

Comprehensive Annual Financial Report

of the

Town of Groton



Fiscal Year Ended June 30, 2017

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**the Fiscal Year Ended
June 30, 2017**

Prepared By:

The Finance Department

TOWN OF GROTON
TABLE OF CONTENTS
JUNE 30, 2017

Introductory Section		Page
	Letter of Transmittal	i-x
	GFOA Certificate of Achievement	xi
	Organizational Chart	xii
	List of Principal Officials	xiii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-16
	Basic Financial Statements	
Exhibit	Government-Wide Financial Statements:	
I	Statement of Net Position	17
II	Statement of Activities	18
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	19-20
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21-22
V	Statement of Net Position - Proprietary Funds	23
VI	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
VII	Statement of Cash Flows - Proprietary Funds	25
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	26
IX	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	27
	Notes to the Financial Statements	28-67
	Required Supplementary Information	
RSI-1	General Fund Schedule of Revenues and Other Financing Sources - Budget and Actual	68-70
RSI-2	General Fund Schedule of Expenditures and Other Financing Uses - Budget and Actual	71-72
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Town and BOE	73
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Ledge Light	74
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters	75
RSI-4	Schedule of Employer Contributions - Town and BOE	76
RSI-4	Schedule of Employer Contributions - Ledge Light	77
RSI-4	Schedule of Employer Contributions - Firefighters	78
RSI-5	Schedule of Investment Returns	79
RSI-6	Schedule of Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	80

<u>Exhibit</u>		<u>Page</u>
RSI-7	Schedule of Changes in Net OPEB Liability and Related Ratios	81
RSI-8	Schedule of Employer Contributions - OPEB Plan	82
RSI-9	Schedule of Investment Returns - OPEB Plan	83
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Balance Sheet	84
A-2	Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual	85
A-3	Schedule of Board of Education Expenditures and Encumbrances Compared with Appropriations - Budgetary Basis	86
A-4	Combining Balance Sheet Schedule	87
A-5	Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	88
A-6	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Revaluation Fund	89
A-7	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Computer Replacement Fund	90
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	91-94
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	95-98
B-3	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Special Library Fund	99
B-4	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Golf Course Fund	100
B-5	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Sewer Operating Fund	101
B-6	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Solid Waste Fund	102
B-7	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Mumford Cove District	103
B-8	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Groton Sewer District	104
B-9	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Rec & Senior Activities	105
	Internal Service Funds:	
C-1	Combining Statement of Net Position	106
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	107
C-3	Combining Statement of Cash Flows	108
	Fiduciary Funds:	
D-1	Combining Statement of Net Position - Private Purpose Trust Funds	109
D-2	Combining Statement of Changes in Net Position - Private Purpose Trust Funds	110
D-3	Statement of Changes in Assets and Liabilities - Agency Funds	111

Exhibit		Page
	Other Schedules:	
E-1	Schedule of Property Taxes and Levied, Collected and Outstanding - General Fund	112
E-2	Schedule of Property Taxes and Levied, Collected and Outstanding - Mumford Cove District	113
E-3	Schedule of Property Taxes and Levied, Collected and Outstanding - Groton Sewer District - Debt Service Fund	114
E-4	Schedule of Changes in Bond Indebtedness	115
E-5	Schedule of Expenditures and Encumbrances Compared with Appropriations - Capital Improvements Fund	116-117

Statistical Section

Table		
	Financial Trends:	
1	Net Position by Component	118
2	Changes in Net Position	119
3	Fund Balances of Governmental Funds	120
4	Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	121
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	122
6	Principal Taxpayers	123
7	Property Tax Levies and Collections	124
8	Direct and Overlapping Property Tax Rates	125
	Debt Capacity:	
9	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	126
10	Schedule of Debt Limitation	127
11	Legal Debt Margin Information	128
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	129
13	Principal Employers	130
	Operating Information:	
14	Full-Time Government Employees by Function/Program	131
15	Operating Indicators by Function/Program	132
16	Capital Asset Statistics by Function/Program	133
17	Calculation of Direct Debt and Current Debt Ratios	134

Introductory Section



TOWN OF GROTON

FINANCE DEPARTMENT

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December 20, 2017

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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, 2017.

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, 2017, 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, 2017, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government:

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the State of Connecticut’s Department of Public Health, the Town’s population is approximately 39,261 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.

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Services:

The Town of Groton provides a full range of services, including education, public safety, the construction and maintenance of highways and streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. For FYE 2017, approximately 259 full-time municipal employees provided services to a community of 38 square miles and 39,261 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 2017, 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.

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

Local Economy:

Groton was settled primarily by farmers, but they turned early to shipbuilding and the maritime trade to supplement their livelihood. Groton became known as the Submarine Capital of the World when the Electric Boat Division of General Dynamics delivered 74 diesel submarines to the Navy in World War II. This was followed in 1954 with the launch of the USS Nautilus, the world's first nuclear-powered submarine, now permanently berthed at Goss Cove near the Submarine Base. Today Groton is a regional center for commerce and industry while its shoreline location and its many historical sites have made the region a prime tourist attraction. The three top employers are U. S. Navy Submarine Base, Electric Boat Corporation and Pfizer Inc. As of June 2017 the Town had an unemployment rate of 4.3% as compared to the New London County rate of 4.9%, the state's average rate of 5.1% and the national average of 4.4%. New London County has an employed labor force of approximately 135,027 residents.

Grand List decreases by 2.2%: The October 1, 2016 net adjusted taxable Grand List decreased 2.2 from the 2015 Grand List after the Board of Assessment Appeals. This decrease reflects the results of the required revaluation of all property as of 10/1/2016 and is lower than earlier estimates had predicted. The overall real estate grand list was expected to drop but was reduced by increases in both personal property and motor vehicles. The net adjusted grand list now totals \$3,705,520,790. The combined assessments of the top ten taxpayers rose from \$759 million to about \$789 million. Pfizer remains the Town's largest taxpayer but Electric Boat remains strong as the second largest taxpayer with its percentage of the grand list increasing for the third year in a row. Net real estate dropped to \$3.251 billion. The net personal property grand list increased 8.9%, from \$244 million to \$266 million. The motor vehicles portion of the grand list grew by 2.1% from \$195 million to \$199 million. A more detailed analysis is presented in the Management Discussion and Analysis (MD&A) section of the CAFR.

Long-term Financial Planning/Relevant Financial Policies:

The unassigned fund balance in the general fund (9.6% of the FYE 2018 adopted general fund expenditures) is above the Town Council's Debt Policy and Management/Fiscal Practices that was initially adopted in September 1993 and revised in February 2014. The policy states that the unassigned fund balance shall be maintained in an amount equal to at least seven and three-quarters (7.75%) percent.

The Town Charter provides for the Town Manager to propose in the annual budget to the Town Council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$3,072,000 was reduced by the RTM to \$744,000.

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Major Initiatives for the Fiscal Year Ended June 30, 2017:

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. The Town Council and RTM through their respective actions extended the authorization through November 2022, allowing sufficient time to complete the program.

Water Pollution Control Facility:

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

Rehabilitation of the Fishtown Road Pump Station:

This project consists of a major rehabilitation and renewal of the Fishtown Road Pump Station. This collection system intermediate pump station collects wastewater discharges for residences, businesses and a middle school and conveys the wastewater under pressure through the collection system for treatment. Contract was awarded in June of 2017 with construction starting in the Fall of 2017.

Refurbishment of the Effluent Pump Station:

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

Major Initiatives for the Future:

School Projects, Groton 2020:

To address the findings of an educational needs assessment, the School Facilities Initiatives Task Force, formed in January 2013, developed a plan to succeed a previous Phase II school facilities plan, which failed at referendum. Using the Middle School Educational Specification that was provided by the Board of Education, in August 2014, the Task Force developed the Groton 2020 Plan. This plan includes one middle school of grades six to eight, located adjacent to the high school. Based on declining enrollments, the Board of Education determined that only one middle school is required to serve the Town. The plan also includes the renovation of the two existing middle schools to serve the students of three aging elementary schools, Claude Chester, Pleasant Valley, and SB Butler, which would no longer be required for educational purposes. (Note: Pleasant Valley school was closed in June 2017 and the students reassigned to address budget issues.) The Groton 2020 Plan addresses important diversity and consolidation issues, responds to declining enrollments, and provides the delivery of a cost effective educational program.

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The Groton 2020 Plan calls for the new middle school to be built on the Merritt property, a 35 acre site adjacent to the high school. Since this land was purchased for recreational purposes with a Department of Energy and Environmental Protection (DEEP) grant, the Town is continuing to work with DEEP to use this land for school purposes. The use of this land requires the Town to provide offsetting recreational land. Approval of this action is expected by December 2017. Construction of a middle school on the Merritt property would provide considerable efficiency due to its proximity to the high school. The two vacated elementary schools will be returned to the Town for future disposition. Public Works Department has selected a Program Management firm to assist the Department in the selection of an Architect and Construction Manager-Risk for the middle school project. It is envisioned that the selection of the firms and award of the contracts will occur in late 2017. The projected cost estimate for Groton 2020 is approximately \$184.5 million with a portion of this to be a grant from the State. The project was approved by the voters at a November 2016 Referendum.

Energy Efficiency and Conservation

The project converting the existing High Pressure Sodium (HPS) street and parking lot lights to Light-Emitting Diode (LED) technology will be completed by September 2017. The Town contracted with Tanko Lighting, Inc. to complete the conversion. Once receiving Town Council approval for the \$583,000 project, the installation phase of the project will commence. Over 25% of the project costs were paid for by incentives provided by Eversource and Groton Utilities. Completion of this project is expected to reduce costs related to both energy and maintenance by 65-75%.

The Public Works Department has been pursuing installation of a solar farm on the closed Flanders Road Landfill since 2011. The initial attempt to complete the project failed due to unavailability of incentive dollars through the State. This project was revived in November 2015 through 2016 discussions with Geosyntec and Green Harbor Energy. These initial discussions culminated in January 2016 by signing a Letter of Intent with Green Harbor Energy allowing them access to the property for developing a solar farm on a portion of the 65 acre property for two years. The completed initial installation is expected to be up to five Megawatts which could power approximately 800 homes.

The Public Works Department also initiated discussions with Eversource related to supplying natural gas to Town Facilities, initially the Town Hall Annex Complex. These discussions culminated in Eversource extending gas lines to the complex and additionally providing natural gas service to nearby neighborhoods. A project is being developed to allow the Town to take advantage of the cost savings by converting selected Town facilities to natural gas from oil. The high school, which is across the street from the Annex, will be able to connect as soon as the gas line is complete.

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

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Airport Development Zone (ADZ):

Staff submitted an application to the State of Connecticut Department of Economic and Community Development in 2016 seeking approval for an ADZ. This designation allows for the community to attract more business investment activity within a two-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 five years. The State of Connecticut Department of Economic and Community Development approved the Groton ADZ in early 2017.

Economic Development Marketing:

Following the completion of the Market Analysis, staff has been working on implementing the marketing of the Town of Groton. A new logo and slogan was selected and refined based on a design that was submitted as part of a contest conducted by the Economic Development division. This logo will replace the town seal on all documents used to market Groton. Staff has selected the website developer Golden Shovel to develop a stand-alone Economic Development Website. Staff anticipates a late October launch of the new site that can be found at www.exploremoregroton.com. A new ‘Guide to Doing Business in Groton’ is in its final phase of development. This guide will help new business owners through the process of opening a business in Groton. Staff has been working with Beta Group to develop a Wayfinding Signage master plan. This plan will help to orient travelers (motor vehicle, bicyclists, and pedestrians) throughout Groton with cohesive signage. The signage also creates a sense of pride throughout the community. The goal of rebranding and actively marketing Groton is to attract new businesses as well as residents to the area.

Tax Increment Financing:

Tax Increment Financing (TIF) is a financing tool that can be used by municipalities to invest in economic development. It allows some or all of public and/or private costs associated with development to be financed over time by increases in the property tax revenues that are generated by the new development or redevelopment. Connecticut General Statute 15-57 authorizes municipalities in Connecticut to create Tax Increment Financing (TIF) districts for the purposes of economic development. Staff has been working with Camoin to initiate a TIF program for Groton including policy/procedures and multiple TIF districts including areas at Route 184/117, Downtown Groton, and possibly Thames Street Waterfront. Staff expects to bring the document to the Town Council in October 2017 for approval.

Property Redevelopment:

Staff has been actively marketing property owned by the Town. Currently 517/529 Gold Star Highway, Groton Heights School and Mystic Education Center are the current priorities for redevelopment. All properties are offered by way of a Request for Proposal (RFP) versus a traditional sale. An RFP allows the Town to find the best fit for the property and ensure that the development happens. An RFP was released for 517/529 Gold Star Highway and Staff has been in discussions with developers. Staff anticipates an RFP to be released in fall 2017 for Mystic Education Center. Staff has an application in with the City for a zone change for Groton Heights School to make the property more appealing to developers. An early 2018 RFP release is anticipated for that property. William Seely School and Pleasant Valley School are two other properties that Staff will look to sell or lease in 2018.

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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 and the match have been expended. Pre-closeout certification was filed in October 2016 and an audit from the State DOH was completed in May 2017. A certificate of completion has not yet been issued.

2014 for Housing Authority:

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

2016 for Housing Authority:

This is an \$800,000 grant with a Housing Authority match of \$80,000. The grant was awarded in July 2016 and is currently under construction. This is the second phase of the Housing Authority's project and will continue to upgrade electrical systems, update bathrooms, mitigate for asbestos, and update code compliance and energy conservations systems within the Pequot Village apartments. The project has spent approximately \$177,000 at this time and is moving forward quickly. Bi-weekly meetings are held with all principal parties involved to keep the project on time and within budget.

2017 for Housing Authority:

This is an \$800,000 grant with a match from Mystic River Homes for \$163,000. The grant was awarded in August of 2017. The grant is administered through a three party relationship with the Town's Economic and Community Development Division, Mystic River Homes, and ECHO. Once the contracts are signed, bidding will commence for a general contractor and the project will get underway.

Regulatory Overhaul:

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

LOTICIP Grant:

Planning staff has received a Local Transportation Capital Improvement Program (LOTICIP) grant for the Kings Highway/Bridge Street Intersection. The Town's Economic Development strategy identified this area as needing roadway improvements to help establish a gateway to Groton and to spur business development with better traffic patterns. Electric Boat has recently purchased the old Caldor plaza, substantially renovated the building for professional offices, and has moved approximately 700 employees to that building. The Town has appropriated funds in the FYE 2017 CIP budget to complete the design of the project. The grants require that the municipality pays for the design and permitting of the project, and the COG would grant the municipality funding for the construction of the project. Design is currently underway.

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Debt Administration:

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

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$33,710,000 of general obligation bonds, \$3,785,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$37,495,000. Last fiscal year that total amount was \$41,540,000.

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 2017 data.

	<u>Adopted Policy</u>	<u>FYE 2017</u>
Comparison to State's Statutory Debt Limit:	not to exceed 50%	8.57%
Net Direct Indebtedness to assessed value	not to exceed 5%	1.0%
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, 2016. 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.

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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-three (23) consecutive years (FYE 1994 through FYE 2016). We believe that this report continues to conform to the Certificate of Achievement program requirement and we are submitting it to GFOA to determine its eligibility for another certification.

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

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

Respectfully submitted,

Cindy R. Landry

Cindy R. Landry
Finance Director

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Government Finance Officers Association

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

Presented to

**Town of Groton
Connecticut**

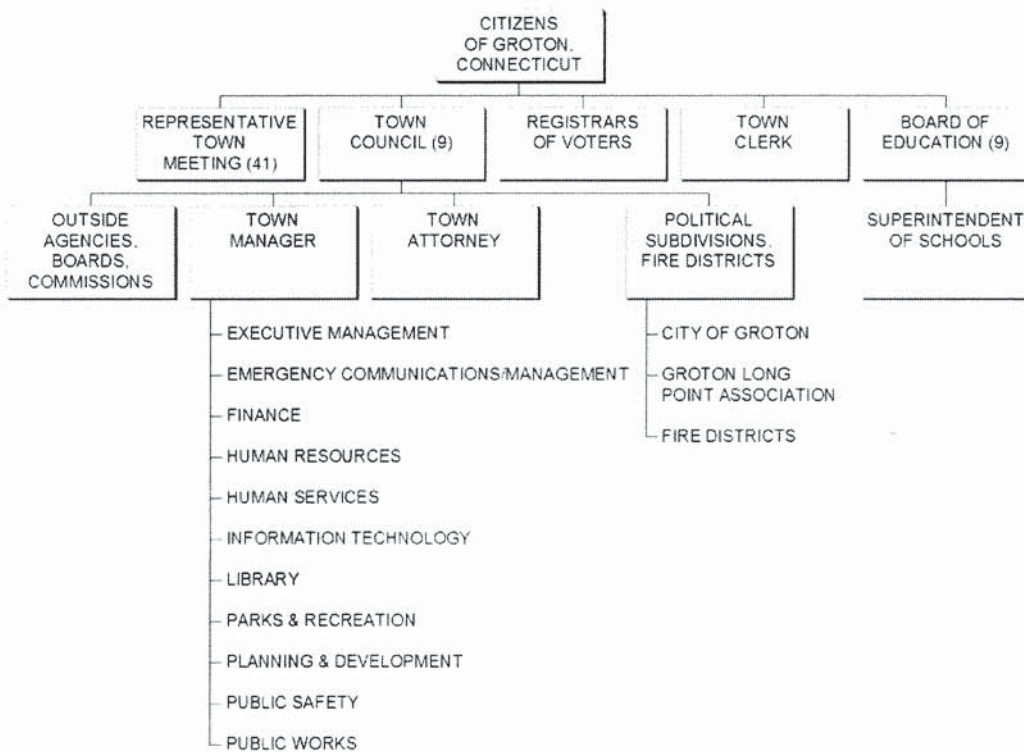
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO

TOWN OF GROTON ORGANIZATION CHART



FYE 2017

TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2017

Town Council

Bruce S. Flax, Mayor
Dean Antipas
Diane Barber
Gregory Grim
Rich Moravsik
Karen Morton
Bonnie Nault
Deborah L. Peruzzotti
Harry A. Watson

Board of Education

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

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 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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2017 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.

Changes in Accounting Principle

As discussed in Note 6 and Note 4 to the financial statements, respectively, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, and GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to these matters.

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 68 through 72 and the pension and OPEB schedules on pages 73 through 83 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 statement of the Town of Groton, Connecticut as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 13, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017 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 solely 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 the effectiveness of the Town of Groton, Connecticut's 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 20, 2017

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, 2017 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 \$175,616 (net position). Of this amount, \$10,782 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$4,085. This decrease is mainly attributable to a decrease in current assets, decrease in pension projected investment earnings which was offset by a decrease 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 \$26,691.
- For the fiscal year ended June 30, 2017, the unassigned fund balance for the General Fund was \$11,457 or 9.6% of the FYE 2018 Adopted General Fund budget. The Town Council has an adopted policy for the maintenance of a minimum unassigned fund balance be "maintained in an amount equal to at least seven and three-quarters (7.75%) percent of the annual general fund expenditures".
- The Town of Groton's total debt decreased by \$4,657 (9.3%) during the current fiscal year. This was mainly due to a reduction (\$4,045) 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 2008 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-nine **individual** non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Improvements Fund which are considered to be major funds. Twenty-five 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 28-67 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 84 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 \$175,616 on June 30, 2017.

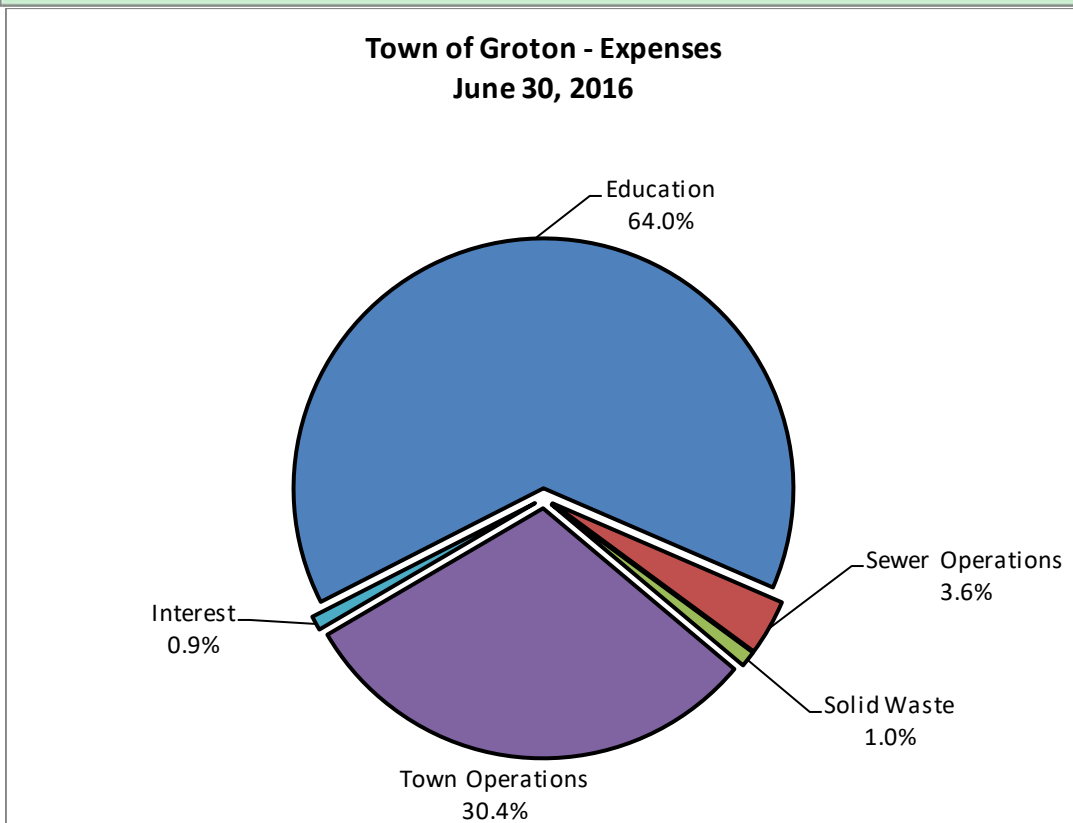
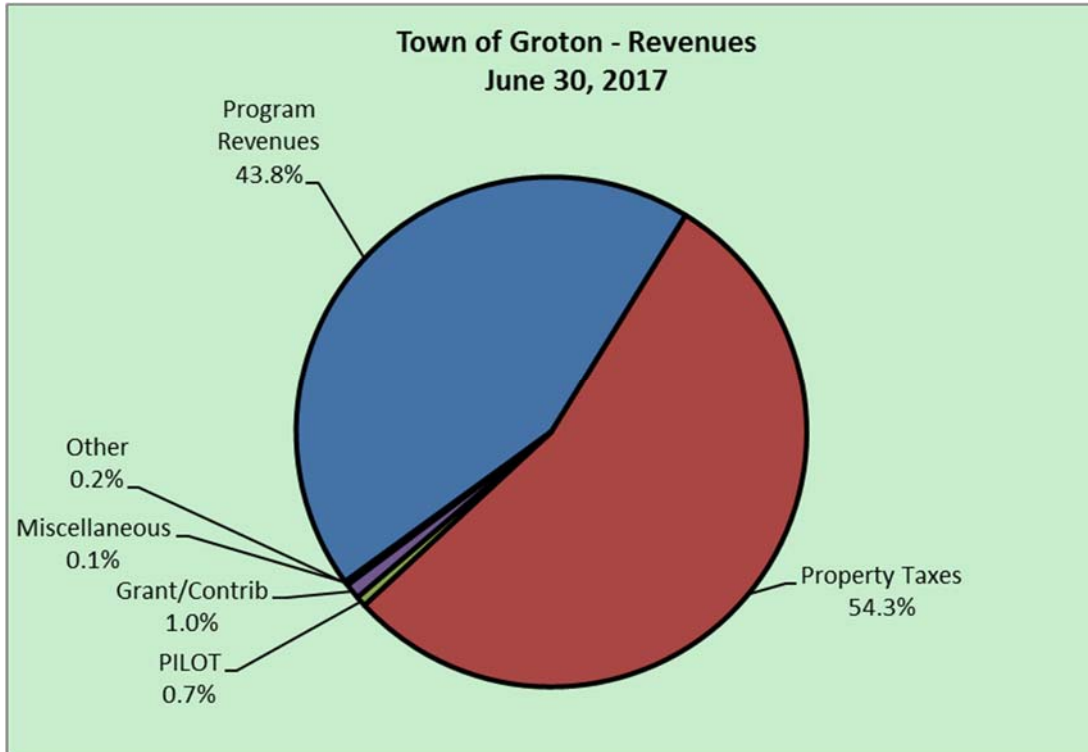
Town of Groton Net Position (\$000's)		Governmental Activities	
		2017	2016
Current assets	\$	47,229	\$ 53,122
Capital assets, net of accumulated depreciation		210,433	213,023
Total assets		<u>257,661</u>	<u>266,145</u>
Deferred outflows of resources		<u>7,941</u>	<u>11,707</u>
Long-term liabilities outstanding		74,792	80,650
Other liabilities		9,833	10,949
Total liabilities		<u>84,625</u>	<u>91,599</u>
Deferred inflows of resources		<u>5,361</u>	<u>6,552</u>
Net Position:			
Net investment in capital assets		164,501	162,348
Restricted		333	341
Unrestricted		<u>10,782</u>	<u>17,012</u>
Total Net Position	\$	<u><u>175,616</u></u>	\$ <u><u>179,701</u></u>

