,686	85,311,379	86,821,236	86,519,344	89,075,467
Subdivisions	4,719,027	4,838,436	5,092,447	4,964,012	4,740,354	4,883,336	5,228,234	5,212,930	5,045,084	4,192,898
Sewer operations	3,514,978	3,550,353	3,771,722	3,949,168	3,961,145	4,274,215	4,354,333	4,343,233	4,290,302	4,406,312
Solid waste management	2,626,356	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559
Nondepartmental (1)	4,931,331	5,166,273	5,954,633	6,518,577	7,999,321	8,589,044	8,743,450	8,850,191	9,283,830	9,136,274
Outside agencies (2)	1,662,697	1,771,930	1,782,982	2,202,051	2,317,827	2,391,992	2,351,809	2,331,064	2,368,305	2,373,697
Debt service interest	966,583	1,568,804	4,130,000	4,010,000	4,769,581	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896
Debt service principal	2,950,000	3,230,000	1,990,252	2,145,073	2,267,103	5,192,925	4,642,857	3,623,883	4,785,687	4,763,414
Capital outlay	49,989,332	52,446,072	17,636,449	13,550,410	3,039,247	6,336,975	8,896,614	7,081,129	7,158,401	4,942,546
Total expenditures	<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>	<u>148,847,533</u>	<u>149,254,052</u>	<u>149,119,724</u>	<u>150,558,626</u>	<u>149,425,212</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(17,296,866)</u>	<u>(22,422,962)</u>	<u>(7,557,763)</u>	<u>(13,671,614)</u>	<u>(120,712)</u>	<u>(1,657,144)</u>	<u>(597,041)</u>	<u>805,229</u>	<u>(6,110,734)</u>	<u>(4,287,799)</u>
Other Financing Sources (Uses):										
Proceeds of bonds	16,570,000	18,500,000	7,550,000	9,675,000				9,320,000		
Issuance of capital lease				43,613				134,394		
Proceeds of loans			12,864,411							
Proceeds of refunding bonds						19,015,000	21,080,000			
Payment to refunding escrow						(20,107,027)	(23,199,400)			
Premiums on bond issuance						1,301,282	2,336,722	181,455		
Operating transfers in	5,622,237	3,894,290	3,378,880	4,683,422	4,784,137	4,094,412	5,350,360	3,777,844	4,737,718	4,421,441
Operating transfers out	(6,247,901)	(3,894,290)	(3,378,880)	(4,683,422)	(4,784,137)	(4,094,412)	(5,350,360)	(3,777,844)	(4,672,718)	(4,486,441)
Total other financing sources (uses)	<u>15,944,336</u>	<u>18,500,000</u>	<u>20,414,411</u>	<u>9,718,613</u>	<u>-</u>	<u>209,255</u>	<u>217,322</u>	<u>9,635,849</u>	<u>65,000</u>	<u>(65,000)</u>
Net Change in Fund Balances	(1,352,530)	(3,922,962)	12,856,648	(3,953,001)	(120,712)	(1,447,889)	(379,719)	10,441,078	(6,045,734)	(4,352,799)
Fund Balance at Beginning of Year	<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>	<u>29,194,508</u>	<u>28,814,789</u>	<u>39,255,867</u>	<u>33,210,133</u>
Fund Balance at End of Year	<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>	<u>\$ 29,194,508</u>	<u>\$ 28,814,789</u>	<u>\$ 39,255,867</u>	<u>\$ 33,210,133</u>	<u>\$ 28,857,334</u>
Debt Service as a Percentage to Noncapital Expenditures	3.15%	3.20%	4.58%	4.47%	5.08%	5.33%	4.26%	4.01%	4.58%	4.46%

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

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

TOWN OF GROTON, CONNECTICUT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
2007	\$ 1,392,856	\$ 865,827	\$ 200,815	\$ 515,071	\$ 593,531	\$ 254,868	\$ 2,719,702	\$ 24.05	\$ 6,111,010	44.5 %
2008**	1,713,224	1,009,245	190,854	536,897	789,245	255,073	3,195,147	21.21	5,789,799	55.2
2009	2,059,143	1,110,085	191,697	560,878	847,697	229,543	3,692,260	19.27	6,114,730	60.4
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,250,151	78.2
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,759,272	71.3
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,148,252	79.8
2013 **	2,255,322	1,183,933	222,949	512,177	982,988	236,104	3,938,277	20.22	5,626,110	70.0
2014	2,256,738	1,182,093	216,669	419,881	982,879	218,018	3,857,363	20.72	5,408,627	71.3
2015	2,260,934	1,174,250	221,200	446,431	990,958	205,212	3,897,603	20.13	5,387,879	72.3
2016	2,264,812	1,094,956	223,311	443,907	996,132	218,335	3,808,651	20.95	5,251,990	72.5

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

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

Except in years of a revaluation, the estimated actual amount is calculated using the sales ratios developed by the State of Connecticut, Office of Policy and Management. FYE 2008 reflects the 2006 revaluation, the increases of which were phased-in over a three-year period.

