

Comprehensive Annual Financial Report

of the

Town of Groton



Fiscal Year Ended June 30, 2015

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**the Fiscal Year Ended
June 30, 2015**

Prepared By:

The Finance Department

TOWN OF GROTON
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JUNE 30, 2015

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Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

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December 14, 2015

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, 2015.

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, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

"Submarine Capital of the World"

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

Profile of the Government:

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut’s Department of Public Health, the Town’s population is approximately 40,167 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.

“Submarine Capital of the World”

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 2015, approximately 266 full-time municipal employees provided services to a community of 38 square miles and 40,167 residents.

Budgetary Process:

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

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

Expenditure Control:

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

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

The Town maintains an encumbrance accounting system as another method of maintaining budgetary control. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500 require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. For FYE 2015, 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.

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Local Economy:

Groton was settled primarily by farmers, but they turned early to shipbuilding and the maritime trade to supplement their livelihood. Groton became known as the Submarine Capital of the World when the Electric Boat Division of General Dynamics delivered 74 diesel submarines to the Navy in World War II. This was followed in 1954 with the launch of the USS Nautilus, the world's first nuclear-powered submarine, now permanently berthed at Goss Cove near the Submarine Base. Today Groton is a regional center for commerce and industry while its shoreline location and its many historical sites have made the region a prime tourist attraction. The three top employers are U. S. Navy Submarine Base, Electric Boat Corporation and Pfizer Inc. As of June 2015 the Town had an unemployment rate of 5.2% as compared to the New London County rate of 5.5%, the state's average rate of 5.4% and the national average of 5.3%. New London County has an employed labor force of approximately 131,502 residents.

Grand List decreases by 2.2%:

The October 1, 2014 net adjusted taxable Grand List decreased 2.2% from the 2013 Grand List, after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,810,987,320. The combined assessments of the top 10 taxpayers dropped significantly from \$888 million to about \$788 million. This decrease can mainly be attributed to a building demolition by Pfizer, Inc. and an increase in their request for Manufacturing and Equipment exemptions. As a result of Pfizer's building demolition real estate decreased to about \$3.335 billion. The net personal property grand list decreased 8%, from about \$283 million to about \$261 million. The motor vehicles portion of the grand list increased slightly by 0.8% from \$195 million to \$197 million. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

Long-term Financial Planning/Relevant Financial Policies:

The unassigned fund balance in the general fund (7.3% of the total general fund expenditures) is below 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. Net of operations for FYE 2015 resulted in a decrease in revenues from the total amount anticipated when the mill rate was established for FYE 2016. The decrease in revenue required the use of more fund balance at year end. Revenues and expenditures for FYE 2016 will be closely monitored to determine if this shortfall will be recovered to realize a fund balance of 7.75% for fiscal year ending 6/30/16.

The Town Charter provides for the Town Manager to propose in the annual budget to the Town Council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$1,800,000 was reduced by the RTM to \$1,700,000.

Major Initiatives: For the Fiscal Year Ended June 30, 2015:

Road Maintenance and Rehabilitation Program:

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

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Mystic Streetscape – Phase II:

The Phase II project which installed improvements along Water Street (Route 215) from the vicinity of the existing Public Restrooms and extending south to include the intersection of Noank Road at the local portion of Water Street for a total length of approximately 900 feet, completed construction at the end of the summer 2014. Improvements include roadway reconstruction and re-paving, roadway widening to add parking space, drainage improvements, curb and sidewalk installations/pedestrian improvements, and landscaping. Contract closeout indicated the Total Final Project Cost was less than \$1.0 million. The project was funded under the Federal STP-Urban Systems Program with 80% Federal and 20% Local funding participation under State Project #58-326.

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 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 is expected to be completed by the fall 2015.

Major Initiatives: For the Future:

School Projects, Groton 2020:

At the completion of Phase I and the failure of Phase II at referendum, a facilities and educational needs assessment was conducted to evaluate educational facilities. To this end, a School Facilities Initiatives Task Force was formed in January 2013 to develop a plan to succeed the Phase II school facilities plan. In August 2014, the Middle School Educational Specifications that was provided to the Task Force by the Board of Education calls for one middle school of grades 6 to 8, preferably located adjacent to the high school. Based on declining enrollments, the Board of Education determined that only one middle school was needed to serve the Town and three aging elementary schools, Claude Chester, Pleasant Valley, and SB Butler, would no longer be required for educational purposes if the two existing middle schools were used for elementary education. This Educational Specification addresses important diversity and consolidation issues, responds to declining enrollments, and provides the delivery of a cost effective educational program.

Over the last three years, the Task Force developed the Groton 2020 proposal to replace the Phase II proposal. Groton 2020 calls for a new middle school to be built, potentially on the Merritt property, a 35 acre site next to the high school. Since this land was purchased for recreational purposes with the Department of Energy and Environmental Protection (DEEP) grant, the Town is working with them on the use of this land for school purposes. This site provides much efficiency due to its proximity to the high school. The two remaining middle schools, Cutler and West Side, will have new buildings built on their sites and the existing buildings demolished. The three vacated elementary schools will be returned to the Town for future disposition. The projected cost estimate for Groton 2020 is approximately \$191 million with a November 2016 Referendum anticipated.

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Energy Efficiency and Conservation:

The Public Works Department has been evaluating the energy and maintenance cost savings associated with converting the existing High Pressure Sodium (HPS) street and parking lot lights to Limited Emitting Diode (LED) technology. The conversion from HPS to LED lights is expected to reduce costs related to both energy and maintenance by 50-75%. Presently HPS have a life expectancy of six years while LEDs have a twenty year life expectancy which significantly reduces maintenance costs. Paybacks have been estimated to be between 4-8 years, depending on whether the municipality owns the streetlights. The Town owns all of the streetlights serviced by Eversource (formerly Connecticut Light & Power) which shortens the payback timeframe. Part of the Town is serviced by Groton Utilities, owned and operated by the City of Groton. The Town has approached GU about purchasing the streetlights in its service area.

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) positively anticipates Groton's submittal. Local approvals are being granted in November and the application will be finalized and submitted in 2015. Approval is anticipated in early 2016.

Community Wide Market Analysis:

Staff has been working with Camoin and Associates to finalize the Market Analysis process and product. The product will provide data, guidance, and recommendations to help Groton strategically maximize investments towards reaching economic development objectives. It will analyze market considerations relating to demographics, economics, real estate, workforce, industry, residential, retail and restaurant. Additionally, it will provide an analysis of "opportunity areas" with targeted recommendations for addressing job and tax based growth. It will also provide content for marketing Groton to be used later with media for promotions. Several public meetings have been held and a draft will be provided by late November for public viewing.

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.

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). The grant is 74% expended and the match is 25% expended. The work is ahead of schedule. Staff anticipates the final closeout for this project in early spring 2016.

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

Completion of this document is expected in the middle of 2016. Staff has been working with the Planning Commission and a steering committee on this project for over 2 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. Public hearings and the adoption of this plan will occur in 2016.

LOTCHIP Grant:

Planning staff has submitted, and continues to work on the application for a Local Transportation Capital Improvement Program (LOTCHIP) 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, and plans to move over 700 employees to that building, once renovated, over the next year to eighteen months. This grant has been submitted to the SECOG (Southeastern Connecticut Council of Governments). If selected, the Town will need to include funds in the FYE 17 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....."

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$41,090,000 of general obligation bonds, \$4,520,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$45,610,000. Last fiscal year that total amount was \$49,715,000.

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 2014 data.

	<u>Adopted Policy</u>	<u>FYE 2014</u>
Comparison to State's Statutory Debt Limit:	not to exceed 50%	7.4%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.3%
Debt Service as compared to Expenditures	not to exceed 10%	4.1%

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, 2014. 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-one (21) consecutive years (FYE 1994 through FYE 2014). We believe that this report continues to conform to the Certificate of Achievement program requirement and we are submitting it to GFOA to determine its eligibility for another certification.

Also, for the twenty-second (22) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2016 Adopted Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. The Award is the highest form of recognition in governmental budgeting.

A special thanks to the Town Manager, Department Directors and Division Supervisors for their assistance and contributions to this Comprehensive Annual Financial Report (CAFR). I especially commend the members of the Finance Department, particularly, for their responsible competence and diligence in the continuation of the progressive financial activities of the Town. 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



Government Finance Officers Association

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

Presented to

**Town of Groton
Connecticut**

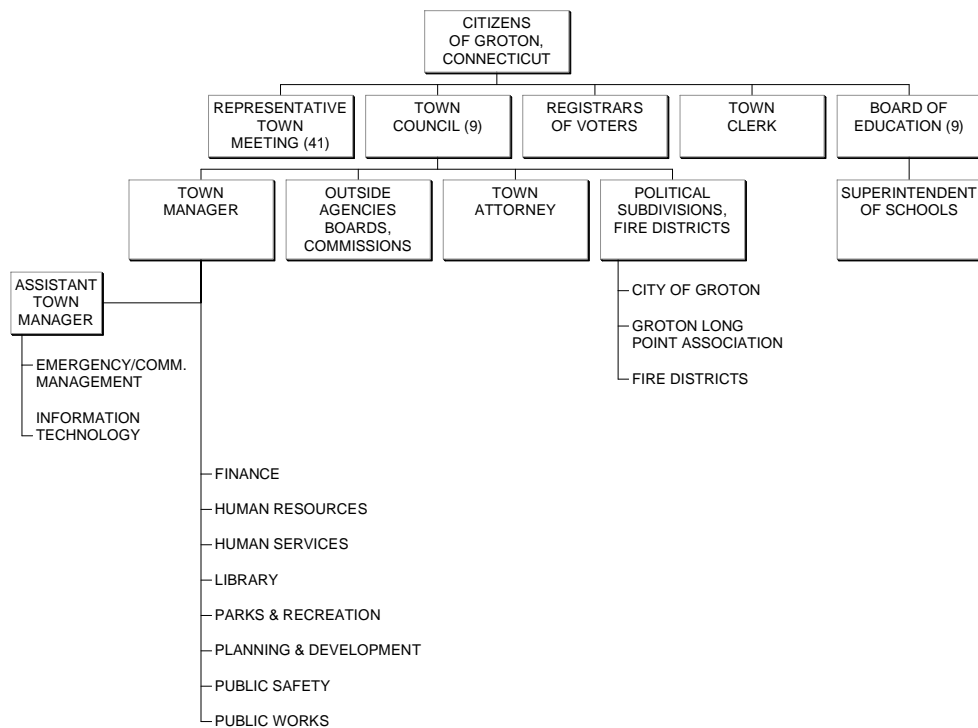
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emswiler". The signature is fluid and cursive.

Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



FYE 2016

TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2015

Town Council

Rita M. Schmidt, Mayor
Bob Frink
Genevieve Cerf
Joe de la Cruz
Bruce S. Flax
Rich Moravsik
Deborah L. Peruzzotti
Dean Antipas
Harry A. Watson

Board of Education

Kim Shepardson Watson, Chairperson
Rita Volkmann, Vice-Chairperson
Andrea L. Ackerman
Patricia M. Doyle
Beth Gianacoplos
Jay Weitlauf
Mary Kelly
Joey Schick
Katrina Fitzgerald

Appointed Officials

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

Financial Section



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, 2015, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2015 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 8 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the Town has been restated to recognize the net pension liability required in implementing GASB No. 68. 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, 2014 (not presented herein), and have issued our report thereon dated December 10, 2014, 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, 2014 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 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 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 14, 2015

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, 2015 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 \$182,785 (net position). Of this amount, \$23,008 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$247. This increase is mainly attributable to an increase in capital assets and a reduction in long term liabilities.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$33,210.
- For the fiscal year ended June 30, 2015, the unassigned fund balance for the General Fund was \$9,510 or 7.7 of total General Fund expenditures on a budgetary basis. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures".
- The Town of Groton's total debt decreased by \$4,718 (7.9%) during the current fiscal year. This was mainly due to a reduction (\$4,105) 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 2006 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 28-61 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 75 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 \$182,785 on June 30, 2015.

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

	Governmental Activities	
	2015	2014 (as Restated)
Current assets	\$ 58,536	\$ 64,321
Capital assets, net of accumulated depreciation	214,873	215,173
Total assets	<u>273,409</u>	<u>279,494</u>
Deferred outflows of resources	<u>5,725</u>	<u>2,495</u>
Long-term liabilities outstanding	78,165	87,574
Other liabilities	11,107	11,878
Total liabilities	<u>89,272</u>	<u>99,452</u>
Deferred inflows of resources	<u>7,077</u>	<u>-</u>
Net Position:		
Net investment in capital assets	159,430	154,930
Restricted	347	339
Unrestricted	<u>23,008</u>	<u>27,268</u>
Total Net Position	<u>\$ 182,785</u>	<u>\$ 182,537</u>

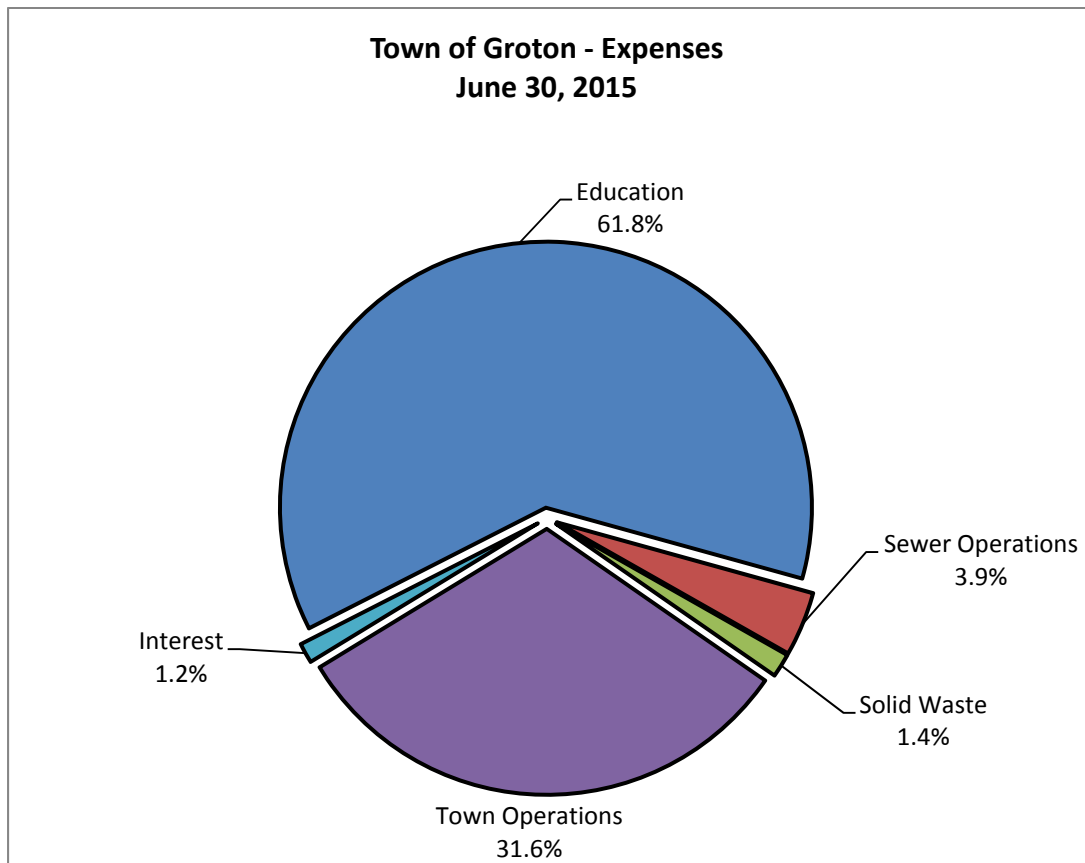
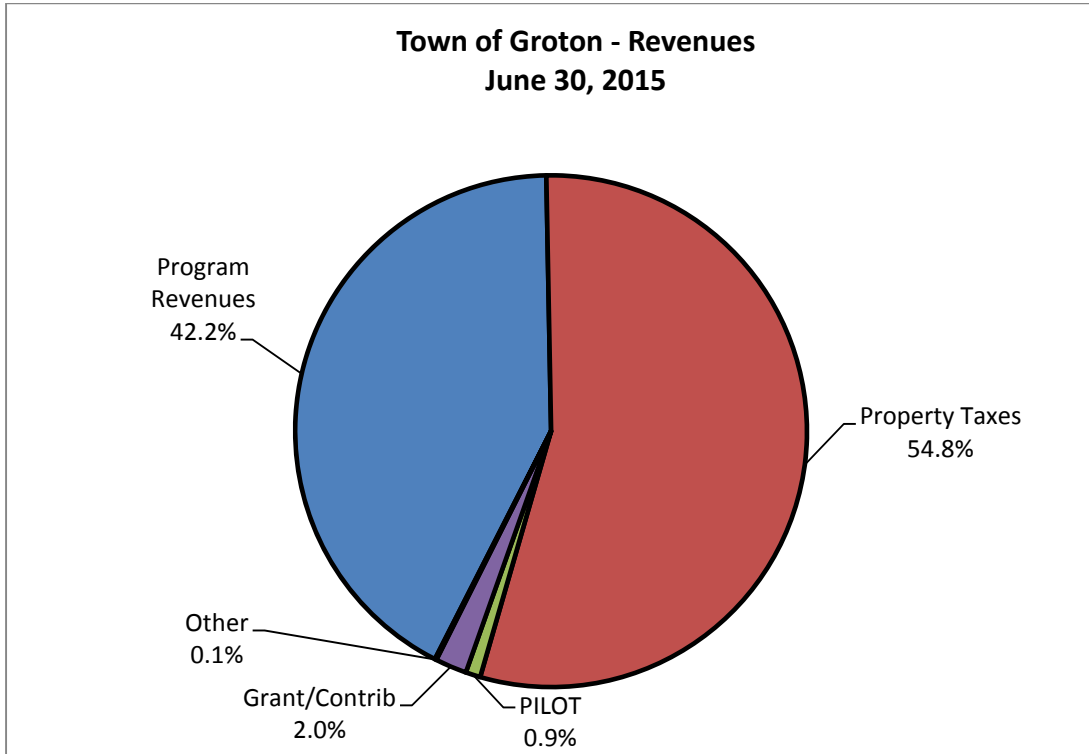
By far the largest portion of the Town of Groton's net position (79%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services 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 (\$23,008) 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 54.8% of the revenues were derived from property taxes, followed by 34.3% from grants and contributions, 9.9% 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	
	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 14,299	\$ 14,305
Operating grants and contributions	45,953	47,200
Capital grants and contributions	783	1,808
General revenues:		
Property taxes	79,210	82,291
Payments in lieu of taxes	1,351	1,454
Grants and contributions (not restricted)	2,874	2,602
Other unrestricted investment earnings	144	128
Miscellaneous revenue	26	
Total revenues	<u>144,640</u>	<u>149,788</u>
Expenses:		
General government/services	8,338	8,691
Public safety	12,789	12,502
Public works	12,343	13,378
Planning and development	1,571	1,716
Human service	3,181	2,760
Community services	7,451	7,563
Board of Education	89,228	90,079
Sewer operations	5,654	5,780
Solid waste	2,086	2,133
Interest on long-term debt	1,751	2,083
Total expenses	<u>144,392</u>	<u>146,685</u>
Increase in Net Position	248	3,103
Net Position July 1	182,537	197,590
Restatement		<u>(18,156)</u>
Net Position June 30	<u>\$ 182,785</u>	<u>\$ 182,537</u>



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$5,149 lower in 2015 when compared to 2014 or a decrease of 3.4%.
- ◆ Grants and Contributions were lower in 2015 as the Town realized less in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2015 decreased primarily due to a decrease in the Town's tax rate from 20.72 mills to 20.13.
- ◆ Investment earnings increased by \$15 from the prior fiscal year to \$144 for the fiscal year ended June 30, 2015. 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, 61.8% of the Town's expenses relate to education, 8.5% relate to public works, 8.9% relate to public safety, 5.8% to general government/services, 5.2% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

The implementation of GASB 68 required that the Town's net pension liability be recorded on the statement of net position as of June 30, 2015. As stated in the Notes to Financial Statements a prior period adjustment was required to restate the net position balance as of June 30, 2014. The net impact of this restatement is \$18,156 is now reflected in FYE2014 net position.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$2,293 lower in 2015 when compared to 2014 or a decrease of 1.6%.
- ◆ Town Operations expenses were \$937 lower in 2015 when compared to 2014 or a decrease of 2%.
- ◆ Education expenses were \$851 lower in 2015 when compared to 2014 or a decrease of 0.92%.
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for a decrease of \$505 in expenses over 2014 or a decrease of 5.1 %.