By far the largest portion of the Town of Groton's net position (93.7%) 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 (\$10,782) may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities. Approximately 54.3% of the revenues were derived from property taxes, followed by 35.5% from grants and contributions, 9.3% 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	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 14,155	\$ 13,779
Operating grants and contributions	52,018	46,303
Capital grants and contributions	707	702
General revenues:		
Property taxes	82,864	80,726
Payments in lieu of taxes	1,011	986
Grants and contributions (not restricted)	1,517	2,500
Other unrestricted investment earnings	241	149
Miscellaneous revenue	148	
Total revenues	<u>152,661</u>	<u>145,145</u>
Expenses:		
General government/services	8,042	10,822
Public safety	14,091	12,712
Public works	12,658	11,171
Planning and development	2,035	1,845
Human services	4,049	4,489
Community services	6,851	7,846
Board of Education	100,290	90,278
Sewer operations	5,653	5,839
Solid waste	1,614	1,610
Interest on long-term debt	1,463	1,617
Total expenses	<u>156,746</u>	<u>148,229</u>
Increase in Net Position	(4,085)	(3,084)
Net Position July 1	<u>179,701</u>	<u>182,785</u>
Net Position June 30	<u>\$ 175,616</u>	<u>\$ 179,701</u>



Major revenue factors for all Governmental Funds included:

- ◆ Total revenues were \$7,517 higher in 2017 when compared to 2016 or an increase of 5.2%.
- ◆ Grants and Contributions were higher in 2017 as the Town realized more in State and Federal grants.
- ◆ Property tax revenues recorded for fiscal year 2017 increased primarily due to an increase in the Town's tax rate from 20.95 mills to 21.73 mills.
- ◆ Investment earnings increased by \$92 from the prior fiscal year to \$241 for the fiscal year ended June 30, 2017. 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, 64% of the Town's expenses relate to education, 8.1% relate to public works, 9.0% relate to public safety, 5.1% to general government/services, 4.4% to community services and the remainder relates to planning & development, human services, sewer operations, solid waste and interest on long term debt.

Major expense factors for all Governmental Funds include:

- ◆ Total expenses were \$8,516 higher in 2017 when compared to 2016 or an increase of 5.7%.
- ◆ Town Operations expenses were \$1,159 lower in 2017 when compared to 2016 or a decrease of 2.4%.
- ◆ Education expenses were \$10,012 higher in 2017 when compared to 2016 or an increase of 11.1%. This is due to an increase in the teacher retirement contribution and depreciation expense related to additional capital assets.
- ◆ Results of operation in Sewer Operations, Solid Waste and Interest on Long-Term Debt accounted for a decrease of \$337 in expenses compared to 2016 or a decrease of 3.7%.

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

Financial Analysis of the Government's Funds:

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

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

As of the end of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$26,691, a decrease of \$2,166 in comparison with the prior year. Of this amount, \$11,408 constitutes unassigned fund balance. The remainder of fund balance is assigned to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) restricted by bond ordinances, 3) for holding of trust principal, or 4) constrained for a specific purpose.

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,457, which is included in the total fund balance of \$13,829. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.6% of total FYE 2018 Adopted general fund budget, while total fund balance represents 11.6% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$1,038 during the current fiscal year. The unassigned fund balance increased by \$1,360. Key factors in the total fund balance increase of \$1,038 are as follows:

- ◆ Revenues were \$141 less than anticipated primarily due to decreases in tax collections and reductions in both State and Federal intergovernmental revenue
- ◆ Expenditures were under budget by \$1,408 due to unexpended funds in Town Operations, Education, and Outside Agencies.
- ◆ The adopted FYE 2017 budget included a total of \$666 of fund balance applied however this was not required and was returned to fund balance.
- ◆ The amount designated for the subsequent year budget totals \$481 maintaining the 7.75% fund balance as required by the debt policy.

Capital Improvements Fund. This fund has a total fund balance of \$4,735 a decrease from \$7,873 in the prior year and is related to capital outlays and a decrease in transfers from other funds.

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 \$471 for the Fleet Reserve Fund, \$5,353 for the Health Insurance Fund and a deficit of \$2,212 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 \$1,211 and reflects decreases in Health Insurance Workers' Compensation funds while Fleet increased.

General Fund Budgetary Highlights:

No supplemental transfers were required during the year so there were no changes between the adopted and final budget. Transfers of \$414 occurred from Contingency to other functions within the General Fund to cover wage adjustments for collective bargaining unit contracts settled during the year, legal fees and funding for initiatives approved by the Town Council.

During the year, actual revenues and other financing sources on a budgetary basis amounted to \$120,749 which was under the adopted budget by \$141,692. The majority of this decrease can be attributed to a decrease in State and Federal revenue. State grants for Special Education, Education Cost Sharing and Magnet school transportation were reduced while anticipated Pupil Impact Aid payments were less than expected. Pupil impact aid is a federal reimbursement for educating federal dependents. State PILOT (payments in lieu of taxes) payments for state owned and tax exempt properties were also reduced.

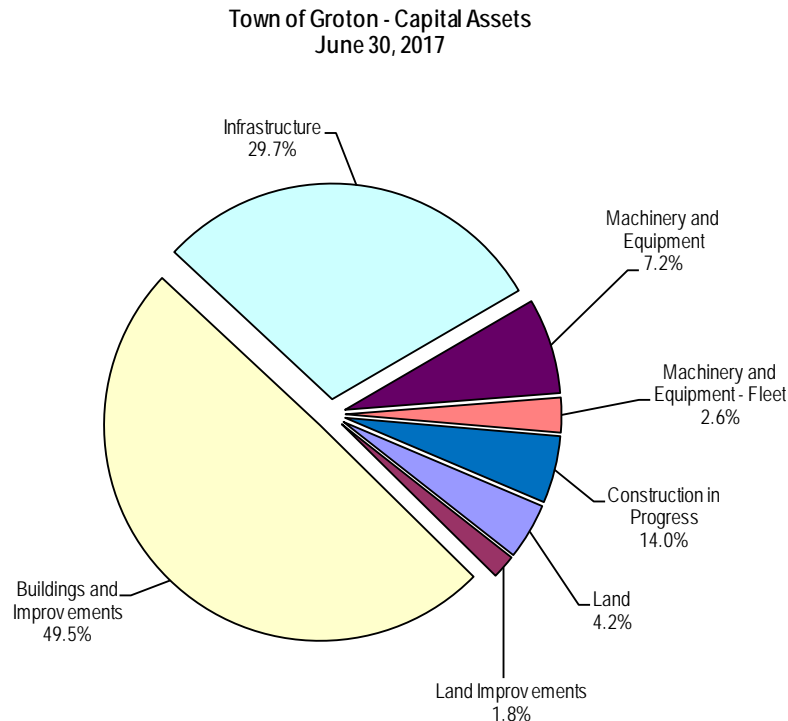
Actual expenditures were under budget by \$1,408 with town operations returning \$1,064 and Board of Education returning \$267.

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$360,648. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton's investment in capital assets for the current fiscal year was 1.5% mainly which reflects Water Pollution Control Facility & Pump Stations upgrades and improvements, road resurfacing and vehicle purchases.

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

	Governmental Activities	
	2017	2016
Land	\$ 15,187	\$ 15,188
Land improvements	6,494	6,432
Buildings and improvements	178,689	177,487
Infrastructure	106,942	105,115
Machinery and equipment	25,823	25,463
Machinery and equipment - fleet	9,359	8,671
Construction in progress	18,154	17,037
Total	\$ 360,648	\$ 355,393



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:

Storage Area Network	\$97
Police Stations Improvements	\$60

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

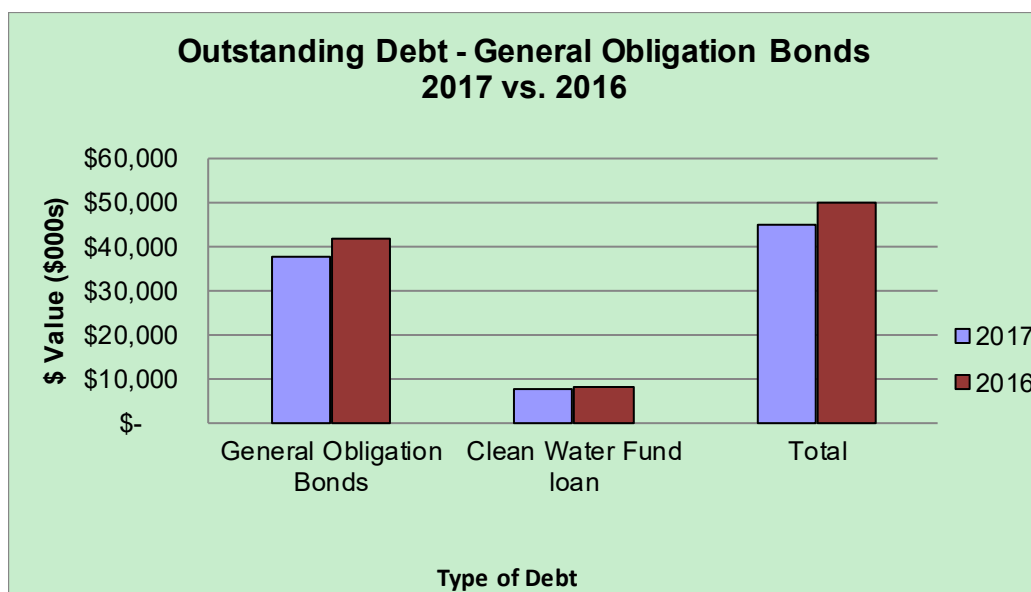
Sidewalk - Thomas Road Bikeway	\$104
Upgrade Radio System - Police	\$91
Groton Public Library	\$194
Town Hall Complex	\$386
Traffic Signal Replacement/Upgrade	\$118
Board of Education - Asbestos Tile Removal	\$231
Information Technology Acquisition-Software Systems	\$128
Water Pollution Control Facility; Treatment Facility	\$575
Water Pollution Control Facility; Pump Stations	\$151

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 40-41 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 \$45,099. Of this amount, \$41,314 comprises debt backed by the full faith and credit of the government and \$3,785 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	
	2017	2016
General obligation bonds	\$ 37,495	\$ 41,540
Clean Water Fund loan	7,604	8,216
Total	\$ 45,099	\$ 49,756



The Town of Groton's general obligation bonds have decreased \$4,657 or 9.3% during the current fiscal year mainly due long term debt issues maturing during the year.

The Town of Groton's bond rating was maintained at an "AA" rating with Fitch Ratings and an "Aa2" rating with Moody's Investors Service and AA+ by Standard & Poor's. Moody's Local Government Issuer Comment Report for Groton was published in August 2016 and affirmed the Aa2 rating. Fitch completed a surveillance review in March 2016 and again in October 2016 using their revised criteria for state and local governments. Both Fitch reviews affirmed their AA rating for Groton. On October 16, 2017 Moody's Investors Service placed 26 Connecticut cities/towns under review for a credit downgrade due to the State of Connecticut budget impasse. The State had been operating without a budget since July 1, 2017 and without a budget expenditures are controlled by executive order from the governor. The executive order issued in October 2017 significantly reduced aid to cities & towns primarily from education cost sharing grants and also included cuts to payments in lieu of taxes (PILOT) for state owned and tax exempt properties. Those municipalities facing funding cuts equal to 100% or more of fund balance or cash were placed under review for ratings downgrade. In December 2017 Moody's confirmed the town's Aa2 rating and assigned a negative outlook. The negative outlook reflects the town's reliance on state funding and relatively low reserves available to absorb significant reductions to state aid. The Town Council recently amended the debt policy to increase the unassigned General Fund reserve balance to a minimum of 11% from 7.75%. This action by Moody's concluded the review for possible downgrade initiated in October 2017.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$685,610. As of June 30, 2017, the Town recorded total indebtedness of \$66,343 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 45-47 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2017, the Town had an unemployment rate of 4.3% as compared to the New London County rate of 4.9%, the state's average rate of 5.1% and the national average of 4.4%.
- New London County has an employed labor force of approximately 130,705 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List decreases by 2.2%:

The October 1, 2016 net adjusted taxable Grand List decreased 2.2% from the adjusted 10/1/15 list after appeals were heard by the Board of Assessment Appeals. This decrease reflects the results of the required revaluation of all property as of October 1, 2016. The net adjusted grand list now totals \$3,705,520 after Board of Assessment adjustments. The combined assessment of the top 10 taxpayers comprises 21% of the town's net grand list.

Net real estate dropped to \$3.251 billion. A decrease was anticipated due to the October 1, 2016 revaluation.

Net residential real estate assessments fell from about \$2.270 billion to \$2.116 billion. This drop reflects the changes in the residential real estate market as compared to conditions that existed in the market for the October 1, 2011 revaluation of real property. The residential real estate's share of the entire net grand list shifted from 59.9% of the 2015 grand List to 56.9% of the 2016 grand list. Net commercial real estate rose this year to \$617 million and represents 16.6% of the net overall grand list. The net assessment for industrial property which includes Pfizer and Electric Boat rose slightly from \$508 million to \$517 million and represents 14% of the net overall grand list.

Twenty five single-family homes were started for the October 1, 2016 grand List, compared to sixteen last year.

The **personal property** grand list experienced growth of 8.9% in net assessments reversing a downward trend between 2014 and 2015. The grand list rose to \$266 million from \$244 million in 2015. The net assessment of personal property now comprises 7.2% of the grand list compared to 6.4% of the previous grand list.

The number of business personal property accounts rose slightly for the first time in four years and the volume of accounts experiencing penalties for late or non-filing has stabilized. The assessed value of the penalties increased for the 2016 grand list to \$6.5 million, up from \$3 million in 2015. The final number of taxable businesses for the 2016 grand list was 1,923 accounts, up from 1,909 accounts on the 2015 personal property grand list.

The **motor vehicle** portion of the grand list, adjusted for military exemptions, grew by 2.1% this year from \$195,031 in 2015 to \$199,151. The net assessment on motor vehicles now comprises 5.4% of the grand list, compared to 4.8% of the 2015 grand list.

Other Information:

During the fiscal year ended June 30, 2017, the Town of Groton's General Fund on a budgetary basis received 28.4% of its total revenues from intergovernmental sources, i.e., the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unassigned fund balance for FYE 2017 is at 9.6% of FYE 2018 operating expenses which is above the minimum acceptable guideline set by the Town Council of 7.75%. With a reliance on property taxes, 68.5% 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 increased to \$11,457. The Town Council has assigned \$481,258 to fund the subsequent years' budget.

Requests for Information:

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

Basic Financial Statements

TOWN OF GROTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 38,295,269
Investments	3,080,120
Receivables (net of allowances for collection losses):	
Property taxes	2,056,889
Special assessments	1,037,290
Accounts	942,131
Federal and state governments	298,760
Other	582,048
Due from Fiduciary Funds	25,913
Other assets	14,662
Net other post employment benefit asset	648,058
Capital assets, nondepreciable	33,341,664
Capital assets, net of accumulated depreciation	177,091,032
Restricted assets:	
Cash	126,532
Investments	121,011
Total assets	<u>257,661,379</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	2,001,950
Changes in pension actuarial assumptions	1,611,848
Changes in pension projected investment earnings	4,327,145
Total deferred outflows of resources	<u>7,940,943</u>
Liabilities:	
Accounts payable and accrued liabilities	9,739,876
Unearned revenue	93,608
Noncurrent liabilities:	
Due within one year	5,874,328
Due in more than one year	68,917,498
Total liabilities	<u>84,625,310</u>
Deferred Inflows of Resources:	
Changes in pension actuarial experience	2,450,323
Changes in pension actuarial assumptions	2,910,395
Total deferred inflows of resources	<u>5,360,718</u>
Net Position:	
Net investment in capital assets	164,500,510
Restricted for:	
Trust, nonexpendable	333,424
Unrestricted	<u>10,782,360</u>
Total Net Position	<u>\$ 175,616,294</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, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
			Capital Grants and Contributions	Total
Governmental activities:				
General government/services	\$ 8,042,247	\$ 1,762,441	\$ 1,321,421	\$ 191,046
Public safety	14,090,590	416,583	98,998	(4,767,339)
Public works	12,658,004	464,321	1,623,523	(13,575,009)
Planning and development	2,035,174	285,835		(10,537,670)
Health and human services	4,049,046	168,992	116,242	(1,749,339)
Community services	6,850,753	2,342,306	137,041	(3,763,812)
Education	100,289,882	1,086,729	48,720,590	(4,204,648)
Sewer operations	5,652,542	6,074,091	166,758	(50,166,348)
Solid waste management	1,613,576	1,553,358		421,549
Interest on long-term debt	1,463,234			(60,218)
				(1,463,234)
Total Governmental Activities	\$ 156,745,048	\$ 14,154,656	\$ 52,017,815	\$ 706,509
				(89,866,068)
General revenues:				
Property taxes				82,864,039
Payments in lieu of taxes				1,011,019
Grants and contributions not restricted to specific programs				1,517,211
Unrestricted investment earnings				240,806
Miscellaneous revenue				148,332
Total general revenues				85,781,407
Change in net position				(4,084,661)
Net Position at Beginning of Year				179,700,955
Net Position at End of Year				\$ 175,616,294

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 18,055,283	\$ 5,156,932	\$ 7,487,284	\$ 30,699,499
Investments	3,080,120		121,011	3,201,131
Receivables, net	2,107,886	3,412	2,591,504	4,702,802
Due from other funds	92,659			92,659
Other assets	10,568		4,094	14,662
Total Assets	<u>\$ 23,346,516</u>	<u>\$ 5,160,344</u>	<u>\$ 10,203,893</u>	<u>\$ 38,710,753</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,973,215	\$ 425,836	\$ 805,040	\$ 9,204,091
Due to State			69,110	69,110
Due to other funds			66,746	66,746
Unearned revenues			93,608	93,608
Total liabilities	<u>7,973,215</u>	<u>425,836</u>	<u>1,034,504</u>	<u>9,433,555</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,097,815			1,097,815
Unavailable revenue - property tax interest	446,539			446,539
Unavailable revenue - special assessments			4,507	4,507
Unavailable revenue - loans receivable			1,037,290	1,037,290
Total deferred inflows of resources	<u>1,544,354</u>	<u>-</u>	<u>1,041,797</u>	<u>2,586,151</u>
Fund balances:				
Nonspendable			251,637	251,637
Restricted		4,734,508	2,069,557	6,804,065
Committed	481,258		5,855,884	6,337,142
Assigned	1,889,794			1,889,794
Unassigned	11,457,895		(49,486)	11,408,409
Total fund balances	<u>13,828,947</u>	<u>4,734,508</u>	<u>8,127,592</u>	<u>26,691,047</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 23,346,516</u>	<u>\$ 5,160,344</u>	<u>\$ 10,203,893</u>	<u>\$ 38,710,753</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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)	\$ 26,691,047
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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	\$ 351,288,969	
Less accumulated depreciation	<u>143,961,946</u>	
Net capital assets		207,327,023

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	648,058
Property taxes and assessments receivable greater than 60 days	1,102,322
Loan receivables greater than 60 days	1,037,290
Interest receivable on property taxes	446,539
Deferred outflows related to changes in actuarial assumptions	1,611,848
Deferred outflows related to changes in projected pension investment earnings	4,327,145

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.

