

TOWN OF GROTON, CONNECTICUT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2008

TOWN OF GROTON, CONNECTICUT

Comprehensive Annual Financial Report

for

**The Fiscal Year Ended
June 30, 2008**

Prepared By:

The Finance Department

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

		<u>Page</u>
INTRODUCTORY SECTION		
	Letter of Transmittal	i-ix
	GFOA Certificate of Achievement	x
	Organization Chart	xi
	Principal Officials	xii
FINANCIAL SECTION		
	Independent Auditors' Report	1-2
	Management's Discussion and Analysis	3-15
BASIC FINANCIAL STATEMENTS		
<u>Exhibit</u>		
	Government-Wide Financial Statements:	
I	Statement of Net Assets	16
II	Statement of Activities	17
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	18-19
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
V	Statement of Revenues and Expenditures - Budgetary Basis - Budget and Actual - General Fund	22
VI	Statement of Net Assets - Proprietary Funds	23
VII	Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	24
VIII	Statement of Cash Flows - Proprietary Funds	25
IX	Statement of Fiduciary Net Assets - Fiduciary Funds	26
X	Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	27
	Notes to Financial Statements	28-59

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
SUPPLEMENTAL AND COMBINING INDIVIDUAL
FUND STATEMENTS AND SCHEDULES

Exhibit

General Fund

A-1	Balance Sheet	60
A-2	Schedule of Budgeted and Actual Revenues - Budgetary Basis	61-63
A-3	Schedule of Expenditures and Encumbrances Compared With Appropriations - Budgetary Basis	64-65
A-4	Schedule of Board of Education Expenditures and Encumbrances Compared With Appropriations - Budgetary Basis	63

Nonmajor Governmental Funds

B-1	Combining Balance Sheet	67-69
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70-72
B-3	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Special Library Fund	73
B-4	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Golf Course Fund	74
B-5	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Sewer Operating Fund	75
B-6	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Solid Waste Fund	76
B-7	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Mumford Cove District	77
B-8	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Revaluation Fund	78
B-9	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Computer Replacement Fund	79
B-10	Schedule of Revenues and Expenditures - Budgetary Basis - Budget and Actual - Groton Sewer District	80

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Exhibit

Internal Service Funds

C-1	Combining Statement of Net Assets	81
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	82
C-3	Combining Statement of Cash Flows	83

Fiduciary Funds

D-1	Combining Statement of Net Assets - Private Purpose Trust Funds	84
D-2	Combining Statement of Changes in Net Assets - Private Purpose Trust Funds	85
D-3	Combining Statement of Net Assets - Agency Funds	86
D-4	Statement of Changes in Assets and Liabilities - Agency Funds	87

Other Schedules

E-1	Schedule of Property Taxes Levied, Collected and Outstanding - General Fund	88
E-2	Schedule of Property Taxes Levied, Collected and Outstanding - Mumford Cove District	89
E-3	Schedule of Property Taxes Levied, Collected and Outstanding - Groton Sewer District - Debt Service Fund	90
E-4	Schedule of Changes in Bond Indebtedness	91
E-5	Schedule of Expenditures and Encumbrances Compared with Appropriations - Capital Improvement Fund	92-94

TOWN OF GROTON, CONNECTICUT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Statistical Section

Table

	Financial Trends:	
1	Net Assets by Component	95
2	Changes in Net Assets	96
3	Fund Balance of Governmental Funds	97
4	Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	98
	Revenue Capacity:	
5	Assessed and Estimated Actual Value of Taxable Property	99
6	Principal Taxpayers	100
7	Property Tax Levies and Collections	101
8	Direct and Overlapping Property Tax Rates	102
	Debt Capacity:	
9	Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita	103
10	Schedule of Debt Limitation	104
11	Legal Debt Margin Information	105
	Demographic and Economic Statistics:	
12	Demographic and Economic Statistics	106
13	Principal Employers	107
	Operating Information:	
14	Full-Time Employees by Function/Program	108
15	Operating Indicators by Function/Program	109
16	Capital Asset Statistics by Function/Program	110

Introductory Section



TOWN OF GROTON

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December XX, 2008

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, 2008.

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, 2008 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 unqualified opinion that the Town of Groton's financial statements for the fiscal year ended June 30, 2008 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

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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 independent auditors' report.

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 2000 U.S. Census, the Town's population is approximately 40,000 residents. Originally part of the City of New London, the Town was incorporated May 10, 1705 and lies equidistant between New York City and Boston.

Within the Town of Groton there are two political subdivisions, the City of Groton (City) and Groton Long Point Association (GLPA). In addition, there are seven (7) special taxing districts within the Town. For the political subdivisions, the Town funds their public works budgets (City: 93% and GLPA: 100%) and their public safety budgets (City: 50% and GLPA: 31%). 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. The Town Charter was revised on November 4, 1986 and again on November 4, 2008, but any revisions will not take effect until January 3, 2009.

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

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

Services:

The Town of Groton provides a full range of services, including education, police, the construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure; social services, parks and recreational activities and cultural events. Approximately 290 full-time municipal employees provide services to a community of 38 square miles and 40,000 residents.

Budgetary Process:

The annual budget serves as the foundation for the Town of Groton's financial planning and control. The Town departments are required to submit requests for appropriation to the Town Manager not later than 167 days before the end of the fiscal year. The Board of Education and the political subdivisions within the Town of Groton are required to submit requests for appropriation not later than 122 days before the end of the fiscal year. 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 107 days before the end of the fiscal year. The council is required to hold at least one public hearing on the proposed budget and to adopt a final budget by no later than 21 days before the end of the fiscal year. The appropriated budget is prepared by fund and function (e.g., public works).

The Council approves a budget that it sends to the RTM for consideration and final approval. The RTM must approve the budget before the Council sets the final tax rate. In other matters, the RTM has the power of initiative to institute legislation or force reconsideration of an ordinance already adopted by the Town Council. The forty-one RTM members are elected by eight (8)-voting districts for two-year terms.

Expenditure Control:

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

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

The Town maintains an encumbrance accounting system as another method of maintaining budgetary control. All purchases, except certain services as outlined in the Town's Purchasing Manual, require a purchase requisition and a purchase order. In addition, purchases over \$500 require evidence that quotations were received and that the lowest quote, consistent with quality, was selected. Town Charter requires formal competitive bids for expenditures over \$5,000. Funds are recorded as encumbered when the purchase order is issued and expenditures are recorded when the Town incurs a liability.

All encumbered operating appropriations lapse at year-end except if a program has not been completed before the end of the fiscal year. 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 2008, the Town had an unemployment rate of 5.8% as compared to the New London County rate of 5.6%, the state's average rate of 5.7% and the national average of 5.7%. New London County has an employed labor force of approximately 134,201 residents.

Grand List Increases by 15.8% Due to Second Year of Revaluation Phase-in: The October 1, 2007 net adjusted taxable Grand List totals \$3,700,023,473, up 15.8% over 2006. **Real estate** rose about 17.6%, from about \$2.65 billion to almost \$3.12 billion. The net **personal property** grand list rose 8.9%, from about \$367 million to about \$399 million. The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose from \$175,456,545 in 2006 to \$178,039,069, up about 1.5 percent. Subsequent to the signing of the Grand List, minor adjustments were made by the Board of Assessment Appeals. 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 unreserved, undesignated fund balance in the general fund (9.1% of the total general fund expenditures) is above the Town Council's Debt Policy and Management/Fiscal Practices that were adopted in September 1993. That policy states that the unreserved undesignated fund balance shall be maintained in an amount equal to at least 5%. During the FYE 2008 budgetary process, the Town Council determined that it would be prudent to raise that minimum 5% and has embarked on a directive to maintain at least a 7¼% percent fund balance.