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 \$33,210, a decrease of \$6,046 in comparison with the prior year. Of this amount, \$9,510 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,510, which is included in the total fund balance of \$16,767. 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 7.7% of total general fund expenditures, while total fund balance represents 13.7% of that same amount.

The total fund balance of the Town of Groton's General Fund decreased by \$1,722 during the current fiscal year. The unassigned fund balance decreased by \$1,932. Key factors in the total fund balance decrease of \$1,722 are as follows:

- ◆ A reduction in the General Fund tax mill rate for FYE2015 resulted in lower tax revenue
- ◆ A reduction in both State and Federal intergovernmental revenue primarily for education
- ◆ An increase in contributions to self-funded insurance plans for employee benefits.
- ◆ An increase in long term debt service payments
- ◆ An increase in capital outlay in the Computer replacement fund
- ◆ Revenues were \$934 less than budgeted mainly due to decreases in general property taxes and State and Federal funding.
- ◆ Expenditures were under budget by \$883 due to unexpended funds in Town Operations, Education, and Outside Agencies.
- ◆ The adopted FYE 2015 budget included fund balance applied of \$3,245 and a supplemental appropriation of \$286 was approved during the year to offset anticipated budget overruns. These unexpected expenses were due to the especially harsh winter and legal fees related to a lawsuit filed by the Contractor for the Streetscapes project. At year end \$1,322 was returned to unassigned fund balance as it was not required.
- ◆ The amount designated for the subsequent year budget totals \$5,035 - \$3,245 from unassigned fund balance and \$1,800 from the \$2,700 fund balance committed in FYE 2014 to offset anticipated reductions in tax revenues.

Capital Improvements Fund. This fund has a total fund balance of \$8,213 a decrease from \$12,592 in the prior year. Long term bond proceeds received in FYE 2014 were utilized to cover costs associated with capital projects such as Thames Street rehabilitation and Road paving & maintenance.

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 \$901 for the Fleet Reserve Fund, \$7,282 for the Health Insurance Fund and a deficit of \$1,907 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 \$215 mainly due to decreases in the Fleet Reserve and Workers' Compensation Fund.

General Fund Budgetary Highlights:

Supplemental appropriations of \$287 were approved during the year to cover unanticipated expenses. The major cost overruns were in Public works for snow and ice control due to the harsh winter and for legal fees related to lawsuit filed by a Contractor. Transfers of \$350 occurred from Contingency to other functions within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$119,894 which was over the adopted budget by \$357. The majority of this increase can be attributed to an increase in other financing sources. Transfers from other funds were approved at year end to reduce the projected tax rate increase based on the adopted FYE2016 budget.

Actual expenditures were under budget by \$882 with town operations returning \$482 and Board of Education returning \$356.

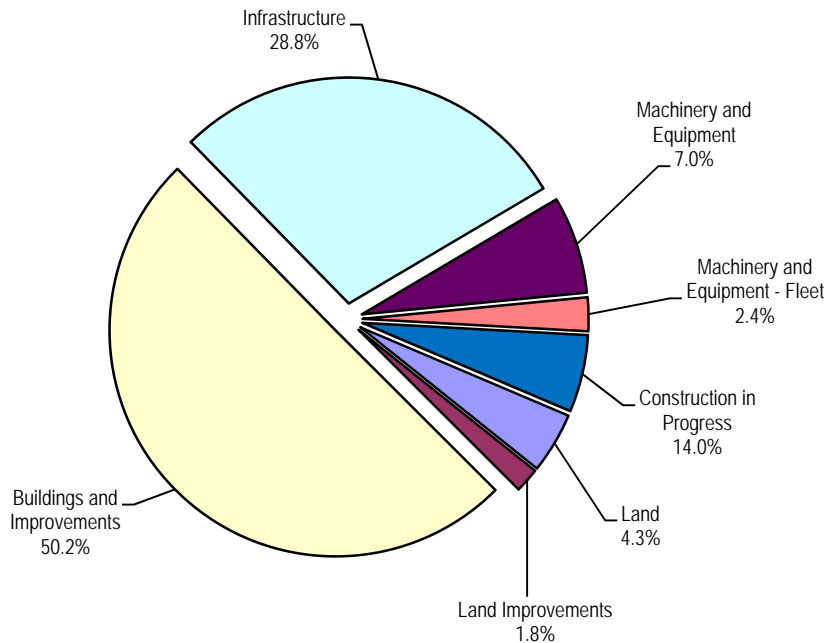
Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$349,509. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 2.2 % 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	
	2015	2014
Land	\$ 15,173	\$ 15,173
Land improvements	6,153	6,049
Buildings and improvements	175,368	173,991
Infrastructure	100,785	99,067
Machinery and equipment	24,349	24,228
Machinery and equipment - fleet	8,396	8,281
Construction in progress	19,285	15,108
Total	<u>\$ 349,509</u>	<u>\$ 341,897</u>

Town of Groton - Capital Assets
June 30, 2015



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:

Sidewalks – High Meadow/Ice House Lane	\$53
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- Regarding the use of local capital funds, the following major amounts (over \$50) were expended:

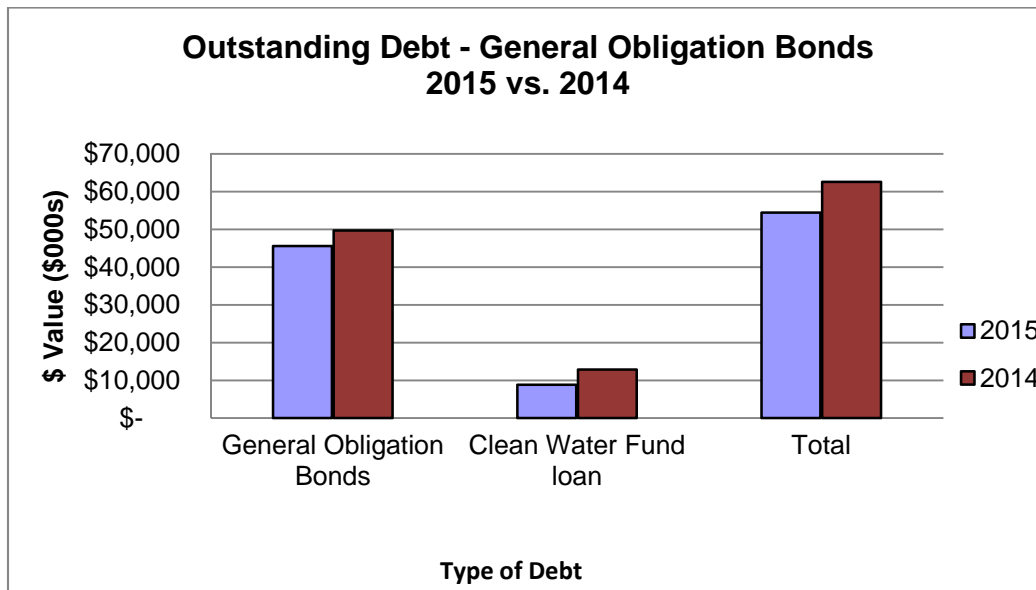
Information Technology Acquisition-Radio Console System	\$640
Pavement Management – City	\$150
Schools – Fitch Sr. High School roof	\$566
Crystal Lake Road/Military Highway intersection	\$79
School Facilities Initiative	\$107
Vacant School Properties	\$537
Economic Assistance Fund	\$250
Information Technology Acquisition-Software Systems	\$73
Schools-Security:	\$55
Water Pollution Control Facility; Facility Renovations:	\$326
Water Pollution Control Facility; Pump Stations:	\$168

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 \$54,438. Of this amount, \$49,918 comprises debt backed by the full faith and credit of the government and \$4,520 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	
	2015	2014
General obligation bonds	\$ 45,610	\$ 49,715
Clean Water Fund loan	8,828	9,441
Total	\$ 54,438	\$ 59,156



The Town of Groton's general obligation bonds have decreased \$4,718 or 7.9% during the current fiscal year mainly due long term debt issues maturing during the year.

For FYE 2015, 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 upgraded to AA+ by Standard & Poor's. The underlying rating on certain outstanding bonds of the Town was recently affirmed as "AA" by Fitch and the underlying rating on certain outstanding bonds was recently raised to "AA+" by S&P.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$648,611. As of June 30, 2015, the Town recorded total indebtedness of \$62,942 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 2015, the Town had an unemployment rate of 5.2% as compared to the New London County rate of 5.5%, the state's average rate of 5.4% and the national average of 5.3%.
- New London County has an employed labor force of approximately 131,502 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List decreases by 2.2%:

The October 1, 2014 net adjusted taxable Grand List decreased 2.2% from the adjusted 10/1/13 list after appeals were heard by the Board of Assessment Appeals. This decrease is primarily attributed to a building demolition by Pfizer, Inc. and an increase in their request for Manufacturing and Equipment exemptions. 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 \$3,808,651. The combined assessment of the top 10 taxpayers comprises 20.70% of the town's net grand list.

Net real estate decreased to about \$3.353 billion. This decrease is mainly related to the building demolition by Pfizer, Inc.

Net residential real estate assessments increased 0.4%, from about \$2.253 billion to \$2.262 billion. The residential real estate's share of the entire net grand list decreased slightly - from 57.8% of the 2013 grand List to 59.4% of the 2014 grand list. Net commercial real estate remained stable this year at \$570 million. The net assessment for industrial property which includes Pfizer and Electric Boat decreased by nearly \$76 million, or 12.8%

Twenty single-family homes were started for the October 1, 2014 grand List, compared to twenty six last year.

The **personal property** grand list experienced a decrease of 8% in net assessments. The grand list fell to \$261 million from \$283 million in 2013.

The number of business personal property accounts fell for the third 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 2014 grand list to \$3.4 million. The final number of businesses for the 2014 grand list was 1,938 accounts, down from 1,971 accounts on the 2013 personal property grand list.

The net assessment on personal property now comprises 6.84% of the grand list, compared to 7.27% of the 2013 grand list.

The **motor vehicle** portion of the grand list, adjusted for military exemptions, increased slightly by 0.8% this year increasing from \$195,707 in 2013 to \$197,282.

The net assessment on motor vehicles now comprises 5.18% of the grand list, compared to 5.02% of the 2013 grand list.

Other Information:

During the fiscal year ended June 30, 2014, the Town of Groton's General Fund on a budgetary basis received 30.3% 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 2015 is at 7.73% of operating expenses which is slightly below the minimum acceptable guideline set by the Town Council of 7.75%. Revenues and expenditures for FYE 2015 will be closely monitored to realize a fund balance of 7.75% for fiscal year ending 6-30-16. With a reliance on property taxes, 65.5% 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 decreased to \$9,510. The Town Council has assigned \$3,235 of the total fund balance to fund the 2016 fiscal year budget and \$1,800 of 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, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 47,810,064
Investments	3,022,000
Receivables (net of allowances for collection losses):	
Property taxes	2,893,756
Special assessments	878,763
Accounts	869,556
Federal and state governments	581,087
Other	967,064
Other assets	2,060
Net other post employment benefit asset	1,264,418
Capital assets, nondepreciable	34,458,143
Capital assets, net of accumulated depreciation	180,414,364
Restricted assets:	
Cash	128,350
Investments	119,193
Total assets	<u>273,408,818</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	2,330,942
Changes in pension projected investment earnings	3,394,144
Total deferred outflows of resources	<u>5,725,086</u>
Liabilities:	
Accounts payable and accrued liabilities	11,078,199
Unearned revenue	28,536
Noncurrent liabilities:	
Due within one year	6,086,948
Due in more than one year	72,077,920
Total liabilities	<u>89,271,603</u>
Deferred Inflows of Resources:	
Changes in pension actuarial experience	2,634,972
Changes in pension actuarial assumptions	4,442,181
Total deferred inflows of resources	<u>7,077,153</u>
Net Position:	
Net investment in capital assets	159,430,245
Restricted for:	
Trust, nonexpendable	347,495
Unrestricted	<u>23,007,408</u>
Total Net Position	<u>\$ 182,785,148</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, 2015**

Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions	
					Total
Governmental activities:					
General government/services	\$ 8,337,626	\$ 1,512,226	\$ 539,428	\$ 341,416	\$ (5,944,556)
Public safety	12,789,334	231,852	5,643		(12,551,839)
Public works	12,342,955	654,007	1,832,573	315,817	(9,540,558)
Planning and development	1,570,770	334,146	8,349		(1,228,275)
Health and human services	3,180,545	278,018	254,459		(2,648,068)
Community services	7,450,944	2,332,015	258,187		(4,860,742)
Education	89,228,450	959,511	43,054,255	125,915	(45,088,769)
Sewer operations	5,653,724	5,796,587			142,863
Solid waste management	2,085,798	2,201,040			115,242
Interest on long-term debt	1,751,362				(1,751,362)
Total Governmental Activities	<u>\$ 144,391,508</u>	<u>\$ 14,299,402</u>	<u>\$ 45,952,894</u>	<u>\$ 783,148</u>	<u>(83,356,064)</u>
General revenues:					
Property taxes					79,210,399
Payments in lieu of taxes					1,350,490
Grants and contributions not restricted to specific programs					2,873,504
Unrestricted investment earnings					143,093
Miscellaneous revenue					26,314
Total general revenues					<u>83,603,800</u>
Change in net position					247,736
Net Position at Beginning of Year, as Restated					<u>182,537,412</u>
Net Position at End of Year					<u>\$ 182,785,148</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 22,296,997	\$ 8,066,231	\$ 7,632,356	\$ 37,995,584
Investments	3,022,000		119,193	3,141,193
Receivables, net	3,142,995	419,972	2,466,305	6,029,272
Due from other funds	64,308	129,904		194,212
Other assets	<u>800</u>	<u></u>	<u>1,260</u>	<u>2,060</u>
Total Assets	\$ <u>28,527,100</u>	\$ <u>8,616,107</u>	\$ <u>10,219,114</u>	\$ <u>47,362,321</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,248,700	\$ 402,805	\$ 855,999	\$ 10,507,504
Due to State			26,931	26,931
Due to other funds			194,212	194,212
Unearned revenues	<u>5,564</u>	<u></u>	<u>22,972</u>	<u>28,536</u>
Total liabilities	<u>9,254,264</u>	<u>402,805</u>	<u>1,100,114</u>	<u>10,757,183</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,703,184			1,703,184
Unavailable revenue - property tax interest	803,052			803,052
Unavailable revenue - special assessments			10,006	10,006
Unavailable revenue - loans receivable	<u></u>	<u></u>	<u>878,763</u>	<u>878,763</u>
Total deferred inflows of resources	<u>2,506,236</u>	<u>-</u>	<u>888,769</u>	<u>3,395,005</u>
Fund balances:				
Nonspendable			248,803	248,803
Restricted		8,213,302	2,557,021	10,770,323
Committed	2,700,000		5,424,407	8,124,407
Assigned	4,556,108			4,556,108
Unassigned	<u>9,510,492</u>	<u></u>	<u></u>	<u>9,510,492</u>
Total fund balances	<u>16,766,600</u>	<u>8,213,302</u>	<u>8,230,231</u>	<u>33,210,133</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>28,527,100</u>	\$ <u>8,616,107</u>	\$ <u>10,219,114</u>	\$ <u>47,362,321</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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)	\$ 33,210,133
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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	\$ 341,113,427	
Less accumulated depreciation	<u>128,680,703</u>	
Net capital assets		212,432,724

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	1,264,418
Property taxes and assessments receivable greater than 60 days	1,713,190
Loan receivables greater than 60 days	878,763
Interest receivable on property taxes	803,052
Deferred outflows related to changes in projected pension investment earnings	3,394,144

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.