6,717,765

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	(37,495,000)
Bond premium	(2,787,058)
Deferred charge on refunding	2,001,950
Clean water fund loan payable	(7,603,509)
Interest payable on bonds	(313,132)
Capital lease obligations	(48,569)
Net pension liability	(19,060,328)
Deferred inflows related to pension actuarial experience	(2,450,323)
Deferred inflows related to changes in pension actuarial assumptions	(2,910,395)
Compensated absences	(1,845,779)
Landfill closure costs	<u>(1,780,600)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 175,616,294</u></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, 2017

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes, interest and lien fees	\$ 83,180,759	\$	\$ 644,173	\$ 83,824,932
Assessments			42,119	42,119
Licenses and permits	303,096			303,096
Intergovernmental - state	45,622,201	468,788	4,055,733	50,146,722
Interest on investments	152,744	28,665	38,731	220,140
Intergovernmental - federal	3,342,695	7,979	1,610,968	4,961,642
Charges for current services	1,638,519	50	3,581,021	5,219,590
Schools, library and recreation fees	282,921			282,921
Sewer use charges			6,074,091	6,074,091
Solid waste management charges			1,553,358	1,553,358
Other revenue	565,573	12,009	881,161	1,458,743
Total revenues	<u>135,088,508</u>	<u>517,491</u>	<u>18,481,355</u>	<u>154,087,354</u>
Expenditures:				
Current:				
General government	1,147,680		366,230	1,513,910
General services	4,289,828			4,289,828
Public safety	6,482,005		372,159	6,854,164
Public works	5,788,184		35,905	5,824,089
Planning and development	1,230,650			1,230,650
Health and human services	547,772		581,237	1,129,009
Community services	3,185,432		2,380,619	5,566,051
Education	90,690,477		5,910,935	96,601,412
Subdivisions	4,897,090			4,897,090
Sewer operations			4,331,286	4,331,286
Solid waste management			1,613,576	1,613,576
Nondepartmental	8,186,453			8,186,453
Outside agencies	1,946,308		160,448	2,106,756
Debt service	4,967,757		1,247,705	6,215,462
Capital outlay	70,823	4,901,407	466,945	5,439,175
Total expenditures	<u>133,430,459</u>	<u>4,901,407</u>	<u>17,467,045</u>	<u>155,798,911</u>
Revenues over (under) Expenditures	<u>1,658,049</u>	<u>(4,383,916)</u>	<u>1,014,310</u>	<u>(1,711,557)</u>
Other Financing Sources (Uses):				
Transfers in	579,596	1,245,433		1,825,029
Transfers out	(1,198,730)		(1,081,029)	(2,279,759)
Total other financing sources (uses)	<u>(619,134)</u>	<u>1,245,433</u>	<u>(1,081,029)</u>	<u>(454,730)</u>
Net Change in Fund Balances	1,038,915	(3,138,483)	(66,719)	(2,166,287)
Fund Balances at Beginning of Year	<u>12,790,032</u>	<u>7,872,991</u>	<u>8,194,311</u>	<u>28,857,334</u>
Fund Balances at End of Year	<u>\$ 13,828,947</u>	<u>\$ 4,734,508</u>	<u>\$ 8,127,592</u>	<u>\$ 26,691,047</u>

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TOWN OF GROTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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)	\$ (2,166,287)
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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	5,487,226
Depreciation expense	(7,898,633)
Loss on disposal of capital assets	(773,422)

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	(726,538)
Interest income on property taxes	(276,474)
Revenue on loan receivables greater than 60 days	144,880
Changes in deferred outflows related to changes in actuarial assumptions	773,339
Changes in deferred outflows related to changes in projected pension investment earnings	(4,374,509)
Change in other post employment benefit asset	(536,861)

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	36,287
Principal payments on bonds	4,045,000
Principal payments on Clean Water Fund loan payable	612,364
Principal payments on capital leases	27,261
Bond premium	223,073
Net pension liability	1,185,055
Change in deferred inflows related to pension actuarial experience	425,875
Change in deferred inflows related to changes in pension actuarial assumptions	765,893
Deferred charge on refunding	(164,496)
Landfill closure payments	168,200

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

Change in compensated absences	149,241
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The net expense of certain activities of internal service funds is reported in governmental activities	<u>(1,211,135)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (4,084,661)</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, 2017

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 7,722,302
Accounts receivable	214,316
Total current assets	<u>7,936,618</u>
Noncurrent assets:	
Property and equipment	9,359,299
Accumulated depreciation	<u>(6,253,626)</u>
Property and equipment, net	<u>3,105,673</u>
Total assets	<u>11,042,291</u>
Liabilities:	
Current liabilities:	
Accounts payable	153,542
Claims incurred but not reported	<u>1,168,972</u>
Total current liabilities	<u>1,322,514</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>3,002,012</u>
Total liabilities	<u>4,324,526</u>
Net Position:	
Invested in capital assets	3,105,673
Unrestricted	<u>3,612,092</u>
Total Net Position	\$ <u>6,717,765</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, 2017

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 14,589,160
Other revenue	68,529
Intergovernmental revenue	52,400
Total operating revenues	<u>14,710,089</u>
Operating Expenses:	
Operating expenses	355,051
Claims	14,336,735
Depreciation	578,335
Administration	1,126,499
Total operating expenses	<u>16,396,620</u>
Operating Loss	(1,686,531)
Nonoperating Revenues:	
Interest on investments	<u>20,666</u>
Loss Before Transfers	(1,665,865)
Transfers In	<u>454,730</u>
Change in Net Position	(1,211,135)
Net Position at Beginning of Year	<u>7,928,900</u>
Net Position at End of Year	<u><u>\$ 6,717,765</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, 2017

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from customers and users	\$ 14,675,622
Cash paid to vendors	(308,974)
Cash paid to beneficiaries	(14,953,345)
Net cash provided by (used in) operating activities	<u>(586,697)</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(1,172,752)
Cash Flows from Noncapital Financing Activities:	
Transfers in	454,730
Cash Flows from Investing Activities:	
Interest on investments	<u>20,666</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,284,053)
Cash and Cash Equivalents at Beginning of Year	<u>9,006,355</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>7,722,302</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (1,686,531)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	578,335
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(34,467)
(Decrease) increase in accounts payable	46,077
(Decrease) increase in claims payable	<u>509,889</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(586,697)</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, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 932,900	\$ 66,849	\$ 758,444
Investments, at fair value:			
Mutual funds	129,953,703		
Accounts receivable	200,133		
Total assets	<u>131,086,736</u>	<u>66,849</u>	<u>758,444</u>
Liabilities:			
Accounts payable	72,072		
Due to employees/others	25,913	300	
Claims incurred but not reported	312,000		
Due to contractors/developers			478,232
Due to student groups			249,069
Due to fire districts			31,143
Other liabilities	1,010		
Total liabilities	<u>410,995</u>	<u>300</u>	<u>758,444</u>
Net Position:			
Restricted for Ledge Light pensions	544,954		
Restricted for firefighters pensions	9,325,319		
Restricted for Town and BOE pensions	120,805,468		
Restricted for trusts		66,549	
Total Net Position	<u>\$ 130,675,741</u>	<u>\$ 66,549</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, 2017

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 6,331,650	\$
Plan members	3,740,296	
Other additions		2,000
Total contributions	<u>10,071,946</u>	<u>2,000</u>
Investment income:		
Net change in fair value of investments	12,638,747	
Interest and dividends		521
	<u>12,638,747</u>	<u>521</u>
Less investment expenses:		
Investment management fees	747,696	
Net investment income (loss)	<u>11,891,051</u>	<u>521</u>
Total additions	<u>21,962,997</u>	<u>2,521</u>
Deductions:		
Benefits	12,608,150	26,167
Administrative expense	35,491	
Total deductions	<u>12,643,641</u>	<u>26,167</u>
Change in Net Position	9,319,356	(23,646)
Net Position at Beginning of Year	<u>121,356,385</u>	<u>90,195</u>
Net Position at End of Year	<u>\$ 130,675,741</u>	<u>\$ 66,549</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 and Other Employee Benefit Trust Funds* are used to account for the accumulation of resources to be used for retirement benefits and other post employment benefits.

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 acquisition 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 and changes in actuarial assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

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

G. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Town accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2017 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
JUNE 30, 2017**

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. 74. 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
JUNE 30, 2017**

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, 2017, there were no additional appropriations.

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

**TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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

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

B. Deficit Fund Equity

The DECD Brownfield Mystic Education Fund, Other Special Revenue Fund and the Workers' Compensation Fund had a deficit fund balance of \$6,900, \$42,586 and \$2,211,976, respectively, at June 30, 2017. These deficits will be funded with grants, transfers and grant reimbursements.

C. Expenditures Exceeding Appropriations

The self-funded plans line item in the General Fund exceeded appropriations by \$37.

3. DETAILED NOTES ON ALL FUNDS

A. Cash, Cash Equivalents and Investments

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

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$40,179,893 of the Town's bank balance of \$43,235,690 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 38,421,701
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,758,192</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 40,179,893</u></u>

Cash Equivalents

At June 30, 2017, the Town's cash equivalents amounted to \$3,431,099. The following provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Investments

As of June 30, 2017, the Town had the following investments:

		Fair Value	Maturity in Years	
			Less Than 1	1 - 10
Interest-bearing investments:				
Certificate of Deposit *		\$ 3,080,120	\$ <u>1,002,022</u>	\$ <u>2,078,098</u>
Other investments:				
Mutual Funds	N/A	130,051,298		
Common Stock	N/A	9,965		
Private Hedge Funds	N/A	12,439		
Alternative Investments	N/A	<u>1,012</u>		
Total Investments		\$ <u>133,154,834</u>		

* Subject to coverage by Federal Depository Insurance and Collateralization

Investment Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, 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 5 and 6.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Common Stock	\$ 9,965	\$ 9,965	\$	\$
Mutual Funds	130,063,737	130,015,276	48,461	
Alternative Investments	<u>1,012</u>	<u>1,012</u>		
Total Investments by Fair Value Level	<u>\$ 130,074,714</u>	<u>\$ 130,026,253</u>	<u>\$ 48,461</u>	<u>\$ -</u>

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

B. Endowments Received

	<u>Williams Library Trust</u>	<u>Julia Bill Library Trust</u>	<u>Rispoli Scholarship</u>	<u>Total</u>
Original principal received	\$ 20,000	\$ 27,543	\$ 200,000	\$ 247,543
Net appreciation on investments	<u>153,277</u>	<u>22,832</u>	<u>249</u>	<u>176,358</u>
Total Value	<u>\$ 173,277</u>	<u>\$ 50,375</u>	<u>\$ 200,249</u>	<u>\$ 423,901</u>

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

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

C. Fund Receivables

Receivables at June 30, 2017, including the applicable allowances for collection losses, are as follows:

	<u>General</u>	<u>Capital Improvement</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Property taxes	\$ 1,823,735	\$	\$ 6,615	\$ 1,830,350
Property tax interest	446,539			446,539
Assessments			1,037,290	1,037,290
Intergovernmental	20,088	3,412	445,108	468,608
Accounts receivable	37,524		556,129	593,653
User fees receivable			1,120,811	1,120,811
Gross receivables	<u>2,327,886</u>	<u>3,412</u>	<u>3,165,953</u>	<u>5,497,251</u>
Allowance for collection losses	<u>(220,000)</u>		<u>(160,000)</u>	<u>(380,000)</u>
Net Receivables	\$ <u><u>2,107,886</u></u>	\$ <u><u>3,412</u></u>	\$ <u><u>3,005,953</u></u>	\$ <u><u>5,117,251</u></u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

D. Capital Assets

Capital asset activity for the year ended June 30, 2017 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	\$ 15,187,657	\$	\$	\$ 15,187,657
Construction in progress	17,036,617	4,927,649	3,810,259	18,154,007
Total capital assets not being depreciated	<u>32,224,274</u>	<u>4,927,649</u>	<u>3,810,259</u>	<u>33,341,664</u>
Capital assets being depreciated:				
Land improvements	6,432,233	61,448		6,493,681
Buildings and improvements	177,486,585	1,201,977		178,688,562
Machinery and equipment	25,328,326	603,118	243,272	25,688,172
Machinery and equipment - fleet	8,671,422	1,172,752	484,875	9,359,299
Infrastructure	105,115,096	1,827,155		106,942,251
Machinery and equipment - capital-leased	134,639			134,639
Total capital assets being depreciated	<u>323,168,301</u>	<u>4,866,450</u>	<u>728,147</u>	<u>327,306,604</u>
Less accumulated depreciation for:				
Land improvements	3,353,352	151,686		3,505,038
Buildings and improvements	51,954,172	3,848,326		55,802,498
Machinery and equipment	15,260,861	856,139	145,988	15,971,012
Machinery and equipment - fleet	6,160,166	578,335	484,875	6,253,626
Infrastructure	65,600,022	3,036,640		68,636,662
Machinery and equipment - capital-leased	40,894	5,842		46,736
Total accumulated depreciation	<u>142,369,467</u>	<u>8,476,968</u>	<u>630,863</u>	<u>150,215,572</u>
Total capital assets being depreciated, net	<u>180,798,834</u>	<u>(3,610,518)</u>	<u>97,284</u>	<u>177,091,032</u>
Governmental Activities Capital Assets, Net	<u>\$ 213,023,108</u>	<u>\$ 1,317,131</u>	<u>\$ 3,907,543</u>	<u>\$ 210,432,696</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

Governmental Activities:	
General government services	\$ 1,763,768
Public safety	62,063
Public works, including depreciation of general infrastructure assets	2,103,183
Community services	21,410
Education	2,549,518
Sewer operating	1,334,428
Golf Course	61,923
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	<u>580,675</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 8,476,968</u>

Construction Commitments

The Town has the following construction commitments as of June 30, 2017:

	<u>Project Amount</u>
Roads/Streets/Sidewalks:	
New London Road sidewalk	\$ 62,828
LED Streetlight upgrade	12,530
Signal upgrade	61,157
WPCF Projects:	
WPCF roofs and handrails	27,342
Fishtown Road pump station	1,338,666
Land Improvements:	
Town dock	38,500
Building Improvements:	
Library history room	20,310
Spicer House renovations	16,200
Roof-top heat pump	8,842
FMS Phase 2	274,000

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, 2017

E. Interfund Receivables, Payables and Transfers

As of June 30, 2017, 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	\$ 66,746
General Fund	Fiduciary Fund	<u>25,913</u>
		<u>\$ 92,659</u>

Interfund Transfers

Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Transfers In</u>			
<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Internal Service Fund</u>	<u>Total Transfers Out</u>
Transfers out:			
General Fund	\$ 744,000	\$ 454,730	\$ 1,198,730
Nonmajor Funds	<u>579,596</u>	<u>501,433</u>	<u>1,081,029</u>
Total Transfers In	<u>\$ 579,596</u>	<u>\$ 1,245,433</u>	<u>\$ 454,730</u>
			<u>\$ 2,279,759</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, 2017

F. Fund Balance

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable:				
Prepaid items	\$	\$	\$ 1,240	\$ 1,240
Endowments			250,397	250,397
Restricted for:				
Bonded capital projects		4,734,508		4,734,508
Debt service			546,289	546,289
Regional probate court			18,306	18,306
Recreation and senior activities			361,807	361,807
Trust purposes			176,358	176,358
Education			966,797	966,797
Committed to:				
Subsequent year's budget	481,258			481,258
Community development grant			105,655	105,655
Escrow funds			544,327	544,327
Land acquisition			61,820	61,820
Outside police services			113,246	113,246
Energy conservation			18,569	18,569
Human services donations			227,416	227,416
Emergency energy			19,471	19,471
Public infrastructure improvements			594,819	594,819
Library			48,459	48,459
Golf course operations			149,791	149,791
Parks & recreation			111,820	111,820
School cafeteria			368,338	368,338
Fitch High School library media			489	489
LED Conversion Project			67,901	67,901
Sewer			2,827,497	2,827,497
Solid waste management			409,591	409,591
Outside agencies			186,060	186,060
Other			615	615
Assigned to:				
City of Groton - encumbrances	738,501			738,501
General government - encumbrances	19,626			19,626
Police department - encumbrances	110,622			110,622
Utilities/Public works - encumbrances	155,602			155,602
Planning and development - encumbrances	253,699			253,699
Parks and recreation - encumbrances	13,570			13,570
Education services - encumbrances	256,616			256,616
Revaluation	14,663			14,663
Technology	326,895			326,895
Unassigned	11,457,895		(49,486)	11,408,409
Total Fund Balance	\$ 13,828,947	\$ 4,734,508	\$ 8,127,592	\$ 26,691,047

Encumbrances of \$1,548,236 and \$1,453,075 at June 30, 2017 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, 2017

G. Leases

Operating Leases

The Town leases buildings and copiers under noncancelable operating leases. The total costs for such leases were \$59,561 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 96,574
2019	70,502
2020	37,069
2021	15,732
2022	2,121

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>(46,736)</u>
Total	<u>\$ 87,903</u>

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 30,431
2019	20,288
Less amount for interest	<u>(2,150)</u>
Minimum lease payments	<u>\$ 48,569</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2017 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	\$ 41,540,000	\$	\$ 4,045,000	\$ 37,495,000	\$ 3,650,000
Clean Water Fund loan	8,215,873		612,364	7,603,509	612,363
Premium	3,010,131		223,073	2,787,058	
Total bonds and loans payable	52,766,004	-	4,880,437	47,885,567	4,262,363
Landfill post-closure monitoring	1,948,800		168,200	1,780,600	168,200
Capital lease obligations	75,830		27,261	48,569	27,261
Compensated absences	1,995,020	96,084	245,325	1,845,779	247,532
Claims payable	3,618,727	1,702,938	1,150,682	4,170,983	1,168,972
Net pension liability	20,245,383		1,185,055	19,060,328	
Long-Term Liabilities	<u>\$ 80,649,764</u>	<u>\$ 1,799,022</u>	<u>\$ 7,656,960</u>	<u>\$ 74,791,826</u>	<u>\$ 5,874,328</u>

Liability for compensated absences and net pension liabilities 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>
2018	\$ 3,650,000	\$ 1,271,075
2019	3,640,000	1,137,856
2020	3,440,000	1,003,256
2021	3,420,000	886,131
2022	3,410,000	766,856
2023-2027	15,305,000	2,133,131
2028-2032	4,110,000	343,275
2033-2037	520,000	31,200
	<u>\$ 37,495,000</u>	<u>\$ 7,572,780</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Total authorized but unissued long-term debt at June 30, 2017 consists of the following:

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

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

Category	Debt Limit	Indebtedness	Balance
Public improvement	\$ 220,374,920	\$ 30,729,396	\$ 189,645,524
Schools	440,749,841	18,366,000	422,383,841
Sewers	367,291,534	17,248,509	350,043,025
Urban renewal	318,319,329		318,319,329
Pension deficit	293,833,227		293,833,227

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, including coterminous municipalities, or \$665,610,863. 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 \$10,644,891 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$10,600,505 at June 30, 2017.

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, 2017, 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
JUNE 30, 2017

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

Fiscal Year	Debt Service Fund	
	Principal Payments	Interest Payments
2018	\$ 612,363	\$ 146,457
2019	612,363	134,210
2020	612,363	121,962
2021	612,363	109,715
2022	612,363	97,468
2023-2027	3,061,816	303,630
2028-2032	<u>1,479,878</u>	<u>36,997</u>
	<u>\$ 7,603,509</u>	<u>\$ 950,439</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 \$913,500 (\$101,500 per year for 9 years). The other landfill site stopped accepting waste in the fall of 2001, and its remaining postclosure cost is \$867,100 (\$66,700 for 13 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

4. TAX ABATEMENTS

The Town of Groton currently has five individual agreements with local businesses that qualify under the implementation of GASB Statement No. 77, *Tax Abatement Disclosures*, for the purpose of providing services to its taxpayers. Details of the agreements are as follows:

Local Business	Branford Manor Preservation	AHEPA 250-III Inc.	Mystic River	Mystic Indoor Sports	23 Eastern Point Road
Purpose	Apartment complex being renovated is low income housing and has been deemed a Development Property.	Apartment complex constructed for low income elderly or disabled.	Apartment complex constructed for low income housing.	Improvement of an indoor sports facility for community use (increase tax base).	Space intended for a small to mid-sized biotech, therapeutic, or pharmaceutical company to create jobs.
Tax being abated	Real and Personal Property	Real Property	Real Property	Real Property	Real Property
Authority under which agreements are entered into	Connecticut General Statutes 7-498, a part of General Statutes Chapter 114, the Connecticut City and Town Development Act.	Section 8-215 and 8-216 of Chapter 133 of the Connecticut General Statutes.	Section 8-215 and 8-216 of Chapter 133 of the Connecticut General Statutes.	Town of Groton Financial Incentive Policy.	Town of Groton Financial Incentive Policy.
Eligibility criteria for tax abatement	Investment of \$18,500,000 to construct new resident service buildings, to make and maintain exterior and interior repairs and renovation to provide 100% project-based Section -8 housing for low income individuals.	Construct a 40 unit complex for low income elderly.	Construct and maintain a maximum of 144 units of housing for low income elderly and disabled. Two phases of 72 units each.	Invest \$3 million to improve the property.	Revitalize building 114 complex.
How recipient's tax are reduced	A payment schedule of taxes has been agreed upon per the agreement through January 1, 2037 totaling 7,759,264.	53.5% Abated	80% Abated	Year 1 - 100% abatement for existing buildings and land along with new improvements Years 2-4 - 100% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Years 5-6 - 75% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built prior to 2015) and land Year 7 - 50% abatement for new buildings and paying taxes on the full assessment of the existing buildings (built	Two year, 100%, fixed Assessment agreement.
How the tax abatement is determined	Schedule based on current value of the building and reasonable abatement agreed to by all parties.	Discount needed to maintain low rents and off set the cost of the project.	Discount needed to maintain low rents and off set the cost of the project.	Buyer paid backed taxes after purchasing the bankrupt facility. Discount needed to off set the cost of renovations.	Discount needed to offset renovation costs.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced as a result of the abatement agreement.	Tax stabilization agreement. Taxes weren't reduced but stabilized to increase 3% per year for 20 years. Initial FYE2018	\$15,870 town \$183 sewer	\$124,890 town \$1,437 sewer	\$3,690 town \$43 sewer	\$84,860 town \$975 sewer

5. 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.

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.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2016, TGRS membership consisted of:

	<u>Town of Groton Town and BOE</u>	<u>Poquonnock Fire District</u>	<u>Ledge Light Health District</u>
Retirees and beneficiaries currently receiving benefits	249	18	1
Terminated employees entitled to benefits but not yet receiving them	29		1
Active plan members	<u>348</u>	<u>24</u>	<u>1</u>
Total	<u><u>626</u></u>	<u><u>42</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.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2017:

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

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

E. Net Pension Liability

The components of the net pension liability of the Town at June 30, 2017 were as follows:

	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Fire</u>	<u>Total</u>
Total pension liability	\$ 122,644,163	\$ 692,241	\$ 13,063,971	\$ 136,400,375
Plan fiduciary net position	<u>103,583,835</u>	<u>575,415</u>	<u>10,132,682</u>	<u>114,291,932</u>
Total Net Pension Liability	<u>\$ 19,060,328</u>	<u>\$ 116,826</u>	<u>\$ 2,931,289</u>	<u>\$ 22,108,443</u>
Plan fiduciary net position as a percentage of the total pension liability	84.46%	83.12%	77.56%	83.79%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75%
Salary increases	Vary by age group
Investment rate of return	7.50%

Mortality rates were based on the RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.

The actuarial assumptions used in the July 1, 2016 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, 2017 (see discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	6.00%
U.S. Small Cap	6.40
Developed International Equities	6.10
Emerging International Equities	7.10
Core Fixed Income	2.25
High-Yield Bonds	4.50
Real Estate (REITs)	4.50

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. 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 7.75% since the prior measurement date.

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, 2016	\$ 117,313,592	\$ 97,068,209	\$ 20,245,383
Changes for the year:			
Service cost	2,409,250		2,409,250
Interest on total pension liability	9,011,518		9,011,518
Differences between expected and actual experience	(198,443)		(198,443)
Changes in assumptions	1,129,130		1,129,130
Employer contributions		2,488,575	(2,488,575)
Member contributions		1,201,342	(1,201,342)
Net investment income		9,878,756	(9,878,756)
Benefit payments, including refund to employee contributions	(7,020,884)	(7,020,884)	-
Administrative expenses		(32,163)	32,163
Net changes	5,330,571	6,515,626	(1,185,055)
Balances as of June 30, 2017	\$ 122,644,163	\$ 103,583,835	\$ 19,060,328
Ledge Light			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 638,887	\$ 544,954	\$ 93,933
Changes for the year:			
Service cost	7,714		7,714
Interest on total pension liability	48,675		48,675
Differences between expected and actual experience	29,608		29,608
Changes in assumptions	5,161		5,161
Employer contributions		8,958	(8,958)
Member contributions		4,265	(4,265)
Net investment income		55,221	(55,221)
Benefit payments, including refund to employee contributions	(37,804)	(37,804)	-
Administrative expenses		(179)	179
Net changes	53,354	30,461	22,893
Balances as of June 30, 2017	\$ 692,241	\$ 575,415	\$ 116,826

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Poquonnock Fire District			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 12,751,917	\$ 9,325,319	\$ 3,426,598
Changes for the year:			
Service cost	257,236		257,236
Interest on total pension liability	983,590		983,590
Differences between expected and actual experience	(439,015)		(439,015)
Changes in assumptions	158,125		158,125
Employer contributions		385,674	(385,674)
Member contributions		116,552	(116,552)
Net investment income		956,168	(956,168)
Benefit payments, including refund to employee contributions	(647,882)	(647,882)	-
Administrative expenses		(3,149)	3,149
Net changes	312,054	807,363	(495,309)
Balances as of June 30, 2017	\$ 13,063,971	\$ 10,132,682	\$ 2,931,289

Amounts reported as changes of assumptions resulted primarily from adjustments to the actuarial cost method from adjusting the investment rate of return from 7.75% to 7.5%.