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 4% of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount of \$1,600,000 was subsequently approved by the Town Council and the RTM.

Major Initiatives: For the Fiscal Year Ended June 30, 2008:

School Construction: Phase 1 - Three school projects were approved by the Town of Groton voters in an April 27, 2004 referendum. These projects totaling \$91.9 million are the first phase of a three-part plan to overhaul the Town's aging schools. The referendum approved three town ordinances that appropriated \$91.9 million and authorized the issuance and sale of bonds and notes to fund the construction of two elementary schools (Catherine Kolnaski Elementary and Northeast Academy Elementary) and renovations and additions to Fitch High School. The construction of the elementary schools began in August of 2006 and contract close-outs are continuing for both elementary schools. The two elementary schools were opened and occupied in January 2008, after the December holiday break. The addition to the high school and associated site work began in October 2006 and was ready for occupancy upon the return of the students from their February 2008 break. Additional outside work is continuing at the high school including demolition of several of the older portions of the existing building, construction of additional parking lots and landscaping in these new areas. At the end of this project, the facilities and educational needs of the Town will be evaluated to identify additional school enhancement projects.

Water Pollution Control Facility, Additions and Improvements - Voters of the Town of Groton approved a referendum on the November 5, 1996 ballot for additions and improvements to the Water Pollution Control Facility and Sewer System Evaluation Study. The referendum approved a Town Ordinance that appropriated \$10,388,000 and authorized the issuance and sale of bonds and notes to fund the additions and improvements. This project was delayed for about a year by a lawsuit filed by three residents concerned about the legality by the Town Council in setting the referendum date. The state's appellate court denied their appeal and the State Supreme Court eventually dismissed the case. Design work commenced in January 1998. In June 1999, plans were submitted to the DEP along with an application for use of Clean Water Funds. DEP denied the request and the Town was informed that if the construction plans and specifications were to include additional treatment facilities for the removal of nitrogen from the wastewater, state grants and low interest loans would be available in FYE 2000. Although the costs would increase from \$10.4 million to \$15.5 million, the use of State grants and low interest loans would not increase the Town's debt service. The Town Council and Representative Town Meeting approved the additional \$5.1 million appropriation in the spring of 2000 and a voter referendum in May of 2000 also approved the increased appropriation and borrowing authorization. It is anticipated that this project will support the wastewater treatment capability needs through the year 2015. In the process to obtain DEP approval on the state grants and loans, an analysis of the projects environmental impact had to be performed. That analysis involved a state review of the proposed project's consistency with the various environmental policies and with the State's Conservation and Development Policies Plan (C&D). During the review, the state determined that the WPCF upgrade included an increase in flow capacity. The increase in flow capacity triggered a review of the Town's 20-year sewer plan to determine the sources of additional flows. The state determined that some of the areas in the Town of Groton identified to be sewered in the future were inconsistent with the C&D plan. Staff is still attempting to work out the issues revolving around the State's claim that our Sewer Facility Plan is inconsistent with the State's C&D plan. On April 16, 2003, the Town revised its Zoning Regulations to resolve the issue that the DEP had concerning storm-water management in the Water Resource Protection District. DEP concurred with the changes and began moving forward with State grant and loan approval process. During the 2004 State Legislative process, the Town sought a \$2.0 million grant to the Town to offset inflationary costs that have resulted from the Town's negotiations with the State DEP concerning the Environmental Impact Evaluation. In June 2004, the Governor signed a bill that included a \$2.0 million grant for this project. In September 2004, the Town received a copy of a letter that was sent from the Secretary of OPM to the Deputy Commission of DEP approving the Town of Groton's WPCF Upgrade EIE. In October and December 2004, the Town Council and Representative Town Meeting, respectively, passed a resolution approving the additional appropriation and extending the appropriations for additions and improvements to the WPCF in the amount of \$17.5 million.

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

The project was rebid and bids were received on December 12, 2006. The project was awarded on February 22, 2007. It is scheduled to be substantially completed by October 2008 with start-

up completed by December 2008. This project is funded with a combination of grants and loans from the State's Clean Water Fund, local funding and bonds.

Fort Hill Homes Sewer Rehabilitation Project - Voters of the Town of Groton approved a referendum on the November 8, 2005 ballot for the rehabilitation and replacement of sewers, manholes and laterals in the Poquonnock Bridge section of town. The referendum approved a Town Ordinance that appropriated \$6,381,200 and authorized the issuance and sale of bonds and notes to fund the improvements. The Town will fund the debt service for this project with revenue generated by the Town's sewer user fee. The construction contract for Phase 1 (construction of laterals of existing sewer lines from street to house) was executed in July 2007 and work is scheduled to be completed by the end of December 2008. The contract for Phase 2 (realignment of existing manholes and sewer pipes) was executed in February 2008 with a project completion date expected by the end of December 2008.

Major Initiatives: For the Future:

On November 6, 2007, voters of the Town of Groton approved two projects, one for the Senior Center Addition and Renovations and the other for an Animal Shelter Replacement:

Senior Center Addition & Renovations Project - This \$11.77 million project would add 24,000 square feet to the existing 14,900 square-foot building that was built in 1979. It includes additional activity classrooms, a computer room, a music room, exercise and fitness room and administrative offices. Renovations and additions are planned for the kitchen facilities, entry vestibule and lobby. Bids were received in October 2008 with a construction bid to be awarded in late December 2008.

Animal Shelter Replacement Project - This \$1.385 million project will replace a facility that consists of the original "dog pound" building construction in 1957 and two additions, one in 1996 and in 1997. In July 2008, 20 bids were received and the construction bid was awarded in early September 2008. It is anticipated that construction on the new shelter will start in September 2008 with completion scheduled in July 2009.

Cash Management Policies and Practices.

The intention of the cash management process is to limit the amount of funds placed in accounts where low or no interest is paid. Cash temporarily idle during the fiscal year was invested in Municipal Bond Investors Assurance Corporation's (MBIA's) Cooperative Liquid Assets Security System (CLASS) account and the State of Connecticut's Short-term Investment Fund (STIF). Interest rates continued to decrease throughout the fiscal year. Groton's investment policy is to purchase certificates of deposit, if interest rates are comparable to other investment vehicles, through competitive bidding at area banks that have federal depository insurance. Concentration of certificates at any one institution is avoided by diversification. Liquidity is achieved through the use of the STIF account and the CLASS account, and bank money market accounts.

Connecticut law restricts investments of municipal funds to direct and indirect securities of the U.S. Government and deposits at banks located in Connecticut. Any uninsured and uncollateralized deposits were in institutions considered to be "qualified public depositories" covered under Connecticut General Statutes. Effective October 1, 1991, the state-wide pool for protecting public deposits was replaced by a new system of making each bank responsible for pledging collateral for its own public deposits, based on each bank's risk-based capital ratio. In addition, by Connecticut statute, a public depository may not accept deposits from any one municipality which would exceed 75% of the capital of the depository.

Risk Management:

The Town of Groton has a self-insured Worker's Compensation Program with a managed care component. Under this arrangement, a Third Party Administrator (TPA) manages the claims with the Town Attorney's Office providing legal services for both Worker's Compensation and Heart and Hypertension claims.