8,715,383

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	(45,610,000)
Bond premium	(3,233,203)
Deferred charge on refunding	2,330,942
Clean water fund loan payable	(8,828,236)
Interest payable on bonds	(371,894)
Capital lease obligations	(101,765)
Net pension liability	(12,727,510)
Deferred inflows related to pension actuarial experience	(2,634,972)
Deferred inflows related to changes in pension actuarial assumptions	(4,442,181)
Compensated absences	(1,890,840)
Landfill closure costs	<u>(2,117,000)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 182,785,148</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, 2015

	<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	\$ 78,601,542	\$	\$ 637,028	\$ 79,238,570
Assessments			59,972	59,972
Licenses and permits	342,131			342,131
Intergovernmental - state	39,835,612	527,774	3,451,552	43,814,938
Interest on investments	101,698	9,980	14,518	126,196
Intergovernmental - federal	3,561,626		2,811,745	6,373,371
Charges for current services	1,454,536		3,468,141	4,922,677
Schools, library and recreation fees	260,937			260,937
Sewer use charges			5,796,587	5,796,587
Solid waste management charges			2,201,040	2,201,040
Other revenue	728,898	11,193	571,382	1,311,473
Total revenues	<u>124,886,980</u>	<u>548,947</u>	<u>19,011,965</u>	<u>144,447,892</u>
Expenditures:				
Current:				
General government	1,129,105		255,158	1,384,263
General services	4,475,963			4,475,963
Public safety	6,533,128		293,192	6,826,320
Public works	6,466,672			6,466,672
Planning and development	1,021,024			1,021,024
Health and human services	592,923		593,202	1,186,125
Community services	3,345,250		2,564,896	5,910,146
Education	81,862,680		4,656,664	86,519,344
Subdivisions	5,045,084			5,045,084
Sewer operations			4,290,302	4,290,302
Solid waste management			2,085,798	2,085,798
Nondepartmental	9,283,830			9,283,830
Outside agencies	2,065,358		302,947	2,368,305
Debt service	5,251,249		1,285,800	6,537,049
Capital outlay	133,810	6,275,017	749,574	7,158,401
Total expenditures	<u>127,206,076</u>	<u>6,275,017</u>	<u>17,077,533</u>	<u>150,558,626</u>
Revenues over (under) Expenditures	<u>(2,319,096)</u>	<u>(5,726,070)</u>	<u>1,934,432</u>	<u>(6,110,734)</u>
Other Financing Sources (Uses):				
Transfers in	2,310,285	2,139,000	288,433	4,737,718
Transfers out	<u>(1,713,433)</u>	<u>(791,500)</u>	<u>(2,167,785)</u>	<u>(4,672,718)</u>
Total other financing sources (uses)	<u>596,852</u>	<u>1,347,500</u>	<u>(1,879,352)</u>	<u>65,000</u>
Net Change in Fund Balances	(1,722,244)	(4,378,570)	55,080	(6,045,734)
Fund Balances at Beginning of Year	<u>18,488,844</u>	<u>12,591,872</u>	<u>8,175,151</u>	<u>39,255,867</u>
Fund Balances at End of Year	<u>\$ 16,766,600</u>	<u>\$ 8,213,302</u>	<u>\$ 8,230,231</u>	<u>\$ 33,210,133</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, 2015

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)	\$ (6,045,734)
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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	7,894,330
Depreciation expense	(7,694,541)
Loss on disposal of capital assets	(182,725)

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	(146,298)
Interest income on property taxes	58,155
Revenue on loan receivables greater than 60 days	242,424
Changes in deferred outflows related to changes in projected pension investment earnings	3,394,144
Change in other post employment benefit asset	369,150

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	9,747
Principal payments on bonds	4,105,000
Principal payments on Clean Water Fund loan payable	612,363
Principal payments on capital leases	24,674
Bond premium	223,073
Net pension liability	4,411,128
Change in deferred inflows related to pension actuarial experience	(2,634,972)
Change in deferred inflows related to changes in pension actuarial assumptions	(4,442,181)
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	262,275
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>(215,980)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 247,736</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, 2015

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 9,942,830
Accounts receivable	160,954
Total current assets	<u>10,103,784</u>
Noncurrent assets:	
Property and equipment	8,395,790
Accumulated depreciation	<u>(5,956,007)</u>
Property and equipment, net	<u>2,439,783</u>
Total assets	<u>12,543,567</u>
Liabilities:	
Current liabilities:	
Accounts payable	171,870
Claims incurred but not reported	<u>998,355</u>
Total current liabilities	<u>1,170,225</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,657,959</u>
Total liabilities	<u>3,828,184</u>
Net Position:	
Net investment in capital assets	2,439,783
Unrestricted	<u>6,275,600</u>
Total Net Position	<u>\$ 8,715,383</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, 2015

	Governmental Activities Internal Service Funds
Operating Revenues:	
Charges for services	\$ 17,622,180
Other revenue	44,998
Total operating revenues	<u>17,667,178</u>
Operating Expenses:	
Operating expenses	906,060
Claims	15,030,707
Depreciation	603,707
Administration	1,281,081
Total operating expenses	<u>17,821,555</u>
Operating Loss	<u>(154,377)</u>
Nonoperating Revenues (Expenses):	
Interest on investments	16,897
Loss on disposal of capital assets	(13,500)
Transfer out	(65,000)
Net nonoperating revenues (expenses)	<u>(61,603)</u>
Change in Net Position	(215,980)
Net Position at Beginning of Year	<u>8,931,363</u>
Net Position at End of Year	<u><u>\$ 8,715,383</u></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, 2015

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 17,904,469
Cash paid to vendors	(834,512)
Cash paid to beneficiaries	(15,918,694)
Net cash provided by operating activities	<u>1,151,263</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(299,740)
Cash Flows from Noncapital Financing Activities:	
Transfers out	(65,000)
Cash Flows from Investing Activities:	
Interest on investments	<u>16,897</u>
Net Increase in Cash and Cash Equivalents	803,420
Cash and Cash Equivalents at Beginning of Year	<u>9,139,410</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 9,942,830</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (154,377)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	603,707
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	237,291
(Decrease) increase in accounts payable	71,548
(Decrease) increase in claims payable	<u>393,094</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,151,263</u></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, 2015

	<u>Trust Funds</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,395,456	\$ 97,201	\$ 1,464,045
Investments, at fair value:			
Mutual funds	121,938,811		
Accounts receivable	181,136		
Total assets	<u>123,515,403</u>	<u>97,201</u>	<u>1,464,045</u>
Liabilities:			
Due to employees/others	84,892		
Claims incurred but not reported	294,000		
Due to contractors/developers			1,243,149
Due to student groups			192,158
Due to fire districts			28,738
Other liabilities	4,148		
Total liabilities	<u>383,040</u>	<u>-</u>	<u>1,464,045</u>
Net Position:			
Held in trust for employees of Ledge Light	570,287		
Held in trust for firefighters	9,486,002		
Held in trust for benefits and other purposes	113,076,074	97,201	
Total Net Position	<u>\$ 123,132,363</u>	<u>\$ 97,201</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, 2015

	<u>Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 7,664,082	\$
Plan members	4,142,760	
Other additions		14,100
Total contributions	<u>11,806,842</u>	<u>14,100</u>
Investment income:		
Net appreciation in fair value of investments	4,439,467	
Interest and dividends		170
	<u>4,439,467</u>	<u>170</u>
Less investment expenses:		
Investment management fees	936,297	
Net investment income	<u>3,503,170</u>	<u>170</u>
Total additions	<u>15,310,012</u>	<u>14,270</u>
Deductions:		
Benefits	11,600,463	25,056
Administrative expense	41,001	
Total deductions	<u>11,641,464</u>	<u>25,056</u>
Change in Net Position	3,668,548	(10,786)
Net Position at Beginning of Year	<u>119,463,815</u>	<u>107,987</u>
Net Position at End of Year	<u>\$ 123,132,363</u>	<u>\$ 97,201</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.

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

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

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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:

Assets	Years
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. 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, 2015 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
NOTES TO FINANCIAL STATEMENTS
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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, 2015, there were additional appropriations of \$286,936.

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

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 following funds had a deficit fund balance at June 30, 2015:

Workers' Compensation	\$ (1,907,324)
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The Internal Service Fund deficit will be funded on a current basis with future premiums.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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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*, \$49,031,951 of the Town's bank balance of \$54,578,182 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 44,227,287
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>4,804,664</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 49,031,951</u>

Cash Equivalents

At June 30, 2015, the Town's cash equivalents amounted to \$3,107,072. 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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Investments

As of June 30, 2015, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Certificates of deposit	*	\$ 3,022,000	\$ <u>1,120,000</u>	\$ <u>1,902,000</u>	\$ <u>-</u>
Other investments:					
Common stock	N/A	7,561			
Mutual funds	N/A	<u>122,050,443</u>			
Total Investments		\$ <u>125,080,004</u>			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2015, the Town did not have any uninsured and unregistered securities held by counterparts, or by their trust department or agents, that were not in the Town's name.

Credit Risk - Investments

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

Concentration of Credit Risk

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

Interest Rate Risk

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

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
JUNE 30, 2015

B. Endowments Received

	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Total
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>147,262</u>	<u>19,830</u>	<u>249</u>	<u>167,341</u>
Total Value	\$ <u><u>167,262</u></u>	\$ <u><u>47,373</u></u>	\$ <u><u>200,249</u></u>	\$ <u><u>414,884</u></u>

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

C. Fund Receivables

Receivables at June 30, 2015, including the applicable allowances for collection losses, are as follows:

	General	Capital Improvement	Nonmajor and Other Funds	Total
Property taxes	\$ 2,297,740	\$	\$ 16,464	\$ 2,314,204
Property tax interest	803,052			803,052
Assessments			878,763	878,763
Intergovernmental	87,240	419,972	607,242	1,114,454
Accounts receivable	174,963		422,418	597,381
User fees receivable			1,052,008	1,052,008
Gross receivables	<u>3,362,995</u>	<u>419,972</u>	<u>2,976,895</u>	<u>6,759,862</u>
Allowance for collection losses	<u>(220,000)</u>		<u>(168,500)</u>	<u>(388,500)</u>
Net Receivables	\$ <u><u>3,142,995</u></u>	\$ <u><u>419,972</u></u>	\$ <u><u>2,808,395</u></u>	\$ <u><u>6,371,362</u></u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. Capital Assets

Capital asset activity for the year ended June 30, 2015 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	\$	\$	\$ 15,173,157
Construction in progress	15,108,215	7,313,092	3,136,321	19,284,986
Total capital assets not being depreciated	<u>30,281,372</u>	<u>7,313,092</u>	<u>3,136,321</u>	<u>34,458,143</u>
Capital assets being depreciated:				
Land improvements	6,048,467	104,495		6,152,962
Buildings and improvements	173,991,029	1,414,584	37,207	175,368,406
Machinery and equipment	24,030,044	409,151	225,190	24,214,005
Machinery and equipment - fleet	8,280,718	299,740	184,666	8,395,792
Infrastructure	99,067,017	1,789,329	71,074	100,785,272
Machinery and equipment - capital-leased	197,897		63,258	134,639
Total capital assets being depreciated	<u>311,615,172</u>	<u>4,017,299</u>	<u>581,395</u>	<u>315,051,076</u>
Less accumulated depreciation for:				
Land improvements	3,075,006	138,923		3,213,929
Buildings and improvements	44,513,580	3,709,921	18,169	48,205,332
Machinery and equipment	13,945,906	859,110	195,835	14,609,181
Machinery and equipment - fleet	5,523,468	603,707	171,166	5,956,009
Infrastructure	59,636,464	2,980,745		62,617,209
Machinery and equipment - capital-leased	29,210	5,842		35,052
Total accumulated depreciation	<u>126,723,634</u>	<u>8,298,248</u>	<u>385,170</u>	<u>134,636,712</u>
Total capital assets being depreciated, net	<u>184,891,538</u>	<u>(4,280,949)</u>	<u>196,225</u>	<u>180,414,364</u>
Governmental Activities Capital Assets, Net	<u>\$ 215,172,910</u>	<u>\$ 3,032,143</u>	<u>\$ 3,332,546</u>	<u>\$ 214,872,507</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to functions/programs of the Town as follows:

Governmental Activities:	
General government services	\$ 1,434,382
Public safety	114,988
Public works, including depreciation of general infrastructure assets	2,266,404
Community services	21,804
Education	2,451,188
Sewer operating	1,343,852
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	603,707
Golf Course	<u>61,923</u>
Total Depreciation Expense - Governmental Activities	\$ <u>8,298,248</u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2015:

	<u>Project Amount</u>
Roads/Streets/Sidewalks:	
Resurfacing and Sidewalks	\$ 12,136
Building Improvements/Modifications:	
Public Buildings	250,174
WPCF Projects:	
Sewer System	85,214
Land Improvements:	
Land Improvements	171,703

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

E. Interfund Receivables, Payables and Transfers

As of June 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 64,308
Capital Improvements Fund	Nonmajor Funds	<u>129,904</u>
		<u>\$ 194,212</u>

The balance of \$129,904 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.

Interfund Transfers

Interfund transfers during the year ended June 30, 2015 were as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$ 1,700,000	\$ 13,433	\$ 1,713,433
Capital Improvements Fund	516,500		275,000	791,500
Nonmajor funds	1,793,785	374,000		2,167,785
Internal service funds		65,000		65,000
Total Transfers In	<u>\$ 2,310,285</u>	<u>\$ 2,139,000</u>	<u>\$ 288,433</u>	<u>\$ 4,737,718</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, 2015

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2015 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	\$	\$	\$ 1,260	\$ 1,260
Endowments			247,543	247,543
Restricted for:				
Public safety grants			45,646	45,646
Human services grants			13,915	13,915
Public works grants			22,193	22,193
Education donations			8,026	8,026
Bonded capital projects		8,213,302		8,213,302
Debt service			905,682	905,682
Regional probate court			11,972	11,972
Recreation and senior activities			300,784	300,784
Trust purposes			167,341	167,341
Education			1,081,462	1,081,462
Committed to:				
Subsequent year's budget	2,700,000			2,700,000
Community development grant			205,223	205,223
Escrow funds			543,470	543,470
Land acquisition			45,137	45,137
Outside police services			70,687	70,687
Energy conservation			18,360	18,360
Human services donations			177,201	177,201
Emergency energy			15,059	15,059
Public infrastructure improvements			512,400	512,400
Library			74,973	74,973
Golf course operations			35,346	35,346
Parks & recreation			74,347	74,347
School cafeteria			383,077	383,077
Fitch High School library media			6,494	6,494
Sewer			2,511,263	2,511,263
Solid waste management			587,471	587,471
Outside agencies			163,643	163,643
Other			256	256
Assigned to:				
Subsequent year's budget	3,235,029			3,235,029
General government - encumbrances	229,584			229,584
Public safety - encumbrances	47,996			47,996
Public works - encumbrances	95,396			95,396
Planning and development - encumbrances	109,453			109,453
Library - encumbrances	5,500			5,500
Education - encumbrances	162,971			162,971
Revaluation	222,148			222,148
Computer replacement	448,031			448,031
Unassigned	9,510,492			9,510,492
Total Fund Balance	<u>\$ 16,766,600</u>	<u>\$ 8,213,302</u>	<u>\$ 8,230,231</u>	<u>\$ 33,210,133</u>

Encumbrances of \$650,900 and \$121,699 at June 30, 2015 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, 2015

G. Leases

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$71,376 for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 57,795
2017	54,211
2018	51,517
2019	47,890

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>(35,052)</u>
Total	<u>\$ 99,587</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 30,432
2017	30,431
2018	30,431
2019	20,288
Less amount for interest	<u>(9,817)</u>
Minimum lease payments	<u>\$ 101,765</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2015 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	\$ 49,715,000	\$	\$ 4,105,000	\$ 45,610,000	\$ 4,070,000
Clean Water Fund loan	9,440,599		612,363	8,828,236	612,363
Premium	3,456,276		223,073	3,233,203	
Total bonds and loans payable	62,611,875	-	4,940,436	57,671,439	4,682,363
Landfill post-closure monitoring	2,285,200		168,200	2,117,000	168,200
Capital lease obligations	126,439		24,674	101,765	25,936
Compensated absences	2,153,115	54,390	316,665	1,890,840	212,094
Claims payable	3,258,381	15,030,707	14,632,774	3,656,314	998,355
Net pension liability	17,138,638		4,411,128	12,727,510	
Long-Term Liabilities	<u>\$ 87,573,648</u>	<u>\$ 15,085,097</u>	<u>\$ 24,493,877</u>	<u>\$ 78,164,868</u>	<u>\$ 6,086,948</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>
2016	\$ 4,070,000	\$ 1,526,994
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
2021-2025	16,605,000	3,260,013
2026-2030	9,120,000	797,231
2031-2034	1,040,000	92,950
	<u>\$ 45,610,000</u>	<u>\$ 10,488,719</u>

TOWN OF GROTON
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Total authorized but unissued long-term debt at June 30, 2015 consists of the following:

	Bonds Authorized Unissued
Senior Center	\$ 2,470,000
Thames Street Rehabilitation	655,755
Road Maint & Rehab (paving)	<u>7,485,000</u>
	<u>\$ 10,610,755</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:

Category	Debt Limit	Indebtedness	Balance
Public improvement	\$ 208,482,158	\$ 36,039,825	\$ 172,442,333
Schools	416,964,317	21,868,000	395,096,317
Sewers	347,470,264	5,035,000	342,435,264
Urban renewal	301,140,895		301,140,895
Pension deficit	277,976,211		277,976,211

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$648,611,159. 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 \$6,722,070 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$10,610,755 at June 30, 2015.