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

Taxpayer	Nature of Business	2016			2007		
		Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
Pfizer, Inc.	Pharmaceutical	\$ 403,989	1	10.6%	\$ 505,371	1	18.6%
Electric Boat Corp.	Submarine Mfg./R&D	260,705	2	6.8%	178,844	2	6.6%
Ledges Groton #199Y LP	Ledges Apartments	21,223	3	0.6%	12,309	5	0.5%
Groton Devel Assoc Ltd	Country Glen Apartments	19,287	5	0.5%	10,701	6	0.4%
Exit 88 Hotel LLC	Mystic Marriott Hotel	18,754	4	0.5%	22,883	3	0.8%
ELK La Triumphe LLC	LaTriumphe Apartments	14,524	6	0.4%	9,487	7	0.3%
CW Groton Square LLC	Groton Square Shopping Center	14,518	7	0.4%	12,538	4	0.5%
3GJD LLC	Shopping Center	12,387	8	0.3%			
Groton Estates LLC	Colonial Manor Apartments	11,957	9	0.3%	8,512	8	0.3%
Branford Manor Assoc	Branford Manor Apartments	10,932	10	0.3%	7,420	10	0.3%
CSC Outsourcing	Leased Equipment at Electric Boat				7,531	9	0.3%
		<u>\$ 788,276</u>		<u>20.7%</u>	<u>\$ 775,596</u>		<u>28.5%</u>

TABLE 7

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

Fiscal Year	Taxes Levied for the Fiscal Year *	Subsequent Adjustments	Adjusted Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount *	Percentage of Levy
2007	\$ 65,828	\$	\$ 65,828	\$ 64,595	98.13 %	\$ 948	\$ 65,543	99.57 %
2008	68,586		68,586	67,315	98.15	1,124	68,439	99.79
2009	71,554	459	72,013	70,215	98.13	1,798	72,013	100.00
2010	73,703	1,381	75,084	72,295	98.09	2,789	75,084	100.00
2011	76,226	91	76,317	74,842	98.18	1,475	76,317	100.00
2012	77,465	458	77,923	75,868	97.94	2,055	77,923	100.00
2013	80,232		80,232	78,991	98.45	930	79,921	99.61
2014	80,265		80,265	79,198	98.67	834	80,032	99.71
2015	78,060		78,060	76,900	98.51	669	77,569	99.37
2016	79,533		79,533	78,407	98.58	n/a	78,407	98.58

Source: Town Assessor's office and Finance office

* The "Taxes Levied for the Fiscal Year" figure is based on the adjusted October 1 Grand List for each of the fiscal years listed.

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

Town Direct Rate			Overlapping Rates											
Fiscal Year	Basic Rate	Groton Sewer District	City of Groton Total Direct Rate		Poqunnock Bridge Fire District Direct Rate		Mystic Fire District Total Direct Rate		Noank Fire District Total Direct Rate		Old Mystic Fire District Total Direct Rate		Groton Long Point Association Total Direct Rate	
			City of Groton	Direct Rate	Poqunnock Bridge Fire District	Poqunnock Bridge Fire District Total Direct Rate	Mystic Fire District	Mystic Fire District Total Direct Rate	Noank Fire District	Noank Fire District Total Direct Rate	Old Mystic Fire District	Old Mystic Fire District Total Direct Rate	Groton Long Point Association	Groton Long Point Association Total Direct Rate
2007	24.05	0.750	4.905	28.955	6.100	30.900	2.820	27.620	1.000	25.800	2.850	27.650	3.830	28.630
2008	21.21	0.390	4.400	25.610	5.400	27.000	2.390	23.990	1.350	22.950	2.800	24.400	3.410	25.010
2009	19.27	0.330	4.300	23.570	5.200	24.800	2.150	21.750	1.320	20.920	2.370	21.970	3.000	22.600
2010	17.95	0.280	4.135	22.085	4.800	23.030	1.960	20.190	1.140	19.370	2.200	20.430	2.580	20.810
2011	18.42	0.290	4.135	22.555	4.800	23.510	2.030	20.740	1.140	19.850	2.200	20.910	2.910	21.620
2012	18.89	0.250	4.135	23.025	5.500	24.640	1.940	21.080	1.140	20.280	2.200	21.340	2.780	21.920
2013	20.22	0.250	4.595	24.815	5.900	26.370	2.050	22.520	1.190	21.660	2.400	22.870	2.835	23.305
2014	20.72	0.250	4.595	25.315	5.200	26.170	2.160	23.130	1.390	22.360	2.800	23.770	2.928	23.898
2015	20.13	0.250	4.822	24.952	5.900	26.280	2.310	22.690	1.390	21.770	2.800	23.180	2.795	23.175
2016	20.95	0.250	5.868	26.818	6.050	27.250	2.290	23.490	1.390	22.590	2.900	24.100	2.995	24.195