The Town has a pro-active Employee Safety Program with an Employee/Employer Joint Safety Committee and an Executive Safety Committee meeting on a regular basis. A full-time Occupational Safety & Health Coordinator is employed to oversee the safety program and assure compliance with OSHA regulations.

Liability, property, auto and professional insurance coverages are maintained with claims coordinated through the Department of Administrative Services.

Pension and Other Postemployment Benefits (OPEB):

The Town of Groton sponsors a single-employer defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the Town of Groton must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of Groton fully funds each year's annual required contribution to the pension plan as determined by the actuary. As a result of the Town of Groton's conservative funding policy, the Town of Groton has succeeded as of July 1, 2007 in funding 103.2% of the present value of the projected benefits earned by employees. The overfunded amount is being systematically amortized over 10 years as part of the annual required contribution calculated by the actuary.

The Town of Groton also provides other post-employment benefits, i.e., health and dental care benefits for certain retirees and their dependents. As of June 30, 2008, there were 123 retired employees receiving these benefits, which are currently financed on a pay-as-you-go basis.

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement #45 entitled "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." Retiree medical plans will be required to disclose information about asset and liability levels and disclose historical contribution information. Actuarial valuations will be required to determine liability levels and show historical contribution information.

The implementation schedule requires the Town to implement the provisions of this GASB Statement and recognize the liability on its financial statements in FYE 2008. Given the magnitude of the liability and the potential to reduce future costs by establishing and beginning to contribute to a fund set aside for OPEB benefits, the Town began making general fund contributions to OPEB in FYE 2005.

In FYE 2008, the Town set up a trust fund for OPEB contributions and transferred \$1,384,235 into that trust fund. A plan was established to reach the ARC funding level within a 5-year period. Based on a July 1, 2007 interim valuation, if the Town continues to make OPEB contributions in accordance with this plan, the actuaries estimate that the Town's OPEB liability would be about \$26 million with an ARC of \$2.4 million. The net budget impact (NBI) of the \$2.4 million ARC is \$1.34 million, since the Town is already contributing towards retiree health benefits.

The following is an example of the plan that was included in the FYE 2009 budget. The table shows recommended General Fund Contributions to the OPEB Fund to reach the \$1.34 million level of the Net Budget Impact.

Five Year Implementation to Net Budget Impact (Based on FYE 2009 Adopted Budget & July 1, 2007 Interim Valuation)			
Equal \$ increase of \$196,500 for 4 years to get to a 100% funding of Net Budget Impact (NBI) of \$1,341,000 in 5 th year			
Fiscal Year Ending	Fiscal Year Increase	Fiscal Year Contribution	Accumulated Contributions
2005	\$ 150,000	\$ 150,000	\$ 150,000
2006	\$ -	\$ 150,000	\$ 300,000
2007	\$ 290,000	\$ 440,000	\$ 740,000
2008	\$ 156,700	\$ 596,700	\$ 1,336,700
2009	\$ 196,500	\$ 793,200	\$ 2,129,900
2010	\$ 196,500	\$ 989,700	\$ 3,119,600
2011	\$ 196,500	\$ 1,186,200	\$ 4,305,800
2012	\$ 196,500	\$ 1,382,700	\$ 5,688,500

Additional information on the Town of Groton's pension arrangements and other postemployment benefits can be found in Notes 4 and 5 in the Notes to the Financial Statements.

Debt Administration:

During October 2007, the Town conducted a sale of General Obligation Bonds (\$15,500,000), General Obligation Sewer Bonds (\$3,000,000), General Obligation Bond Anticipation Notes (\$8,925,000) and General Obligation Sewer Bond Anticipation Notes (\$1,500,000). The bonds were issued for 20 years, maturing in October 2027, and the notes mature in October 2008.

The \$15,500,000 GO Bonds were to fund Pleasant Valley Road Improvements (\$50,000) approved by the voters on November 6, 2001 and school projects (\$15,450,000) approved by the voters on April 27, 2004. The school projects included two new elementary schools, Catherine Kolnaski Elementary School (\$1,500,000) and Northeast Academy (\$3,200,000) and renovations and additions to Fitch High School (\$10,750,000). The bonds were sold to Citigroup with a true interest cost of 3.99%.

The \$3,000,000 GO Sewer Bonds were to fund the Fort Hill Sewer Rehabilitation project approved by the voters on November 8, 2005. The bonds were sold to UBS Investment Bank with a true interest cost of 4.04%.

General Obligation Bond Anticipation Notes of \$8,925,000 were issued to fund the following school projects: new Catherine Kolnaski Elementary School (\$1,650,000), a new Northeast Academy (\$1,500,000) and for renovations and additions to Fitch High School (\$5,775,000). The BANs were sold to Eastern Bank (\$8,925,000 with a net interest rate of 3.40%).

General Obligation Bond Anticipation Sewer Notes of \$1,500,000 were issued to fund the Fort Hill Sewer Rehabilitation Project. The sewer BANs were sold to First Southwest with a net interest rate of 3.46%.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$41,725,000 of general obligation bonds and \$4,590,000 of general obligation sewer bonds paid by special assessments/fees for total bonds payable of \$46,315,000. Last fiscal year that total amount was \$31,045,000.

In September 1993, the Town Council adopted a “Debt Policy and Management/Fiscal Practices” that establishes criteria for the issuance of debt as well as setting some benchmarks on which to evaluate the Town’s level of debt. The following Town Council adopted limits guide the issuance of debt and are compared to the FYE 2008 data.

	<u>Adopted Policy</u>	<u>FYE 2008</u>
Comparison to State’s Statutory Debt Limit	not to exceed 50%	15.2%
Net Direct Indebtedness to assessed value	not to exceed 5%	2.7%
Debt Service as compared to Expenditures	not to exceed 10%	3.6%

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, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The Certificate of Achievement is valid for a period of one year only and is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town of Groton has received a Certificate of Achievement for the last fourteen (14) consecutive years (FYE 1994 through FYE 2007). We believe that this report continues to conform to the Certificate of Achievement program requirement, and we are submitting it to GFOA to determine its eligibility for another certification.

Also, for the fifteenth (15) consecutive year, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2009 Adopted Budget. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device. The Award is the highest form of recognition in governmental budgeting.

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

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

Respectfully submitted,



Salvatore M. Pandolfo
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Groton Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Charles S. Cox