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 7.5%, 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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town and BOE Net Pension Liability	\$ 32,671,341	\$ 19,060,328	\$ 7,495,506
Ledge Light Net Pension Liability	196,741	116,826	48,466
Fire Net Pension Liability	4,553,558	2,931,289	1,575,656

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

For the year ended June 30, 2017, the Town and BOE, Ledge Light and Fire Pensions recognized pension expense of \$3,713,138, \$(137,856) and \$627,047, respectively. At June 30, 2017, 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	\$	\$
Changes of assumptions	1,611,848	(2,450,323)
Net difference between projected and actual earning on pension plan investments	4,327,145	
Total	\$ 5,938,993	\$ (5,360,718)
	Ledge Light	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,384	\$ (311,467)
Changes of assumptions	12,175	(2,755)
Net difference between projected and actual earning on pension plan investments	25,488	
Total	\$ 59,047	\$ (314,222)
	Poquonnock Fire District	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 277,476	\$ (712,287)
Changes of assumptions	657,565	(56,022)
Net difference between projected and actual earning on pension plan investments	416,237	
Total	\$ 1,351,278	\$ (768,309)

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Town and BOE</u>	<u>Ledge Light</u>	<u>Poquonnock Fire District</u>
2017	\$ 856,398	\$ (148,866)	\$ 216,693
2018	856,398	(115,257)	216,691
2019	7,860	11,733	132,911
2020	(1,287,156)	(2,785)	(13,746)
2021	144,775		29,557
Thereafter			863

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
JUNE 30, 2017

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, 2017, 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>132,909,163</u>
Total	\$ <u><u>132,909,163</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$14,494,222 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-7650%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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%	0.4%
Total	100.0%	

F. Discount Rate

The discount rate used to measure the total pension liability was 8.00%. 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.

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

A. Plan Description

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

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

Management of the post employment benefits plan is vested with the Town Manager and Director of Finance. Policy oversight is provided by the Town Manager, Director of Finance, and Human Resources Director.

At July 1, 2016, plan membership consisted of the following:

	<u>Retiree Health Plan</u>
Number of members:	711
Active members	216
Beneficiaries	28
Spouses of retirees	<u>60</u>
Total Participants	<u><u>1,015</u></u>

B. Funding Policy

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

Town Employees

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

Board of Education Employees

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

C. Investments

The investment policy of the OPEB Plan is established and may be amended by the Town Manager, Finance Director and Human Resources Manager. The investment policy is designed to reflect a prudent investor's tolerance for risk, which is achieved through diversification of the portfolio across a broad selection of asset classes. It is the intent of the policy to pursue an investment strategy that produces a maximum return for the Town through prudent asset allocation and superior investment performance within designated asset classes.

Investment Policy

Rate of return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 8.83%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

D. Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, Less the amount of OPEB plan's fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB Liability	\$	56,548,417
Plan fiduciary net position		<u>16,695,795</u>
Net OPEB Liability	\$	<u><u>39,852,622</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		29.52%

The Town's net OPEB liability will be required to be recorded on the government-wide financial statement net position at June 30, 2018.

E. Actuarial Assumptions

The total OPEB liabilities was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increase	Graded by service from 6.50% to 3.25% for teachers and administrators, 3.50% for all others
Investment rate of return	7.50%
Healthcare cost trend rates	5.47% - 4.40% over 68 years
Mortality	
Healthy Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with a one-year age set forward. This assumption included a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with one-year age set forward. This assumption includes a margin for motility improvement beyond the valuation date.
Disabled Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with an eight-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Disabled Mortality Table for males and females. This assumption does not include a margin for mortality improvement beyond the valuation date.

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Cash	6 %	0.58 %
Core fixed income	35	2.52
U.S. Large Cap Equities	59	3.61
	<u>100 %</u>	

F. Discount Rate

The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current discount rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net OPEB Liability \$	47,618,048 \$	39,852,622 \$	33,494,833

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 3.5%) or 1 percentage point higher (9.0% decreasing to 5.5%) than the current healthcare cost trend rates:

		1% Decrease (4.47% decreasing to 3.4%)	Healthcare Cost Trend Rates (5.47% decreasing to 4.4%)	1% Increase (6.47% decreasing to 5.4%)
Net OPEB Liability	\$	32,580,319	\$ 39,852,622	\$ 48,872,115

I. Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution	\$ 4,044,025
Interest on net OPEB obligation	(88,869)
Adjustment to annual required contribution	<u>81,964</u>
Annual OPEB cost	4,037,120
Contributions made	<u>3,500,259</u>
Change in net OPEB asset	(536,861)
Net OPEB Asset, Beginning of Year	<u>1,184,919</u>
Net OPEB Asset, End of Year	<u><u>\$ 648,058</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 three fiscal years ended June 30, 2017 are presented below.

Fiscal Year End	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/2015	\$ 3,681,331	\$ 4,050,481	110.0%	\$ (1,264,418)
6/30/2016	3,789,333	3,709,834	97.9%	(1,184,919)
6/30/2017	4,037,120	3,500,259	86.7%	(648,058)

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

As of July 1, 2016, the date of the most recent valuation, the plan was 29.4% funded. The actuarial accrued liability for benefits was approximately \$50,018,000 and the actuarial value of the assets was \$14,699,000, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$35,319,000.

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.

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>						
7/1/2014	\$ 11,636,000	\$ 46,371,000	\$ 34,735,000	25.1%	\$ 50,195,000	69.20%
7/1/2015	13,351,000	48,924,000	35,573,000	27.3%	n/a	n/a
7/1/2016	14,699,000	50,018,000	35,319,000	29.4%	51,499,000	68.60%

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. PENSION AND OPEB TRUST FUND COMBINING SCHEDULES

Combining Schedule of Net Position - Trust Funds

	Trust Funds		
	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Total Trust Funds</u>
Assets:			
Cash and cash equivalents	\$ 1,028	\$ 931,872	\$ 932,900
Investments, at fair value:			
Mutual funds	114,272,175	15,681,528	129,953,703
Accounts receivable	115,145	84,988	200,133
Total assets	<u>114,388,348</u>	<u>16,698,388</u>	<u>131,086,736</u>
Liabilities:			
Accounts payable	70,503	1,569	72,072
Due to employees/others	25,913		25,913
Claims incurred but not reported		312,000	312,000
Other liabilities		1,010	1,010
Total liabilities	<u>96,416</u>	<u>314,579</u>	<u>410,995</u>
Net Position:			
Restricted for employees of Ledge Light	544,954		544,954
Restricted for firefighters	9,325,319		9,325,319
Restricted for benefits and other purposes	<u>104,421,659</u>	<u>16,383,809</u>	<u>120,805,468</u>
Total Net Position	\$ <u>114,291,932</u>	\$ <u>16,383,809</u>	\$ <u>130,675,741</u>

TOWN OF GROTON
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

	Trust Funds		
	Pension Trust Fund	OPEB Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 2,883,207	\$ 3,448,443	\$ 6,331,650
Plan members	1,322,159	2,418,137	3,740,296
Total contributions	<u>4,205,366</u>	<u>5,866,580</u>	<u>10,071,946</u>
Investment income:			
Change in fair value of investments	11,165,932	1,472,815	12,638,747
Less investment expenses:			
Investment management fees	275,787	471,909	747,696
Net investment income (loss)	<u>10,890,145</u>	<u>1,000,906</u>	<u>11,891,051</u>
Total additions	<u>15,095,511</u>	<u>6,867,486</u>	<u>21,962,997</u>
Deductions:			
Benefits	7,706,570	4,901,580	12,608,150
Administrative expense	35,491		35,491
Total deductions	<u>7,742,061</u>	<u>4,901,580</u>	<u>12,643,641</u>
Change in Net Position	7,353,450	1,965,906	9,319,356
Net Position - Beginning of Year	<u>106,938,482</u>	<u>14,417,903</u>	<u>121,356,385</u>
Net Position - End of Year	<u>\$ 114,291,932</u>	<u>\$ 16,383,809</u>	<u>\$ 130,675,741</u>

8. 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, 2017 for claims incurred but not reported to be \$1,036,000 in the Health Insurance Fund and \$3,134,983 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,705,432, and \$312,000 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, 2017

Changes in the claims liability were as follows:

		Liability	Current Year	Claim	Liability	Due Within
		July 1,	Claims and	Payments	June 30,	One Year
			Changes in			
			Estimates			
<u>Health Insurance Fund</u>						
2016 - 2017	\$	1,020,000	\$	12,930,529	\$	12,914,529
2015 - 2016		880,000		13,643,330		13,503,330
					\$	1,036,000
						\$ 1,036,000
					\$	1,020,000
						1,020,000
<u>Workers' Compensation Fund</u>						
2016 - 2017	\$	2,598,727	\$	1,406,206	\$	869,950
2015 - 2016		2,776,314		1,061,005		1,238,592
					\$	3,134,983
						\$ 132,972
					\$	2,598,727
						130,682
<u>OPEB Trust Fund</u>						
2016 - 2017	\$	295,338	\$	4,901,580	\$	4,884,918
2015 - 2016		294,000		4,487,064		4,485,726
					\$	312,000
						\$ -
					\$	295,338
						-

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, 2015 grand list, comprise 17.1% of the net taxable grand list of the Town and approximately 11.7% of the total General Fund revenues for the year ended June 30, 2017.

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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
General Property Taxes (Including Interest and Lien Fees)	\$ 82,974,393	\$ 82,974,393	\$ 82,816,078	\$ (158,315)
Licenses and Permits:				
Building permits	271,640	271,640	273,648	2,008
Sporting licenses	675	675	631	(44)
Dog licenses	7,000	7,000	8,813	1,813
Other licenses and permits	18,546	18,546	19,644	1,098
Building permits - education fee	242	242	282	40
State land use fees	175	175	78	(97)
Total licenses and permits	298,278	298,278	303,096	4,818
Interest on Investments	95,000	95,000	150,645	55,645
Intergovernmental - State:				
General:				
Town aid road	380,167	380,167	381,015	848
Nuclear safety drill	37,041	37,041	32,614	(4,427)
Highway illumination	1,619	1,619		(1,619)
Telephone access	162,000	162,000	174,978	12,978
PILOT - state and tax exemptions	1,015,992	1,015,992	1,011,019	(4,973)
TVCCA - supp housing program	9,000	9,000	9,000	-
Youth Service Bureau	29,859	29,859	27,242	(2,617)
Pequot/Mohegan funds	1,336,108	1,336,108	1,336,108	-
911 Enhancement	165,318	165,318	165,274	(44)
Municipal project grant	1,240,819	1,240,819	1,242,507	1,688
Municipal revenue sharing grant	433,177	433,177	433,177	-
Miscellaneous state grants	7,026	7,026	132	(6,894)
Board of Education:				
Education cost sharing	25,287,526	25,287,526	24,979,526	(308,000)
Adult education	102,660	102,660	107,464	4,804
Special education	1,142,663	1,142,663	927,662	(215,001)
Magnet School transportation	182,000	182,000	176,800	(5,200)
Nonpublic pupil services			22,233	22,233
Total State of Connecticut	31,532,975	31,532,975	31,026,751	(506,224)
Intergovernmental - Federal:				
Pupil impact aid	3,459,863	3,459,863	3,174,549	(285,314)
Education - misc. federal funds	120,000	120,000	148,058	28,058
Emergency management	20,019	20,019	20,088	69
Total federal government	3,599,882	3,599,882	3,342,695	(257,187)

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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, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Charges for Current Services:				
Planning Commission fees	\$ 12,000	\$ 12,000	\$ 10,730	\$ (1,270)
Recording instruments	150,000	150,000	156,719	6,719
Conveyance tax	700,000	700,000	1,233,497	533,497
Planning department - other	500	500	1,096	596
Collection subdivisions taxes	103,277	103,277	103,277	-
Accident reports	3,950	3,950	3,351	(599)
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	52,819	52,819	52,819	-
Coordinated Medical Emergency Director	22,257	22,257	22,253	(4)
Board of Education - FHS/ground mowing	56,660	56,660	56,660	-
GIS - revenue	700	700	729	29
Vital statistics	5,000	5,000	4,442	(558)
Snow/Ice control services	32,467	32,467	11,166	(21,301)
Total charges for current services	<u>1,140,630</u>	<u>1,140,630</u>	<u>1,657,739</u>	<u>517,109</u>
Schools, Library and Recreation:				
Tuition from other towns	97,828	97,828	190,846	93,018
Other school receipts	72,080	72,080	45,677	(26,403)
Library fines	20,000	20,000	17,975	(2,025)
Lost and damaged book fees	3,400	3,400	3,183	(217)
Senior Center fees	2,500	2,500	2,065	(435)
Library - copier fees	6,200	6,200	6,606	406
Library fees	16,500	16,500	16,569	69
Park rentals	1,500	1,500		(1,500)
Total schools, library and recreation	<u>220,008</u>	<u>220,008</u>	<u>282,921</u>	<u>62,913</u>
Other Revenue:				
Court fines	18,250	18,250	13,355	(4,895)
Parking tickets	1,500	1,500	470	(1,030)
Aircraft registration fees	20,000	20,000	21,360	1,360
Lease fees	156,786	156,786	171,670	14,884
Land record copies	28,000	28,000	33,198	5,198
Vital copies	64,000	64,000	67,594	3,594
Miscellaneous	5,000	5,000	91,396	86,396
Dog warden - sold and redeemed	4,150	4,150	2,370	(1,780)
Public Works Disposal fees	130,000	130,000	157,372	27,372
Returned check fees	1,000	1,000	1,523	523
Sale of capital assets	2,500	2,500	12,735	10,235
Delinquent MV fees	18,709	18,709	16,269	(2,440)
Finance Dept. copies	900	900	1,032	132
Total other revenue	<u>450,795</u>	<u>450,795</u>	<u>590,344</u>	<u>139,549</u>
Total revenues	<u>120,311,961</u>	<u>120,311,961</u>	<u>120,170,269</u>	<u>(141,692)</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
Other Financing Sources:				
Transfers in:				
Golf course	\$ 59,430	\$ 59,430	\$ 59,430	\$ -
Sewer/landfill services	469,624	469,624	469,624	-
Sewer District	44,534	44,534	44,534	-
Mumford Cove	1,008	1,008	1,008	-
Community Investment Act Fund	5,000	5,000	5,000	-
Total other financing sources	<u>579,596</u>	<u>579,596</u>	<u>579,596</u>	<u>-</u>
Total Revenues and Other Financing Sources	\$ <u>120,891,557</u>	\$ <u>120,891,557</u>	120,749,865	\$ <u>(141,692)</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			14,494,222	
Property tax revenue receivable accrual basis change			364,681	
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			5,132	
Revenues credited to expenditures			<u>54,204</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>135,668,104</u>	

TOWN OF GROTON, CONNECTICUT
GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 52,591	\$ 77,091	\$ 68,869	\$ 8,222
Voter registration	149,694	149,694	123,303	26,391
Town Clerk	312,817	312,817	299,754	13,063
Legal services	425,000	514,500	307,386	207,114
Total general government	940,102	1,054,102	799,312	254,790
General Services:				
Executive management	311,560	311,560	300,177	11,383
Information technology	990,895	990,895	931,982	58,913
Human resources	313,181	359,168	338,467	20,701
Financial administration	1,376,903	1,418,659	1,384,486	34,173
Emergency communications	1,355,000	1,381,755	1,337,721	44,034
Total general services	4,347,539	4,462,037	4,292,833	169,204
Public Safety:				
Police services	6,662,357	6,742,566	6,486,770	255,796
Public Works	6,009,910	6,057,212	5,821,760	235,452
Planning and Development Services	1,417,364	1,417,364	1,398,183	19,181
Human Services:				
Human services	577,546	577,546	547,770	29,776
Community Services:				
Parks and recreation	1,623,351	1,629,966	1,587,684	42,282
Library	1,650,000	1,650,000	1,605,195	44,805
Total community services	3,273,351	3,279,966	3,192,879	87,087
Nondepartmental:				
Insurance and claims	578,485	621,417	618,532	2,885
Contingency	425,000	10,714		10,714
Self-funded plans	7,563,884	7,567,884	7,567,921	(37)
Total nondepartmental	8,567,369	8,200,015	8,186,453	13,562
Education	76,468,239	76,468,239	76,201,048	267,191
Debt Service:				
Town	2,472,849	2,472,849	2,472,849	-
Board of Education	2,494,908	2,494,908	2,494,908	-
Total debt service	4,967,757	4,967,757	4,967,757	-

(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, 2017

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Outside Agencies:				
Regional agencies	\$ 137,415	\$ 137,415	\$ 137,414	\$ 1
Ambulance services	77,976	77,976	77,976	-
Health services - cultural agencies	1,598,268	1,598,268	1,524,524	73,744
Other libraries	206,394	206,394	206,394	-
Total outside agencies	<u>2,020,053</u>	<u>2,020,053</u>	<u>1,946,308</u>	<u>73,745</u>
Subdivisions:				
City of Groton	4,325,546	4,325,546	4,323,550	1,996
Groton Long Point	412,867	412,867	412,590	277
Fire districts	246,000	246,000	246,000	-
Total subdivisions	<u>4,984,413</u>	<u>4,984,413</u>	<u>4,982,140</u>	<u>2,273</u>
Total expenditures	<u>120,236,000</u>	<u>120,231,270</u>	<u>118,823,213</u>	<u>1,408,057</u>
Other Financing Uses:				
Transfers out:				
Capital Reserve	744,000	744,000	744,000	-
Revaluation	128,250	128,250	128,250	-
Fleet	450,000	454,730	454,730	-
Total other financing uses	<u>1,322,250</u>	<u>1,326,980</u>	<u>1,326,980</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 121,558,250</u>	<u>\$ 121,558,250</u>	120,150,193	<u>\$ 1,408,057</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			14,494,222	
Encumbrances for purchases and commitments ordered in the previous year that were received and liquidated in the current year are reported for GAAP financial statement reporting purposes			1,179,982	
Encumbrances for purchases and commitments ordered in the current year that were not received and liquidated in the current year are not reported for GAAP purposes			(1,486,038)	
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			364,761	
Elimination of transfers between General Fund and funds combined for GASB 54 purposes			(128,250)	
Revenues credited to expenditures			<u>54,319</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>\$ 134,629,189</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 2,451,526	\$ 2,525,072	\$ 2,318,892	\$ 2,409,250
Interest	8,757,689	9,188,020	8,666,967	9,011,518
Differences between expected and actual experience		(3,089,277)	(831,909)	(198,443)
Changes of assumptions		(5,208,074)	1,002,922	1,129,130
Benefit payments, including refunds of member contributions	<u>(5,929,846)</u>	<u>(5,876,377)</u>	<u>(6,589,487)</u>	<u>(7,020,884)</u>
Net change in total pension liability	5,279,369	(2,460,636)	4,567,385	5,330,571
Total pension liability - beginning	<u>109,927,474</u>	<u>115,206,843</u>	<u>112,746,207</u>	<u>117,313,592</u>
Total pension liability - ending	<u>115,206,843</u>	<u>112,746,207</u>	<u>117,313,592</u>	<u>122,644,163</u>
Plan fiduciary net position:				
Contributions - employer	3,114,144	3,192,047	2,553,991	2,488,575
Contributions - member	1,114,042	1,131,674	1,169,678	1,201,342
Net investment income	13,481,409	3,540,403	(53,985)	9,878,756
member contributions	(5,929,846)	(5,876,377)	(6,589,487)	(7,020,884)
Administrative expense	<u>(54,307)</u>	<u>(37,255)</u>	<u>(30,685)</u>	<u>(32,163)</u>
Net change in plan fiduciary net position	11,725,442	1,950,492	(2,950,488)	6,515,626
Plan fiduciary net position - beginning	<u>86,342,763</u>	<u>98,068,205</u>	<u>100,018,697</u>	<u>97,068,209</u>
Plan fiduciary net position - ending	<u>98,068,205</u>	<u>100,018,697</u>	<u>97,068,209</u>	<u>103,583,835</u>
Net Pension Liability - Ending	<u>\$ 17,138,638</u>	<u>\$ 12,727,510</u>	<u>\$ 20,245,383</u>	<u>\$ 19,060,328</u>
Plan fiduciary net position as a percentage of the total pension liability	85.12%	88.71%	82.74%	84.46%
Covered-employee payroll	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290	\$ 22,096,847
Net pension liability as a percentage of covered-employee payroll	74.43%	53.92%	92.33%	86.26%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 6,972	\$ 7,181	\$ 621,108	\$ 7,714
Interest	44,858	46,078	94,625	48,675
Differences between expected and actual experience		(7,730)	(651,642)	29,608
Changes of assumptions		23,355	(5,817)	5,161
Benefit payments, including refunds of member contributions	<u>(35,815)</u>	<u>(37,804)</u>	<u>(37,804)</u>	<u>(37,804)</u>
Net change in total pension liability	16,015	31,080	20,470	53,354
Total pension liability - beginning	<u>571,322</u>	<u>587,337</u>	<u>618,417</u>	<u>638,887</u>
Total pension liability - ending	<u>587,337</u>	<u>618,417</u>	<u>638,887</u>	<u>692,241</u>
Plan fiduciary net position:				
Contributions - employer	9,556	6,764	8,971	8,958
Contributions - member	3,483	3,627	4,052	4,265
Net investment income	79,029	19,083	(380)	55,221
Benefit payments, including refunds of member contributions	<u>(35,815)</u>	<u>(37,804)</u>	<u>(37,804)</u>	<u>(37,804)</u>
Administrative expense	<u>(321)</u>	<u>(212)</u>	<u>(172)</u>	<u>(179)</u>
Net change in plan fiduciary net position	55,932	(8,542)	(25,333)	30,461
Plan fiduciary net position - beginning	<u>522,897</u>	<u>578,829</u>	<u>570,287</u>	<u>544,954</u>
Plan fiduciary net position - ending	<u>578,829</u>	<u>570,287</u>	<u>544,954</u>	<u>575,415</u>
Net Pension Liability - Ending	<u>\$ 8,508</u>	<u>\$ 48,130</u>	<u>\$ 93,933</u>	<u>\$ 116,826</u>
Plan fiduciary net position as a percentage of the total pension liability	98.55%	92.22%	85.30%	83.12%
Covered-employee payroll	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308
Net pension liability as a percentage of covered-employee payroll	7.06%	53.69%	104.23%	115.32%

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

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 401,849	\$ 413,904	\$ 299,682	\$ 257,236
Interest	843,728	889,636	918,671	983,590
Changes of benefit terms			96	
Differences between expected and actual experience		(520,189)	390,732	(439,015)
Changes of assumptions		799,434	(78,888)	158,125
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>
Net change in total pension liability	687,192	768,710	877,445	312,054
Total pension liability - beginning	<u>10,418,570</u>	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>
Total pension liability - ending	<u>11,105,762</u>	<u>11,874,472</u>	<u>12,751,917</u>	<u>13,063,971</u>
Plan fiduciary net position:				
Contributions - employer	428,378	414,790	392,293	385,674
Contributions - member	128,634	94,356	106,863	116,552
Net investment income	1,308,508	326,423	(4,042)	956,168
Benefit payments, including refunds of member contributions	<u>(558,385)</u>	<u>(814,075)</u>	<u>(652,848)</u>	<u>(647,882)</u>
Administrative expense	<u>(5,243)</u>	<u>(3,534)</u>	<u>(2,949)</u>	<u>(3,149)</u>
Net change in plan fiduciary net position	1,301,892	17,960	(160,683)	807,363
Plan fiduciary net position - beginning	<u>8,166,150</u>	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>
Plan fiduciary net position - ending	<u>9,468,042</u>	<u>9,486,002</u>	<u>9,325,319</u>	<u>10,132,682</u>
Net Pension Liability - Ending	<u>\$ 1,637,720</u>	<u>\$ 2,388,470</u>	<u>\$ 3,426,598</u>	<u>\$ 2,931,289</u>
Plan fiduciary net position as a percentage of the total pension liability	85.25%	79.89%	73.13%	77.56%
Covered-employee payroll	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664
Net pension liability as a percentage of covered-employee payroll	71.58%	104.67%	170.43%	171.96%