Fiscal Year	Basic Rate	Groton Sewer District	Center Groton Fire District Total Direct Rate		West Pleasant Valley Fire District Direct Rate		Mumford Cove District Total Direct Rate		First Taxing District Total Direct Rate		Second Taxing District Total Direct Tax	
			Center Groton Fire District	Direct Rate	West Pleasant Valley Fire District	West Pleasant Valley Fire District Total Direct Rate	Mumford Cove District	Mumford Cove District Total Direct Rate	First Taxing District	First Taxing District Total Direct Rate	Second Taxing District	Second Taxing District Total Direct Tax
2007	24.05	0.750	4.500	29.300	3.400	28.200	0.248	25.048	N/A	N/A	N/A	N/A
2008	21.21	0.390	3.500	25.100	3.000	24.600	0.197	21.797	N/A	N/A	N/A	N/A
2009	19.27	0.330	3.000	22.600	2.690	22.290	0.162	19.762	N/A	N/A	N/A	N/A
2010	17.95	0.280	3.000	21.230	3.100	21.330	0.279	18.509	N/A	N/A	N/A	N/A
2011	18.42	0.290	3.000	21.710	2.700	21.410	0.279	18.989	N/A	N/A	N/A	N/A
2012	18.89	0.250	3.000	22.140	2.750	21.890	0.279	19.419	N/A	N/A	N/A	N/A
2013	20.22	0.250	3.500	23.970	2.820	23.290	0.305	20.775	N/A	N/A	N/A	N/A
2014	20.72	0.250	3.500	24.470	2.800	23.770	0.305	21.275	N/A	N/A	N/A	N/A
2015	20.13	0.250	3.500	23.880	3.400	23.780	0.305	20.685	N/A	N/A	N/A	N/A
2016	20.95	0.250	3.500	24.700	3.760	24.960	0.309	21.509	N/A	N/A	N/A	N/A

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

**TOWN OF GROTON, CONNECTICUT
RATIO OF NET GENERAL BONDED DEBT TO
ASSESSED VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	General Bonded Debt			Total Primary Government	Debt as a Percentage of Actual Taxable Value of Property (1)	Debt as a Percentage of Personal Income (2)	Debt Per Capita
	General Obligation Bonds	Other Bonds	Capital Leases				
2007	\$ 28,940,000	\$ 2,105,000	\$	\$ 31,045,000	1.1%	3.57%	786
2008	41,725,000	4,590,000		46,315,000	1.4%	4.97%	1,094
2009	42,555,000	7,180,000		49,735,000	1.3%	5.77%	1,270
2010	48,985,000	6,415,000	45,057	55,445,057	1.3%	6.37%	1,402
2011	45,700,000	5,890,000	25,832	51,615,832	1.3%	4.11%	1,286
2012	42,340,000	5,650,000	11,876	48,001,876	1.2%	3.83%	1,199
2013	38,580,000	5,195,000	4,013	43,779,013	1.1%	3.43%	1,097
2014	44,835,000	4,880,000	126,439	49,841,439	1.3%	4.01%	1,241
2015	41,090,000	4,520,000	101,765	45,711,765	1.2%	3.77%	1,138
2016	37,390,000	4,150,000	75,830	41,615,830	1.1%	3.35%	1,048

(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, 2016**

Tax Base:		
Total tax collections (including interest and lien fees)	\$	80,220,537
Total tax collections (including interest and lien fees) of coterminous municipalities		15,231,957
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>2,000</u>
Total Base	\$	<u>95,454,494</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	\$ 214,772,612	\$	\$	\$	\$
4 1/2 times base		429,545,223			
3 3/4 times base			357,954,353		
3 1/4 times base				310,227,106	
3 times base					286,363,482
Total limitations	<u>214,772,612</u>	<u>429,545,223</u>	<u>357,954,353</u>	<u>310,227,106</u>	<u>286,363,482</u>
Indebtedness:					
Bonds outstanding	17,268,000	20,122,000	4,150,000		
Authorized and unissued	10,600,505				
Underlying debt:					
Bonds and serial notes	5,400,937		385,000		
Authorized and unissued			2,750,000		
Total indebtedness	<u>33,269,442</u>	<u>20,122,000</u>	<u>7,285,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>181,503,170</u>	\$ <u>409,423,223</u>	\$ <u>350,669,353</u>	\$ <u>310,227,106</u>	\$ <u>286,363,482</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 60,676,442