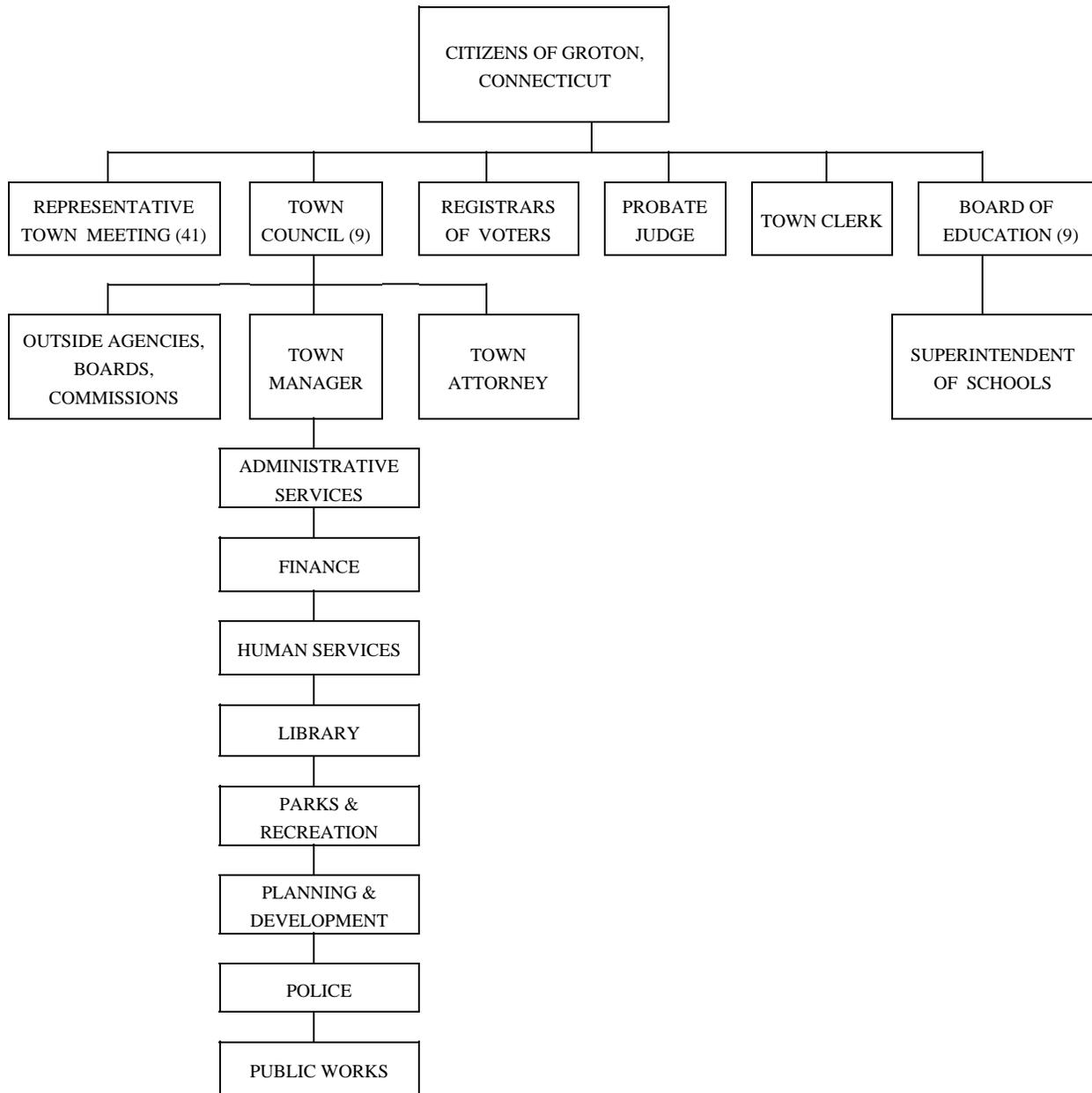
President

Jeffrey R. Emer

Executive Director

TOWN OF GROTON

ORGANIZATION CHART



TOWN OF GROTON
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2008

Town Council

Harry A. Watson, Mayor
Heather Sherman Bond
Kathryn M. Brown-Tracy
Catherine Kolnaski
Deborah B. Monteiro
Frank O'Beirne
Rita M. Schmidt
Paulann H. Sheets
James L. Streeter

Board of Education

Beverly H. Washington, Chairperson
Patricia Monahan Doyle
Elizabeth B. Gianacoplos
Brian M. Shirvell
Jennifer M. Sim
Dr. Archie C. Swindell
Rita P. Volkmann
Charles Zezulka, Vice Chairperson

Appointed Officials

Mark R. Oefinger, Town Manager
Dr. James E. Mitchell, Superintendent of Schools
Suisman, Shapiro, Wool, Brennan & Gray, Town Attorney

Financial Section



Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of and for the year ended June 30, 2008, which collectively comprise the Town of Groton, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Groton, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Groton, Connecticut's basic financial statements. The introductory section, budgetary detail, combining and individual nonmajor fund 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 budgetary detail, combining and individual nonmajor fund statements and schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2008 on our consideration of the Town of Groton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Blum, Shapiro & Company, P.C.

December 9, 2008

TOWN OF GROTON, CONNECTICUT

Management's Discussion and Analysis

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, 2008 with comparisons to the prior year, where appropriate. The information complements the data presented in the basic financial statements. Its purpose, along with the material in the Letter of Transmittal, is to enhance the reader's understanding of the Town's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights:

- The assets of the Town of Groton exceeded its liabilities at the close of the most recent fiscal year by \$176,752 (net assets). Of this amount, \$44,189 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$31,905. This increase is mainly attributable to an increase in grants and contributions.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$21,859. The Town Council has an adopted policy for the maintenance of a minimum undesignated fund balance equal to at least 5% of the annual budget. However, during the FYE 2008 budgetary process, the Town Council determined that it would be prudent to raise the minimum fund balance level to 7.25% of adopted expenditures. Through the FYE 2008 budgetary process, the Town Council authorized the use of \$3,943 of fund balance to balance the General Fund budget and maintained an estimated 7.25% unreserved undesignated fund balance.
- For the fiscal year ended June 30, 2008, the unreserved, undesignated fund balance for the General Fund was \$10,412 or 9.2% of total General Fund expenditures on a budgetary basis.
- The Town of Groton's total debt increased by \$2,595 (4.8%) during the current fiscal year. This was mainly due to increases (\$15,270) in the principal amounts due on bonds for general government obligation debt. That was offset by a reduction in the amount of bond anticipation notes for general obligation debt which was decreased (\$12,675) over the previous year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the Town of Groton's basic financial statements. The Town of Groton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 1999 through the current audited fiscal year.

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

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

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

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

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

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on Exhibits VI through VIII.

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

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

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found beginning on page 60 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 \$176,752 on June 30, 2008.

Town of Groton		Governmental	
Net Assets (\$000's)		Activities	
		<u>2008</u>	<u>2007</u>
Current assets	\$	66,344	\$ 76,568
Capital assets, net of accumulated depreciation		<u>196,050</u>	<u>146,431</u>
Total assets		<u>262,394</u>	<u>222,999</u>
Long-term liabilities outstanding		55,387	40,471
Other liabilities		<u>30,255</u>	<u>37,681</u>
Total liabilities		<u>85,642</u>	<u>78,152</u>
 Net Assets:			
Invested in capital assets, net of related debt		132,234	92,286
Restricted		329	329
Unrestricted		<u>44,189</u>	<u>52,232</u>
 Total Net Assets	 \$	 <u>176,752</u>	 \$ <u>144,847</u>

By far the largest portion of the Town of Groton's net assets (74.8%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town of Groton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net assets (\$44,189) may be used to meet the government's ongoing obligations to citizens and creditors.