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, 2015, 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:

Fiscal Year	Debt Service Fund	
	Principal Payments	Interest Payments
2016	\$ 612,363	\$ 170,951
2017	612,363	158,704
2018	612,363	146,457
2019	612,363	134,210
2020	612,363	121,962
2021-2025	3,061,816	426,103
2026-2030	<u>2,704,605</u>	<u>121,707</u>
	<u>\$ 8,828,236</u>	<u>\$ 1,280,094</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 \$1,116,500 (\$101,500 per year for 12 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$1,000,500 (\$66,700 for 16 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
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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:

	Town of Groton Town and BOE	Poquonnock Fire District	Ledge Light Health District
Retirees and beneficiaries currently receiving benefits	223	18	1
Terminated employees entitled to benefits but not yet receiving them	20		1
Active plan members	<u>356</u>	<u>29</u>	<u>1</u>
Total	<u><u>599</u></u>	<u><u>47</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, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
US Large Cap	37.00%
US 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	0.00
Total	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.62%. 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, 2015 were as follows:

	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Fire</u>
Total pension liability	\$ 112,746,207	\$ 618,417	\$ 11,874,472
Plan fiduciary net position	<u>100,018,697</u>	<u>570,287</u>	<u>9,486,002</u>
Total Net Pension Liability	<u>\$ 12,727,510</u>	<u>\$ 48,130</u>	<u>\$ 2,388,470</u>
Plan fiduciary net position as a percentage of the total pension liability	88.71%	92.22%	79.89%

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015 (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>
US Large Cap	7.05%
US 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
JUNE 30, 2015

F. Changes in Net Pension Liability

Town and BOE			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 115,206,843	\$ 98,068,205	\$ 17,138,638
Changes for the year:			
Service cost	2,525,072		2,525,072
Interest on total pension liability	9,188,020		9,188,020
Differences between expected and actual experience	(3,089,277)		(3,089,277)
Changes in assumptions	(5,208,074)		(5,208,074)
Employer contributions		3,192,047	(3,192,047)
Member contributions		1,131,674	(1,131,674)
Net investment income		3,540,403	(3,540,403)
Benefit payments, including refund to employee contributions	(5,876,377)	(5,876,377)	-
Administrative expenses		(37,255)	37,255
Net changes	(2,460,636)	1,950,492	(4,411,128)
Balances as of June 30, 2015	\$ 112,746,207	\$ 100,018,697	\$ 12,727,510

Ledge Light			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 587,337	\$ 578,829	\$ 8,508
Changes for the year:			
Service cost	7,181		7,181
Interest on total pension liability	46,078		46,078
Differences between expected and actual experience	(7,730)		(7,730)
Changes in assumptions	23,355		23,355
Employer contributions		6,764	(6,764)
Member contributions		3,627	(3,627)
Net investment income		19,083	(19,083)
Benefit payments, including refund to employee contributions	(37,804)	(37,804)	-
Administrative expenses		(212)	212
Net changes	31,080	(8,542)	39,622
Balances as of June 30, 2015	\$ 618,417	\$ 570,287	\$ 48,130

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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Poquonnock Fire District

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 11,105,762	\$ 9,468,042	\$ 1,637,720
Changes for the year:			
Service cost	413,904		413,904
Interest on total pension liability	889,636		889,636
Differences between expected and actual experience	(520,189)		(520,189)
Changes in assumptions	799,434		799,434
Employer contributions		414,790	(414,790)
Member contributions		94,356	(94,356)
Net investment income		326,423	(326,423)
Benefit payments, including refund to employee contributions	(814,075)	(814,075)	-
Administrative expenses		(3,534)	3,534
Net changes	768,710	17,960	750,750
Balances as of June 30, 2015	\$ 11,874,472	\$ 9,486,002	\$ 2,388,470

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	\$ 25,677,335	\$ 12,727,510	\$ 1,755,557
Ledge Light Net Pension Liability	79,598	48,130	18,988
Fire Net Pension Liability	3,964,425	2,388,470	1,079,240

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
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H. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the Town and BOE, Ledge Light and Fire Pensions recognized pension expense of (\$2,363,765), (\$13,174) and (\$583,258), respectively. At June 30, 2015, 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	\$		\$ (2,634,972)
Changes of assumptions			(4,442,181)
Net difference between projected and actual earning on pension plan investments		<u>3,394,144</u>	<u></u>
Total	\$	<u><u>3,394,144</u></u>	<u><u>\$ (7,077,153)</u></u>
		Ledge Light	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ (6,085)
Changes of assumptions		18,386	
Net difference between projected and actual earning on pension plan investments		<u>20,911</u>	<u></u>
Total	\$	<u><u>39,297</u></u>	<u><u>\$ (6,085)</u></u>
		Poquonnock Fire District	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ (460,397)
Changes of assumptions		707,545	
Net difference between projected and actual earning on pension plan investments		<u>335,143</u>	<u></u>
Total	\$	<u><u>1,042,688</u></u>	<u><u>\$ (460,397)</u></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>
2016	\$ (371,662)	\$ 8,552	\$ 115,881
2017	(371,662)	8,552	115,881
2018	(371,662)	8,552	115,881
2019	(371,662)	7,556	115,881
2020	(1,220,198)		32,097
Thereafter	(976,163)		86,670

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, 2015, 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>93,604,919</u>
Total	\$ <u><u>93,604,919</u></u>

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

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$7,023,045 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, 2014, 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
NOTES TO FINANCIAL STATEMENTS
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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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	0.0%
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 of Groton. The GREHP provides medical and dental benefits to eligible retirees and their spouses as established through negotiations between the Town and the various unions representing the employees. Eligible full-time and part-time employees of the Town may elect to participate in the plan.

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

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

	Retiree Health Plan
Retired members	208
Spouses of retired members	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
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JUNE 30, 2015

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$975 per month for retiree only coverage and \$2,088 per month for retiree and spouse coverage, to age 65, and \$658 and \$1,535 per month, respectively, thereafter.

Board of Education Employees

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

Annual OPEB Cost and Net OPEB Obligations

The Town of Groton'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	\$ 3,694,000
Interest on net OPEB obligation	(67,145)
Adjustment to annual required contribution	<u>54,476</u>
Annual OPEB cost	3,681,331
Contributions made	<u>4,050,481</u>
Increase in net OPEB asset	(369,150)
Net OPEB Asset, July 1, 2014	<u>(895,268)</u>
Net OPEB Asset, June 30, 2015	<u><u>\$ (1,264,418)</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, 2015 is presented below.

<u>Fiscal Year End</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2013	\$ 3,557,460	\$ 3,764,700	105.8%	\$ (697,729)
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)

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>Retiree Medical Program</i>						
7/1/2009	\$ 1,911,000	\$ 36,645,000	\$ 34,734,000	0.0%	\$ n/a	n/a
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%

n/a - The covered payroll is not available.

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/2013	\$ 3,566,000	97.9%
6/30/2014	3,552,000	132.2%
6/30/2015	3,694,000	109.7%

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

6. PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	Trust Funds		
	Pension Trust Fund	OPEB Trust Fund	Total Trust Funds
Assets:			
Cash and cash equivalents	\$ 411	\$ 1,395,045	\$ 1,395,456
Investments, at fair value:			
Mutual funds	110,054,243	11,884,568	121,938,811
Accounts receivable	105,224	75,912	181,136
Total assets	<u>110,159,878</u>	<u>13,355,525</u>	<u>123,515,403</u>
Liabilities:			
Due to employees/others	84,892		84,892
Claims incurred but not reported		294,000	294,000
Other liabilities		4,148	4,148
Total liabilities	<u>84,892</u>	<u>298,148</u>	<u>383,040</u>
Net Position:			
Held in trust for employees of Ledge Light	570,287		570,287
Held in trust for firefighters	9,486,002		9,486,002
Held in trust for benefits and other purposes	<u>100,018,697</u>	<u>13,057,377</u>	<u>113,076,074</u>
Total net position	<u>\$ 110,074,986</u>	<u>\$ 13,057,377</u>	<u>\$ 123,132,363</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Combining Schedule of Changes in Net Position - Trust Funds

	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 3,613,601	\$ 4,050,481	\$ 7,664,082
Plan members	1,229,657	2,913,103	4,142,760
Total contributions	<u>4,843,258</u>	<u>6,963,584</u>	<u>11,806,842</u>
Investment income:			
Net appreciation in fair value of investments	4,228,542	210,925	4,439,467
Less investment expenses:			
Investment management fees	342,633	593,664	936,297
Net investment income	<u>3,885,909</u>	<u>(382,739)</u>	<u>3,503,170</u>
Total additions	<u>8,729,167</u>	<u>6,580,845</u>	<u>15,310,012</u>
Deductions:			
Benefits	6,728,256	4,872,207	11,600,463
Administrative expense	41,001		41,001
Total deductions	<u>6,769,257</u>	<u>4,872,207</u>	<u>11,641,464</u>
Change in Net Position	1,959,910	1,708,638	3,668,548
Net Position - Beginning of Year	<u>108,115,076</u>	<u>11,348,739</u>	<u>119,463,815</u>
Net Position - End of Year	<u>\$ 110,074,986</u>	<u>\$ 13,057,377</u>	<u>\$ 123,132,363</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, 2015 for claims incurred but not reported to be \$880,000 in the Health Insurance Fund and \$2,776,314 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,591,803, and \$294,000 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, 2015

Changes in the claims liability were as follows:

	<u>Liability</u> <u>July 1,</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claim</u> <u>Payments</u>	<u>Liability</u> <u>June 30,</u>	<u>Due Within</u> <u>One Year</u>
<u>Health Insurance Fund</u>					
2014 - 2015	\$ 874,000	\$ 13,472,948	\$ 13,466,948	\$ 880,000	\$ 880,000
2013 - 2014	871,750	13,679,095	13,676,845	874,000	874,000
<u>Workers' Compensation Fund</u>					
2014 - 2015	\$ 2,384,381	\$ 1,557,759	\$ 1,165,826	\$ 2,776,314	\$ 118,355
2013 - 2014	2,455,976	788,024	859,619	2,384,381	119,219
<u>OPEB Trust Fund</u>					
2014 - 2015	\$ 287,000	\$ 4,872,207	\$ 4,865,207	\$ 294,000	\$ -
2013 - 2014	261,096	4,685,126	4,659,222	287,000	-

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, 2013 grand list, comprise 19.3% of the net taxable grand list of the Town and approximately 12.2% of the total General Fund revenues for the year ended June 30, 2015.

8. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27.

Net position balance at June 30, 2014, as previously reported	\$ 200,693,518
Adjustments:	
Eliminate net pension assets reported per GASB No. 27	(1,017,468)
Record net pension liability per GASB No. 68	<u>(17,138,638)</u>
Net Position Balance at July 1, 2014, as Restated	<u>\$ 182,537,412</u>

Required Supplemental Information

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 79,295,610	\$ 79,295,610	\$ 78,553,621	\$ (741,989)
Licenses and Permits:				
Building permits	140,922	140,922	317,645	176,723
Sporting licenses	850	850	672	(178)
Dog licenses	8,000	8,000	8,346	346
Other licenses and permits	20,520	20,520	15,048	(5,472)
Building permits - education fee	110	110	306	196
State land use fees	200	200	114	(86)
Total licenses and permits	170,602	170,602	342,131	171,529
Interest on Investments	51,000	51,000	100,211	49,211
Intergovernmental - State:				
General:				
Town aid road	379,198	379,198	377,392	(1,806)
Nuclear safety drill	37,041	37,041	53,276	16,235
Highway illumination	1,619	1,619	1,812	193
Telephone access	161,000	161,000	168,684	7,684
PILOT Enterprise zone	52,101	52,101	61,088	8,987
PILOT - state and tax exemptions	1,285,472	1,285,472	1,289,402	3,930
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	31,737	31,737	31,737	-
Pequot/Mohegan funds	1,386,526	1,386,526	1,390,133	3,607
911 Enhancement	164,802	164,802	164,344	(458)
Municipal aid adjustment grant	519,984	519,984	519,984	-
Municipal project grant	1,166,988	1,166,988	1,168,576	1,588
Municipal revenue sharing	116,103	116,103		(116,103)
Miscellaneous state grants	28,202	28,202	11,896	(16,306)
Board of Education:				
Education cost-sharing	25,625,179	25,625,179	25,532,449	(92,730)
Adult education	121,170	121,170	117,502	(3,668)
Instruction for the blind	24,833	24,833		(24,833)
Special education	1,410,915	1,410,915	1,303,932	(106,983)
Transportation - private school	31,825	31,825	36,623	4,798
Transportation	289,694	289,694	314,677	24,983
Magnet school transportation	161,703	161,703	204,100	42,397
Nonpublic pupil services	24,928	24,928	33,784	8,856
Total State of Connecticut	33,030,020	33,030,020	32,790,391	(239,629)
Intergovernmental - Federal:				
Pupil impact aid	3,709,561	3,709,561	3,222,953	(486,608)
Education - misc. federal funds	197,451	197,451	278,552	81,101
FEMA Reimbursement			40,172	40,172
Emergency management	20,062	20,062	19,948	(114)
Total federal government	3,927,074	3,927,074	3,561,625	(365,449)

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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, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Charges for Current Services:				
Planning Commission fees	\$ 13,000	\$ 13,000	\$ 15,065	\$ 2,065
Recording instruments	170,000	170,000	142,702	(27,298)
Conveyance tax	650,000	650,000	941,121	291,121
Planning department - other	500	500	1,016	516
Collection subdivisions taxes	164,458	164,458	103,277	(61,181)
Accident reports	1,580	1,580	3,294	1,714
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Housing Authority shelter rent	57,954	57,954	61,075	3,121
Coordinated Medical Emergency Director	22,186	22,186	22,176	(10)
Board of Education - FHS/ground mowing	53,408	53,408	53,408	-
GIS - revenue	900	900	1,376	476
Vital statistics	5,800	5,800	4,721	(1,079)
Snow/Ice control services	41,512	41,512	66,278	24,766
Total charges for current services	<u>1,235,117</u>	<u>1,235,117</u>	<u>1,469,328</u>	<u>234,211</u>
Schools, Library and Recreation:				
Tuition from other towns	171,452	171,452	94,858	(76,594)
Other school receipts	72,080	72,080	66,942	(5,138)
Library fines	25,000	25,000	19,001	(5,999)
Lost and damaged book fees	3,000	3,000	3,537	537
Senior Center fees	45,000	45,000	50,295	5,295
Park concession and rental	1,000	1,000		(1,000)
Library - copier fees	6,000	6,000	6,339	339
Library fees	17,000	17,000	17,591	591
Park rentals	3,000	3,000	2,375	(625)
Total schools, library and recreation	<u>343,532</u>	<u>343,532</u>	<u>260,938</u>	<u>(82,594)</u>
Other Revenue:				
Court fines	15,000	15,000	26,002	11,002
Parking tickets	3,240	3,240	770	(2,470)
Aircraft registration fees	18,000	18,000	22,040	4,040
Lease fees	152,940	152,940	151,283	(1,657)
Land record copies	28,000	28,000	29,519	1,519
Vital copies	64,000	64,000	69,524	5,524
Miscellaneous	5,000	5,000	22,433	17,433
Dog warden - sold and redeemed	4,310	4,310	3,308	(1,002)
Public Works Disposal fees	155,380	155,380	146,624	(8,756)
Returned check fees	1,800	1,800	1,036	(764)
Sale of capital assets	5,000	5,000	16,666	11,666
Delinquent MV fees	15,000	15,000	18,709	3,709
Finance Dept. copies	1,200	1,200	971	(229)
Total other revenue	<u>468,870</u>	<u>468,870</u>	<u>508,885</u>	<u>40,015</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, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources:				
Transfers in:				
Golf course	\$ 60,339	\$ 60,339	\$ 60,339	\$ -
Sewer/landfill services	768,004	768,004	768,004	-
Landfill			750,000	750,000
Sewer District	44,534	44,534	44,534	-
Mumford Cove	1,008	1,008	1,008	-
Capital Reserve Fund			451,500	451,500
Fleet Fund			65,000	65,000
Rec & Senior Activities Fund	74,653	74,653	100,000	25,347
Community Investment Act Fund	5,200	5,200	5,200	-
Outside Police Services	61,778	61,778	61,778	-
Total other financing sources	<u>1,015,516</u>	<u>1,015,516</u>	<u>2,307,363</u>	<u>1,291,847</u>
Total Revenues and Other Financing Sources	\$ <u>119,537,341</u>	\$ <u>119,537,341</u>	119,894,493	\$ <u>357,152</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			7,023,045	
Property tax revenue receivable accrual basis change			47,933	
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			11,794	
Other revenue adjustment			<u>220,000</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>127,197,265</u>	

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 243,678	\$ 243,678	\$ 235,396	\$ 8,282
Voter registration	149,103	149,103	120,596	28,507
Town Clerk	370,359	370,359	305,039	65,320
Legal services	420,000	595,000	647,562	(52,562)
Total general government	1,183,140	1,358,140	1,308,593	49,547
General Services:				
Executive management	438,825	443,825	417,929	25,896
Information technology	1,022,688	1,022,688	987,068	35,620
Human resources	336,888	336,888	321,152	15,736
Financial administration	1,402,000	1,417,600	1,388,639	28,961
Emergency communications	1,335,014	1,335,014	1,365,333	(30,319)
Total general services	4,535,415	4,556,015	4,480,121	75,894
Public Safety:				
Police services	6,599,178	6,599,178	6,569,781	29,397
Public Works	6,257,100	6,695,446	6,542,362	153,084
Planning and Development Services	1,166,030	1,166,030	1,124,653	41,377
Human Services:				
Human services	591,566	594,555	592,922	1,633
Community Services:				
Parks and recreation	1,774,268	1,774,268	1,692,877	81,391
Library	1,675,811	1,675,811	1,656,330	19,481
Total community services	3,450,079	3,450,079	3,349,207	100,872
Nondepartmental:				
Insurance and claims	560,714	560,714	530,719	29,995
Contingency	350,000			-
Self-funded plans	8,688,311	8,688,311	8,688,111	200
Total nondepartmental	9,599,025	9,249,025	9,218,830	30,195
Education	75,098,943	75,098,943	74,742,449	356,494
Debt Service:				
Town	2,622,606	2,622,606	2,622,556	50
Board of Education	2,628,694	2,628,694	2,628,693	1
Total debt service	5,251,300	5,251,300	5,251,249	51
Outside Agencies:				
Regional agencies	134,249	134,250	134,249	1
Ambulance services	145,951	145,951	145,951	-
Health services - cultural agencies	1,629,348	1,629,348	1,590,592	38,756
Other libraries	208,000	208,000	208,000	-
Total outside agencies	2,117,548	2,117,549	2,078,792	38,757

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Subdivisions:				
City of Groton	\$ 4,357,169	\$ 4,357,169	\$ 4,352,342	\$ 4,827
Groton Long Point	447,289	447,289	446,730	559
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>5,050,470</u>	<u>5,050,470</u>	<u>5,045,084</u>	<u>5,386</u>
Total expenditures	<u>120,899,794</u>	<u>121,186,730</u>	<u>120,304,043</u>	<u>882,687</u>
Other Financing Uses:				
Transfers out:				
Capital reserve	1,700,000	1,700,000	1,700,000	-
Revaluation	50,000	50,000	50,000	-
Fleet	65,000	65,000	65,000	-
Computer replacement	67,547	67,547	67,547	-
Total other financing uses	<u>1,882,547</u>	<u>1,882,547</u>	<u>1,882,547</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 122,782,341</u>	<u>\$ 123,069,277</u>	122,186,590	<u>\$ 882,687</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted			7,023,045	
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			338,108	
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			(650,900)	
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			140,213	
Elimination of transfers between General Fund and funds combined for GASB 54 purposes			<u>(117,547)</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>\$ 128,919,509</u>	

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

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 2,451,526	\$ 2,525,072
Interest	8,757,689	9,188,020
Differences between expected and actual experience		(3,089,277)
Changes of assumptions		(5,208,074)
Benefit payments, including refunds of member contributions	(5,929,846)	(5,876,377)
Net change in total pension liability	5,279,369	(2,460,636)
Total pension liability - beginning	109,927,474	115,206,843
Total pension liability - ending	<u>115,206,843</u>	<u>112,746,207</u>
Plan fiduciary net position:		
Contributions - employer	3,114,144	3,192,047
Contributions - member	1,114,042	1,131,674
Net investment income	13,481,409	3,540,403
Benefit payments, including refunds of member contributions	(5,929,846)	(5,876,377)
Administrative expense	(54,307)	(37,255)
Net change in plan fiduciary net position	11,725,442	1,950,492
Plan fiduciary net position - beginning	86,342,763	98,068,205
Plan fiduciary net position - ending	<u>98,068,205</u>	<u>100,018,697</u>
Net Pension Liability - Ending	<u>\$ 17,138,638</u>	<u>\$ 12,727,510</u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%	88.71%
Covered-employee payroll	\$ 23,026,395	\$ 23,605,993
Net pension liability as a percentage of covered-employee payroll	74.43%	53.92%

Notes to Schedule:

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjustments to the actuarial cost method from Unit Credit Actuarial Cost Method to Entry Age Actuarial Cost Method.