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,055,860	\$ 1,253,592	\$ 1,305,560	\$ 2,073,417	\$ 2,614,225	\$ 2,886,997	\$ 3,114,144	\$ 3,192,047	\$ 2,553,991	\$ 2,488,575
Contributions in relation to the actuarially determined contribution	1,055,860	1,253,592	1,305,560	2,073,417	2,614,225	2,886,997	3,114,144	3,192,047	2,553,991	2,488,575
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 23,026,395	\$ 23,605,993	\$ 21,927,290	\$ 22,096,847
Contributions as a percentage of covered-employee payroll							13.52%	13.52%	11.65%	11.26%

Notes to Schedule

Valuation date: July 1, 2016
Measurement date: June 30, 2017
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	23 years(Prior: 25 years)
Asset valuation method	Adjusted value of assets
Inflation	2.75% (Prior:3%)
Salary increases	Vary by age group
Investment rate of return	75 (Prior: 7.75%), net of pension plan investment expenses
Retirement age	Age related table
Mortality	PR-2017 Adjusted to 2016 Total Dataset Mortality Table projected to valuation date with Scale MP-2016 Prior: RP-2014 Adjusted to 2016 Total Dataset, Mortality Table projected to valuation date with Scale MP-2015

N/A Not Available

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ -	\$ 4,902	\$ -	\$ 1,940	\$ 6,918	\$ 10,599	\$ 9,556	\$ 6,764	\$ 8,971	\$ 8,958
Contributions in relation to the actuarially determined contribution	-	4,902	-	1,940	6,918	10,599	9,556	6,764	8,971	8,958
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 120,539	\$ 89,652	\$ 90,125	\$ 101,308
Contributions as a percentage of covered-employee payroll							7.93%	7.54%	9.95%	8.84%

Notes to Schedule

Valuation date: July 1, 2016

Measurement date: June 30, 2017

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	23 years(Prior: 25 years)
Asset valuation method	Adjusted value of assets
Inflation	2.75% (Prior:3%)
Salary increases	Vary by age group
Investment rate of return	75 (Prior: 7.75%), net of pension plan investment expenses
Retirement age	Age related table
Mortality	PR-2017 Adjusted to 2016 Total Dataset Mortality Table projected to valuation date with Scale MP-2016 Prior: RP-2014 Adjusted to 2016 Total Dataset, Mortality Table projected to valuation date with Scale MP-2015

N/A Not Available

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 112,328	\$ 109,397	\$ 135,773	\$ 208,535	\$ 347,332	\$ 378,701	\$ 428,378	\$ 414,790	\$ 392,293	\$ 385,674
Contributions in relation to the actuarially determined contribution	112,328	109,397	135,773	208,535	347,332	378,701	428,378	414,790	392,293	385,674
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 2,287,906	\$ 2,281,958	\$ 2,010,535	\$ 1,704,664
Contributions as a percentage of covered-employee payroll							18.72%	18.18%	19.51%	22.62%

Notes to Schedule

Valuation date: July 1, 2016
Measurement date: June 30, 2017
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 23 years(Prior: 25 years)
Asset valuation method Adjusted value of assets
Inflation 2.75% (Prior:3%)
Salary increases Vary by age group
Investment rate of return 75 (Prior: 7.75%), net of pension plan investment expenses
Retirement age Age related table
Mortality PR-2017 Adjusted to 2016 Total Dataset Mortality Table projected to valuation date with Scale MP-2016
Prior: RP-2014 Adjusted to 2016 Total Dataset, Mortality Table projected to valuation date with Scale MP-2015

N/A Not Available

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

	2014	2015	2016	2017
Annual money-weighted rate of return, net of investment expense	15.51%	3.62%	-0.03%	7.10%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>93,604,919</u>	<u>101,271,189</u>	<u>132,909,163</u>
Total	<u>\$ 93,604,919</u>	<u>\$ 101,271,189</u>	<u>\$ 132,909,163</u>
Town's covered-employee payroll	\$ 36,486,290	\$ 36,797,537	\$ 37,787,402
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely 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, 2016. 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	20.4
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

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

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR
(In Thousands)

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 1,130,295
Interest	4,020,268
Changes of benefit terms	180,725
Benefit payments	<u>(2,467,692)</u>
Net change in total OPEB liability	2,863,596
Total OPEB liability - beginning	<u>53,684,821</u>
Total OPEB liability - ending	<u><u>56,548,417</u></u>
Plan fiduciary net position:	
Contributions - employer	3,500,259
Net investment income (loss)	1,420,995
Benefit payments	(2,467,692)
Administrative expense	<u>(456,671)</u>
Other	
Net change in plan fiduciary net position	1,996,891
Plan fiduciary net position - beginning	<u>14,698,904</u>
Plan fiduciary net position - ending	<u><u>16,695,795</u></u>
Net OPEB Liability - Ending	<u><u>\$ 39,852,622</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	29.52%
Covered payroll	\$ 50,195,108
Net OPEB liability as a percentage of covered payroll	79.40%

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

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS
(In Thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution (1)	\$ 2,506,000	\$ 2,781,000	\$ 3,053,000	\$ 3,315,000	\$ 3,463,000	\$ 3,566,000	\$ 3,552,000	\$ 3,694,000	\$ 3,799,204	\$ 4,044,025
Contributions in relation to the actuarially determined contribution	2,683,586	3,249,200	3,143,700	3,258,700	3,226,700	3,764,700	3,738,481	4,050,481	3,709,834	3,500,259
Contribution Deficiency (Excess)	\$ (177,586)	\$ (468,200)	\$ (90,700)	\$ 56,300	\$ 236,300	\$ (198,700)	\$ (186,481)	\$ (356,481)	\$ 89,370	\$ 543,766
Covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 52,762,000	\$ 52,762,000	\$ 50,195,108	\$ 50,195,108
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	7.09%	7.68%	7.39%	6.97%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date:

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 normal
Amortization method	Level percentage of payroll, closed
Amortization period	21 years
Asset valuation method	Market value
Inflation	2.75%
Healthcare cost trend rates	5.47% - 4.4% over 68 years
Salary increases	Graded by service from 6.50% to 3.25% for teachers and administrators, 3.50% for all others
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	
Healthy Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with a one-year age set forward. This assumption included a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants, with generational projection per Scale BB, and with one-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
Disabled Mortality	
Teachers and Administrators	RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with an eight-year age set forward. This assumption includes a margin for mortality improvement beyond the valuation date.
All Others	RP-2000 Disabled Mortality Table for males and females. This assumption does not include a margin for mortality improvement beyond the valuation date.

**TOWN OF GROTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST FISCAL YEAR**

2017

Annual money-weighted rate of return,
net of investment expense

8.83%

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

**Supplemental and Combining
Fund Statements and Schedules**

General Fund

TOWN OF GROTON, CONNECTICUT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2017 WITH COMPARATIVE TOTALS FOR 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 18,055,283	\$ 18,673,391
Investments	3,080,120	3,050,000
Property taxes receivable, net of allowance of \$220,000 in 2017 and 2016	2,107,886	2,761,513
Due from other funds	92,659	
Prepaid expenditures and other assets	<u>10,568</u>	<u>9,868</u>
Total Assets	<u>\$ 23,346,516</u>	<u>\$ 24,494,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ <u>7,973,215</u>	\$ <u>9,165,973</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	1,097,815	1,815,754
Unavailable revenue - property tax interest	<u>446,539</u>	<u>723,013</u>
Total deferred inflows of resources	<u>1,544,354</u>	<u>2,538,767</u>
Fund Balance:		
Committed:		
Subsequent years' budget	481,258	666,693
Assigned:		
Subsequent years' budget		
Revaluation	14,663	178,926
Computer replacement	326,895	394,111
Encumbrances	1,548,236	1,453,075
Unassigned	<u>11,457,895</u>	<u>10,097,227</u>
Total fund balance	<u>13,828,947</u>	<u>12,790,032</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 23,346,516</u>	<u>\$ 24,494,772</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive (Negative)
Revenues:				
General property taxes	\$ 82,974,393	\$ 82,974,393	\$ 82,816,078	\$ (158,315)
Licenses and permits	298,278	298,278	303,096	4,818
Interest on investments	95,000	95,000	150,645	55,645
Intergovernmental - Federal	3,599,882	3,599,882	3,342,695	(257,187)
Intergovernmental - State	31,532,975	31,532,975	31,026,751	(506,224)
Charges for current services	1,140,630	1,140,630	1,657,739	517,109
Schools, library and recreation fees	220,008	220,008	282,921	62,913
Other revenue	450,795	450,795	590,344	139,549
Total revenues	<u>120,311,961</u>	<u>120,311,961</u>	<u>120,170,269</u>	<u>(141,692)</u>
Expenditures:				
Current:				
General government	940,102	1,054,102	799,312	254,790
General services	4,347,539	4,462,037	4,292,833	169,204
Public safety	6,662,357	6,742,566	6,486,770	255,796
Public works	6,009,910	6,057,212	5,821,760	235,452
Planning and development	1,417,364	1,417,364	1,398,183	19,181
Health and human services	577,546	577,546	547,770	29,776
Community services	3,273,351	3,279,966	3,192,879	87,087
Education	76,468,239	76,468,239	76,201,048	267,191
Subdivisions	4,984,413	4,984,413	4,982,140	2,273
Nondepartmental	8,567,369	8,200,015	8,186,453	13,562
Outside agencies	2,020,053	2,020,053	1,946,308	73,745
Debt service	4,967,757	4,967,757	4,967,757	-
Total expenditures	<u>120,236,000</u>	<u>120,231,270</u>	<u>118,823,213</u>	<u>1,408,057</u>
Excess (Deficiency) of Revenues over Expenditures	<u>75,961</u>	<u>80,691</u>	<u>1,347,056</u>	<u>1,266,365</u>
Other Financing Sources (Uses):				
Transfers in	579,596	579,596	579,596	-
Transfers out	<u>(1,322,250)</u>	<u>(1,326,980)</u>	<u>(1,326,980)</u>	-
Total other financing uses	<u>(742,654)</u>	<u>(747,384)</u>	<u>(747,384)</u>	-
Net Change in Fund Balance	\$ <u>(666,693)</u>	\$ <u>(666,693)</u>	599,672	\$ <u>1,266,365</u>
Fund Balance at Beginning of Year			10,574,374	
Encumbrances Cancelled			<u>210,895</u>	
Fund Balance at End of Year			\$ <u>11,384,941</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, 2017

	Budgeted Amounts		Actual			Variance With
	Original	Final	Expended	Encumbered	Total	Final Budget
						Positive
						(Negative)
Instruction:						
Regular	\$ 30,489,908	\$ 30,489,908	\$ 31,032,327	\$ 88,819	\$ 31,121,146	\$ (631,238)
Special	11,396,763	11,396,763	11,805,389	2,722	11,808,111	(411,348)
Continuing	311,484	311,484	279,697	532	280,229	31,255
Total instruction	<u>42,198,155</u>	<u>42,198,155</u>	<u>43,117,413</u>	<u>92,073</u>	<u>43,209,486</u>	<u>(1,011,331)</u>
Supporting Services:						
Pupils	5,903,720	5,903,720	5,881,887	463	5,882,350	21,370
Staff	1,816,525	1,816,525	1,826,732	6,020	1,832,752	(16,228)
General support	6,887,887	6,887,887	6,247,278	2,622	6,249,900	637,987
Operational support	14,143,029	14,143,029	13,767,585	152,377	13,919,962	223,067
Total supporting services	<u>28,751,160</u>	<u>28,751,160</u>	<u>27,723,483</u>	<u>161,482</u>	<u>27,884,965</u>	<u>866,196</u>
Community Services:						
Nonpublic school pupils			113,470		113,470	(113,470)
Nonprogrammed Changes:						
Tuition payments	<u>5,518,924</u>	<u>5,518,924</u>	<u>4,990,064</u>	<u>3,063</u>	<u>4,993,127</u>	<u>525,797</u>
Total	<u>\$ 76,468,239</u>	<u>\$ 76,468,239</u>	<u>\$ 75,944,430</u>	<u>\$ 256,618</u>	<u>\$ 76,201,048</u>	<u>\$ 267,191</u>

**TOWN OF GROTON, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET SCHEDULE
JUNE 30, 2017**

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Computer Replacement Fund</u>	<u>Total Combined Funds</u>
ASSETS				
Cash and cash equivalents	\$ 17,704,647	\$ 23,835	\$ 326,801	\$ 18,055,283
Investments	3,080,120			3,080,120
Receivables, net	2,107,742		144	2,107,886
Due from other funds	92,659			92,659
Other assets	<u>10,568</u>			<u>10,568</u>
Total Assets	<u>\$ 22,995,736</u>	<u>\$ 23,835</u>	<u>\$ 326,945</u>	<u>\$ 23,346,516</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ <u>7,963,993</u>	\$ <u>9,172</u>	\$ <u>50</u>	\$ <u>7,973,215</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	1,097,815			1,097,815
Unavailable revenue - property tax interest	<u>446,539</u>			<u>446,539</u>
Total deferred inflows of resources	<u>1,544,354</u>	<u>-</u>	<u>-</u>	<u>1,544,354</u>
Fund balances:				
Committed	481,258			481,258
Assigned	1,548,236	14,663	326,895	1,889,794
Unassigned	<u>11,457,895</u>			<u>11,457,895</u>
Total fund balances	<u>13,487,389</u>	<u>14,663</u>	<u>326,895</u>	<u>13,828,947</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,995,736</u>	<u>\$ 23,835</u>	<u>\$ 326,945</u>	<u>\$ 23,346,516</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Revaluation Fund	Computer Replacement Fund	Elimination	Total Combined Funds
Revenues:					
Property taxes, interest and lien fees	\$ 83,180,759	\$	\$	\$	\$ 83,180,759
Licenses and permits	303,096				303,096
Intergovernmental - state	45,622,201				45,622,201
Interest on investments	150,645	875	1,224		152,744
Intergovernmental - federal	3,342,695				3,342,695
Charges for current services	1,635,486		3,033		1,638,519
Schools, library and recreation fees	282,921				282,921
Other revenue	565,573				565,573
Total revenues	<u>135,083,376</u>	<u>875</u>	<u>4,257</u>	<u>-</u>	<u>135,088,508</u>
Expenditures:					
Current:					
General government	853,642	293,388	650		1,147,680
General services	4,289,828				4,289,828
Public safety	6,482,005				6,482,005
Public works	5,788,184				5,788,184
Planning and development	1,230,650				1,230,650
Health and human services	547,772				547,772
Community services	3,185,432				3,185,432
Education	90,690,477				90,690,477
Subdivisions	4,897,090				4,897,090
Nondepartmental	8,186,453				8,186,453
Outside agencies	1,946,308				1,946,308
Debt service	4,967,757				4,967,757
Capital outlay			70,823		70,823
Total expenditures	<u>133,065,598</u>	<u>293,388</u>	<u>71,473</u>	<u>-</u>	<u>133,430,459</u>
Revenues over (under) Expenditures	<u>2,017,778</u>	<u>(292,513)</u>	<u>(67,216)</u>	<u>-</u>	<u>1,658,049</u>
Other Financing Sources (Uses):					
Transfers in	579,596	128,250		(128,250)	579,596
Transfers out	(1,326,980)			128,250	(1,198,730)
Total other financing sources (uses)	<u>(747,384)</u>	<u>128,250</u>	<u>-</u>	<u>-</u>	<u>(619,134)</u>
Net Change in Fund Balances	1,270,394	(164,263)	(67,216)	-	1,038,915
Fund Balances at Beginning of Year	<u>12,216,995</u>	<u>178,926</u>	<u>394,111</u>	<u>-</u>	<u>12,790,032</u>
Fund Balances at End of Year	<u>\$ 13,487,389</u>	<u>\$ 14,663</u>	<u>\$ 326,895</u>	<u>\$ -</u>	<u>\$ 13,828,947</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REVALUATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interest income	\$ 950	\$ 950	\$ 875	\$ (75)
Expenditures:				
Property revaluation	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Revenues over (under) Expenditures	(179,050)	(179,050)	(179,125)	(75)
Other Financing Sources:				
Transfers in	<u>128,250</u>	<u>128,250</u>	<u>128,250</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(50,800)</u>	\$ <u>(50,800)</u>	\$ <u>(50,875)</u>	\$ <u>(75)</u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Liquidated prior year encumbrances	\$	\$ (113,388)	\$ <u>(113,388)</u>	
Net Change in Fund Balance, GAAP			\$ <u>(164,263)</u>	

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - COMPUTER REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Interest income	\$ 600	\$ 600	\$ 1,224	\$ 624
Other agencies	1,770	1,770	1,620	(150)
Outside agencies - MDT	1,413	1,413	1,413	-
Total revenues	<u>3,783</u>	<u>3,783</u>	<u>4,257</u>	<u>474</u>
Expenditures:				
Computer equipment	<u>70,833</u>	<u>70,833</u>	<u>66,873</u>	<u>3,960</u>
Revenues over (under) Expenditures	(67,050)	(67,050)	(62,616)	4,434
Other Financing Sources:				
Transfers in				-
Net Change in Fund Balance	\$ <u>(67,050)</u>	\$ <u>(67,050)</u>	\$ <u>(62,616)</u>	\$ <u>4,434</u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Liquidated prior year encumbrances	\$	\$ (4,600)	\$ <u>(4,600)</u>	
Net Change in Fund Balance, GAAP			\$ <u>(67,216)</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.

DECD Mystic Education Center Fund: Accounts for revenues and expenditures for State Brownfield Funds utilized to finance public outreach, zoning change and marketing efforts by the Town for the redevelopment of the 48 acre state-owned former Mystic Education Center.

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.

LED Light Conversion Project: Accounts for revenues from energy rebates and third party financing and expenditures funded by those sources for the conversion of street and parking lot lights to light-emitting diode (LED).

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, 2017**

	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
ASSETS								
Cash and cash equivalents	\$	\$ 348,340	\$ 117,135	\$ 228,689	\$ 489	\$ 956,482	\$ 48,459	\$ 217,922
Investments								
Receivables, net	326,112	19,998	1,037,290					6,211
Other assets								
Total Assets	<u>\$ 326,112</u>	<u>\$ 368,338</u>	<u>\$ 1,154,425</u>	<u>\$ 228,689</u>	<u>\$ 489</u>	<u>\$ 956,482</u>	<u>\$ 48,459</u>	<u>\$ 224,133</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 185,695	\$	\$ 2,874	\$ 1,273	\$	\$	\$	\$ 74,342
Due to State	69,110							
Due to other funds	51,594		8,606					
Unearned Revenue	9,398							
Total liabilities	<u>315,797</u>	<u>-</u>	<u>11,480</u>	<u>1,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,342</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments								
Unavailable revenue - loans receivable			1,037,290					
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>1,037,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted	10,315					956,482		
Committed		368,338	105,655	227,416	489		48,459	149,791
Unassigned								
Total fund balances	<u>10,315</u>	<u>368,338</u>	<u>105,655</u>	<u>227,416</u>	<u>489</u>	<u>956,482</u>	<u>48,459</u>	<u>149,791</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 326,112</u>	<u>\$ 368,338</u>	<u>\$ 1,154,425</u>	<u>\$ 228,689</u>	<u>\$ 489</u>	<u>\$ 956,482</u>	<u>\$ 48,459</u>	<u>\$ 224,133</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds						
	Sewer Operating Fund	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	DECD Brownfield Mystic Education Center Fund	Other Special Revenue	Parks and Recreation Revolving
ASSETS							
Cash and cash equivalents	\$ 2,385,115	\$ 242,186	\$ 615	\$ 19,771	\$	\$ 536	\$ 119,845
Investments							
Receivables, net	649,956	310,855				98,998	981
Other assets							
Total Assets	<u>\$ 3,035,071</u>	<u>\$ 553,041</u>	<u>\$ 615</u>	<u>\$ 19,771</u>	<u>\$ -</u>	<u>\$ 99,534</u>	<u>\$ 119,845</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 207,574	\$ 143,450	\$	\$ 300	\$ 2,464	\$ 56,226	\$ 8,025
Due to State							
Due to other funds					4,436	2,110	
Unearned Revenue						83,784	
Total liabilities	<u>207,574</u>	<u>143,450</u>	<u>-</u>	<u>300</u>	<u>6,900</u>	<u>142,120</u>	<u>8,025</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>
Fund balances:							
Nonspendable							
Restricted							
Committed	2,827,497	409,591	615	19,471			544,327
Unassigned					(6,900)	(42,586)	111,820
Total fund balances	<u>2,827,497</u>	<u>409,591</u>	<u>615</u>	<u>19,471</u>	<u>(6,900)</u>	<u>(42,586)</u>	<u>111,820</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,035,071</u>	<u>\$ 553,041</u>	<u>\$ 615</u>	<u>\$ 19,771</u>	<u>\$ -</u>	<u>\$ 99,534</u>	<u>\$ 119,845</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds						
	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund
ASSETS							
Cash and cash equivalents	\$ 45,238	\$ 61,820	\$ 594,819	\$ 165,151	\$ 443,336	\$ 19,654	\$ 18,569
Investments							
Receivables, net	82,131			21,228	39		
Other assets					1,240		
Total Assets	<u>\$ 127,369</u>	<u>\$ 61,820</u>	<u>\$ 594,819</u>	<u>\$ 186,379</u>	<u>\$ 444,615</u>	<u>\$ 19,654</u>	<u>\$ 18,569</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 13,697	\$	\$	\$ 319	\$ 81,568	\$ 1,348	\$
Due to State							
Due to other funds							
Unearned Revenue	426						
Total liabilities	<u>14,123</u>	<u>-</u>	<u>-</u>	<u>319</u>	<u>81,568</u>	<u>1,348</u>	<u>-</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>
Fund balances:							
Nonspendable					1,240		
Restricted					361,807	18,306	
Committed	113,246	61,820	594,819	186,060			18,569
Unassigned							
Total fund balances	<u>113,246</u>	<u>61,820</u>	<u>594,819</u>	<u>186,060</u>	<u>363,047</u>	<u>18,306</u>	<u>18,569</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 127,369</u>	<u>\$ 61,820</u>	<u>\$ 594,819</u>	<u>\$ 186,379</u>	<u>\$ 444,615</u>	<u>\$ 19,654</u>	<u>\$ 18,569</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds		Debt Service Fund	Permanent Funds			
	DECD Brownfield Assessment Fund	LED Light Conversion Project	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Totals
ASSETS							
Cash and cash equivalents	\$	\$ 53,780	\$ 546,948	\$ 62,231	\$ 40,410	\$ 200,249	\$ 7,487,284
Investments				111,046	9,965		121,011
Receivables, net		31,070	6,635				2,591,504
Other assets			2,854				4,094
Total Assets	\$	\$ 84,850	\$ 556,437	\$ 173,277	\$ 50,375	\$ 200,249	\$ 10,203,893
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$ 16,949	\$ 2,787	\$	\$	\$	\$ 805,040
Due to State							69,110
Due to other funds							66,746
Unearned Revenue							93,608
Total liabilities	-	16,949	2,787	-	-	-	1,034,504
Deferred inflows of resources:							
Unavailable revenue - special assessments			4,507				4,507
Unavailable revenue - loans receivable							1,037,290
Total deferred inflows of resources	-	-	4,507	-	-	-	1,041,797
Fund balances:							
Nonspendable			2,854	20,000	27,543	200,000	251,637
Restricted			546,289	153,277	22,832	249	2,069,557
Committed		67,901					5,855,884
Unassigned							(49,486)
Total fund balances	-	67,901	549,143	173,277	50,375	200,249	8,127,592
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ -	\$ 84,850	\$ 556,437	\$ 173,277	\$ 50,375	\$ 200,249	\$ 10,203,893