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 668,181,458

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

**TOWN OF GROTON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064	\$ 669,870	\$ 648,611	\$ 668,181
Total net debt applicable to limit	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>	<u>68,618</u>	<u>58,276</u>	<u>56,413</u>	<u>67,524</u>	<u>62,943</u>	<u>60,676</u>
Legal Debt Margin	<u>\$ 436,510</u>	<u>\$ 476,934</u>	<u>\$ 606,818</u>	<u>\$ 658,359</u>	<u>\$ 574,847</u>	<u>\$ 579,203</u>	<u>\$ 612,651</u>	<u>\$ 602,346</u>	<u>\$ 585,668</u>	<u>\$ 607,505</u>
Total net debt applicable to the limit as a percentage of debt limit	20.03%	15.21%	10.99%	11.32%	10.66%	9.14%	8.43%	10.08%	9.70%	9.08%

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 2016 debt limit can be found on Table 10.

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	High School Graduate or Higher	School Enrollment (2)	Unemployment Rate (3)
2007	39,520	\$ 869,519	\$ 22,002	30.5	86.4%	5,310	4.4%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.7%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	8.5%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	8.5%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	8.4%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.2%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	7.7%
2014	40,176	1,243,126	30,942	33.2	92.2%	4,657	6.2%
2015	40,167	1,212,401	30,184	33.2	92.4%	4,565	5.2%
2016	39,692	1,241,169	31,270	32.4	93.6%	4,519	5.3%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

TABLE 13

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

<u>Name</u>	<u>Nature of Business</u>	<u>2016</u>			<u>2007</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	8,800	1	31.9%	10,550	1	34.0%
Electric Boat Corporation	Submarine Mfg/R&D	6,795	2	24.7%	7,590	2	24.5%
Pfizer, Inc.	Pharmaceutical	6,500	3	23.6%	4,965	3	16.0%
Town of Groton	Municipality	1,035	4	3.8%	945	4	3.0%
Theater Aviation	Helicopter repair	627	5	2.3%	392	5	1.3%
Fairview Retirement Community	Senior Living	246	6	0.9%			
PCC Structural (1)	Manufacturer	232	7	0.8%	265	7	0.9%
City of Groton	Municipality	201	8	0.7%	236	8	0.8%
Mystic Marriott	Hotel/Conference Center	200	9	0.7%	279	6	0.9%
Doncasters Precision Castings	Manufacturer	166	10	0.6%	132	10	0.4%
Lawrence & Memorial Facilities	Emergency & Health Care Services				150	9	0.5%
		<u>24,802</u>		<u>90.0%</u>	<u>25,504</u>		<u>82.2%</u>

(1) Formerly known as Wyman Gordon Company

Source: Telephone survey

TABLE 14

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	53.00	54.00	54.00	53.00	51.00	48.00	49.00	49.00	49.00	49.00
Public safety	73.00	75.00	77.00	75.00	74.00	72.00	72.00	72.00	72.00	73.00
Public works	52.25	60.25	58.25	57.25	56.25	52.25	52.25	52.25	52.25	52.25
Planning and development	18.00	17.00	18.00	18.00	17.00	16.00	16.00	16.00	14.00	14.00
Human services	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	44.00	44.00	43.00	43.00	42.50	40.50	40.75	40.50	40.75	40.75
Golf course	7.00	7.00	7.00	7.00	6.50	6.50	6.25	6.50	6.25	6.25
Sewer system maintenance	17.75	17.75	17.75	17.75	18.75	18.75	18.75	18.75	18.75	18.75
Solid waste management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet reserve	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	290.00	290.00	289.00	284.00	279.00	267.00	268.00	534.00	266.00	267.00
Board of Education	655.00	659.00	665.00	667.00	665.00	683.00	683.00	641.00	733.00	758.00
Total	945.00	949.00	954.00	951.00	944.00	950.00	951.00	1,175.00	999.00	1,025.00