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

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

Notes to Schedule:

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjusting the investment rate of return from 8.00% to 7.75%.

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

	<u>2014</u>	<u>2015</u>
Total pension liability:		
Service cost	\$ 401,849	\$ 413,904
Interest	843,728	889,636
Differences between expected and actual experience		(520,189)
Changes of assumptions		799,434
Benefit payments, including refunds of member contributions	(558,385)	(814,075)
Net change in total pension liability	687,192	768,710
Total pension liability - beginning	10,418,570	11,105,762
Total pension liability - ending	<u>11,105,762</u>	<u>11,874,472</u>
Plan fiduciary net position:		
Contributions - employer	428,378	414,790
Contributions - member	128,634	94,356
Net investment income	1,308,508	326,423
Benefit payments, including refunds of member contributions	(558,385)	(814,075)
Administrative expense	(5,243)	(3,534)
Net change in plan fiduciary net position	1,301,892	17,960
Plan fiduciary net position - beginning	8,166,150	9,468,042
Plan fiduciary net position - ending	<u>9,468,042</u>	<u>9,486,002</u>
Net Pension Liability - Ending	<u>\$ 1,637,720</u>	<u>\$ 2,388,470</u>
Plan fiduciary net position as a percentage of the total pension liability	85.25%	79.89%
Covered-employee payroll	\$ 2,287,906	\$ 2,281,958
Net pension liability as a percentage of covered-employee payroll	71.58%	104.67%

Notes to Schedule:

Changes of assumptions. In 2015, amounts reported as changes of assumptions resulted primarily from adjusting the investment rate of return from 8.00% to 7.75%.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 391,132	\$ 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
Contributions in relation to the actuarially determined contribution	391,132	754,335	1,055,860	1,253,592	1,305,560	2,073,417	2,614,225	2,886,997	3,114,144	3,192,047
Contribution Deficiency (Excess)	\$ -	\$ (17,444)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 23,026,395	\$ 23,605,993
Contributions as a percentage of covered-employee payroll									13.52%	13.52%

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2015
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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 18,221	\$ -	\$ -	\$ 4,902	\$ -	\$ 1,940	\$ 6,918	\$ 10,599	\$ 9,556	\$ 6,764
Contributions in relation to the actuarially determined contribution	18,221	-	-	4,902	-	1,940	6,918	10,599	9,556	6,764
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 120,539	\$ 89,652
Contributions as a percentage of covered-employee payroll									7.93%	7.54%

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2015
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**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined contribution	\$ 124,843	\$ 111,691	\$ 112,328	\$ 109,397	\$ 135,773	\$ 208,535	\$ 347,332	\$ 378,701	\$ 428,378	\$ 414,790
Contributions in relation to the actuarially determined contribution	124,843	111,691	112,328	109,397	135,773	208,535	347,332	378,701	428,378	414,790
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 2,287,906	\$ 2,281,958
Contributions as a percentage of covered-employee payroll									18.72%	18.18%

Notes to Schedule

Valuation date: July 1, 2014
Measurement date: June 30, 2015
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 TWO FISCAL YEARS**

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

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

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

* The amounts presented for each fiscal year were determined as of December 31.

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, 2015 WITH COMPARATIVE TOTALS FOR 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 22,296,997	\$ 24,749,142
Investments	3,022,000	2,998,000
Property taxes receivable, net of allowance of \$220,000 in 2015 and 2014	3,142,995	2,182,537
Due from other funds	64,308	
Prepaid expenditures and other assets	<u>800</u>	<u>525</u>
Total Assets	\$ <u>28,527,100</u>	\$ <u>29,930,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 9,248,700	\$ 8,504,346
Due to other funds		1,049,340
Unearned revenues	<u>5,564</u>	<u>46,630</u>
Total liabilities	<u>9,254,264</u>	<u>9,600,316</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,703,184	1,841,044
Unavailable revenue - property tax interest	<u>803,052</u>	
Total deferred inflows of resources	<u>2,506,236</u>	<u>1,841,044</u>
Fund Balance:		
Committed:		
Subsequent years' budget	2,700,000	2,700,000
Assigned:		
Subsequent years' budget	3,235,029	3,245,000
Revaluation	222,148	177,006
Computer replacement	448,031	504,045
Encumbrances	650,900	420,479
Unassigned	<u>9,510,492</u>	<u>11,442,314</u>
Total fund balance	<u>16,766,600</u>	<u>18,488,844</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>28,527,100</u>	\$ <u>29,930,204</u>

TOWN OF GROTON, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive (Negative)
Revenues:				
General property taxes	\$ 79,295,610	\$ 79,295,610	\$ 78,553,621	\$ (741,989)
Licenses and permits	170,602	170,602	342,131	171,529
Interest on investments	51,000	51,000	100,211	49,211
Intergovernmental - Federal	3,927,074	3,927,074	3,561,625	(365,449)
Intergovernmental - State	33,030,020	33,030,020	32,790,391	(239,629)
Charges for current services	1,235,117	1,235,117	1,469,328	234,211
Schools, library and recreation fees	343,532	343,532	260,938	(82,594)
Other revenue	468,870	468,870	508,885	40,015
Total revenues	<u>118,521,825</u>	<u>118,521,825</u>	<u>117,587,130</u>	<u>(934,695)</u>
Expenditures:				
Current:				
General government	1,183,140	1,358,140	1,308,593	49,547
General services	4,535,415	4,556,015	4,480,121	75,894
Public safety	6,599,178	6,599,178	6,569,781	29,397
Public works	6,257,100	6,695,446	6,542,362	153,084
Planning and development	1,166,030	1,166,030	1,124,653	41,377
Health and human services	591,566	594,555	592,922	1,633
Community services	3,450,079	3,450,079	3,349,207	100,872
Education	75,098,943	75,098,943	74,742,449	356,494
Subdivisions	5,050,470	5,050,470	5,045,084	5,386
Nondepartmental	9,599,025	9,249,025	9,218,830	30,195
Outside agencies	2,117,548	2,117,549	2,078,792	38,757
Debt service	5,251,300	5,251,300	5,251,249	51
Total expenditures	<u>120,899,794</u>	<u>121,186,730</u>	<u>120,304,043</u>	<u>882,687</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,377,969)</u>	<u>(2,664,905)</u>	<u>(2,716,913)</u>	<u>(52,008)</u>
Other Financing Sources (Uses):				
Transfers in	1,015,516	1,015,516	2,307,363	1,291,847
Transfers out	<u>(1,882,547)</u>	<u>(1,882,547)</u>	<u>(1,882,547)</u>	<u>-</u>
Total other financing uses	<u>(867,031)</u>	<u>(867,031)</u>	<u>424,816</u>	<u>1,291,847</u>
Net Change in Fund Balance	<u>\$ (3,245,000)</u>	<u>\$ (3,531,936)</u>	<u>(2,292,097)</u>	<u>\$ 1,239,839</u>
Fund Balance at Beginning of Year			17,280,699	
Encumbrances Cancelled			<u>82,382</u>	
Fund Balance at End of Year			<u>\$ 15,070,984</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, 2015

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 33,158,843	\$ 33,158,843	\$ 30,645,876	\$ 61,509	\$ 30,707,385	\$ 2,451,458
Special	10,318,546	10,318,546	11,250,798	219	11,251,017	(932,471)
Continuing	308,107	308,107	291,750	362	292,112	15,995
Total instruction	<u>43,785,496</u>	<u>43,785,496</u>	<u>42,188,424</u>	<u>62,090</u>	<u>42,250,514</u>	<u>1,534,982</u>
Supporting Services:						
Pupils	5,464,548	5,464,548	5,684,086	365	5,684,451	(219,903)
Staff	2,389,612	2,389,612	1,877,902	6,796	1,884,698	504,914
General support	5,684,524	5,684,524	6,462,153	13,297	6,475,450	(790,926)
Operational support	13,480,255	13,480,255	13,061,475	72,629	13,134,104	346,151
Total supporting services	<u>27,018,939</u>	<u>27,018,939</u>	<u>27,085,616</u>	<u>93,087</u>	<u>27,178,703</u>	<u>(159,764)</u>
Community Services:						
Nonpublic school pupils	<u>130,854</u>	<u>130,854</u>	<u>203,510</u>		<u>203,510</u>	<u>(72,656)</u>
Nonprogrammed Changes:						
Tuition payments	<u>4,163,654</u>	<u>4,163,654</u>	<u>5,101,928</u>	<u>7,794</u>	<u>5,109,722</u>	<u>(946,068)</u>
Total	<u>\$ 75,098,943</u>	<u>\$ 75,098,943</u>	<u>\$ 74,579,478</u>	<u>\$ 162,971</u>	<u>\$ 74,742,449</u>	<u>\$ 356,494</u>

TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2015

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Total Combined Funds</u>
ASSETS				
Cash and cash equivalents	\$ 21,626,768	\$ 222,148	\$ 448,081	\$ 22,296,997
Investments	3,022,000			3,022,000
Receivables, net	3,142,995			3,142,995
Due from other funds	64,308			64,308
Other assets	<u>800</u>			<u>800</u>
Total Assets	<u>\$ 27,856,871</u>	<u>\$ 222,148</u>	<u>\$ 448,081</u>	<u>\$ 28,527,100</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 9,248,650	\$	\$ 50	\$ 9,248,700
Unearned revenues	<u>5,564</u>			<u>5,564</u>
Total liabilities	<u>9,254,214</u>	<u>-</u>	<u>50</u>	<u>9,254,264</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,703,184			1,703,184
Unavailable revenue - property tax interest	<u>803,052</u>			<u>803,052</u>
Total deferred inflows of resources	<u>2,506,236</u>			<u>2,506,236</u>
Fund balances:				
Committed	2,700,000			2,700,000
Assigned	3,885,929	222,148	448,031	4,556,108
Unassigned	<u>9,510,492</u>			<u>9,510,492</u>
Total fund balances	<u>16,096,421</u>	<u>222,148</u>	<u>448,031</u>	<u>16,766,600</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,856,871</u>	<u>\$ 222,148</u>	<u>\$ 448,081</u>	<u>\$ 28,527,100</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Revaluation Fund	Computer Replacement Fund	Elimination	Total Combined Funds
Revenues:					
Property taxes, interest and lien fees	\$ 78,601,542	\$	\$	\$	\$ 78,601,542
Licenses and permits	342,131				342,131
Intergovernmental - state	39,835,612				39,835,612
Interest on investments	100,211	895	592		101,698
Intergovernmental - federal	3,561,626				3,561,626
Charges for current services	1,447,151		7,385		1,454,536
Schools, library and recreation fees	260,937				260,937
Other revenue	728,898				728,898
Total revenues	<u>124,878,108</u>	<u>895</u>	<u>7,977</u>	<u>-</u>	<u>124,886,980</u>
Expenditures:					
Current:					
General government	1,122,702	5,753	650		1,129,105
General services	4,475,963				4,475,963
Public safety	6,533,128				6,533,128
Public works	6,466,672				6,466,672
Planning and development	1,021,024				1,021,024
Health and human services	592,923				592,923
Community services	3,345,250				3,345,250
Education	81,862,680				81,862,680
Subdivisions	5,045,084				5,045,084
Nondepartmental	9,283,830				9,283,830
Outside agencies	2,065,358				2,065,358
Debt service	5,251,249				5,251,249
Capital outlay			133,810		133,810
Total expenditures	<u>127,065,863</u>	<u>5,753</u>	<u>134,460</u>	<u>-</u>	<u>127,206,076</u>
Revenues over (under) Expenditures	<u>(2,187,755)</u>	<u>(4,858)</u>	<u>(126,483)</u>	<u>-</u>	<u>(2,319,096)</u>
Other Financing Sources (Uses):					
Transfers in	2,307,363	50,000	70,469	(117,547)	2,310,285
Transfers out	(1,830,980)			117,547	(1,713,433)
Total other financing sources (uses)	<u>476,383</u>	<u>50,000</u>	<u>70,469</u>	<u>-</u>	<u>596,852</u>
Net Change in Fund Balances	(1,711,372)	45,142	(56,014)	-	(1,722,244)
Fund Balances at Beginning of Year	<u>17,807,793</u>	<u>177,006</u>	<u>504,045</u>	<u>-</u>	<u>18,488,844</u>
Fund Balances at End of Year	<u>\$ 16,096,421</u>	<u>\$ 222,148</u>	<u>\$ 448,031</u>	<u>\$ -</u>	<u>\$ 16,766,600</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REVALUATION FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 725	\$ 725	\$ 895	\$ 170
Expenditures:				
Property revaluation	30,000	30,000	5,753	24,247
Revenues over (under) Expenditures	(29,275)	(29,275)	(4,858)	24,417
Other Financing Sources:				
Transfers in	50,000	50,000	50,000	-
Net Change in Fund Balance	\$ 20,725	\$ 20,725	\$ 45,142	\$ 24,417

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - COMPUTER REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 770	\$ 770	\$ 592	\$ (178)
Other agencies	1,635	1,635	1,635	-
Outside agencies - MDT	6,470	6,470	5,750	(720)
Total revenues	<u>8,875</u>	<u>8,875</u>	<u>7,977</u>	<u>(898)</u>
Expenditures:				
Computer equipment	<u>146,140</u>	<u>146,140</u>	<u>134,460</u>	<u>11,680</u>
Revenues over (under) Expenditures	(137,265)	(137,265)	(126,483)	10,782
Other Financing Sources:				
Transfers in	<u>70,469</u>	<u>70,469</u>	<u>70,469</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(66,796)</u>	\$ <u>(66,796)</u>	\$ <u>(56,014)</u>	\$ <u>10,782</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, 2015**

	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	\$ 44,202	\$ 201,822	\$ 206,652	\$ 179,075	\$ 6,494	\$ 1,071,147	\$ 75,649	\$ 78,267	\$ 2,205,142	\$ 419,229
Investments										
Receivables, net	3,288	181,255	943,071					6,960	531,877	355,131
Other assets										
Total Assets	<u>\$ 47,490</u>	<u>\$ 383,077</u>	<u>\$ 1,149,723</u>	<u>\$ 179,075</u>	<u>\$ 6,494</u>	<u>\$ 1,071,147</u>	<u>\$ 75,649</u>	<u>\$ 85,227</u>	<u>\$ 2,737,019</u>	<u>\$ 774,360</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 4,310	\$	\$ 257	\$ 1,874	\$	\$	\$ 357	\$ 49,881	\$ 225,756	\$ 186,889
Due to State	26,931									
Due to other funds			64,308				319			
Unearned Revenue	5,934		1,172							
Total liabilities	<u>37,175</u>	<u>-</u>	<u>65,737</u>	<u>1,874</u>	<u>-</u>	<u>-</u>	<u>676</u>	<u>49,881</u>	<u>225,756</u>	<u>186,889</u>
Deferred inflows of resources:										
Unavailable revenue - special assessments										
Unavailable revenue - loans receivable			878,763							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>878,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable										
Restricted	10,315					1,071,147				
Committed		383,077	205,223	177,201	6,494		74,973	35,346	2,511,263	587,471
Total fund balances	<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>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 47,490</u>	<u>\$ 383,077</u>	<u>\$ 1,149,723</u>	<u>\$ 179,075</u>	<u>\$ 6,494</u>	<u>\$ 1,071,147</u>	<u>\$ 75,649</u>	<u>\$ 85,227</u>	<u>\$ 2,737,019</u>	<u>\$ 774,360</u>

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**TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	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	\$ 256	\$ 15,659	\$ 11,254	\$ 185,249	\$ 547,851	\$ 75,952	\$ 55,354	\$ 45,137	\$ 512,400	\$ 112,705
Investments										
Receivables, net			174,712	179,881	578		19,920			51,564
Other assets										
Total Assets	<u>\$ 256</u>	<u>\$ 15,659</u>	<u>\$ 185,966</u>	<u>\$ 365,130</u>	<u>\$ 548,429</u>	<u>\$ 75,952</u>	<u>\$ 75,274</u>	<u>\$ 45,137</u>	<u>\$ 512,400</u>	<u>\$ 164,269</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 600	\$ 185,966	\$ 133,697	\$ 4,959	\$ 1,605	\$ 4,587	\$	\$	\$ 626
Due to State				125,787						
Due to other funds				15,866						
Unearned Revenue										
Total liabilities	<u>-</u>	<u>600</u>	<u>185,966</u>	<u>275,350</u>	<u>4,959</u>	<u>1,605</u>	<u>4,587</u>	<u>-</u>	<u>-</u>	<u>626</u>
Deferred inflows of resources:										
Unavailable revenue - special assessments										
Unavailable revenue - loans receivable										
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:										
Nonspendable										
Restricted				89,780						
Committed	256	15,059			543,470	74,347	70,687	45,137	512,400	163,643
Total fund balances	<u>256</u>	<u>15,059</u>	<u>-</u>	<u>89,780</u>	<u>543,470</u>	<u>74,347</u>	<u>70,687</u>	<u>45,137</u>	<u>512,400</u>	<u>163,643</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 256</u>	<u>\$ 15,659</u>	<u>\$ 185,966</u>	<u>\$ 365,130</u>	<u>\$ 548,429</u>	<u>\$ 75,952</u>	<u>\$ 75,274</u>	<u>\$ 45,137</u>	<u>\$ 512,400</u>	<u>\$ 164,269</u>