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	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
Revenues:							
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$
Sewer assessments							
State of Connecticut	3,299,393	75,481	160,856				26,105
Investment earnings		7	93		19	5,137	182
Federal government		1,314,938				285,800	
Charges for services		833,434					
Sewer use charges							
Solid waste management							
Other revenue	342,189	11,084	5,900	46,333			
Total revenues	<u>3,641,582</u>	<u>2,234,944</u>	<u>166,849</u>	<u>46,333</u>	<u>19</u>	<u>290,937</u>	<u>26,287</u>
Expenditures:							
General government							
Public safety							
Public works							
Human services			235,444	85,353			
Community services							39,880
Education	3,641,582	2,265,201			4,152		
Sewer operations							
Solid waste management							
Outside agencies							
Debt service							
Capital outlay						285,958	
Total expenditures	<u>3,641,582</u>	<u>2,265,201</u>	<u>235,444</u>	<u>85,353</u>	<u>4,152</u>	<u>285,958</u>	<u>39,880</u>
Revenues over (under) Expenditures	<u>-</u>	<u>(30,257)</u>	<u>(68,595)</u>	<u>(39,020)</u>	<u>(4,133)</u>	<u>4,979</u>	<u>(13,593)</u>
Other Financing Sources (Uses):							
Transfers out	<u>-</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Net Change in Fund Balances	-	(30,257)	(68,595)	(39,020)	(4,133)	4,979	(13,593)
Fund Balance - Beginning of Year	<u>10,315</u>	<u>398,595</u>	<u>174,250</u>	<u>266,436</u>	<u>4,622</u>	<u>951,503</u>	<u>62,052</u>
Fund Balance - End of Year	<u>\$ 10,315</u>	<u>\$ 368,338</u>	<u>\$ 105,655</u>	<u>\$ 227,416</u>	<u>\$ 489</u>	<u>\$ 956,482</u>	<u>\$ 48,459</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, 2017

	Special Revenue Funds							
	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	DECD Brownfield Mystic Education Center Fund	Other Special Revenue	Escrow Fund
Revenues:								
Property taxes, interest and lien fees	\$	\$	\$	\$ 21,416	\$	\$	\$	\$
Sewer assessments								
State of Connecticut							467,733	
Investment earnings		5,252	1,347					
Federal government							10,230	
Charges for services	1,194,458						25,003	
Sewer use charges		6,074,091						
Solid waste management			1,553,358					
Other revenue	374	1,494			30,619		93,276	119,962
Total revenues	<u>1,194,832</u>	<u>6,080,837</u>	<u>1,554,705</u>	<u>21,416</u>	<u>30,619</u>	<u>-</u>	<u>596,242</u>	<u>119,962</u>
Expenditures:								
General government							141,861	115,572
Public safety				20,010			33,328	
Public works						6,900	4,705	
Human services					23,612		234,276	
Community services	1,085,200						271,109	
Education								
Sewer operations		4,331,286						
Solid waste management			1,613,576					
Outside agencies								
Debt service		476,638						
Capital outlay							157,394	
Total expenditures	<u>1,085,200</u>	<u>4,807,924</u>	<u>1,613,576</u>	<u>20,010</u>	<u>23,612</u>	<u>6,900</u>	<u>842,673</u>	<u>115,572</u>
Revenues over (under) Expenditures	<u>109,632</u>	<u>1,272,913</u>	<u>(58,871)</u>	<u>1,406</u>	<u>7,007</u>	<u>(6,900)</u>	<u>(246,431)</u>	<u>4,390</u>
Other Financing Sources (Uses):								
Transfers out	(59,430)	(941,559)	(29,498)	(1,008)			(5,000)	
Net Change in Fund Balances	50,202	331,354	(88,369)	398	7,007	(6,900)	(251,431)	4,390
Fund Balance - Beginning of Year	<u>99,589</u>	<u>2,496,143</u>	<u>497,960</u>	<u>217</u>	<u>12,464</u>	<u>-</u>	<u>208,845</u>	<u>539,937</u>
Fund Balance - End of Year	<u>\$ 149,791</u>	<u>\$ 2,827,497</u>	<u>\$ 409,591</u>	<u>\$ 615</u>	<u>\$ 19,471</u>	<u>\$ (6,900)</u>	<u>\$ (42,586)</u>	<u>\$ 544,327</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, 2017

	Special Revenue Funds							
	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	Economic Assistance	Vehicle Maintenance	Rec & Senior Activities	SECT Regional Probate Court	Energy Conservation Fund
Revenues:								
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments								
State of Connecticut								
Investment earnings			455	4,385				137
Federal government								
Charges for services	20,785	378,328			165,008	964,005		
Sewer use charges								
Solid waste management								
Other revenue	57,779					72	26,700	
Total revenues	<u>78,564</u>	<u>378,328</u>	<u>455</u>	<u>4,385</u>	<u>165,008</u>	<u>964,077</u>	<u>26,700</u>	<u>137</u>
Expenditures:								
General government							24,107	
Public safety		318,821						
Public works				24,300				
Human services								
Community services	52,906					923,592		
Education								
Sewer operations								
Solid waste management								
Outside agencies					160,448			
Debt service								
Capital outlay								
Total expenditures	<u>52,906</u>	<u>318,821</u>	<u>-</u>	<u>24,300</u>	<u>160,448</u>	<u>923,592</u>	<u>24,107</u>	<u>-</u>
Revenues over (under) Expenditures	<u>25,658</u>	<u>59,507</u>	<u>455</u>	<u>(19,915)</u>	<u>4,560</u>	<u>40,485</u>	<u>2,593</u>	<u>137</u>
Other Financing Sources (Uses):								
Transfers out								
Net Change in Fund Balances	25,658	59,507	455	(19,915)	4,560	40,485	2,593	137
Fund Balance - Beginning of Year	<u>86,162</u>	<u>53,739</u>	<u>61,365</u>	<u>614,734</u>	<u>181,500</u>	<u>322,562</u>	<u>15,713</u>	<u>18,432</u>
Fund Balance - End of Year	<u>\$ 111,820</u>	<u>\$ 113,246</u>	<u>\$ 61,820</u>	<u>\$ 594,819</u>	<u>\$ 186,060</u>	<u>\$ 363,047</u>	<u>\$ 18,306</u>	<u>\$ 18,569</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, 2017

	Special Revenue Funds		Debt Service Fund	Permanent Funds			
	DECD Brownfield Assessment Fund	LED Light Conversion Project	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Totals
Revenues:							
Property taxes, interest and lien fees	\$	\$	\$ 622,757	\$	\$	\$	\$ 644,173
Sewer assessments			42,119				42,119
State of Connecticut	26,145		20				4,055,733
Investment earnings			2,260	16,594	1,862	1,001	38,731
Federal government							1,610,968
Charges for services							3,581,021
Sewer use charges							6,074,091
Solid waste management							1,553,358
Other revenue		145,371		8			881,161
Total revenues	<u>26,145</u>	<u>145,371</u>	<u>667,156</u>	<u>16,602</u>	<u>1,862</u>	<u>1,001</u>	<u>18,481,355</u>
Expenditures:							
General government		77,470	7,220				366,230
Public safety							372,159
Public works							35,905
Human services	2,552						581,237
Community services				6,930		1,002	2,380,619
Education							5,910,935
Sewer operations							4,331,286
Solid waste management							1,613,576
Outside agencies							160,448
Debt service			771,067				1,247,705
Capital outlay	23,593						466,945
Total expenditures	<u>26,145</u>	<u>77,470</u>	<u>778,287</u>	<u>6,930</u>	<u>-</u>	<u>1,002</u>	<u>17,467,045</u>
Revenues over (under) Expenditures	<u>-</u>	<u>67,901</u>	<u>(111,131)</u>	<u>9,672</u>	<u>1,862</u>	<u>(1)</u>	<u>1,014,310</u>
Other Financing Sources (Uses):							
Transfers out			(44,534)				(1,081,029)
Net Change in Fund Balances	-	67,901	(155,665)	9,672	1,862	(1)	(66,719)
Fund Balance - Beginning of Year	-	-	704,808	163,605	48,513	200,250	8,194,311
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 67,901</u>	<u>\$ 549,143</u>	<u>\$ 173,277</u>	<u>\$ 50,375</u>	<u>\$ 200,249</u>	<u>\$ 8,127,592</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SPECIAL LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 250	\$ 250	\$ 182	\$ (68)
State grants	900	900		(900)
ConnectiCard grant	28,500	28,500	26,105	(2,395)
Total revenues	<u>29,650</u>	<u>29,650</u>	<u>26,287</u>	<u>(3,363)</u>
Expenditures:				
Payroll charges	14,136	14,136	3,632	10,504
Professional/Technical Services	25,125	25,125	24,710	415
Software maintenance fees	840	840	840	-
Equipment, machinery and furniture	2,000	2,000	411	1,589
Computer equipment	<u>23,536</u>	<u>23,536</u>	<u>10,287</u>	<u>13,249</u>
Total expenditures	<u>65,637</u>	<u>65,637</u>	<u>39,880</u>	<u>25,757</u>
Revenues over (under) Expenditures	(35,987)	(35,987)	(13,593)	22,394
Other Financing Uses:				
Transfers Out				-
Net Change in Fund Balance	<u>\$ (35,987)</u>	<u>\$ (35,987)</u>	<u>\$ (13,593)</u>	<u>\$ 22,394</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GOLF COURSE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,221,545	\$ 1,221,545	\$ 1,194,832	\$ (26,713)
Expenditures:				
Community services	<u>1,131,453</u>	<u>1,131,453</u>	<u>1,085,200</u>	<u>46,253</u>
Revenues over (under) Expenditures	90,092	90,092	109,632	19,540
Other Financing Uses:				
Transfers out	<u>(59,430)</u>	<u>(59,430)</u>	<u>(59,430)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>30,662</u>	\$ <u>30,662</u>	\$ <u>50,202</u>	\$ <u>19,540</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - SEWER OPERATING FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sewer use charges	\$ 6,003,004	\$ 6,003,004	\$ 6,074,091	\$ 71,087
Interest income	1,200	1,200	5,252	4,052
Other revenue			1,492	1,492
Total revenues	<u>6,004,204</u>	<u>6,004,204</u>	<u>6,080,835</u>	<u>76,631</u>
Expenditures:				
Sewer system maintenance	<u>5,617,400</u>	<u>5,617,400</u>	<u>4,927,021</u>	<u>690,379</u>
Revenues over (under) Expenditures	386,804	386,804	1,153,814	767,010
Other Financing Uses:				
Transfers out	<u>(469,624)</u>	<u>(469,624)</u>	<u>(941,559)</u>	<u>(471,935)</u>
Net Change in Fund Balance	\$ <u><u>(82,820)</u></u>	\$ <u><u>(82,820)</u></u>	\$ <u><u>212,255</u></u>	\$ <u><u>295,075</u></u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Current year encumbrances		\$ 240,912	\$ 240,912	
Liquidated prior year encumbrances		(121,813)	<u>(121,813)</u>	
Net Change in Fund Balance, GAAP			\$ <u><u>331,354</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, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Solid waste management	\$ 1,483,044	\$ 1,483,044	\$ 1,553,358	\$ 70,314
Interest income	380	380	1,347	967
Total revenues	<u>1,483,424</u>	<u>1,483,424</u>	<u>1,554,705</u>	<u>71,281</u>
Expenditures:				
Solid waste management	<u>1,504,364</u>	<u>1,504,364</u>	<u>1,643,074</u>	<u>(138,710)</u>
Revenues over (under) Expenditures	(20,940)	(20,940)	(88,369)	(67,429)
Other Financial Uses:				
Transfers out				-
Net Change in Fund Balance	\$ <u>(20,940)</u>	\$ <u>(20,940)</u>	\$ <u>(88,369)</u>	\$ <u>(67,429)</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes, interest and lien fees	\$ 21,028	\$ 21,028	\$ 21,416	\$ 388
Expenditures:				
Public safety	20,020	20,020	20,010	10
Revenues over (under) Expenditures	1,008	1,008	1,406	398
Other Financial Uses:				
Transfers out	(1,008)	(1,008)	(1,008)	-
Net Change in Fund Balance	\$ -	\$ -	\$ 398	\$ 398

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - GROTON SEWER DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property taxes and other	\$ 627,794	\$ 627,794	\$ 664,896	\$ 37,102
Interest income	980	980	2,260	1,280
Total revenues	<u>628,774</u>	<u>628,774</u>	<u>667,156</u>	<u>38,382</u>
Expenditures:				
Debt service	771,068	771,068	771,067	1
Operating expense	<u>13,172</u>	<u>13,172</u>	<u>7,220</u>	<u>5,952</u>
Total expenditures	<u>784,240</u>	<u>784,240</u>	<u>778,287</u>	<u>5,953</u>
Revenues over (under) Expenditures	(155,466)	(155,466)	(111,131)	44,335
Other Financing Uses:				
Transfers out	<u>(44,534)</u>	<u>(44,534)</u>	<u>(44,534)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (155,665)</u>	<u>\$ 44,335</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
BUDGET AND ACTUAL - REC & SENIOR ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Recreation programs	\$ 590,000	\$ 590,000	\$ 443,274	\$ (146,726)
Summer camp	183,000	183,000	153,873	(29,127)
Special needs programs	65,500	65,500	88,078	22,578
Senior trips	87,000	87,000	58,490	(28,510)
Senior programs	118,000	118,000	120,849	2,849
Senior center fundraising	10,000	10,000	9,654	(346)
Senior food concession	93,000	93,000	89,787	(3,213)
Miscellaneous revenues			72	72
Total revenues	<u>1,146,500</u>	<u>1,146,500</u>	<u>964,077</u>	<u>(182,423)</u>
Expenditures:				
Recreation programs	460,683	460,683	454,390	6,293
Summer camp	182,962	182,962	166,330	16,632
Special needs programs	81,999	81,999	83,429	(1,430)
Senior trips	82,464	82,464	48,470	33,994
Senior programs	162,935	162,935	110,133	52,802
Senior food concession	111,127	111,127	100,389	10,738
Total expenditures	<u>1,082,170</u>	<u>1,082,170</u>	<u>963,141</u>	<u>119,029</u>
Revenues over (under) Expenditures	64,330	64,330	936	(63,394)
Other Financing Sources (Uses):				
Transfers out				-
Net Change in Fund Balance	<u>\$ 64,330</u>	<u>\$ 64,330</u>	<u>\$ 936</u>	<u>\$ (63,394)</u>
<u>Reconciliation to GAAP Basis</u>				
	<u>Revenues</u>	<u>Expenditures</u>	<u>Change in Fund Balance</u>	
Current year encumbrances	\$	\$ 39,549	<u>\$ 39,549</u>	
Net Change in Fund Balance, GAAP			<u>\$ 40,485</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, 2017

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 609,289	\$ 6,186,317	\$ 926,696	\$ 7,722,302
Accounts receivable	2,025	212,291		214,316
Total current assets	<u>611,314</u>	<u>6,398,608</u>	<u>926,696</u>	<u>7,936,618</u>
Noncurrent assets:				
Property and equipment	9,359,299			9,359,299
Accumulated depreciation	(6,253,626)			(6,253,626)
Property and equipment, net	<u>3,105,673</u>	<u>-</u>	<u>-</u>	<u>3,105,673</u>
Total assets	<u>3,716,987</u>	<u>6,398,608</u>	<u>926,696</u>	<u>11,042,291</u>
Liabilities:				
Current liabilities:				
Accounts payable	140,259	9,595	3,688	153,542
Claims incurred but not reported		1,036,000	132,972	1,168,972
Total current liabilities	<u>140,259</u>	<u>1,045,595</u>	<u>136,660</u>	<u>1,322,514</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			3,002,012	3,002,012
Total liabilities	<u>140,259</u>	<u>1,045,595</u>	<u>3,138,672</u>	<u>4,324,526</u>
Net Position:				
Invested in capital assets	3,105,673			3,105,673
Unrestricted	<u>471,055</u>	<u>5,353,013</u>	<u>(2,211,976)</u>	<u>3,612,092</u>
Total Net Position	<u>\$ 3,576,728</u>	<u>\$ 5,353,013</u>	<u>\$ (2,211,976)</u>	<u>\$ 6,717,765</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 763,168	\$ 12,481,414	\$ 1,344,578	\$ 14,589,160
Other revenue	29,279		39,250	68,529
Intergovernmental revenue	52,400			52,400
Total operating revenue	<u>844,847</u>	<u>12,481,414</u>	<u>1,383,828</u>	<u>14,710,089</u>
Operating Expenses:				
Operating expenses	355,051			355,051
Claims - operating		12,930,529		12,930,529
Claims - workers' compensation			1,096,920	1,096,920
Claims - heart and hypertension			309,286	309,286
Depreciation	578,335			578,335
Administrative		1,076,398	50,101	1,126,499
Total operating expenses	<u>933,386</u>	<u>14,006,927</u>	<u>1,456,307</u>	<u>16,396,620</u>
Operating Income (Loss)	<u>(88,539)</u>	<u>(1,525,513)</u>	<u>(72,479)</u>	<u>(1,686,531)</u>
Nonoperating Revenue (Expenses):				
Interest on investments	<u>4,438</u>	<u>13,919</u>	<u>2,309</u>	<u>20,666</u>
Income (Loss) Before Transfers	(84,101)	(1,511,594)	(70,170)	(1,665,865)
Transfers in	<u>454,730</u>			<u>454,730</u>
Change in Net Position	370,629	(1,511,594)	(70,170)	(1,211,135)
Net Position - Beginning of Year	<u>3,206,099</u>	<u>6,864,607</u>	<u>(2,141,806)</u>	<u>7,928,900</u>
Net Position - End of Year	<u>\$ 3,576,728</u>	<u>\$ 5,353,013</u>	<u>\$ (2,211,976)</u>	<u>\$ 6,717,765</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<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	\$ 855,616	\$ 12,436,178	\$ 1,383,828	\$ 14,675,622
Cash paid to vendors	(308,974)			(308,974)
Cash paid to beneficiaries		(14,035,778)	(917,567)	(14,953,345)
Net cash provided by (used in) operating activities	546,642	(1,599,600)	466,261	(586,697)
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(1,172,752)			(1,172,752)
Cash Flows from Noncapital Financing Activities:				
Transfers in	454,730			454,730
Cash Flows from Investing Activities:				
Interest on investments	4,438	13,919	2,309	20,666
Net Increase (Decrease) in Cash and Cash Equivalents	(166,942)	(1,585,681)	468,570	(1,284,053)
Cash and Cash Equivalents - Beginning of Year	776,231	7,771,998	458,126	9,006,355
Cash and Cash Equivalents - End of Year	<u>\$ 609,289</u>	<u>\$ 6,186,317</u>	<u>\$ 926,696</u>	<u>\$ 7,722,302</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (88,539)	\$ (1,525,513)	\$ (72,479)	\$ (1,686,531)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	578,335			578,335
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	10,769	(45,236)		(34,467)
(Decrease) increase in accounts payable	46,077			46,077
(Decrease) increase in claims payable		(28,851)	538,740	509,889
Net Cash Provided by (Used in) Operating Activities	<u>\$ 546,642</u>	<u>\$ (1,599,600)</u>	<u>\$ 466,261</u>	<u>\$ (586,697)</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, 2017

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Assets:					
Cash and cash equivalents	\$ 2,279	\$ 5,627	\$ 1,837	\$ 57,106	\$ 66,849
Liabilities:					
Due to employees/others			300		300
Net Position:					
Held in Trust for Benefits and Other Purposes	\$ <u>2,279</u>	\$ <u>5,627</u>	\$ <u>1,537</u>	\$ <u>57,106</u>	\$ <u>66,549</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trust Funds				
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	Total
Additions:					
Contributions:					
Other revenue	\$	\$	\$ 2,000	\$	\$ 2,000
Total contributions	-	-	2,000	-	2,000
Investment income:					
Interest and dividends		28	66	427	521
Total additions	-	28	2,066	427	2,521
Deductions:					
Benefits		28	24,899	1,240	26,167
Change in Net Position	-	-	(22,833)	(813)	(23,646)
Net Position at Beginning of Year	2,279	5,627	24,370	57,919	90,195
Net Position at End of Year	\$ 2,279	\$ 5,627	\$ 1,537	\$ 57,106	\$ 66,549

TOWN OF GROTON, CONNECTICUT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Performance Bonds				
Assets:				
Cash	\$ <u>493,151</u>	\$ <u>90</u>	\$ <u>15,009</u>	\$ <u>478,232</u>
Liabilities:				
Due to contractors/developers	\$ <u>493,151</u>	\$ <u>90</u>	\$ <u>15,009</u>	\$ <u>478,232</u>
Student Activities				
Assets:				
Cash	\$ <u>217,810</u>	\$ <u>469,563</u>	\$ <u>438,304</u>	\$ <u>249,069</u>
Liabilities:				
Due to student groups	\$ <u>217,810</u>	\$ <u>469,563</u>	\$ <u>438,304</u>	\$ <u>249,069</u>
Fire District Tax Collections				
Assets:				
Cash	\$ <u>28,371</u>	\$ <u>15,667,697</u>	\$ <u>15,664,925</u>	\$ <u>31,143</u>
Liabilities:				
Due to fire districts	\$ <u>28,371</u>	\$ <u>15,667,697</u>	\$ <u>15,664,925</u>	\$ <u>31,143</u>
Total				
Assets:				
Cash	\$ <u>739,332</u>	\$ <u>16,137,350</u>	\$ <u>16,118,238</u>	\$ <u>758,444</u>
Liabilities:				
Due to contractors/developers	\$ 493,151	\$ 90	\$ 15,009	\$ 478,232
Due to student groups	217,810	469,563	438,304	249,069
Due to fire districts	<u>28,371</u>	<u>15,667,697</u>	<u>15,664,925</u>	<u>31,143</u>
Total Liabilities	\$ <u>739,332</u>	\$ <u>16,137,350</u>	\$ <u>16,118,238</u>	\$ <u>758,444</u>

Other Schedules

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Uncollected Taxes 7/1/2016	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2017
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2015	\$	\$ 83,207,553	\$ 150,843	\$ 536,440	\$ 417,814	\$ 82,404,142	\$ 81,431,951	\$ 255,358	\$ 94	\$ 81,687,403	\$ 972,191
2014	1,125,881		3,105	42,850	108,256	977,880	690,853	169,230	39,793	899,876	287,027
2013	378,938		147,517	3,930	72,315	450,210	158,971	62,812	15,393	237,176	291,239
2012	163,154		285	5,865	54,118	103,456	32,200	22,964	9,594	64,758	71,256
2011	101,871		56	132	46,231	55,564	17,115	18,181	7,516	42,812	38,449
2010	104,959			71	42,420	62,468	11,011	11,378	6,770	29,159	51,457
2009	87,161				41,998	45,163	4,175	7,080	6,414	17,669	40,988
2008	85,155				43,282	41,873	2,918	12,347	5,055	20,320	38,955
2007	69,407				38,754	30,653	10,963	12,000	4,374	27,337	19,690
2006	33,579				22,894	10,685	7,401	7,119	2,481	17,001	3,284
2005	17,598				14,369	3,229		394	413	807	3,229
2004	2,190				190	2,000		1,096	455	1,551	2,000
2003	1,781				187	1,594		1,376	614	1,990	1,594
2002	1,453				189	1,264		1,662	707	2,369	1,264
2001	1,112					1,112		403	154	557	1,112
	\$ 2,174,239	\$ 83,207,553	\$ 301,806	\$ 589,288	\$ 903,017	\$ 84,191,293	\$ 82,367,558	\$ 583,400	\$ 99,827	\$ 83,050,785	\$ 1,823,735