Source: Adopted Town Budgets

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

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

	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>General Government</u>										
Marriages and civil unions of residents	507	474	488	515	540	464	495	544	498	507
Births to Groton residents	580	608	565	554	545	419	556	569	528	526
Deaths of Groton residents	394	381	402	408	374	338	418	382	378	401
<u>Boards and Agencies</u>										
Registered voters	17,824	18,025	19,559	22,901	19,524	20,138	19,082	17,600	17,640	18,677
Elections and referenda	2	3	1	1	3	2	1	2	2	2
<u>Planning and Development</u>										
Building permits issued	1,438	1,520	1,359	1,388	1,267	1,355	1,300	1,347	1,403	1,458
Building inspections conducted	5,800	5,400	4,600	4,000	3,500	3,100	3,000	3,300	3,500	3,900
Value of building permits	\$ 84,681,181	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056	\$ 15,235,881	\$ 14,676,632	\$ 26,771,903	\$ 28,906,319	\$ 39,767,943
<u>Public Safety</u>										
Arrests	685	1,058	1,016	1,112	883	755	1,555	1,376	1,135	1,055
Parking violations	175	292	313	198	228	244	263	282	50	27
Traffic violations	4,334	6,331	7,028	5,526	4,598	5,857	7,872	8,295	5,237	4,963
<u>Public Works</u>										
Street resurfacing (in miles)	3.27	3.03	1.20	1.59	2.29	3.25	3.18	3.45	3.24	3.64
Number of snow and ice control callouts	12	14	19	17	18	6	16	21	24	9
Miles of roads maintained (excludes GLP in 2006)	92.78	92.78	92.85	93.40	93.40	95.21	95.21	95.21	95.21	95.84
<u>Parks and Recreation</u>										
Athletic field permits issued	698	625	330	240	137	86	89	106	158	105
Summer season programs	170	161	201	197	197	201	186	161	160	130
Indoor season programs	603	606	640	706	719	537	398	453	461	446
Acres of grounds maintained	1,726	1,726	1,726	1,726	1,726	143	150	150	155	155
<u>Public Libraries</u>										
Volumes in collection	149,416	152,212	140,875	141,527	147,146	144,416	144,199	146,616	150,297	151,781
Items circulated	347,448	343,423	372,993	367,159	381,769	368,587	354,923	354,683	336,680	320,460
<u>Senior Center</u>										
Meals on wheels provided	36,982	23,800	23,800	17,888	16,756	16,270	14,935	12,500	23,399	n/a *
Kitchen meals served	n/a	n/a	n/a	n/a	n/a	n/a	15,689	18,919	20,507	20,791
Senior mini-bus trips	69	60	60	53	27	35	31	49	33	47
<u>Human Services</u>										
Households provided energy assistance	1,600	1,600	1,650	1,660	1,660	1,660	1,670	1,675	1,700	1,750
Households utilizing Groton Food Locker	4,500	4,500	4,500	4,600	4,600	4,600	4,600	4,600	4,650	4,700
Households receiving rent assistance	1,800	1,800	1,850	1,860	1,860	1,875	1,800	1,900	1,950	1,975
<u>Education</u>										
Elementary schools	9	8	7	7	7	7	7	7	7	7
Middle schools	3	3	3	3	3	3	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	132.9	134.0	135.3	135.3	136.5	136.5	136.5	136.5	136.5	136.5

Source(s): Various Town Departments

N/A Information not available

* This is now outsourced

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

	FISCAL YEAR										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>General Government</u>											
<u>Public Safety</u>											
Police stations	1	1	1	1	1	1	1	1	1	1	1
Police vehicles	46	46	46	46	45	45	45	43	43	43	41
<u>Public Works</u>											
Miles of town streets	98.9	99.81	99.81	99.88	100.43	93.4	95.21	95.21	95.21	95.21	95.84
Streetlights	1,330	1,334	1,334	1,325	1,337	1,339	1,339	1,371	1,330	1,330	1,330
Public works vehicles	227	213	213	203	197	197	197	197	198	198	196
<u>Parks and Recreation</u>											
Acreage	780	780	780	1,018	1,019	1,019	1,237	1,266	1270.8	1276.8	1276.8
Parks	33	33	33	33	53	53	53	54	55	57	57
<u>Public Libraries</u>											
Libraries	1	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	1
Senior mini-buses	5	5	5	5	5	5	6	6	6	6	6
<u>Education</u>											
Schools	13	13	12	11	11	11	11	11	11	11	10
<u>Sewer</u>											
Sanitary sewers (miles)	132.86	132.86	134	135.3	135.3	136.3	136.3	136.3	136.3	136.3	136.5
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Source(s): Various Town Departments