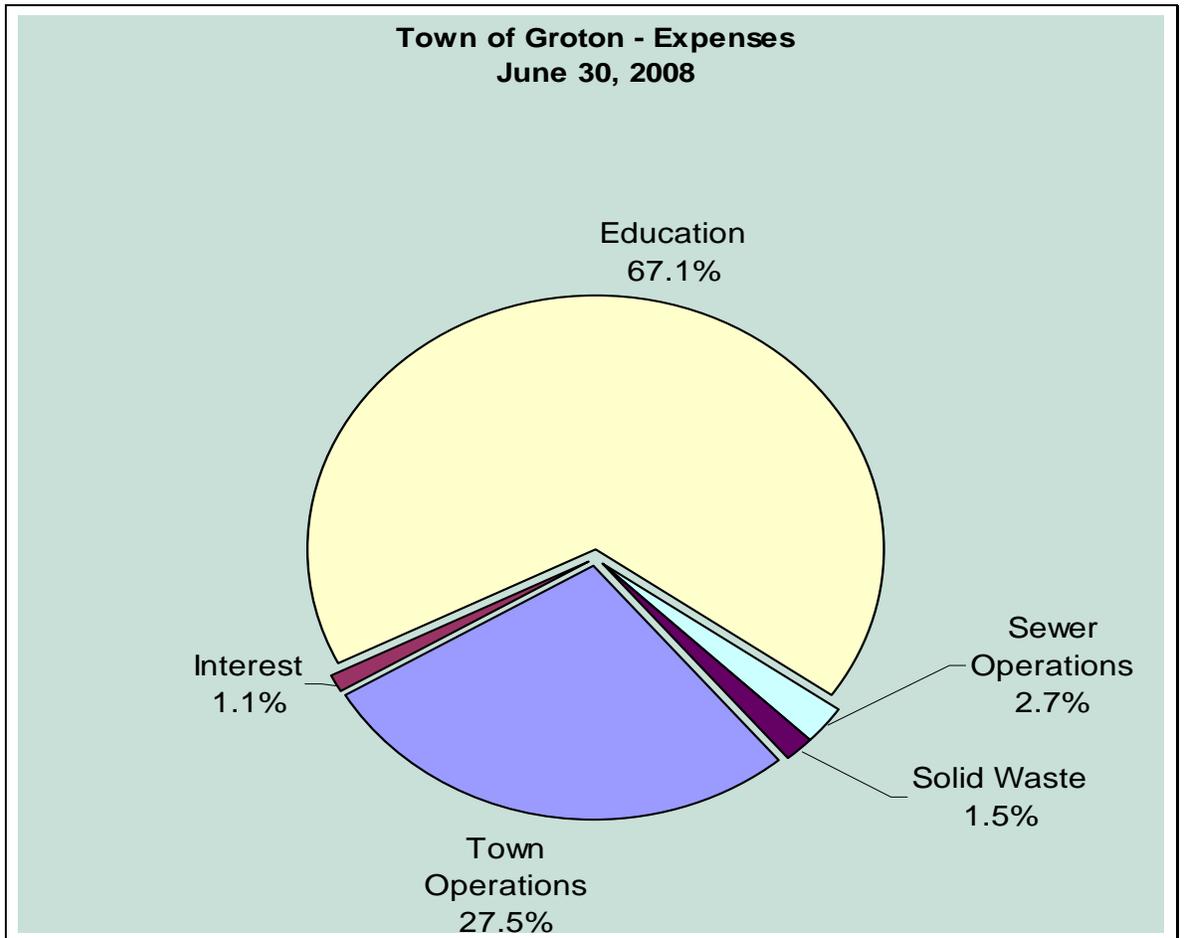
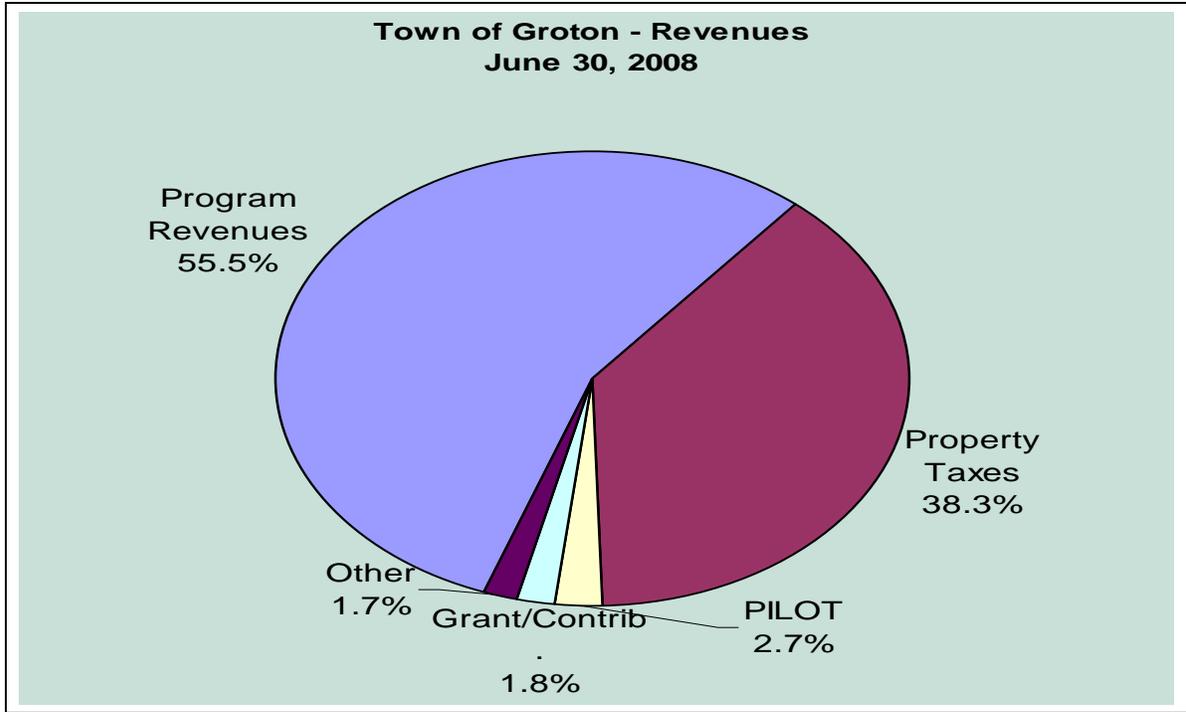
At the end of the current fiscal year, the Town of Groton is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and proprietary activities.

On a government-wide basis, the assets of the Town of Groton exceeded its liabilities resulting in total net assets at the close of the fiscal year of \$176,752. This has increased from last fiscal year's restated net assets of \$144,847. Of the Town's total net assets at June 30, 2008, \$44,189 or 25.2% is unrestricted and may be used to meet the government's on-going obligations to citizens and creditors. This compares with last year's total unrestricted net assets of \$52,232 or 36.1%. The current year increases in investment in capital assets reflects the school construction projects.

Governmental Activities. Approximately 38% of the revenues were derived from property taxes, followed by 48% from grants and contributions, then 8% from other program revenues and finally about 2% of the Town's revenue in this fiscal year was derived from investment earnings.

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

	Governmental Activities	
	2008	2007
Revenues:		
Program revenues:		
Charges for services	\$ 14,002	\$ 13,052
Operating grants and contributions	61,979	39,341
Capital grants and contributions	24,754	25,210
General revenues:		
Property taxes	69,586	67,663
Payments in lieu of taxes	4,976	5,128
Grants and contributions (not restricted)	3,342	3,263
Other unrestricted investment earnings	3,025	3,773
Total revenues	181,664	157,430
Expenses:		
General government/services	8,406	6,955
Public safety	10,435	10,020
Public works	11,460	9,628
Planning and development	1,535	1,369
Human service	2,378	2,311
Community services	6,927	6,644
Board of Education	100,501	76,800
Sewer operations	4,113	3,977
Solid waste	2,298	2,642
Interest on long-term debt	1,706	1,111
Total expenses	149,759	121,457
Increase in Net Assets	31,905	35,973
Net Assets July 1	144,847	108,874
Net Assets June 30	\$ 176,752	\$ 144,847



Major revenue factors included:

- ◆ Operating Grants were noticeably more in 2008 as the Town recognized an increase in State grants due to increased contributions from the State for teachers' retirement.
- ◆ Property tax revenues recorded for fiscal year 2008 increased due to an increase of 15.8% in the October 1, 2006 Grand List which included the first year phase-in of the 2006 revaluation. The Town's tax rate decreased from 24.05 mills to 21.21 mills, or 11.8%.
- ◆ Investment earnings decreased by \$748 from the prior fiscal year to \$3,025 for the fiscal year ending June 30, 2008. The reduction to interest and dividend earnings was the result of lower interest rates on investments and less funds available for investment purposes.