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Uncollected Taxes 7/1/2016	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2017
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2015	\$	\$ 21,215	\$ 8	\$ 8	\$ 6	\$ 21,209	\$ 21,201	\$ 56	\$	\$ 21,257	\$ 8
2014	110			1		109	109	47		156	-
2013	1					1	1	1		2	-
2012	1					1	1	1		2	-
	\$ 112	\$ 21,215	\$ 8	\$ 9	\$ 6	\$ 21,320	\$ 21,312	\$ 105	\$ -	\$ 21,417	\$ 8

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
GROTON SEWER DISTRICT - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Uncollected Taxes 7/1/2016	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections				Uncollected Taxes 6/30/2017
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected	Total	
2015	\$	\$ 617,666	\$ 616	\$ 2,120	\$ 658	\$ 615,504	\$ 611,823	\$ 2,357	\$	\$ 614,180	\$ 3,681
2014	6,296		14	111	631	5,568	4,464	2,798	3	7,265	1,104
2013	2,208		15	11	658	1,554	886	882	41	1,809	668
2012	1,192			65	633	494	175	401	44	620	319
2011	821				628	193	58	213	49	320	135
2010	733				579	154	2	111	49	162	152
2009	780				661	119	3	140	66	209	116
2008	741				675	66		81	53	134	66
2007	635				571	64		93	54	147	64
2006	484				421	63		11	7	18	63
2005	517				448	69				-	69
2004	59				6	53		8	4	12	53
2003	48				6	42		7	3	10	42
2002	42					42		12	5	17	42
2001	41					41				-	41
	<u>\$ 14,597</u>	<u>\$ 617,666</u>	<u>\$ 645</u>	<u>\$ 2,307</u>	<u>\$ 6,575</u>	<u>\$ 624,026</u>	<u>\$ 617,411</u>	<u>\$ 7,114</u>	<u>\$ 378</u>	<u>\$ 624,903</u>	<u>\$ 6,615</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2017

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 2014 (Rd Maint & Thames St)	2.0-4.0	4-16-2014	4-1-2034	\$ 8,945,000	\$ 7,680,000	\$	\$ 635,000	\$ 7,045,000	\$ 216,844
General Purpose Bond Issue of 2014 (Sr Center)	2.0-2.25	4-16-2014	4-1-2019	375,000	225,000		75,000	150,000	4,875
General Purpose Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2024	5,675,000	3,066,000		777,000	2,289,000	103,435
General Purpose Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	6,752,000	6,297,000		437,000	5,860,000	223,645
Sewer Refunding Issue of 2012	2.0-3.75	12-13-2011	10-15-2028	2,710,000	2,295,000		205,000	2,090,000	60,250
Sewer Refunding Issue of 2013	2.75-3.0	3-12-2013	10-1-2027	2,020,000	1,855,000		160,000	1,695,000	51,388
School Bond Refunding Issue of 2012	2.0-5.0	12-13-2011	10-15-2028	10,630,000	8,589,000		968,000	7,621,000	313,277
School Bond Refunding Issue of 2013	3.0-4.0	3-12-2013	10-1-2029	12,308,000	11,533,000		788,000	10,745,000	425,630
Total Bonded Debt					\$ 41,540,000	\$ -	\$ 4,045,000	\$ 37,495,000	\$ 1,399,344

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

		Expenditures				Encumbrances	Unencumbered Balance
		Balance July 1, 2016	Current Year	Balance June 30, 2017			
Appropriation							
LOCIP Projects:							
Probate Office Modifications	\$ 25,000	\$ 18,375	\$	\$ 18,375	\$	\$ 6,625	
Noank Dock	93,000			-	93,000	-	
GC Improvement Plan	50,000	46,236	3,500	49,736		264	
Mystic Streetscape Phase III	15,000			-		15,000	
Police Station	279,000	2,620	6,200	8,820	3,260	266,920	
GC Comfort Station	50,000			-		50,000	
Sidewalk Midway	100,000		6,690	6,690	6,602	86,708	
Town Hall Annex Boiler Replacement	65,000	64,354		64,354		646	
New Sidewalk, Rt 1 Mystic	80,000			-	62,828	17,172	
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	10,290	29,187	995	107,818	
Storage Area Network	100,000		97,800	97,800		2,200	
Sidewalk/Curb Pearl St Noank	55,000			-		55,000	
Police Station Improvements	168,000	100,140	60,324	160,464	303	7,233	
Park Improv ADA Compliance	60,000	3,995		3,995		56,005	
GC Site Improvements	50,000	48,677		48,677		1,323	
FYE 2013 Capital Improvement Projects:							
Crystal Lake/Military Hwy Intersection	20,300	19,094		19,094		1,206	
Drainage Improv New Install	85,000	34,563		34,563		50,437	
Sidewalk-Thomas Rd. Bikeway	176,000	66,256	104,872	171,128		4,872	
Jabez Smith House	13,000	162	1,660	1,822		11,178	
WPCF-Treatment Facility	220,000	210,752		210,752		9,248	
WPCF-Pump Stations	360,000	299,345		299,345		60,655	
City-Pavement Management	400,000	370,286	29,714	400,000		-	
BOE-Charles Barnum	108,000	102	19,000	19,102		88,898	
BOE-Mary Morrison	90,000	102	19,000	19,102		70,898	
School Design Phase II	75,000	66,314	3,046	69,360		5,640	
Mystic Education Center	25,000	8,500	16,500	25,000		-	
Town Hall Annex Complex	79,000	62,079		62,079		16,921	
CAD/RMS MDT Implementation	40,000	30,816		30,816		9,184	
FYE 2014 Capital Improvement Projects:							
Crystal Lake/Military Hwy Intersection	96,000	89,160	4,211	93,371		2,629	
Drainage Improvement New Installation	23,000	5,691	8,015	13,706	2,024	7,270	
Groton Public Library	45,000	4,000	41,000	45,000		-	
Traffic Signal Replacement/Upgrade	25,000	19,500	5,500	25,000		-	
Info Tech Acq-Network	76,845	61,845	12,725	74,570		2,275	
Tech-Replace Radio Console System	640,000	586,260		586,260		53,740	
Info Tech Acq-Software Systems	75,000	74,731	269	75,000		-	
Jabez Smith House	12,000	1,502		1,502		10,498	
Park Improvement Plan	15,000		4,299	4,299		10,701	
WPCF-Treatment Facility	800,000	591,597		591,597		208,403	
BOE-Energy Efficiency Measures	83,000	69,547		69,547		13,453	
Noank Town Dock Area Improvements	20,000	10,043	4,150	14,193	5,807	-	
Rec Facilities Improvement	50,000	37,500	9,850	47,350	1,650	1,000	

(Continued on next page)

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH APPROPRIATIONS
CAPITAL IMPROVEMENTS FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Expenditures					
	Appropriation	Balance	Current	Balance	Encumbrances	Unencumbered
		July 1, 2016	Year	June 30, 2017		Balance
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	25,000		-
Sewer Line Infrastructure Repairs-WPCF	285,000	4,085		4,085		280,915
Groton Public Library	39,000	30,700		30,700		8,300
Thomas Road Sidewalk/Bikeway	191,000		1,482	1,482	16,400	173,118
Jabez Smith House	10,000		9,993	9,993		7
Trail Improvement Plan	50,000		15,233	15,233	9,767	25,000
WPCF-Treatment Facility	25,000	15,000	10,000	25,000		-
All Schools - Security	200,000	43,756		43,756		156,244
Vehicle Wash Facility	25,000		22,340	22,340	2,660	-
Vacant School Properties	605,000	575,869		575,869	750	28,381
Spicer House P&R Office	45,000	30	21,500	21,530	16,200	7,270
Town Hall Complex	55,000	54,000		54,000	1,000	-
FYE 2016 Capital Improvement Projects:						
School Design	75,000	68,509	6,491	75,000		-
LED Streetlights	28,000			-		28,000
Route 117 Sewers-GF/WPCF	70,000			-		70,000
Upgrade Radio Sys-Police	100,000		91,719	91,719	8,281	-
Replace UPS-Emer Comm Ctr	110,000	7,420	1,600	9,020	2,400	98,580
WPCF-Treatment Facility	1,106,000	80,177	575,745	655,922		450,078
Groton Public Library	445,000	22,510	194,723	217,233	12,552	215,215
WPCF-Pump Stations	213,000	7,627	151,683	159,310		53,690
Town Hall Complex	475,000	10,350	386,802	397,152	250	77,598
Info Tech Acq SW Systems	380,400	72,524	128,223	200,747	60,945	118,708
Park Improv-ADA Compliance	60,000		17,268	17,268	22,032	20,700
Esker Point Concession	27,000	13,020	13,865	26,885		115
South Road Sewers-GF/WPCF	30,000			-		30,000
Vacant School Properties	160,000			-		160,000
Traffic Signal Rep/Upgrade	213,000	2,000	118,912	120,912	63,215	28,873
BOE-Asbestos Tile Removal	845,000	95,087	231,419	326,506		518,494
FYE 2017 Capital Improvement Projects:						
WPCF-Treatment Facility	551,000			-	19,900	531,100
WPCF-Pump Stations	549,000			-	22,400	526,600
Town Hall Complex	350,000		41,034	41,034	289,537	19,429
LOT/ICP Roads & Intersections	160,000		26,400	26,400	98,100	35,500
Mystic Streetscapes Ph 3	15,000			-		15,000
Leased Buildings	35,000		4,626	4,626	923	29,451
Dispatch Work Station Replacement	35,000		14,984	14,984		20,016
Mktg Excess Town Property	15,000		3,153	3,153		11,847
Sewer Line Infrastructure Repairs-WPCF	51,000		23,762	23,762	1,808	25,430
Noank Town Dock Area Improvements	43,500			-	32,843	10,657
Crystal Lake/Military Hwy Intersection	120,000			-		120,000
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	20,555,529	9,804,297	2,606,572	12,410,869	858,432	7,286,228
Total	\$ 20,555,529	\$ 9,804,297	\$ 2,606,572	\$ 12,410,869	\$ 858,432	\$ 7,286,228

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net investment in capital assets	\$ 132,233,487	\$ 140,662,156	\$ 147,045,269	\$ 151,539,570	\$ 155,538,608	\$ 161,736,383	\$ 154,930,034	\$ 159,430,245	\$ 162,347,720	\$ 164,500,510
Restricted	329,493	329,493	329,493	325,935	247,543	336,163	338,581	347,495	340,967	333,424
Unrestricted	<u>44,189,337</u>	<u>42,079,326</u>	<u>36,186,358</u>	<u>40,302,575</u>	<u>38,257,761</u>	<u>35,517,240</u>	<u>45,424,903</u>	<u>23,007,408</u>	<u>17,012,268</u>	<u>10,782,360</u>
Total Governmental Activities										
Net Position	<u>\$ 176,752,317</u>	<u>\$ 183,070,975</u>	<u>\$ 183,561,120</u>	<u>\$ 192,168,080</u>	<u>\$ 194,043,912</u>	<u>\$ 197,589,786</u>	<u>\$ 200,693,518</u>	<u>\$ 182,785,148</u>	<u>\$ 179,700,955</u>	<u>\$ 175,616,294</u>

TABLE 2

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government/services	\$ 8,406,308	\$ 6,965,350	\$ 8,001,661	\$ 7,953,840	\$ 9,060,730	\$ 8,529,609	\$ 8,691,422	\$ 8,337,626	\$ 10,821,540	\$ 8,042,247
Public safety	10,434,585	11,309,083	11,561,486	11,270,325	12,370,594	12,295,551	12,501,644	12,789,334	12,712,112	14,090,590
Public works	11,459,914	13,803,509	13,719,457	11,857,453	17,351,740	13,628,816	13,377,760	12,342,955	11,171,462	12,658,004
Planning and development	1,535,356	1,676,990	1,782,280	1,576,259	1,640,918	1,830,563	1,716,137	1,570,770	1,844,956	2,035,174
Human services	2,377,926	2,329,037	2,602,544	2,861,366	2,743,285	2,715,295	2,759,569	3,180,545	4,489,168	4,049,046
Community services	6,927,015	7,237,528	7,202,408	7,031,916	6,797,684	7,107,094	7,563,406	7,450,944	7,846,378	6,850,753
Board of Education	100,501,071	84,256,384	86,698,278	84,644,995	87,768,560	89,023,978	90,079,021	89,228,450	90,277,870	100,289,882
Sewer operations	4,113,078	4,426,909	4,458,483	4,550,117	4,925,362	5,863,816	5,780,402	5,653,724	5,838,562	5,652,542
Solid waste management	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559	1,613,576
Interest on long-term debt	1,706,630	2,388,266	1,821,202	2,226,005	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896	1,463,234
Total governmental activities expenses	149,759,663	136,779,723	140,217,289	136,607,803	147,585,504	144,504,875	146,685,527	144,391,508	148,228,503	156,745,048
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,887,556	1,106,270	1,071,530	1,053,881	1,003,874	1,158,126	1,351,390	1,512,226	1,299,150	1,762,441
Public safety	199,673	82,126	141,692	316,817	653,758	398,165	346,820	231,852	152,122	416,583
Public works	268,966	243,104	571,102	584,879	672,005	745,253	807,774	654,007	595,574	464,321
Planning and development	312,445	224,149	197,516	205,591	166,196	159,644	301,056	334,146	421,811	285,835
Health and human services	98,099	6,263	189,290	252,668	141,195	135,357	136,358	278,018	78,964	168,992
Community services	1,874,307	1,829,784	1,952,166	1,988,062	2,094,870	2,010,172	2,185,314	2,332,015	2,405,872	2,342,306
Education	1,228,048	1,207,114	1,052,259	1,013,632	1,060,826	1,042,262	1,066,571	959,511	1,027,754	1,086,729
Sewer system maintenance	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143	6,074,091
Solid waste management	2,930,894	2,839,702	2,729,052	2,799,026	2,489,314	2,411,917	2,351,710	2,201,040	1,791,595	1,553,358
Operating grants and contributions	61,978,581	44,123,462	42,740,303	43,753,008	45,276,670	43,653,893	47,200,162	45,952,894	46,302,479	52,017,815
Capital grants and contributions	24,753,713	5,624,084	2,758,010	3,762,656	6,163,449	3,667,168	1,807,869	783,148	702,498	706,509
Total governmental activities program revenues	100,734,578	62,626,018	58,892,897	61,120,850	64,762,745	60,673,209	63,313,295	61,035,444	60,783,962	66,878,980
Net Expenses	(49,025,085)	(74,153,705)	(81,324,392)	(75,486,953)	(82,822,759)	(83,831,666)	(83,372,232)	(83,356,064)	(87,444,541)	(89,866,068)
General Revenues and Other										
Changes in Net Position:										
Governmental activities:										
Property taxes	69,586,226	72,729,198	75,989,758	79,309,946	79,097,987	81,627,072	82,290,623	79,210,399	80,725,773	82,864,039
Payments in lieu of taxes	4,976,112	4,391,044	3,291,461	1,946,018	1,622,860	1,479,465	1,454,422	1,350,490	986,196	1,011,019
Grants and contributions							2,601,740			
not restricted to specific programs	3,342,172	3,357,808	2,252,493	2,595,727	3,848,708	4,144,285	129,179	2,873,504	2,499,693	1,517,211
Unrestricted investment earnings	3,025,296	897,313	280,825	242,222	129,036	126,718		143,093	148,535	240,806
Miscellaneous revenue								26,314	151	148,332
Total governmental activities	80,929,806	81,375,363	81,814,537	84,093,913	84,698,591	87,377,540	86,475,964	83,603,800	84,360,348	85,781,407
Change in Net Position	\$ 31,904,721	\$ 7,221,658	\$ 490,145	\$ 8,606,960	\$ 1,875,832	\$ 3,545,874	\$ 3,103,732	\$ 247,736	\$ (3,084,193)	\$ (4,084,661)

TABLE 3

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund:										
Committed	\$	\$	\$	\$	\$	\$	\$ 2,700,000	\$ 2,700,000	\$ 666,693	\$ 481,258
Assigned				3,029,419	3,325,543	3,003,114	4,346,530	4,556,108	2,026,112	1,889,794
Unassigned				10,160,823	9,421,348	11,617,470	11,442,314	9,510,492	10,097,227	11,457,895
Reserved	2,655,295	3,289,619	2,139,367							
Designated for subsequent year budget	2,665,505	2,013,725	932,201							
Unreserved/undesignated	<u>10,412,092</u>	<u>10,489,614</u>	<u>8,829,424</u>							
Total General Fund	<u>\$ 15,732,892</u>	<u>\$ 15,792,958</u>	<u>\$ 11,900,992</u>	<u>\$ 13,190,242</u>	<u>\$ 12,746,891</u>	<u>\$ 14,620,584</u>	<u>\$ 18,488,844</u>	<u>\$ 16,766,600</u>	<u>\$ 12,790,032</u>	<u>\$ 13,828,947</u>
All other governmental funds:										
Nonspendable	\$	\$	\$	\$ 334,039	\$ 261,566	\$ 268,278	\$ 256,543	\$ 248,803	\$ 252,753	\$ 251,637
Restricted				8,111,208	7,636,668	7,909,457	14,297,309	10,770,323	10,246,352	6,804,065
Committed				10,615,517	8,799,862	6,266,751	6,213,171	5,424,407	5,568,197	5,855,884
Unassigned				(1,608,609)	(250,479)	(250,281)				(49,486)
Reserved	12,579,522	10,698,121	2,926,867							
Unreserved, reported in:										
Special revenue funds	3,184,251	6,197,942	8,276,135							
Capital projects funds	(12,664,818)	(1,108,119)	4,344,029							
Debt service funds	2,966,039	3,093,238	3,261,289							
Permanent fund	<u>61,576</u>	<u>41,970</u>	<u>53,797</u>							
Total All Other Governmental Funds	<u>\$ 6,126,570</u>	<u>\$ 18,923,152</u>	<u>\$ 18,862,117</u>	<u>\$ 17,452,155</u>	<u>\$ 16,447,617</u>	<u>\$ 14,194,205</u>	<u>\$ 20,767,023</u>	<u>\$ 16,443,533</u>	<u>\$ 16,067,302</u>	<u>\$ 12,862,100</u>

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

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes, interest and lien fees	\$ 69,503,386	\$ 72,576,114	\$ 75,574,254	\$ 79,131,549	\$ 78,391,217	\$ 82,339,630	\$ 82,526,804	\$ 79,238,570	\$ 80,676,749	\$ 83,824,932
Assessments	12,420	20,255	12,627	16,462	28,252	4,375	7,999	59,972	13,393	42,119
Licenses and permits	308,948	229,903	203,543	219,643	172,551	175,081	317,422	342,131	434,229	303,096
Intergovernmental - state	87,984,022	48,749,945	39,191,914	39,474,358	47,119,568	46,511,395	46,617,234	43,814,938	44,422,970	50,146,722
Intergovernmental - federal	6,470,582	8,133,140	9,103,956	208,221	117,160	107,531	115,560	126,196	127,189	220,140
Interest on investments	2,540,983	768,421	246,096	9,697,162	7,288,202	5,804,355	5,905,398	6,373,371	5,136,168	4,961,642
Charges for current services	4,641,836	3,641,867	3,988,455	4,194,482	4,749,468	4,554,660	4,743,472	4,922,677	4,647,691	5,219,590
Schools, library and recreation fees	461,072	455,396	433,701	383,922	328,918	338,553	313,187	260,937	293,474	282,921
Sewer use charges	5,202,296	5,339,960	5,489,977	5,390,630	5,040,588	5,291,252	5,758,271	5,796,587	6,006,143	6,074,091
Solid waste management charges	2,930,894	2,839,702	2,669,731	2,658,222	2,489,102	2,411,917	2,287,817	2,201,040	1,507,441	1,553,358
Other revenue	1,292,668	1,211,107	1,195,308	1,573,575	1,465,363	1,118,262	1,331,789	1,311,473	1,871,966	1,458,743
Total revenues	<u>181,349,107</u>	<u>143,965,810</u>	<u>138,109,562</u>	<u>142,948,226</u>	<u>147,190,389</u>	<u>148,657,011</u>	<u>149,924,953</u>	<u>144,447,892</u>	<u>145,137,413</u>	<u>154,087,354</u>
Expenditures:										
Current:										
General government	2,975,801	1,299,574	1,286,088	1,436,011	1,581,682	1,266,793	1,068,673	1,384,263	1,629,681	1,513,910
General services	4,408,325	4,589,704	4,624,308	4,397,592	4,319,947	4,315,863	4,482,277	4,475,963	4,307,726	4,289,828
Public safety	6,393,154	6,563,875	6,607,236	6,619,886	7,143,513	6,882,693	6,847,447	6,826,320	6,798,575	6,854,164
Public works	7,382,546	7,763,799	7,440,674	6,859,332	6,146,907	6,293,359	6,411,003	6,466,672	6,201,908	5,824,089
Planning and development	1,185,564	1,209,680	1,259,708	1,107,830	1,103,737	1,201,607	1,105,233	1,021,024	1,238,980	1,230,650
Health and human services	814,920	726,667	880,991	993,098	841,222	748,171	834,766	1,186,125	1,431,937	1,129,009
Community services	6,048,468	6,098,640	5,963,974	5,983,961	5,501,721	5,506,737	5,890,493	5,910,146	5,699,342	5,566,051
Education	99,693,643	80,526,482	84,009,416	83,941,123	85,613,686	85,311,379	86,821,236	86,519,344	89,075,467	96,601,412
Subdivisions	4,838,436	5,092,447	4,964,012	4,740,354	4,883,336	5,228,234	5,212,930	5,045,084	4,192,898	4,897,090
Sewer operations	3,550,353	3,771,722	3,949,168	3,961,145	4,274,215	4,354,333	4,343,233	4,290,302	4,406,312	4,331,286
Solid waste management	2,297,780	2,386,667	2,369,490	2,635,527	2,286,841	2,199,954	2,132,903	2,085,798	1,609,559	1,613,576
Nondepartmental (1)	5,166,273	5,954,633	6,518,577	7,999,321	8,589,044	8,743,450	8,850,191	9,283,830	9,136,274	8,186,453
Outside agencies (2)	1,771,930	1,782,982	2,202,051	2,317,827	2,391,992	2,351,809	2,331,064	2,368,305	2,373,697	2,106,756
Debt service interest	1,568,804	4,130,000	4,010,000	4,769,581	2,639,790	1,310,199	2,083,263	1,751,362	1,616,896	1,463,234
Debt service principal	3,230,000	1,990,252	2,145,073	2,267,103	5,192,925	4,642,857	3,623,883	4,785,687	4,763,414	4,752,228
Capital outlay	52,446,072	17,636,449	13,550,410	3,039,247	6,336,975	8,896,614	7,081,129	7,158,401	4,942,546	5,439,175
Total expenditures	<u>203,772,069</u>	<u>151,523,573</u>	<u>151,781,176</u>	<u>143,068,938</u>	<u>148,847,533</u>	<u>149,254,052</u>	<u>149,119,724</u>	<u>150,558,626</u>	<u>149,425,212</u>	<u>155,798,911</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(22,422,962)</u>	<u>(7,557,763)</u>	<u>(13,671,614)</u>	<u>(120,712)</u>	<u>(1,657,144)</u>	<u>(597,041)</u>	<u>805,229</u>	<u>(6,110,734)</u>	<u>(4,287,799)</u>	<u>(1,711,557)</u>
Other Financing Sources (Uses):										
Proceeds of bonds	18,500,000	7,550,000	9,675,000				9,320,000			
Issuance of capital lease			43,613				134,394			
Proceeds of loans		12,864,411								
Proceeds of refunding bonds					19,015,000	21,080,000				
Payment to refunding escrow					(20,107,027)	(23,199,400)				
Premiums on bond issuance					1,301,282	2,336,722	181,455			
Operating transfers in	3,894,290	3,378,880	4,683,422	4,784,137	4,094,412	5,350,360	3,777,844	4,737,718	4,421,441	1,825,029
Operating transfers out	(3,894,290)	(3,378,880)	(4,683,422)	(4,784,137)	(4,094,412)	(5,350,360)	(3,777,844)	(4,672,718)	(4,486,441)	(2,279,759)
Total other financing sources (uses)	<u>18,500,000</u>	<u>20,414,411</u>	<u>9,718,613</u>	<u>-</u>	<u>209,255</u>	<u>217,322</u>	<u>9,635,849</u>	<u>65,000</u>	<u>(65,000)</u>	<u>(454,730)</u>
Net Change in Fund Balances	<u>(3,922,962)</u>	<u>12,856,648</u>	<u>(3,953,001)</u>	<u>(120,712)</u>	<u>(1,447,889)</u>	<u>(379,719)</u>	<u>10,441,078</u>	<u>(6,045,734)</u>	<u>(4,352,799)</u>	<u>(2,166,287)</u>
Fund Balance at Beginning of Year	<u>25,782,424</u>	<u>21,859,462</u>	<u>34,716,110</u>	<u>30,763,109</u>	<u>30,642,397</u>	<u>29,194,508</u>	<u>28,814,789</u>	<u>39,255,867</u>	<u>33,210,133</u>	<u>28,857,334</u>
Fund Balance at End of Year	<u>\$ 21,859,462</u>	<u>\$ 34,716,110</u>	<u>\$ 30,763,109</u>	<u>\$ 30,642,397</u>	<u>\$ 29,194,508</u>	<u>\$ 28,814,789</u>	<u>\$ 39,255,867</u>	<u>\$ 33,210,133</u>	<u>\$ 28,857,334</u>	<u>\$ 26,691,047</u>
Debt Service as a Percentage to Noncapital Expenditures	3.20%	4.58%	4.47%	5.08%	5.33%	4.26%	4.01%	4.58%	4.46%	4.14%