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**TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds				Debt Service Fund	Permanent Funds			
	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	Totals
ASSETS									
Cash and cash equivalents	\$ 353,569	\$ 12,188	\$ 18,360	\$	\$ 903,052	\$ 55,630	\$ 39,812	\$ 200,249	\$ 7,632,356
Investments						111,632	7,561		119,193
Receivables, net	1,284			3,798	12,986				2,466,305
Other assets	1,260								1,260
Total Assets	<u>\$ 356,113</u>	<u>\$ 12,188</u>	<u>\$ 18,360</u>	<u>\$ 3,798</u>	<u>\$ 916,038</u>	<u>\$ 167,262</u>	<u>\$ 47,373</u>	<u>\$ 200,249</u>	<u>\$ 10,219,114</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 54,069	\$ 216	\$	\$	\$ 350	\$	\$	\$	\$ 855,999
Due to State									26,931
Due to other funds				3,798					194,212
Unearned Revenue									22,972
Total liabilities	<u>54,069</u>	<u>216</u>	<u>-</u>	<u>3,798</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,114</u>
Deferred inflows of resources:									
Unavailable revenue - special assessments					10,006				10,006
Unavailable revenue - loans receivable									878,763
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>888,769</u>
Fund Balances:									
Nonspendable	1,260					20,000	27,543	200,000	248,803
Restricted	300,784	11,972			905,682	147,262	19,830	249	2,557,021
Committed			18,360						5,424,407
Total fund balances	<u>302,044</u>	<u>11,972</u>	<u>18,360</u>	<u>-</u>	<u>905,682</u>	<u>167,262</u>	<u>47,373</u>	<u>200,249</u>	<u>8,230,231</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 356,113</u>	<u>\$ 12,188</u>	<u>\$ 18,360</u>	<u>\$ 3,798</u>	<u>\$ 916,038</u>	<u>\$ 167,262</u>	<u>\$ 47,373</u>	<u>\$ 200,249</u>	<u>\$ 10,219,114</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	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	2,255,908	102,511	491,060			3,348	33,205			
Investment earnings			35		42	4,907	271		1,271	966
Federal government	55,414	1,256,621				1,288,701				
Charges for services		793,707						1,146,182		
Sewer use charges									5,796,587	
Solid waste management										2,201,040
Other revenue	204,508	19,060		71,942				782		
Total revenues	<u>2,515,830</u>	<u>2,171,899</u>	<u>491,095</u>	<u>71,942</u>	<u>42</u>	<u>1,296,956</u>	<u>33,476</u>	<u>1,146,964</u>	<u>5,797,858</u>	<u>2,202,006</u>
Expenditures:										
General government										
Public safety										
Human services			511,100	43,441						
Community services							43,521	1,070,248		
Education	2,545,030	2,107,709			3,925					
Sewer operations									4,290,302	
Solid waste management										2,085,798
Outside agencies										
Debt service									490,238	
Capital outlay						400,099				
Total expenditures	<u>2,545,030</u>	<u>2,107,709</u>	<u>511,100</u>	<u>43,441</u>	<u>3,925</u>	<u>400,099</u>	<u>43,521</u>	<u>1,070,248</u>	<u>4,780,540</u>	<u>2,085,798</u>
Revenues over (under) Expenditures	<u>(29,200)</u>	<u>64,190</u>	<u>(20,005)</u>	<u>28,501</u>	<u>(3,883)</u>	<u>896,857</u>	<u>(10,045)</u>	<u>76,716</u>	<u>1,017,318</u>	<u>116,208</u>
Other Financing Sources (Uses):										
Transfers in										
Transfers out							(1,208)	(60,744)	(816,858)	(1,022,455)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,208)</u>	<u>(60,744)</u>	<u>(816,858)</u>	<u>(1,022,455)</u>
Net Change in Fund Balances	<u>(29,200)</u>	<u>64,190</u>	<u>(20,005)</u>	<u>28,501</u>	<u>(3,883)</u>	<u>896,857</u>	<u>(11,253)</u>	<u>15,972</u>	<u>200,460</u>	<u>(906,247)</u>
Fund Balance - Beginning of Year	<u>39,515</u>	<u>318,887</u>	<u>225,228</u>	<u>148,700</u>	<u>10,377</u>	<u>174,290</u>	<u>86,226</u>	<u>19,374</u>	<u>2,310,803</u>	<u>1,493,718</u>
Fund Balance - End 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>

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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, 2015

	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	\$ 20,747	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut				561,663						
Investment earnings								62	716	
Federal government			186,010	24,999						
Charges for services				10,293		25,232	188,263			320,620
Sewer use charges										
Solid waste management										
Other revenue		31,015		64,732	122,970	41,952				
Total revenues	<u>20,747</u>	<u>31,015</u>	<u>186,010</u>	<u>661,687</u>	<u>122,970</u>	<u>67,184</u>	<u>188,263</u>	<u>62</u>	<u>716</u>	<u>320,620</u>
Expenditures:										
General government				2,503	218,076					
Public safety	20,000			32,981			240,211			
Human services		26,908		7,955						
Community services			186,010	244,553		44,372				
Education										
Sewer operations										
Solid waste management										
Outside agencies										302,947
Debt service										
Capital outlay				349,475						
Total expenditures	<u>20,000</u>	<u>26,908</u>	<u>186,010</u>	<u>637,467</u>	<u>218,076</u>	<u>44,372</u>	<u>240,211</u>	<u>-</u>	<u>-</u>	<u>302,947</u>
Revenues over (under) Expenditures	<u>747</u>	<u>4,107</u>	<u>-</u>	<u>24,220</u>	<u>(95,106)</u>	<u>22,812</u>	<u>(51,948)</u>	<u>62</u>	<u>716</u>	<u>17,673</u>
Other Financing Sources (Uses):										
Transfers in								25,000	250,000	
Transfers out	(1,008)			(5,200)		(54,000)	(61,778)			
Total other financing sources (uses)	<u>(1,008)</u>	<u>-</u>	<u>-</u>	<u>(5,200)</u>	<u>-</u>	<u>(54,000)</u>	<u>(61,778)</u>	<u>25,000</u>	<u>250,000</u>	<u>-</u>
Net Change in Fund Balances	(261)	4,107	-	19,020	(95,106)	(31,188)	(113,726)	25,062	250,716	17,673
Fund Balance - Beginning of Year	<u>517</u>	<u>10,952</u>	<u>-</u>	<u>70,760</u>	<u>638,576</u>	<u>105,535</u>	<u>184,413</u>	<u>20,075</u>	<u>261,684</u>	<u>145,970</u>
Fund Balance - End of Year	<u>\$ 256</u>	<u>\$ 15,059</u>	<u>\$ -</u>	<u>\$ 89,780</u>	<u>\$ 543,470</u>	<u>\$ 74,347</u>	<u>\$ 70,687</u>	<u>\$ 45,137</u>	<u>\$ 512,400</u>	<u>\$ 163,643</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, 2015

	Special Revenue Funds				Debt Service Fund	Permanent Funds			
	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	Totals
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$ 616,281	\$	\$	\$	\$ 637,028
Sewer assessments					59,972				59,972
State of Connecticut				3,798	59				3,451,552
Investment earnings			29		1,140	3,438	641	1,000	14,518
Federal government									2,811,745
Charges for services	983,844								3,468,141
Sewer use charges									5,796,587
Solid waste management									2,201,040
Other revenue	182	13,267				972			571,382
Total revenues	<u>984,026</u>	<u>13,267</u>	<u>29</u>	<u>3,798</u>	<u>677,452</u>	<u>4,410</u>	<u>641</u>	<u>1,000</u>	<u>19,011,965</u>
Expenditures:									
General government		26,017			8,562				255,158
Public safety									293,192
Human services				3,798					593,202
Community services	968,323					6,869		1,000	2,564,896
Education									4,656,664
Sewer operations									4,290,302
Solid waste management									2,085,798
Outside agencies									302,947
Debt service					795,562				1,285,800
Capital outlay									749,574
Total expenditures	<u>968,323</u>	<u>26,017</u>	<u>-</u>	<u>3,798</u>	<u>804,124</u>	<u>6,869</u>	<u>-</u>	<u>1,000</u>	<u>17,077,533</u>
Revenues over (under) Expenditures	<u>15,703</u>	<u>(12,750)</u>	<u>29</u>	<u>-</u>	<u>(126,672)</u>	<u>(2,459)</u>	<u>641</u>	<u>-</u>	<u>1,934,432</u>
Other Financing Sources (Uses):									
Transfers in		13,433							288,433
Transfers out	(100,000)				(44,534)				(2,167,785)
Total other financing sources (uses)	<u>(100,000)</u>	<u>13,433</u>	<u>-</u>	<u>-</u>	<u>(44,534)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,879,352)</u>
Net Change in Fund Balances	(84,297)	683	29	-	(171,206)	(2,459)	641	-	55,080
Fund Balance - Beginning of Year	<u>386,341</u>	<u>11,289</u>	<u>18,331</u>	<u>-</u>	<u>1,076,888</u>	<u>169,721</u>	<u>46,732</u>	<u>200,249</u>	<u>8,175,151</u>
Fund Balance - End of Year	<u>\$ 302,044</u>	<u>\$ 11,972</u>	<u>\$ 18,360</u>	<u>-</u>	<u>\$ 905,682</u>	<u>\$ 167,262</u>	<u>\$ 47,373</u>	<u>\$ 200,249</u>	<u>\$ 8,230,231</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SPECIAL LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 415	\$ 415	\$ 271	\$ (144)
State grants	1,200	1,200	500	(700)
ConnectiCard grant	32,000	32,000	32,705	705
Total revenues	<u>33,615</u>	<u>33,615</u>	<u>33,476</u>	<u>(139)</u>
Expenditures:				
Payroll charges	13,645	13,645	13,178	467
Professional/Technical Services			840	(840)
Software maintenance fees	26,625	26,625	24,290	2,335
Equipment, machinery and furniture	2,000	2,000	928	1,072
Computer equipment	4,500	4,500	4,285	215
Total expenditures	<u>46,770</u>	<u>46,770</u>	<u>43,521</u>	<u>3,249</u>
Revenues over (under) Expenditures	(13,155)	(13,155)	(10,045)	3,110
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>(14,363)</u>	\$ <u>(14,363)</u>	\$ <u>(11,253)</u>	\$ <u>3,110</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GOLF COURSE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 1,233,752	\$ 1,233,752	\$ 1,146,964	\$ (86,788)
Expenditures:				
Community services	<u>1,148,913</u>	<u>1,148,913</u>	<u>1,070,248</u>	<u>78,665</u>
Revenues over (under) Expenditures	84,839	84,839	76,716	(8,123)
Other Financing Uses:				
Transfers out	<u>(60,744)</u>	<u>(60,744)</u>	<u>(60,744)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>24,095</u>	\$ <u>24,095</u>	\$ <u>15,972</u>	\$ <u>(8,123)</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Sewer use charges	\$ 5,729,339	\$ 5,729,339	\$ 5,796,587	\$ 67,248
Interest income	945	945	1,271	326
Total revenues	<u>5,730,284</u>	<u>5,730,284</u>	<u>5,797,858</u>	<u>67,574</u>
Expenditures:				
Sewer system maintenance	<u>4,933,635</u>	<u>4,933,635</u>	<u>4,776,936</u>	<u>156,699</u>
Revenues over (under) Expenditures	796,649	796,649	1,020,922	224,273
Other Financing Uses:				
Transfers out	<u>(816,858)</u>	<u>(816,858)</u>	<u>(816,858)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u><u>(20,209)</u></u>	\$ <u><u>(20,209)</u></u>	\$ <u><u>204,064</u></u>	\$ <u><u>224,273</u></u>

Reconciliation to GAAP Basis

	Revenues	Expenditures	Change in Fund Balance
Current year encumbrances		\$ 121,699	\$ 121,699
Liquidated prior year encumbrances		(125,303)	<u>(125,303)</u>
Net Change in Fund Balance, GAAP			\$ <u><u>200,460</u></u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SOLID WASTE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 2,427,549	\$ 2,427,549	\$ 2,201,040	\$ (226,509)
Interest income	1,550	1,550	963	(587)
Total revenues	<u>2,429,099</u>	<u>2,429,099</u>	<u>2,202,003</u>	<u>(227,096)</u>
Expenditures:				
Solid waste management	<u>2,116,794</u>	<u>2,116,794</u>	<u>2,085,795</u>	<u>30,999</u>
Revenues over (under) Expenditures	312,305	312,305	116,208	(196,097)
Other Financial Uses:				
Transfers out	<u>(272,455)</u>	<u>(272,455)</u>	<u>(1,022,455)</u>	<u>(750,000)</u>
Net Change in Fund Balance	\$ <u>39,850</u>	\$ <u>39,850</u>	\$ <u>(906,247)</u>	\$ <u>(946,097)</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes, interest and lien fees	\$ 20,638	\$ 20,638	\$ 20,747	\$ 109
Expenditures:				
Public safety	20,030	20,030	20,000	30
Revenues over (under) Expenditures	608	608	747	139
Other Financial Uses:				
Transfers out	(1,008)	(1,008)	(1,008)	-
Net Change in Fund Balance	\$ (400)	\$ (400)	\$ (261)	\$ 139

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GROTON SEWER DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and other	\$ 621,981	\$ 621,981	\$ 676,312	\$ 54,331
Interest income	1,915	1,915	1,140	(775)
Total revenues	<u>623,896</u>	<u>623,896</u>	<u>677,452</u>	<u>53,556</u>
Expenditures:				
Debt service	795,562	795,562	795,562	-
Operating expense	<u>8,800</u>	<u>8,800</u>	<u>8,562</u>	<u>238</u>
Total expenditures	<u>804,362</u>	<u>804,362</u>	<u>804,124</u>	<u>238</u>
Revenues over (under) Expenditures	(180,466)	(180,466)	(126,672)	53,794
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>\$ (225,000)</u>	<u>\$ (225,000)</u>	<u>\$ (171,206)</u>	<u>\$ 53,794</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REC & SENIOR ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Recreation programs	\$ 440,000	\$ 440,000	\$ 498,842	\$ 58,842
Summer camp	173,365	173,365	174,900	1,535
Special needs programs	55,830	55,830	61,822	5,992
Senior trips	118,000	118,000	83,714	(34,286)
Senior programs	50,000	50,000	69,189	19,189
Senior food concession	113,000	113,000	95,559	(17,441)
Total revenues	<u>950,195</u>	<u>950,195</u>	<u>984,026</u>	<u>33,831</u>
Expenditures:				
Recreation programs	366,297	366,297	491,837	(125,540)
Summer camp	211,747	211,747	182,352	29,395
Special needs programs	79,847	79,847	74,555	5,292
Senior trips	128,336	128,336	70,944	57,392
Senior programs	59,199	59,199	54,480	4,719
Senior food concession	131,181	131,181	94,155	37,026
Total expenditures	<u>976,607</u>	<u>976,607</u>	<u>968,323</u>	<u>8,284</u>
Revenues over (under) Expenditures	(26,412)	(26,412)	15,703	42,115
Other Financing Sources (Uses):				
Transfers out	<u>(74,653)</u>	<u>(74,653)</u>	<u>(100,000)</u>	<u>(25,347)</u>
Net Change in Fund Balance	<u>\$ (101,065)</u>	<u>\$ (101,065)</u>	<u>\$ (84,297)</u>	<u>\$ 16,768</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, 2015

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,041,553	\$ 8,011,053	\$ 890,224	\$ 9,942,830
Accounts receivable	276	160,678		160,954
Total current assets	<u>1,041,829</u>	<u>8,171,731</u>	<u>890,224</u>	<u>10,103,784</u>
Noncurrent assets:				
Property and equipment	8,395,790			8,395,790
Accumulated depreciation	(5,956,007)			(5,956,007)
Property and equipment, net	<u>2,439,783</u>	<u>-</u>	<u>-</u>	<u>2,439,783</u>
Total assets	<u>3,481,612</u>	<u>8,171,731</u>	<u>890,224</u>	<u>12,543,567</u>
Liabilities:				
Current liabilities:				
Accounts payable	140,539	10,097	21,234	171,870
Claims incurred but not reported		880,000	118,355	998,355
Total current liabilities	<u>140,539</u>	<u>890,097</u>	<u>139,589</u>	<u>1,170,225</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			2,657,959	2,657,959
Total liabilities	<u>140,539</u>	<u>890,097</u>	<u>2,797,548</u>	<u>3,828,184</u>
Net Position:				
Invested in capital assets	2,439,783			2,439,783
Unrestricted	<u>901,290</u>	<u>7,281,634</u>	<u>(1,907,324)</u>	<u>6,275,600</u>
Total Net Position	<u>\$ 3,341,073</u>	<u>\$ 7,281,634</u>	<u>\$ (1,907,324)</u>	<u>\$ 8,715,383</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,236,687	\$ 15,787,487	\$ 598,006	\$ 17,622,180
Other revenue	6,857		38,141	44,998
Total operating revenue	<u>1,243,544</u>	<u>15,787,487</u>	<u>636,147</u>	<u>17,667,178</u>
Operating Expenses:				
Operating expenses	906,060			906,060
Claims - operating		13,472,948		13,472,948
Claims - workers' compensation			1,348,885	1,348,885
Claims - heart and hypertension			208,874	208,874
Depreciation	603,707			603,707
Administrative		1,230,849	50,232	1,281,081
Total operating expenses	<u>1,509,767</u>	<u>14,703,797</u>	<u>1,607,991</u>	<u>17,821,555</u>
Operating income (loss)	<u>(266,223)</u>	<u>1,083,690</u>	<u>(971,844)</u>	<u>(154,377)</u>
Nonoperating Revenue (Expenses):				
Interest on investments	1,764	12,968	2,165	16,897
Gain on disposal of capital assets	(13,500)			(13,500)
Transfer out	(65,000)			(65,000)
Total nonoperating revenue (expenses)	<u>(76,736)</u>	<u>12,968</u>	<u>2,165</u>	<u>(61,603)</u>
Change in Net Position	(342,959)	1,096,658	(969,679)	(215,980)
Net Position - Beginning of Year	<u>3,684,032</u>	<u>6,184,976</u>	<u>(937,645)</u>	<u>8,931,363</u>
Net Position - End of Year	<u>\$ 3,341,073</u>	<u>\$ 7,281,634</u>	<u>\$ (1,907,324)</u>	<u>\$ 8,715,383</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 1,243,327	\$ 16,024,995	\$ 636,147	\$ 17,904,469
Cash paid to vendors	(834,512)			(834,512)
Cash paid to beneficiaries		(14,694,200)	(1,224,494)	(15,918,694)
Net cash provided by (used in) operating activities	408,815	1,330,795	(588,347)	1,151,263
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(299,740)			(299,740)
Cash Flows from Noncapital Financing Activities:				
Transfers out	(65,000)			(65,000)
Cash Flows from Investing Activities:				
Interest on investments	1,764	12,968	2,165	16,897
Net Increase (Decrease) in Cash and Cash Equivalents	45,839	1,343,763	(586,182)	803,420
Cash and Cash Equivalents - Beginning of Year	995,714	6,667,290	1,476,406	9,139,410
Cash and Cash Equivalents - End of Year	<u>\$ 1,041,553</u>	<u>\$ 8,011,053</u>	<u>\$ 890,224</u>	<u>\$ 9,942,830</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (266,223)	\$ 1,083,690	\$ (971,844)	\$ (154,377)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	603,707			603,707
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	(217)	237,508		237,291
(Decrease) increase in accounts payable	71,548			71,548
(Decrease) increase in claims payable		9,597	383,497	393,094
Net Cash Provided by (Used in) Operating Activities	<u>\$ 408,815</u>	<u>\$ 1,330,795</u>	<u>\$ (588,347)</u>	<u>\$ 1,151,263</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, 2015