For Governmental Activities, 67.1% of the Town's expenses relate to education, 7.0% relate to public safety, 7.7% relate to public works, 5.6% to general government/services, 4.6% to community services and the remainder relates to sewer operating, solid waste, human services and other areas.

Major expense factors include:

- ◆ Increases in employee wages resulting from negotiated step and general wage increases.
- ◆ Increases in utility costs associated with heating town buildings and fueling town vehicles.
- ◆ Increases associated with the Town's contribution to the retirement, health insurance and the other post employment benefit liability.
- ◆ The cost of education services increased, due to negotiated wage settlements, health insurance, utility costs and special education increases.

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, unreserved undesignated 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 \$21,859, a decrease of \$3,923 in comparison with the prior year. Of this amount, \$6,625 constitutes unreserved fund balance mainly due to a timing issue with the receipt of state grants on the school projects. The remainder of fund balance is reserved 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 (\$14,231), or 2) for equipment and trust principal (\$1,004).

General Fund. The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$10,412, which is included in the total fund balance of \$15,733. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved undesignated fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 9.2% of total general fund expenditures, while total fund balance represents 13.8% of that same amount.

The total fund balance of the Town of Groton's General Fund increased by \$906 during the current fiscal year. The unreserved undesignated fund balance increased by \$1,375. Key factors in the total fund balance increase are as follows:

- ◆ During the FYE 2008 budget development process, it was anticipated that \$3,943 of fund balance would be needed to balance the FYE 2008 budget. However, only \$50 of that amount was not required.
- ◆ An additional \$625 in General Property Taxes or 0.9% over budget.
- ◆ An additional \$591 in State Grants in Aid or 1.8% over budget.
- ◆ An additional \$1,217 in Federal Grants or 27.0% over budget.
- ◆ An additional \$647 in Charges for Current Services (conveyance tax) or 33.9% over budget.
- ◆ All of those revenues over budget helped offset a reduction of \$69 in Licenses and Permits or 18.3% under budget.
- ◆ Additionally, expenditures for Town Operations came in under budget by \$454 or 1.4%.
- ◆ Contingency funds of \$262 were not transferred to other functions and remained unspent.

Capital Improvements Fund. This fund has a total fund balance of \$8,921, down from \$9,249 in the prior year. The decrease is mainly explained by the receipt of \$350 from the State of Connecticut, investment income of \$431, bond proceeds of \$50, a transfer from the General Fund and Sewer Operating Funds in the amount of \$2,322 and net capital outlays of \$3,424.

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

Unrestricted net assets amounted to \$1,300 for the Fleet Reserve Fund, \$6,242 for the Health Insurance Fund and a negative \$324 for the Workers' Compensation Fund that includes the liability for heart and hypertension claims. The total increase in net assets for the internal service funds was \$1.641 mainly due to increases in all three funds.

General Fund Budgetary Highlights:

There are no differences between the original budget and the final amended budget because all transfers occurred from the Contingency function that is appropriated within the General Fund.

During the year, actual revenues and other financing sources on a budgetary basis were \$113,724 which exceeded budgetary estimates by \$3,129. The majority of this increase can be attributed to additional tax revenues (\$625), federal assistance associated with pupil impact aid (\$1,145), state revenues (\$591) and the conveyance tax (\$716).

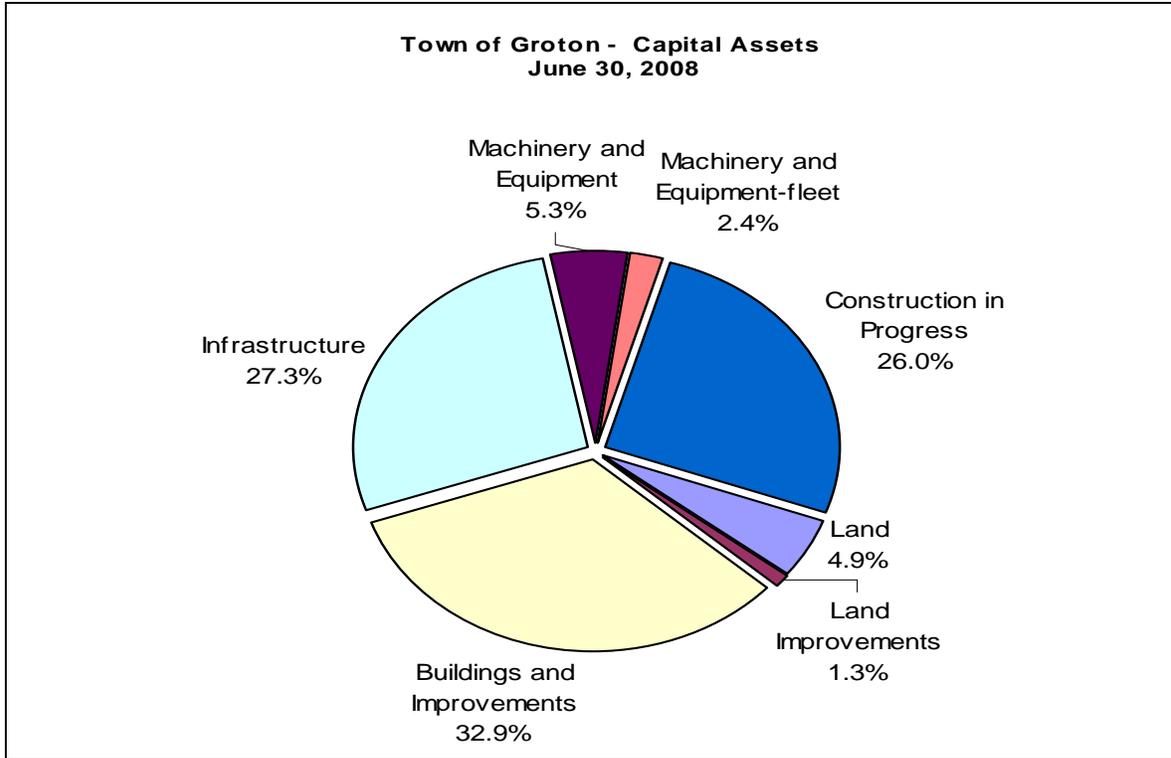
Actual expenditures on a budgetary basis and other financing uses totaled \$113,774; with actual revenues totaling \$113,724, expenditures exceeded revenues on a budgetary basis by \$50. The fiscal year 2007 audit had a designation of fund balance in the amount of \$3,943 to support FYE 2008 operations but was not required. Actual expenditures were under budget by \$764 with the town operations returning about \$454 and with \$262 left unspent in the Contingency function.

Capital Asset and Debt Administration:

Capital Assets. The Town of Groton's investment in capital assets for its governmental activities as of June 30, 2008 amounts to \$283,065. 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 23.5% mainly due to the three school construction projects.