(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								
2008**	\$ 1,713,224	\$ 1,009,245	\$ 190,854	\$ 536,897	\$ 789,245	\$ 255,073	\$ 3,195,147	\$ 21.21	\$ 4,564,495	70.0 %
2009	2,059,143	1,110,085	191,697	560,878	847,697	229,543	3,692,260	19.27	5,274,658	70.0 %
2010	2,397,057	1,257,988	184,483	528,515	899,777	260,673	4,107,371	17.95	5,867,672	70.0 %
2011	2,411,954	1,261,987	184,884	464,029	899,777	218,921	4,103,933	18.42	5,862,761	70.0 %
2012	2,425,700	1,261,870	204,404	449,628	912,845	231,000	4,110,602	18.89	5,872,289	70.0 %
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	5,510,519	70.0 %
2015	2,260,934	1,174,250	221,200	446,431	990,958	205,212	3,897,603	20.13	5,568,004	70.0 %
2016	2,264,812	1,094,956	223,311	443,907	996,132	218,335	3,808,651	20.95	5,440,930	70.0 %
2017	2,277,608	1,086,145	221,983	412,078	987,271	208,274	3,789,539	21.73	5,413,627	70.0 %

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

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

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

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

TABLE 6

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

Taxpayer	Nature of Business	2017			2008		
		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	\$ 365,709	1	9.7%	\$ 560,112	1	17.5%
Electric Boat Corp.	Submarine Mfg./R&D	270,656	2	7.1%	181,243	2	5.7%
Ledges Groton #199Y LP	Ledges Apartments	21,306	3	0.6%	15,404	4	0.5%
Exit 88 Hotel LLC	Mystic Marriott Hotel	19,117	4	0.5%	24,195	3	0.8%
Groton Devel Assoc Ltd	Country Glen Apartments	17,571	5	0.5%	13,980	6	0.4%
CW Groton Square LLC	Groton Square Shopping Center	14,518	6	0.4%	14,249	5	0.4%
ELK La Triumphe LLC	LaTriumphe Apartments	14,510	7	0.4%	11,650	7	0.4%
3GJD LLC	Shopping Center	12,454	8	0.3%			
Groton Estates LLC	Colonial Manor Apartments	11,974	9	0.3%	10,083	8	0.3%
Odd Fellows Home of CT, Inc.	Continuing Care Community	11,175	10	0.3%			
Branford Manor Assoc	Branford Manor Apartments				8,314	9	0.3%
CSC Outsourcing	Leased Equipment at Electric Boat				7,531	10	0.2%
		<u>\$ 758,990</u>		<u>20.0%</u>	<u>\$ 846,761</u>		<u>26.5%</u>

TABLE 7

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

Fiscal Year	Taxes Levied for the Fiscal Year *		Subsequent Adjustments	Adjusted Tax Levy	Amount	Collected within the Fiscal Year of the Levy Percentage of Levy	Percentage Uncollected	Collections in Subsequent Years	Total Collections to Date		
									Amount *	Percentage of Levy	Percentage Uncollected
2008	\$	68,586	\$	\$ 68,586	\$ 67,315	98.15 %	1.85 %	\$ 1,124	\$ 68,439	99.79 %	0.21 %
2009		71,554	459	72,013	70,215	98.13	2.50	1,798	72,013	100.00	-
2010		73,703	1,381	75,084	72,295	98.09	3.71	2,789	75,084	100.00	-
2011		76,226	91	76,317	74,842	98.18	1.93	1,475	76,317	100.00	-
2012		77,465	458	77,923	75,868	97.94	2.64	2,055	77,923	100.00	-
2013		80,232		80,232	78,991	98.45	1.55	930	79,921	99.61	0.39
2014		80,265		80,265	79,198	98.67	1.33	834	80,032	99.71	0.29
2015		78,060		78,060	76,900	98.51	1.47	669	77,569	99.37	0.63
2016		79,533		79,533	78,407	98.58	1.42	n/a	78,407	98.58	1.42
2017		82,404		82,404	81,432	98.82	1.18	n/a	81,432	98.82	1.18

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.

TABLE 8

**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												
								Mystic Fire District Total Direct Rate	Noank Fire District Total Direct Rate		Old Mystic Fire District Total Direct Rate		Groton Long Point Association Total Direct Rate	
Fiscal Year	Basic Rate	Groton Sewer District	City of Groton	City of Groton Total Direct Rate	Poquonnock Bridge Fire District	Poquonnock Bridge Fire District Total Direct Rate	Mystic Fire District				Old Mystic Fire District			
2008	21.21	0.390	4.400	25.610	5.400	27.000	2.390	23.990	1.350	22.950	2.800	24.400	3.410	25.010
2009	19.27	0.330	4.300	23.570	5.200	24.800	2.150	21.750	1.320	20.920	2.370	21.970	3.000	22.600
2010	17.95	0.280	4.135	22.085	4.800	23.030	1.960	20.190	1.140	19.370	2.200	20.430	2.580	20.810
2011	18.42	0.290	4.135	22.555	4.800	23.510	2.030	20.740	1.140	19.850	2.200	20.910	2.910	21.620
2012	18.89	0.250	4.135	23.025	5.500	24.640	1.940	21.080	1.140	20.280	2.200	21.340	2.780	21.920
2013	20.22	0.250	4.595	24.815	5.900	26.370	2.050	22.520	1.190	21.660	2.400	22.870	2.835	23.305
2014	20.72	0.250	4.595	25.315	5.200	26.170	2.160	23.130	1.390	22.360	2.800	23.770	2.928	23.898
2015	20.13	0.250	4.822	24.952	5.900	26.280	2.310	22.690	1.390	21.770	2.800	23.180	2.795	23.175
2016	20.95	0.250	5.868	26.818	6.050	27.250	2.290	23.490	1.390	22.590	2.900	24.100	2.995	24.195
2017	21.73	0.250	5.432	27.162	6.350	28.330	2.310	24.290	1.490	23.470	2.950	24.930	2.995	24.974

Fiscal Year	Basic Rate	Groton Sewer District	Center Groton Fire District	Center Groton Fire District Total Direct Rate	West Pleasant Valley Fire District	West Pleasant Valley Fire District Total Direct Rate	Mumford Cove District	Mumford Cove District Total Direct Rate	First Taxing District	First Taxing District Total Direct Rate	Second Taxing District	Second Taxing District Total Direct Tax
2008	21.21	0.390	3.500	25.100	3.000	24.600	0.197	21.797	N/A	N/A	N/A	N/A
2009	19.27	0.330	3.000	22.600	2.690	22.290	0.162	19.762	N/A	N/A	N/A	N/A
2010	17.95	0.280	3.000	21.230	3.100	21.330	0.279	18.509	N/A	N/A	N/A	N/A
2011	18.42	0.290	3.000	21.710	2.700	21.410	0.279	18.989	N/A	N/A	N/A	N/A
2012	18.89	0.250	3.000	22.140	2.750	21.890	0.279	19.419	N/A	N/A	N/A	N/A
2013	20.22	0.250	3.500	23.970	2.820	23.290	0.305	20.775	N/A	N/A	N/A	N/A
2014	20.72	0.250	3.500	24.470	2.800	23.770	0.305	21.275	N/A	N/A	N/A	N/A
2015	20.13	0.250	3.500	23.880	3.400	23.780	0.305	20.685	N/A	N/A	N/A	N/A
2016	20.95	0.250	3.500	24.700	3.760	24.960	0.309	21.509	N/A	N/A	N/A	N/A
2017	21.73	0.250	3.500	25.480	3.800	25.780	0.310	22.290	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.

TABLE 9

**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			Clean Water Fund Loans	Total Primary Government	Debt as a Percentage of Actual Taxable Value of Property (1)	Debt as a Percentage of Personal Income (2)	Debt Per Capita
	General Obligation Bonds	Other Bonds	Capital Leases					
2008	\$ 41,725,000	\$ 4,590,000	\$	\$ 7,067,987	\$ 53,382,987	1.7%	5.73%	1,261
2009	42,555,000	7,180,000		12,864,411	62,599,411	1.7%	7.26%	1,598
2010	48,985,000	6,415,000	45,057	12,864,411	68,309,468	1.7%	7.85%	1,727
2011	45,700,000	5,890,000	25,832	11,904,830	63,520,662	1.5%	5.05%	1,583
2012	42,340,000	5,650,000	11,876	10,665,325	58,667,201	1.4%	4.68%	1,465
2013	38,580,000	5,195,000	4,013	10,052,962	53,831,975	1.4%	4.22%	1,349
2014	44,835,000	4,880,000	126,439	9,440,599	59,282,038	1.5%	4.77%	1,476
2015	41,090,000	4,520,000	101,765	8,828,236	54,540,001	1.4%	4.50%	1,358
2016	37,390,000	4,150,000	75,830	8,215,873	49,831,703	1.3%	4.01%	1,255
2017	33,710,000	3,785,000	48,569	7,603,510	45,147,079	1.2%	3.23%	1,150

(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, 2017**

Tax Base:

Total tax collections (including interest and lien fees)	\$ 83,050,787
Total tax collections (including interest and lien fees) of coterminous municipalities	14,891,622

Reimbursement of Revenue Loss from Tax Relief for the Elderly 2,000

Total Base \$ 97,944,409

	<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	\$ 220,374,920	\$	\$	\$	\$
4 1/2 times base		440,749,841			
3 3/4 times base			367,291,534		
3 1/4 times base				318,319,329	
3 times base					293,833,227
Total limitations	<u>220,374,920</u>	<u>440,749,841</u>	<u>367,291,534</u>	<u>318,319,329</u>	<u>293,833,227</u>
Indebtedness:					
Bonds outstanding	15,344,000	18,366,000	3,785,000		
Clean Water Fund Loans			7,603,509		
Authorized and unissued	10,600,505				
Underlying debt:					
Bonds and serial notes	4,784,891		360,000		
Authorized and unissued			5,500,000		
Total indebtedness	<u>30,729,396</u>	<u>18,366,000</u>	<u>17,248,509</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 189,645,524</u>	<u>\$ 422,383,841</u>	<u>\$ 350,043,025</u>	<u>\$ 318,319,329</u>	<u>\$ 293,833,227</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 66,343,905

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 685,610,863

(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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 562,464	\$ 681,738	\$ 742,428	\$ 643,465	\$ 637,479	\$ 669,064	\$ 669,870	\$ 648,611	\$ 668,181	\$ 685,611
Total net debt applicable to limit	85,530	74,920	84,069	68,618	58,276	56,413	67,524	62,943	60,676	66,344
Legal Debt Margin	\$ 476,934	\$ 606,818	\$ 658,359	\$ 574,847	\$ 579,203	\$ 612,651	\$ 602,346	\$ 585,668	\$ 607,505	\$ 619,267
Total net debt applicable to the limit as a percentage of debt limit	15.21%	10.99%	11.32%	10.66%	9.14%	8.43%	10.08%	9.70%	9.08%	9.68%

Note: The State of Connecticut General Statutes require that in no event shall the total debt of the Town exceed seven (7) times the annual receipts from taxation. The calculation of the 2016 debt limit can be found on Table 10.

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)
2008	42,324	\$ 931,213	\$ 22,002	30.5	86.4%	5,161	5.7%
2009	39,167	861,752	22,002	30.5	86.4%	5,133	8.5%
2010	39,551	870,201	22,002	30.5	86.4%	5,038	8.5%
2011	40,125	1,256,795	31,322	33.3	90.4%	4,969	8.4%
2012	40,038	1,254,070	31,322	33.3	90.4%	4,961	8.2%
2013	39,896	1,274,597	31,948	32.8	90.9%	4,778	7.7%
2014	40,176	1,243,126	30,942	33.2	92.2%	4,657	6.2%
2015	40,167	1,212,401	30,184	33.2	92.4%	4,565	5.2%
2016	39,692	1,241,169	31,270	32.4	93.6%	4,519	5.3%
2017	39,261	1,399,184	35,638	34.0	94.8%	4,461	4.3%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

TABLE 13

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

Name	Nature of Business	2017			2008		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Electric Boat Corporation	Submarine Mfg/R&D	7,901	1	29.3%	10,150	1	34.1%
U.S. Navy Submarine Base	Military Base	7,800	2	29.0%	7,819	2	26.3%
Pfizer, Inc.	Pharmaceutical	6,500	3	24.1%	4,589	3	15.4%
Town of Groton	Municipality	1,064	4	3.9%	939	4	3.2%
Theater Aviation (2) Sustainment	Helicopter repair	640	5	2.4%	471	5	1.6%
Fairview Retirement Community	Senior Living	260	6	1.0%			
PCC Structurals (1)	Manufacturer	232	7	0.9%	260	7	0.9%
City of Groton	Municipality	226	8	0.8%	243	8	0.8%
Mystic Marriott	Hotel/Conference Center	219	9	0.8%	265	6	0.9%
Doncasters Precision Castings	Manufacturer	197	10	0.7%	150	9	0.5%
Pequot Medical Center	Hospital				130	10	0.4%
		<u>25,039</u>		<u>92.9%</u>	<u>25,016</u>		<u>84.0%</u>

(1) Formerly known as Wyman Gordon Company

(2) Formerly known as AVCRAD

Source: Telephone survey

TABLE 14

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	54.00	54.00	53.00	51.00	48.00	49.00	49.00	49.00	49.00	46.00
Public safety	75.00	77.00	75.00	74.00	72.00	72.00	72.00	72.00	73.00	73.00
Public works	60.25	58.25	57.25	56.25	52.25	52.25	52.25	52.25	52.25	48.25
Planning and development	17.00	18.00	18.00	17.00	16.00	16.00	16.00	14.00	14.00	14.00
Human services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Community services	44.00	43.00	43.00	42.50	40.50	40.75	40.50	40.75	40.75	39.75
Golf course	7.00	7.00	7.00	6.50	6.50	6.25	6.50	6.25	6.25	6.25
Sewer system maintenance	17.75	17.75	17.75	18.75	18.75	18.75	18.75	18.75	18.75	18.75
Solid waste management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project manager - school construction	2.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal town government	290.00	289.00	284.00	279.00	267.00	268.00	534.00	266.00	267.00	259.00
Board of Education	659.00	665.00	667.00	665.00	683.00	683.00	641.00	733.00	758.00	817.00
Total	949.00	954.00	951.00	944.00	950.00	951.00	1,175.00	999.00	1,025.00	1,076.00

Source: Adopted Town Budgets

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

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>General Government</u>										
Marriages and civil unions of residents	474	488	515	540	464	495	544	498	507	460
Births to Groton residents	608	565	554	545	419	556	569	528	526	483
Deaths of Groton residents	381	402	408	374	338	418	382	378	401	423
<u>Boards and Agencies</u>										
Registered voters	18,025	19,559	22,901	19,524	20,138	19,082	17,600	17,640	18,677	18,905
Elections and referenda	3	1	1	3	2	1	2	2	2	2
<u>Planning and Development</u>										
Building permits issued	1,520	1,359	1,388	1,267	1,355	1,300	1,347	1,403	1,458	1,416
Building inspections conducted	5,400	4,600	4,000	3,500	3,100	3,000	3,300	3,500	3,900	3,400
Value of building permits	\$ 39,146,916	\$ 30,285,874	\$ 16,792,289	\$ 17,897,056	\$ 15,235,881	\$ 14,676,632	\$ 26,771,903	\$ 28,906,319	\$ 39,767,943	\$ 27,737,183
<u>Public Safety</u>										
Arrests	1,058	1,016	1,112	883	755	1,555	1,376	1,135	1,055	955
Parking violations	292	313	198	228	244	263	282	50	27	41
Traffic violations	6,331	7,028	5,526	4,598	5,857	7,872	8,295	5,237	4,963	3,360
<u>Public Works</u>										
Street resurfacing (in miles)	3.03	1.20	1.59	2.29	3.25	3.18	3.45	3.24	3.64	2.40
Number of snow and ice control callouts	14	19	17	18	6	16	21	24	9	12
Miles of roads maintained (excludes GLP in 2006)	92.78	92.85	93.40	93.40	95.21	95.21	95.21	95.21	95.84	95.84
<u>Parks and Recreation</u>										
Athletic field permits issued	625	330	240	137	86	89	106	158	105	135
Summer season programs	161	201	197	197	201	186	161	160	130	158
Indoor season programs	606	640	706	719	537	398	453	461	446	463
Acres of grounds maintained	1,726	1,726	1,726	1,726	143	150	150	155	155	155
<u>Public Libraries</u>										
Volumes in collection	152,212	140,875	141,527	147,146	144,416	144,199	146,616	150,297	151,781	156,425
Items circulated	343,423	372,993	367,159	381,769	368,587	354,923	354,683	336,680	320,460	287,571
<u>Senior Center</u>										
Meals on wheels provided	23,800	23,800	17,888	16,756	16,270	14,935	12,500	23,399	n/a *	n/a *
Kitchen meals served	n/a	n/a	n/a	n/a	n/a	15,689	18,919	20,507	20,791	16,313
Senior mini-bus trips	60	60	53	27	35	31	49	33	47	31
<u>Human Services</u>										
Households provided energy assistance	1,600	1,650	1,660	1,660	1,660	1,670	1,675	1,700	1,750	1,775
Households utilizing Groton Food Locker	4,500	4,500	4,600	4,600	4,600	4,600	4,600	4,650	4,700	4,725
Households receiving rent assistance	1,800	1,850	1,860	1,860	1,875	1,800	1,900	1,950	1,975	2,000
<u>Education</u>										
Elementary schools	8	7	7	7	7	7	7	7	7	6
Middle schools	3	3	3	3	3	2	2	2	2	2
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Miles of Sewer Line Maintained	134.0	135.3	135.3	136.3	136.3	136.3	136.3	136.3	136.5	136.1

Source(s): Various Town Departments

N/A Information not available

* This is now outsourced

TABLE 16

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

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	46	46	45	45	45	43	43	43	41	41
<u>Public Works</u>										
Miles of town streets	99.81	99.88	100.43	93.4	95.21	95.21	95.21	95.21	95.84	95.84
Streetlights	1,334	1,325	1,337	1,339	1,339	1,371	1,330	1,330	1,330	1,373
Public works vehicles	213	203	197	197	197	197	198	198	196	196
<u>Parks and Recreation</u>										
Acreage	780	1,018	1,019	1,019	1,237	1,266	1270.8	1276.8	1276.8	1276.8
Parks	33	33	53	53	53	54	55	57	57	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
Senior mini-buses	5	5	5	5	6	6	6	6	6	6
<u>Education</u>										
Schools	12	11	11	11	11	11	11	11	10	9
<u>Sewer</u>										
Sanitary sewers (miles)	134	135.3	135.3	136.3	136.3	136.3	136.3	136.3	136.5	136.1
Treatment capacity (thousands of gallons)	5,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Source(s): Various Town Departments

TABLE 17

TOWN OF GROTON, CONNECTICUT
CALCULATION OF DIRECT DEBT AND CURRENT DEBT RATIOS
LAST TEN FISCAL YEARS

Fiscal Year	Population	Governmental Activities								Total Overall Debt (1)	Direct Debt Per Capita	Net Direct Debt Per Capita	Overall Net Debt Per Capita	Net Taxable Grand List (2)	Direct Debt to Net Taxable G/L	Net Direct Debt to Net Taxable G/L	Overall Total Debt to Net Taxable G/L
		General Fund Bonds	Other Bonds	Clean Water Fund Loans	Notes Payable	Capital Leases	Total Direct Debt	State Grants Receivable	Self-supporting Sewer Debt (CWF Loans)	Net Direct Debt							
2008	42,324	\$ 41,725,000	\$ 4,590,000	\$ 7,067,987	\$10,425,000		\$ 63,807,987	\$ 452,703	\$ 7,067,987	\$ 56,287,297	\$ 1,508	1,330	1,532	\$ 3,195,147,000	2.00%	1.76%	2.03%
2009	39,167	42,555,000	7,180,000	12,864,411	5,365,000		67,964,411	224,606	12,864,411	54,875,394	1,735	1,401	1,591	3,692,260,000	1.84%	1.49%	1.69%
2010	39,551	48,985,000	6,415,000	12,864,411	3,040,000	45,057	71,349,468	110,542	12,864,411	58,374,515	1,804	1,476	1,671	4,107,371,000	1.74%	1.42%	1.61%
2011	40,125	45,700,000	5,890,000	11,904,830	3,210,000	25,832	66,730,662	54,869	11,904,830	54,770,963	1,663	1,365	1,526	4,103,933,000	1.63%	1.33%	1.49%
2012	40,038	42,340,000	5,650,000	10,665,325		11,876	58,667,201		10,665,325	48,001,876	1,465	1,199	1,336	4,110,602,000	1.43%	1.17%	1.30%
2013	39,896	38,580,000	5,195,000	10,052,962		4,013	53,831,975		10,052,962	43,779,013	1,349	1,097	1,296	3,938,277,000	1.37%	1.11%	1.31%
2014	40,176	44,835,000	4,880,000	9,440,599		126,439	59,282,038		9,440,599	49,841,439	1,476	1,241	1,410	3,857,363,000	1.54%	1.29%	1.47%
2015	40,167	41,090,000	4,520,000	8,828,236		101,765	54,540,001		8,828,236	45,711,765	1,358	1,138	1,299	3,897,603,000	1.40%	1.17%	1.34%
2016	39,692	37,390,000	4,150,000	8,215,873		75,830	49,831,703		8,215,873	41,615,830	1,255	1,048	1,194	3,808,651,000	1.31%	1.09%	1.24%
2017	39,261	33,710,000	3,785,000	7,603,510		48,569	45,147,079		7,603,510	37,543,569	1,150	956	1,087	3,789,539,000	1.19%	0.99%	1.13%

(1) Includes net Underlying Debt related to the various taxing districts.

(2) Gross taxable Grand List for FY 17 is \$3,789,539,060

Note: Data is presented in accordance with the Town's continuing disclosure agreement.