	Private Purpose Trust Funds				
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	Total
Assets:					
Cash and cash equivalents	\$ 2,278	\$ 5,626	\$ 28,122	\$ 61,175	\$ 97,201
Net Position:					
Held in trust for benefits and other purposes	\$ 2,278	\$ 5,626	\$ 28,122	\$ 61,175	\$ 97,201

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Contributions:					
Other revenue	\$	\$	\$ 14,100	\$	\$ 14,100
Investment income:					
Interest and dividends		28	42	100	170
Total additions	-	28	14,142	100	14,270
Deductions:					
Benefits		28	20,041	4,987	25,056
Change in Net Position	-	-	(5,899)	(4,887)	(10,786)
Net Position at Beginning of Year	2,278	5,626	34,021	66,062	107,987
Net Position at End of Year	\$ 2,278	\$ 5,626	\$ 28,122	\$ 61,175	\$ 97,201

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Performance Bonds				
Assets:				
Cash	\$ <u>1,320,288</u>	\$ <u>85,861</u>	\$ <u>163,000</u>	\$ <u>1,243,149</u>
Liabilities:				
Due to contractors/developers	\$ <u>1,320,288</u>	\$ <u>85,861</u>	\$ <u>163,000</u>	\$ <u>1,243,149</u>
Student Activities				
Assets:				
Cash	\$ <u>213,955</u>	\$ <u>354,748</u>	\$ <u>376,545</u>	\$ <u>192,158</u>
Liabilities:				
Due to student groups	\$ <u>213,955</u>	\$ <u>354,748</u>	\$ <u>376,545</u>	\$ <u>192,158</u>
Fire District Tax Collections				
Assets:				
Cash	\$ <u>209,855</u>	\$ <u>14,861,116</u>	\$ <u>15,042,233</u>	\$ <u>28,738</u>
Liabilities:				
Due to fire districts	\$ <u>209,855</u>	\$ <u>14,861,116</u>	\$ <u>15,042,233</u>	\$ <u>28,738</u>
Total				
Assets:				
Cash	\$ <u>1,744,098</u>	\$ <u>15,301,725</u>	\$ <u>15,581,778</u>	\$ <u>1,464,045</u>
Liabilities:				
Due to contractors/developers	\$ 1,320,288	\$ 85,861	\$ 163,000	\$ 1,243,149
Due to student groups	213,955	354,748	376,545	192,158
Due to fire districts	<u>209,855</u>	<u>14,861,116</u>	<u>15,042,233</u>	<u>28,738</u>
Total Liabilities	\$ <u>1,744,098</u>	\$ <u>15,301,725</u>	\$ <u>15,581,778</u>	\$ <u>1,464,045</u>

Other Schedules

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Grand List Year	Uncollected Taxes 7/1/2014	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2015
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2013	\$	\$ 78,832,981	\$ 109,346	\$ 544,464	\$ 337,241	\$ 78,060,622	\$ 76,900,430	\$ 227,235	\$	\$ 77,127,665	\$ 1,160,192
2012	1,066,688		47,604	39,075	39,396	1,035,821	683,215	153,701	60,046	896,962	352,606
2011	371,495		1,848	5,281	8,970	359,092	156,801	62,344	26,574	245,719	202,291
2010	243,346		597	221	3,927	239,795	71,716	40,932	14,383	127,031	168,079
2009	168,735		43	206	3,042	165,530	39,289	32,525	6,866	78,680	126,241
2008	127,920		40	133	2,965	124,862	5,435	8,761	4,286	18,482	119,427
2007	85,911				2,814	83,097	3,722	10,537	5,879	20,138	79,375
2006	45,553				3,158	42,395	2,277	7,452	3,844	13,573	40,118
2005	25,734			1	2,624	23,109	192	3,422	2,041	5,655	22,917
2004	8,470				1,020	7,450	183	4,604	2,159	6,946	7,267
2003	7,973			2	1,005	6,966	181	2,591	1,115	3,887	6,785
2002	7,496				1,011	6,485		1,981	878	2,859	6,485
2001	5,838			1	914	4,923		1,842	822	2,664	4,923
2000	1,557		48		775	830		1,920	674	2,594	830
1999	823		74		619	278	74	1,534	576	2,184	204
	<u>\$ 2,167,539</u>	<u>\$ 78,832,981</u>	<u>\$ 159,600</u>	<u>\$ 589,384</u>	<u>\$ 409,481</u>	<u>\$ 80,161,255</u>	<u>\$ 77,863,515</u>	<u>\$ 561,381</u>	<u>\$ 130,143</u>	<u>\$ 78,555,039</u>	<u>\$ 2,297,740</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015

Grand List Year	Uncollected Taxes 7/1/2014	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2015
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2013	\$	\$ 20,686	\$ 24	\$ 6	\$	\$ 20,704	\$ 20,700	\$ 34	\$	\$ 20,734	\$ 4
2012	9			2		7	6	2		8	1
2011						-		2	4	6	-
	<u>\$ 9</u>	<u>\$ 20,686</u>	<u>\$ 24</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 20,711</u>	<u>\$ 20,706</u>	<u>\$ 38</u>	<u>\$ 4</u>	<u>\$ 20,748</u>	<u>\$ 5</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, 2015

Grand List Year	Uncollected Taxes 7/1/2014	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2015
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2013	\$	\$ 612,849	\$ 437	\$ 2,926	\$ 67	\$ 610,293	\$ 604,430	\$ 2,190	\$	\$ 606,620	\$ 5,863
2012	5,661		9	189	35	5,446	3,410	2,830	23	6,263	2,036
2011	2,973		5	21	40	2,917	1,153	1,175	20	2,348	1,764
2010	2,037			2	44	1,991	567	664	21	1,252	1,424
2009	1,594		2	3	48	1,545	178	368	15	561	1,367
2008	1,339		1	3	46	1,291	72	216	5	293	1,219
2007	903			1	48	854	61	180	37	278	793
2006	653				58	595	3	39	8	50	592
2005	723			1	33	689	6	33		39	683
2004	266			2	33	231	6	34		40	225
2003	253				33	220	6	36		42	214
2002	241				33	208					208
2001	73		1		33	41					41
2000	90		1		58	33		2	1	3	33
1999	56				46	10	10	51		61	-
	<u>\$ 16,862</u>	<u>\$ 612,849</u>	<u>\$ 456</u>	<u>\$ 3,148</u>	<u>\$ 655</u>	<u>\$ 626,364</u>	<u>\$ 609,902</u>	<u>\$ 7,818</u>	<u>\$ 129</u>	<u>\$ 617,850</u>	<u>\$ 16,462</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2015

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of of Year	Interest Paid
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	\$ 50,000	\$ 5,000	\$	\$ 5,000	\$ -	\$ 94
General Purpose Bond Issue of 2010 (animal shelter & Sr Ctr)	2.25-4.25	10-15-2009	10-15-2029	9,030,000	464,500		464,500	-	9,871
General Purpose Bond Issue of 2014 (Rd Maint & Thames St)	2.0-4.0	4-16-2014	4-1-2034	8,945,000	8,945,000		630,000	8,315,000	238,140
General Purpose Bond Issue of 2014 (Sr Center)	2.0-2.25	4-16-2014	4-1-2019	375,000	375,000		75,000	300,000	7,547
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	5,675,000	4,649,000		794,000	3,855,000	154,555
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	6,752,000			6,752,000	243,850
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000	150,000		150,000	-	3,000
Sewer Refunding Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	2,710,000	2,710,000		210,000	2,500,000	68,500
Sewer Refunding Issue of 2013	2.75-3.0	3-12-2013	10-1-2029	2,020,000	2,020,000			2,020,000	58,738
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000	770,000		770,000	-	14,438
School Bond Issue of 2010	2.25-4.25	10-15-2009	10-15-2029	645,000	30,500		30,500	-	648
School Bond Issue of 2012	2.0-2.5	12-13-2011	10-15-2028	10,630,000	10,536,000		976,000	9,560,000	376,408
School Bond Issue of 2013	2.75-.3.0	3-12-2013	10-1-2029	12,308,000	12,308,000			12,308,000	460,700
Total Bonded Debt					\$ 49,715,000	\$ -	\$ 4,105,000	\$ 45,610,000	\$ 1,636,489

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Expenditures					
	Appropriation	Balance	Current	Balance	Encumbrances	Unencumbered
		July 1, 2014	Year	June 30, 2015		Balance
LOCIP Projects:						
Probate Office Modifications	\$ 25,000	\$ 18,375	\$	18,375	\$	6,625
Golf Course Chemical Storage Building	35,000		29,500	29,500		5,500
Town Hall Annex Boiler Replacement	65,000	4,500	318	4,818	55,000	5,182
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	174,655	6,408	181,063	519	60,418
Sidewalk High Meadow/Ice House	60,000		52,610	52,610	2,769	4,621
Sidewalk/Curb Pearl St Noank	55,000			-		55,000
Police Station Improvements	168,000		7,218	7,218	86,057	74,725
Park Improv ADA Compliance	60,000		3,995	3,995		56,005
GC Site Improvements	50,000		48,677	48,677		1,323
FYE 2011 Capital Improvement Projects:						
Drainage Improv New Install	45,000	251	11,501	11,752		33,248
WPCF Add/Improvements	325,000	43,161		43,161		281,839
WPCF Facility Renovations	1,765,000	1,380,093		1,380,093		384,907
Timekeeper	38,000	128		128		37,872
Spicer House P&R Office	30,000	7,651	1,974	9,625		20,375
FYE 2012 Capital Improvement Projects:						
Thames St Retaining Wall	241,540	123,775	2,149	125,924		115,616
Crystal Lake/Military Hwy Intersection	34,000	24,931	9,069	34,000		-
Swr Line Insfrs Replace - WPCF	685,000	554,519	2,881	557,400		127,600
Bridge Reconstruction	140,000	130,705		130,705		9,295
Town Fire/EMS Radio System	165,000	42,297	14,516	56,813		108,187
Jabez Smith House	30,000	25,585		25,585		4,415
All Schools - Security	200,000	173,882	16,203	190,085		9,915
Middle School Modifications	1,185,800	1,149,182	27,886	1,177,068		8,732
FYE 2013 Capital Improvement Projects:						
Improvements to Riverview Avenue	90,000	67,743		67,743		22,257
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
Groton Public Library	35,000	22,349	12,141	34,490		510
Sidewalk-Thomas Rd. Bikeway	176,000	8,270	20,955	29,225	40,145	106,630
Info Tech Acq-Replace Radio Console System	55,000		55,000	55,000		-
Jabez Smith House	13,000		162	162	838	12,000
Trail Improvement Plan	40,000			-		40,000
WPCF-Treatment Facility	220,000	178,676	24,487	203,163	4,784	12,053
WPCF-Pump Stations	360,000	136,845	158,100	294,945	4,400	60,655
City-Pavement Management	400,000	220,554	149,732	370,286		29,714
GLP-Pavement Management	131,230	128,363		128,363		2,867
BOE-Fitch Sr High School	835,000	6,183	566,297	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	63,859	2,455	66,314	8,686	-
Mystic Education Center	25,000			-	8,500	16,500
Town Hall Annex Complex	79,000	14,771	4,721	19,492	42,512	16,996
Rec Facilities Improvement	75,000	60,256		60,256		14,744
CAD/RMS MDT Implementation	40,000		17,895	17,895	7,305	14,800

(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, 2015

	Expenditures					
	Appropriation	Balance	Current	Balance	Encumbrances	Unencumbered
		July 1, 2014	Year	June 30, 2015		Balance
FYE 2014 Capital Improvement Projects:						
Crystal Lake/Military Hwy Intersection	\$ 96,000	\$	\$ 79,093	\$ 79,093	\$ 16,907	\$ -
Drainage Improvement New Installation	23,000	5,691		5,691		17,309
Fishtown Rd. Improvements	45,000		44,082	44,082	742	176
Groton Public Library	45,000		4,000	4,000		41,000
Traffic Signal Replacement/Upgrade	25,000	10,425	9,075	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	585,000		55,000
Info Tech Acq-Software Systems	75,000		73,245	73,245		1,755
Info Tech-Phone System	45,000		7,261	7,261		37,739
Jabez Smith House	12,000	1,502		1,502		10,498
Park Improvement Plan	15,000			-		15,000
WPCF-Treatment Facility	800,000	269,303	314,331	583,634	7,283	209,083
All Schools - Security	110,000	92,831	17,169	110,000		-
School Facilities Initiative	125,000	4,000	107,325	111,325	13,675	-
BOE-Energy Efficiency Measures	83,000	69,547		69,547		13,453
Noank Town Dock Area Improvements	20,000		6,343	6,343	8,000	5,657
TOG- Energy Efficiency Measures	30,000			-		30,000
Rec Facilities Improvement	50,000	21,145	11,105	32,250	16,750	1,000
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			-		285,000
Groton Public Library	39,000		30,700	30,700		8,300
Bridge Reconstruction	75,000			-	75,000	-
Thomas Road Sidewalk/Bikeway	191,000			-		191,000
Economic Assistance Fund	250,000		250,000	250,000		-
Jabez Smith House	10,000			-		10,000
Trail Improvement Plan	50,000			-		50,000
WPCF-Treatment Facility	25,000		12,000	12,000	3,000	10,000
WPCF-Pump Stations	10,000		10,000	10,000		-
All Schools - Security	200,000		38,032	38,032		161,968
BOE-Asbestos Tile Removal	445,000		1,201	1,201		443,799
BOE-Energy Efficiency Measures	65,000		23,488	23,488		41,512
Vehicle Wash Facility	25,000			-		25,000
Spicer Park Dock	61,000		48,640	48,640	6,400	5,960
Open Space Acquisition	25,000		25,000	25,000		-
Vacant School Properties	605,000		537,118	537,118	28,642	39,240
Spicer House P&R Office	45,000		30	30		44,970
Town Hall Complex	55,000		44,640	44,640	1,860	8,500
Town Hall Annex Complex-Barn Renovation	25,000		24,175	24,175		825
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	21,493,354	11,041,985	3,573,497	14,615,482	442,551	6,435,321
Retainage Payable - 2015			38,695	38,695		(38,695)
Total	\$ 21,493,354	\$ 11,041,985	\$ 3,612,192	\$ 14,654,177	\$ 442,551	\$ 6,396,626

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net investment in capital assets	\$ 64,716,282	\$ 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
Restricted	329,493	329,493	329,493	329,493	329,493	325,935	247,543	336,163	338,581	347,495
Unrestricted	<u>37,764,291</u>	<u>52,232,356</u>	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>	<u>40,302,575</u>	<u>38,257,761</u>	<u>35,517,240</u>	<u>45,424,903</u>	<u>23,007,408</u>
Total Governmental Activities										
Net Position	<u>\$ 102,810,066</u>	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>	<u>\$ 192,168,080</u>	<u>\$ 194,043,912</u>	<u>\$ 197,589,786</u>	<u>\$ 200,693,518</u>	<u>\$ 182,785,148</u>

TABLE 2

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government/services	\$ 6,783,421	\$ 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
Public safety	9,562,141	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
Public works	12,491,299	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
Planning and development	1,417,725	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
Human services	2,265,894	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
Community services	6,545,450	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
Board of Education	75,498,717	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
Sewer operations	4,120,740	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
Solid waste management	2,651,573	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
Interest on long-term debt	750,785	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
Total governmental activities expenses	122,087,745	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
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,867,504	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
Public safety	149,981	190,702	199,673	82,126	141,692	316,817	653,758	398,165	346,820	231,852
Public works	221,897	252,087	268,966	243,104	571,102	584,879	672,005	745,253	807,774	654,007
Planning and development	285,056	381,547	312,445	224,149	197,516	205,591	166,196	159,644	301,056	334,146
Health and human services	136,439	136,124	98,099	6,263	189,290	252,668	141,195	135,357	136,358	278,018
Community services	1,783,601	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
Education	183,077	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
Sewer system maintenance	4,630,430	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
Solid waste management	2,856,433	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
Operating grants and contributions	38,689,866	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
Capital grants and contributions	3,518,613	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
Total governmental activities program revenues	54,322,897	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
Net Expenses	(67,764,848)	(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)
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	61,283,570	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
Payments in lieu of taxes	7,071,935	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
Grants and contributions									2,601,740	
not restricted to specific programs	2,585,131	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
Unrestricted investment earnings	2,280,538	3,771,081	3,025,296	897,313	280,825	242,222	129,036	126,718		143,093
Contributions received	200,000									
Donated assets		1,900								
Miscellaneous revenue										26,314
Total governmental activities	73,421,174	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
Change in Net Position	\$ 5,656,326	\$ 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