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

	Governmental Activities	
	2008	2007
Land	\$ 13,836	\$ 13,836
Land improvements	3,543	3,543
Buildings and improvements	93,130	47,344
Infrastructure	77,247	76,176
Machinery and equipment	14,910	14,793
Machinery and equipment - fleet	6,766	6,341
Construction in progress	73,633	67,126
Total	\$ 283,065	\$ 229,159



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

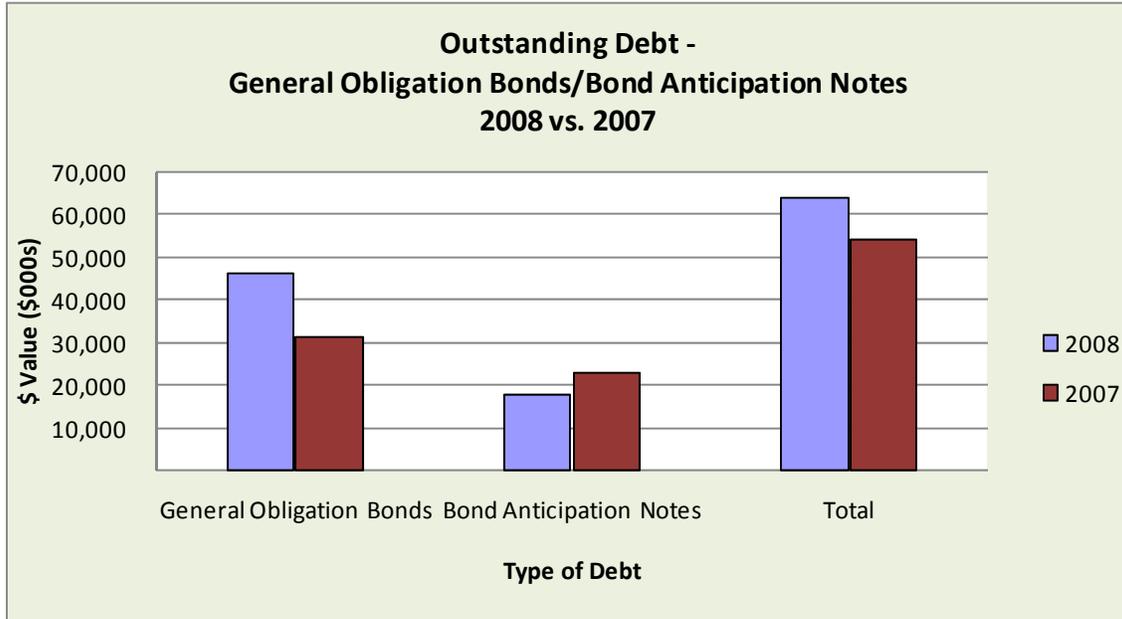
- Regarding bonded projects, the following amounts were expended:
School Construction (\$34,000),
Water Pollution Control Facility, Additions & Improvement, (\$10,500), and
Fort Hill Homes Sewer Rehabilitation Project (\$4,283)
- Regarding the use of the State's Local Capital Improvement Project funds, the following amounts were expended:
Town Hall emergency generator (\$98), and
Gungywamp pavement management (\$154).
- Regarding the use of local capital funds, the following amounts were expended:
Water Pollution Control Facility repairs (maintain exteriors of buildings as well as the interior structural components) \$150 and \$310,
Salt/Sand Storage Facility at \$435
Claude Chester School for playground equipment and window replacements at \$530.
Thames Street Rehabilitation at \$88.
Cutler Middle School furnace replacement at \$104.

Additional information on the Town of Groton's capital assets can be found in Note 3D on pages 44-45 of this report.

Outstanding Debt. At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$63,817. Of this amount, \$57,227 comprises debt backed by the full faith and credit of the government and \$6,090 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	
	2008	2007
General obligation bonds	\$ 46,315	\$ 31,045
Bond anticipation notes and notes payable	17,502	23,100
Total	\$ 63,817	\$ 54,145



The Town of Groton's general obligation bonds have increased \$15,270. The total debt including bond anticipation notes increased \$2,595 or 4.8% during the current fiscal year mainly due to additional bonds and bond anticipation notes issued for the Fort Hill Homes sewer project.

For FYE 2008, the Town of Groton maintained a "AA-" rating from Standard & Poor's and Fitch and a "Aa3" rating from Moody's for general obligation debt.

The overall statutory debt limit for the Town of Groton is equal to seven times annual receipts from taxation or \$562. As of June 30, 2008, the Town recorded total indebtedness of \$86 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 on pages 47-49 of this report.

Economic Factors and Next Year's Budgets and Rates:

- As of June 2008, the Town had an unemployment rate of 5.8% as compared to the New London County rate of 5.6%, the state's average rate of 5.7% and the national average of 5.7%.
- New London County has an employed labor force of approximately 134,201 residents.
- Inflationary trends in the region compare similarly to national indices.

Grand List Increases by 15.8 Due to Second Year of the Three-Year Phase-in of the 10/01/2006 Revaluation:

The October 1, 2007 net adjusted taxable Grand List rose 15.8% over last year's post-phase-in net adjusted grand list after the Board of Assessment Appeals. The net adjusted grand list now totals \$3,700,023,473 in the second year of a three-year revaluation phase-in. Although the personal property portion of the grand list again rose significantly, most of the increase is due to a real estate market increase in the years prior to and during the 2006 Grand List general real estate revaluation. The effects of real growth in the grand list are difficult to pin down amid the variety and scope of all of the exemptions applied to the gross grand list, but the total value of all taxable property rose 1.2% to about \$4.4 billion before exemptions and adjustments were applied. The assessments of the top 10 taxpayers, now totaling some \$921 million, comprise about 25% of the net grand list.

Net **real estate** rose about 17.6%, from about \$2.65 billion to about \$3.12 billion. However, gross real estate assessments rose about 0.5%, from about \$3.58 billion to about \$3.6 billion. Although there are large projects either planned or underway at Electric Boat and Pfizer, there were no major projects completed there for the 2007 Grand List. Incomplete construction is not assessed in an Enterprise Zone, and Pfizer's and EB's major holdings are located in Groton's Enterprise Zone.

There was a net loss to the grand list of about \$8.5 million due to the fact that no income and expense penalties were applied this year to assessments of properties whose owners failed to report their income and expenses by June 1, 2007. Commercial property owners are required to report their income and expenses to the assessor each year. A 10% assessment penalty is imposed for failure to file, and each year since 1999, 75-85 properties have been penalized, with assessment penalties running around \$8 million per year. In 2007, a Superior Court judge ruled that the penalties were only permissible in the years leading up to a revaluation. Since our revaluation was completed in 2006 and our next is not due until 2011, under current statute and case law, income and expense penalties will not be imposed until the 2009 Grand List.

Net residential real estate assessments rose about 20%, from about \$1.68 billion to about \$2.02 billion. The residential real estate's share of the entire net grand list rose from 52.6% of the 2006 grand list after the phase-in was applied to 54.6% of the 2007 Grand List. Net commercial real estate rose about 13.7% to \$380,004,392. Industrial property, including Pfizer and EB, rose about 5.7%, from about \$521 million to about \$550 million. Apartments of four units or more rose about 16.5% to \$149,568,081.

Seventy single-family homes, seven two-family homes and fourteen residential condominium units were either started or newly completed for the October 1, 2007 Grand List.

The net **personal property** grand list rose 8.9%, from about \$367 million to about \$399 million. The gross personal property grand list also rose this year, mostly due to continuing remodeling at Pfizer. Although total exemptions fell slightly, 0.6% to about \$169 million, exemptions eligible for state reimbursement rose 8.9%, to about \$169 million, which reflects that this year, the Town

is eligible for state reimbursement of the taxes lost on almost all of the exemptions applied to personal property.