TABLE 3

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund:										
Restricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Committed									2,700,000	2,700,000
Assigned						3,029,419	3,325,543	3,003,114	4,346,530	4,556,108
Unassigned						10,160,823	9,421,348	11,617,470	11,442,314	9,510,492
Reserved	1,569,628	1,846,901	2,655,295	3,289,619	2,139,367					
Designated for subsequent year budget	2,298,358	3,943,110	2,665,505	2,013,725	932,201					
Unreserved/undesignated	<u>9,157,831</u>	<u>9,036,656</u>	<u>10,412,092</u>	<u>10,489,614</u>	<u>8,829,424</u>					
Total General Fund	<u>\$ 13,025,817</u>	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>	<u>\$ 12,746,891</u>	<u>\$ 14,620,584</u>	<u>\$ 18,488,844</u>	<u>\$ 16,766,600</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$	\$	\$ 334,039	\$ 261,566	\$ 268,278	\$ 256,543	\$ 248,803
Restricted						8,111,208	7,636,668	7,909,457	14,297,309	10,770,323
Committed						10,615,517	8,799,862	6,266,751	6,213,171	5,424,407
Unassigned						(1,608,609)	(250,479)	(250,281)		
Reserved	10,579,502	34,362,546	12,579,522	10,698,121	2,926,867					
Unreserved, reported in:										
Special revenue funds	5,044,135	4,281,537	3,184,251	6,197,942	8,276,135					
Capital projects funds	(3,935,555)	(30,541,303)	(12,664,818)	(1,108,119)	4,344,029					
Debt service funds	2,377,377	2,787,781	2,966,039	3,093,238	3,261,289					
Permanent fund	<u>43,678</u>	<u>65,196</u>	<u>61,576</u>	<u>41,970</u>	<u>53,797</u>					
Total All Other Governmental Funds	<u>\$ 14,109,137</u>	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>	<u>\$ 16,447,617</u>	<u>\$ 14,194,205</u>	<u>\$ 20,767,023</u>	<u>\$ 16,443,533</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 YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes, interest and lien fees	\$ 61,341,582	\$ 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
Assessments	73,258	61,887	12,420	20,255	12,627	16,462	28,252	4,375	7,999	59,972
Licenses and permits	284,774	378,273	308,948	229,903	203,543	219,643	172,551	175,081	317,422	342,131
Intergovernmental - state	46,049,528	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
Intergovernmental - federal	4,354,411	6,169,237	6,470,582	8,133,140	9,103,956	208,221	117,160	107,531	115,560	126,196
Interest on investments	1,954,655	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
Charges for current services	4,454,353	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
Schools, library and recreation fees	397,320	341,499	461,072	455,396	433,701	383,922	328,918	338,553	313,187	260,937
Sewer use charges	4,615,730	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
Solid waste management charges	2,856,433	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
Other revenue	1,345,114	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
Total revenues	<u>127,727,158</u>	<u>157,138,889</u>	<u>181,349,107</u>	<u>143,965,810</u>	<u>138,109,562</u>	<u>142,948,226</u>	<u>147,190,389</u>	<u>148,657,011</u>	<u>149,924,953</u>	<u>144,447,892</u>
Expenditures:										
Current:										
General government	1,357,931	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
General services	4,167,487	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
Public safety	5,849,705	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
Public works	7,100,724	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
Planning and development	1,038,921	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
Health and human services	772,496	828,779	814,920	726,667	880,991	993,098	841,222	748,171	834,766	1,186,125
Community services	5,538,010	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
Education	74,848,015	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
Subdivisions	4,581,248	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
Sewer operations	3,338,937	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
Solid waste management	2,651,573	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
Nondepartmental (1)	4,520,784	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
Outside agencies (2)	1,632,556	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
Debt service interest	695,072	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
Debt service principal	2,740,000	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
Capital outlay	9,144,864	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
Total expenditures	<u>129,978,323</u>	<u>174,435,755</u>	<u>203,772,069</u>	<u>151,523,573</u>	<u>151,781,176</u>	<u>143,068,938</u>	<u>148,847,533</u>	<u>149,254,052</u>	<u>149,119,724</u>	<u>150,558,626</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,251,165)</u>	<u>(17,296,866)</u>	<u>(22,422,962)</u>	<u>(7,557,763)</u>	<u>(13,671,614)</u>	<u>(120,712)</u>	<u>(1,657,144)</u>	<u>(597,041)</u>	<u>805,229</u>	<u>(6,110,734)</u>
Other Financing Sources (Uses):										
Proceeds of bonds	5,005,000	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		181,455	
Operating transfers in	4,286,604	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
Operating transfers out	(4,556,604)	(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)
Total other financing sources (uses)	<u>4,735,000</u>	<u>15,944,336</u>	<u>18,500,000</u>	<u>20,414,411</u>	<u>9,718,613</u>	<u>-</u>	<u>209,255</u>	<u>217,322</u>	<u>9,635,849</u>	<u>65,000</u>
Net Change in Fund Balances	2,483,835	(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)
Fund Balance at Beginning of Year	<u>24,651,119</u>	<u>27,134,954</u>	<u>25,782,424</u>	<u>21,859,462</u>	<u>34,716,110</u>	<u>30,763,109</u>	<u>30,642,397</u>	<u>29,194,508</u>	<u>28,814,789</u>	<u>39,255,867</u>
Fund Balance at End 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>
Debt Service as a Percentage to Noncapital Expenditures	2.84%	3.15%	3.20%	4.58%	4.47%	5.08%	5.33%	4.26%	4.01%	4.58%

(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.

TABLE 5

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								
2005	\$ 1,367,849	\$ 826,284	\$ 174,832	\$ 530,053	\$ 569,118	\$ 397,142	\$ 2,501,875	\$ 22.62	\$ 5,092,046	49.1 %
2006	1,374,504	845,102	190,416	537,173	573,603	366,266	2,580,928	22.95	5,718,342	45.1
2007	1,392,856	865,827	200,815	515,071	593,531	254,868	2,719,702	24.05	6,111,010	44.5
2008**	1,713,224	1,009,245	190,854	536,897	789,245	255,073	3,195,147	21.21	5,789,799	55.2
2009	2,059,143	1,110,085	191,697	560,878	847,697	229,543	3,692,260	19.27	6,114,730	60.4
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,250,151	78.2
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,759,272	71.3
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,148,252	79.8
2013 **	2,255,322	1,183,933	222,949	512,177	982,988	236,104	3,938,277	20.22	5,626,110	70.0
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

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.

TABLE 6

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

Taxpayer	Nature of Business	2015			2006		
		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	\$ 511,942	1	13.1%	\$ 418,634	1	16.2%
Electric Boat Corp.	Submarine Mfg./R&D	255,281	2	6.6%	172,933	2	6.7%
LCOR Groton Apartments LLC	Ledges Apartments	21,400	3	0.6%	12,236	4	0.5%
Exit 88 Hotel LLC	Mystic Marriott Hotel	18,710	4	0.5%	18,772	3	0.7%
Groton Devel Assoc Ltd	Country Glen Apartments	17,533	5	0.5%	10,701	6	0.4%
ELK La Triumphe LLC	LaTriumphe Apartments	14,732	6	0.4%	10,391	8	0.4%
CW Groton Square LLC	Groton Square Shopping Center	14,518	7	0.4%	10,485	7	0.4%
Groton Estates LLC	Colonial Manor Apartments	12,186	8	0.3%	8,516	9	0.3%
Branford Manor Assoc	Apartment Complex	10,932	9	0.3%	7,430	10	0.3%
Groton Shoppers Mart LLP	Groton Shopping Center	10,743	10	0.3%			
CSC Outsourcing	Leased Equipment at Electric Boat				11,274	5	0.4%
		<u>\$ 887,977</u>		<u>23.0%</u>	<u>\$ 629,192</u>		<u>26.3%</u>

Source: Town Assessor's office

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
2006	\$	59,700	\$ 72	\$ 59,772	\$ 58,714	98.35 %	\$ 1,058	\$ 59,772	100.00 %
2007		65,828		65,828	64,595	98.13	942	65,537	99.56
2008		68,586		68,586	67,315	98.15	1,119	68,434	99.78
2009		71,554	448	72,002	70,215	98.13	1,791	72,006	100.01
2010		73,703	1,365	75,068	72,295	98.09	2,779	75,074	100.01
2011		76,226	37	76,263	74,842	98.18	1,460	76,302	100.05
2012		77,465	349	77,814	75,868	97.94	2,018	77,886	100.09
2013		80,232		80,232	78,991	98.45	872	79,863	99.54
2014		80,232		80,232	78,991	98.45	683	78,991	98.45
2015		78,060		78,060	76,900	98.51	n/a	76,900	98.51

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		Poquonnock		Mystic Fire District		Noank Fire District		Old Mystic Fire District		Groton Long Point Association	
			City of Groton	Total Direct Rate	Poquonnock Bridge Fire District	Poquonnock District Total Direct Rate	Mystic Fire District	Total Direct Rate	Noank Fire District	Total Direct Rate	Old Mystic Fire District	Total Direct Rate	Groton Long Point Association	Groton Long Point Association Total Direct Rate
2006	22.95	0.750	4.905	27.855	5.900	29.600	2.750	26.450	1.000	24.700	2.800	26.500	3.450	27.150
2007	24.05	0.750	4.905	28.955	6.100	30.900	2.820	27.620	1.000	25.800	2.850	27.650	3.830	28.630
2008	21.21	0.390	4.400	25.610	5.400	27.000	2.390	23.990	1.350	22.950	2.800	24.400	3.410	25.010
2009	19.27	0.330	4.300	23.570	5.200	24.800	2.150	21.750	1.320	20.920	2.370	21.970	3.000	22.600
2010	17.95	0.280	4.135	22.085	4.800	23.030	1.960	20.190	1.140	19.370	2.200	20.430	2.580	20.810
2011	18.42	0.290	4.135	22.555	4.800	23.510	2.030	20.740	1.140	19.850	2.200	20.910	2.910	21.620
2012	18.89	0.250	4.135	23.025	5.500	24.640	1.940	21.080	1.140	20.280	2.200	21.340	2.780	21.920
2013	20.22	0.250	4.595	24.815	5.900	26.370	2.050	22.520	1.190	21.660	2.400	22.870	2.835	23.305
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

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

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		General Bonded Debt as a Percentage of Actual Taxable Value of Property (1)	General Bonded Debt as a Percentage of Personal Income (2)	Capital Leases	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							
2006	\$ 14,585,000	\$ 2,840,000	0.7%	1.76%	\$	\$ 17,425,000	0.7%	1.76%	421
2007	28,940,000	2,105,000	1.1%	3.57%		31,045,000	1.2%	3.57%	786
2008	41,725,000	4,590,000	1.4%	4.97%		46,315,000	1.7%	4.97%	1,094
2009	42,555,000	7,180,000	1.3%	5.77%		49,735,000	1.6%	5.77%	1,270
2010	48,985,000	6,415,000	1.3%	6.37%	45,057	55,445,057	1.5%	6.37%	1,402
2011	45,700,000	5,890,000	1.3%	4.10%	25,832	51,615,832	1.3%	4.11%	1,286
2012	42,340,000	5,650,000	1.2%	3.83%	11,876	48,001,876	1.2%	3.83%	1,199
2013	38,580,000	5,195,000	1.1%	3.43%	4,013	43,779,013	1.1%	3.43%	1,097
2014	44,835,000	4,880,000	1.3%	4.00%	126,439	49,841,439	1.3%	4.01%	1,241
2015	41,090,000	4,520,000	1.2%	3.76%	101,765	45,711,765	1.2%	3.77%	1,138

(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, 2015**

Tax Base:	
Total tax collections (including interest and lien fees)	\$ 78,555,039
Total tax collections (including interest and lien fees) of coterminous municipalities	14,101,698
Reimbursement of Revenue Loss from Tax Relief for the Elderly	<u>2,000</u>
Total Base	<u>\$ 92,658,737</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	\$ 208,482,158	\$	\$	\$	\$
4 1/2 times base		416,964,317			
3 3/4 times base			347,470,264		
3 1/4 times base				301,140,895	
3 times base					<u>277,976,211</u>
Total limitations	<u>208,482,158</u>	<u>416,964,317</u>	<u>347,470,264</u>	<u>301,140,895</u>	<u>277,976,211</u>
Indebtedness:					
Bonds outstanding	19,222,000	21,868,000	4,520,000		
Authorized and unissued	10,610,755				
Underlying debt:					
Bonds and serial notes	5,957,070		515,000		
Authorized and unissued	<u>250,000</u>				
Total indebtedness	<u>36,039,825</u>	<u>21,868,000</u>	<u>5,035,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 172,442,333</u>	<u>\$ 395,096,317</u>	<u>\$ 342,435,264</u>	<u>\$ 301,140,895</u>	<u>\$ 277,976,211</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 62,942,825

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 648,611,159

(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.

TABLE 11

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 498,112	\$ 545,837	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064	\$ 669,870	\$ 648,611
Total net debt applicable to limit	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>	<u>74,920</u>	<u>84,069</u>	<u>68,618</u>	<u>58,276</u>	<u>56,413</u>	<u>67,524</u>	<u>62,943</u>
Legal Debt Margin	<u>\$ 368,297</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	26.06%	20.03%	15.21%	10.99%	11.32%	10.66%	9.14%	8.43%	10.08%	9.70%

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 2015 debt limit can be found on Table 10.

TABLE 12

**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)
2006	41,366	\$ 990,923	\$ 23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	7.7%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	9.0%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	9.3%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.8%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	8.7%
2014	40,176	1,243,126	30,942	33.2	92.2%	4,564	7.3%
2015	40,167	1,212,401	30,184	33.2	92.4%	4,518	5.2%

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**

Name	Nature of Business	2015			2006		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
U.S. Navy Submarine Base	Military Base	9,445	1	33.4%	10,550	1	35.4%
Pfizer, Inc.	Pharmaceutical	6,500	2	23.0%	5,260	3	17.6%
Electric Boat Corporation	Submarine Mfg/R&D	5,577	3	19.7%	7,979	2	26.8%
Town of Groton	Municipality	1,283	4	4.5%	945	4	3.2%
Theater Aviation Sustainment Maintenance Group	Helicopter repair	709	5	2.5%	400	5	1.3%
Mystic Marriott	Hotel/Conference Center	243	6	0.9%			
Fairview Retirement Community	Senior Living	214	7	0.8%			
PCC Structurals (1)	Manufacturer	206	8	0.7%	275	6	0.9%
City of Groton	Municipality	194	9	0.7%	218	7	0.7%
DealerTrack	Automated Motor Vehicle Registration	175	10	0.6%			
Lawrence & Memorial Facilities	Hospital				145	8	0.5%
Doncasters Precision Castings	Manufacturer				128	9	0.4%
Proto-Power Corporation	Engineering/Design				120	10	0.4%
		<u>24,546</u>		<u>86.8%</u>	<u>26,020</u>		<u>87.2%</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	52.00	53.00	54.00	54.00	53.00	51.00	48.00	49.00	49.00	49.00
Public safety	72.00	73.00	75.00	77.00	75.00	74.00	72.00	72.00	72.00	72.00
Public works	52.25	52.25	60.25	58.25	57.25	56.25	52.25	52.25	52.25	52.25
Planning and development	18.00	18.00	17.00	18.00	18.00	17.00	16.00	16.00	16.00	14.00
Human services	10.00	10.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	43.00	44.00	44.00	43.00	43.00	42.50	40.50	40.75	40.50	40.75
Golf course	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.25	6.50	6.25
Sewer system maintenance	17.75	17.75	17.75	17.75	17.75	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	1.00	2.00	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet reserve	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	286.00	290.00	290.00	289.00	284.00	279.00	267.00	268.00	268.00	266.00
Board of Education	659.00	655.00	659.00	665.00	667.00	665.00	683.00	683.00	641.00	733.00
Total	945.00	945.00	949.00	954.00	951.00	944.00	950.00	951.00	909.00	999.00

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.

TABLE 15

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

	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>General Government</u>										
Marriages and civil unions of residents	524	507	474	488	515	540	464	495	544	498
Births to Groton residents	610	580	608	565	554	545	419	556	569	528
Deaths of Groton residents	350	394	381	402	408	374	338	418	382	378
<u>Boards and Agencies</u>										
Registered voters	17,909	17,824	18,025	19,559	22,901	19,524	20,138	19,082	17,600	17,640
Elections and referenda	1	2	3	1	1	3	2	1	2	2
<u>Planning and Development</u>										
Building permits issued	1,600	1,438	1,520	1,359	1,388	1,267	1,355	1,300	1,347	1,403
Building inspections conducted	4,500	5,800	5,400	4,600	4,000	3,500	3,100	3,000	3,300	3,500
Value of building permits	\$ 27,293,923	\$ 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
<u>Public Safety</u>										
Arrests	672	685	1,058	1,016	1,112	883	755	1,555	1,376	1,135
Parking violations	336	175	292	313	198	228	244	263	282	50
Traffic violations	4,752	4,334	6,331	7,028	5,526	4,598	5,857	7,872	8,295	5,237
<u>Public Works</u>										
Street resurfacing (in miles)	3.94	3.27	3.03	1.20	1.59	2.29	3.25	3.18	3.45	3.24
Number of snow and ice control callouts	9	12	14	19	17	18	6	16	21	24
Miles of roads maintained (excludes GLP in 2006)	91.77	92.78	92.78	92.85	93.40	93.40	95.21	95.21	95.21	95.21
<u>Parks and Recreation</u>										
Athletic field permits issued	1,198	698	625	330	240	137	86	89	106	158
Summer season programs	181	170	161	201	197	197	201	186	161	160
Indoor season programs	583	603	606	640	706	719	537	398	453	461
Acres of grounds maintained	1,726	1,726	1,726	1,726	1,726	1,726	143	150	150	155
<u>Public Libraries</u>										
Volumes in collection	136,759	149,416	152,212	140,875	141,527	147,146	144,416	144,199	146,616	150,297
Items circulated	347,833	347,448	343,423	372,993	367,159	381,769	368,587	354,923	354,683	336,680
<u>Senior Center</u>										
Meals on wheels provided	34,068	36,982	23,800	23,800	17,888	16,756	16,270	14,935	12,500	23,399
Senior mini-bus trips	54	69	60	60	53	27	35	31	49	33
<u>Human Services</u>										
Households provided energy assistance	1,500	1,600	1,600	1,650	1,660	1,660	1,660	1,670	1,675	1,700
Households utilizing Groton Food Locker	4,500	4,500	4,500	4,500	4,600	4,600	4,600	4,600	4,600	4,650
Households receiving rent assistance	1,700	1,800	1,800	1,850	1,860	1,860	1,875	1,800	1,900	1,950
<u>Education</u>										
Elementary schools	9	9	8	7	7	7	7	7	7	7
Middle schools	3	3	3	3	3	3	3	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	130.7	132.9	134.0	135.3	135.3	136.5	136.5	136.5	136.5	136.5

Source(s): Various Town Departments

N/A Information not available

TABLE 16

**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
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	46	46	46	46	45	45	45	43	43	43
<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
Streetlights	1,330	1,334	1,334	1,325	1,337	1,339	1,339	1,371	1,330	1,330
Public works vehicles	227	213	213	203	197	197	197	197	198	198
<u>Parks and Recreation</u>										
Acreage	780	780	780	1,018	1,019	1,019	1,237	1,266	1270.8	1276.8
Parks	33	33	33	33	53	53	53	54	55	57
<u>Public Libraries</u>										
Libraries	1	1	1	1	1	1	1	1	1	1
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	5	5	5	5	5	5	6	6	6	6
<u>Education</u>										
Schools	13	13	12	11	11	11	11	11	11	11
<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
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

Source(s): Various Town Departments