Personal property assessment penalties continue to rise. Non-filers and late filers are subject to a 25-percent mandatory assessment penalty. This year, penalized accounts rose 30% to 886. Assessment penalties rose 50.6% to about \$5 million. These increases are misleading, however, because a significant amount of assets located at the Wyman Gordon Company property and owned by other manufacturers from around the world were discovered after the signing of last year's grand list. One hundred nineteen accounts were added to last year's grand list by certificate of change with a total penalty assessment of about \$3.2 million.

The top 10 personal property taxpayers, representing less than 1/2 of one percent of all accounts, comprise 85% of the gross personal property grand list and 80% of the net personal property grand list.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose from \$175,456,545 in 2006 to \$178,039,069 this year, up 1.5%. Despite the fact that the motor vehicle portion of the grand list grew in value, there were 114 fewer motor vehicles registered in town this year.

Subsequent to the signing of the Grand List, minor adjustments were made by the Board of Assessment Appeals. These adjustments reduced the increase in the Grand List from 15.8% to 15.6% for the second year of the three year phase-in of the October 1, 2006 revaluation.

Other Information:

During the fiscal year ended June 30, 2008, the Town of Groton received 52% 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 unreserved fund balance for FYE 2008 is at 9.2% of operating expenses which is above the minimum acceptable level by bond rating agencies. With an overwhelming reliance on property taxes, 60.4% of the current year revenues are derived from property taxes; any reduction in other revenues would necessitate either a use of a portion of the fund balance, a property tax increase or a reduction in services in FYE 2009 or some combination of all three.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$13,078. The Town Council has designated and appropriated \$2,666 to balance the 2009 fiscal year budget.

The Golf Course Fund increased fees by about 3% for all levels of play. These increases were necessary to begin building a fund balance and stop relying on the General Fund for operating support. The Sewer Operating Fund increased residential rates by 9% from \$22 to \$24 per month per unit and increased rates for industrial/commercial units by 11.7% from \$.0342 to \$.0382 per cubic foot of water consumed. These increases in the Sewer Operating Fund were done to offset utility costs and debt service.

Requests for Information:

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

Basic Financial Statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 60,730,448
Investments	11,530
Receivables (net of allowances for collection losses):	
Property taxes	1,875,803
Special assessments	119,200
Accounts receivable	1,060,709
Federal and state governments	337,402
Other assets	13,851
Noncurrent assets:	
Capital assets, nondepreciable	87,468,724
Capital assets, net of accumulated depreciation	108,581,750
Pension and other post employment benefit assets	1,337,181
Due from State	228,097
Other receivables	300,243
Restricted assets:	
Cash	216,945
Investments	112,548
Total assets	<u>262,394,431</u>
Liabilities:	
Accounts payable and accrued liabilities	11,823,451
Unearned revenue	929,856
Bond anticipation notes payable	17,501,987
Noncurrent liabilities:	
Due within one year	5,674,325
Due in more than one year	49,712,495
Total liabilities	<u>85,642,114</u>
Net Assets:	
Investment in capital assets, net of related debt	132,233,487
Restricted for:	
Trust, nonexpendable	329,493
Unrestricted	<u>44,189,337</u>
Total Net Assets	<u>\$ 176,752,317</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, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Total</u>
Governmental activities:					
General government/services	\$ 8,406,308	\$ 1,887,556	\$ 511,663	\$ 347,412	\$ (5,659,677)
Public safety	10,434,585	199,673	1,537		(10,233,375)
Public works	11,459,914	268,966	199,908	3,372,408	(7,618,632)
Planning and development	1,535,356	312,445			(1,222,911)
Health and human services	2,377,926	98,099	145,140		(2,134,687)
Community services	6,927,015	1,874,307	60,510		(4,992,198)
Education	100,501,071	1,228,048	61,059,823	21,033,893	(17,179,307)
Sewer operations	4,113,078	5,202,296			1,089,218
Solid waste management	2,297,780	2,930,894			633,114
Interest on long-term debt	1,706,630				(1,706,630)
Total Governmental Activities	\$ <u>149,759,663</u>	\$ <u>14,002,284</u>	\$ <u>61,978,581</u>	\$ <u>24,753,713</u>	<u>(49,025,085)</u>
		General revenues:			
		Property taxes			69,586,226
		Payments in lieu of taxes			4,976,112
		Grants and contributions not restricted to specific programs			3,342,172
		Unrestricted investment earnings			3,025,296
		Total general revenues			<u>80,929,806</u>
		Change in net assets			31,904,721
		Net Assets at Beginning of Year			<u>144,847,596</u>
		Net Assets at End of Year			\$ <u>176,752,317</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Sewer Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 21,051,258	\$ 10,094,922	\$ 7,761,183	\$ 102,772	\$ 11,251,361	\$ 50,261,496
Investments					124,078	124,078
Receivables, net:						
Property taxes	1,691,535				16,466	1,708,001
Assessments					119,201	119,201
Intergovernmental					112,796	112,796
Accounts receivable	85,478	240			204,740	290,458
Other					717,779	717,779
Due from other funds	1,034,015					1,034,015
Other assets	3,505				10,354	13,859
Total Assets	<u>\$ 23,865,791</u>	<u>\$ 10,095,162</u>	<u>\$ 7,761,183</u>	<u>\$ 102,772</u>	<u>\$ 12,556,775</u>	<u>\$ 54,381,683</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 6,495,939	\$ 629,177	\$ 1,760,638	\$ 877,933	\$ 1,414,844	\$ 11,178,531
Due to State					100,535	100,535
Due to other funds		544,648	420,300		165,549	1,130,497
Bond anticipation notes payable			8,925,000		1,500,000	10,425,000
Notes payable				7,076,987		7,076,987
Deferred revenues	1,636,960				973,711	2,610,671
Total liabilities	<u>8,132,899</u>	<u>1,173,825</u>	<u>11,105,938</u>	<u>7,954,920</u>	<u>4,154,639</u>	<u>32,522,221</u>
Fund balances:						
Reserved for:						
Encumbrances	2,655,295	1,055,096	6,786,967	2,547,189	1,186,723	14,231,270
Equipment					674,054	674,054
Trust principal					329,493	329,493
Unreserved, reported in:						
General fund	13,077,597					13,077,597
Special revenue funds					5,933,256	5,933,256
Capital projects funds		7,866,241	(10,131,722)	(10,399,337)	(2,749,005)	(15,413,823)
Debt service fund					2,966,039	2,966,039
Permanent fund					61,576	61,576
Total fund balances	<u>15,732,892</u>	<u>8,921,337</u>	<u>(3,344,755)</u>	<u>(7,852,148)</u>	<u>8,402,136</u>	<u>21,859,462</u>
Total Liabilities and Fund Balances	<u>\$ 23,865,791</u>	<u>\$ 10,095,162</u>	<u>\$ 7,761,183</u>	<u>\$ 102,772</u>	<u>\$ 12,556,775</u>	<u>\$ 54,381,683</u>

(Continued on next page)

TOWN OF GROTON, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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

Fund balances - total governmental funds (Exhibit III)	\$ 21,859,462
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental capital assets	276,299,239
Less accumulated depreciation	<u>(83,256,016)</u>
Net capital assets	193,043,223
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:	
Pension and other post employment benefit assets	1,337,181
Property tax receivables greater than 60 days	1,680,815
Interest receivable on property taxes	468,040
Receivable from the state for school construction projects	452,703
Internal service funds are used by management to charge the costs of fleet management, health benefits and workers compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
	10,226,337
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	(46,315,000)
Interest payable on bonds	(501,976)
Compensated absences	(2,204,068)
Landfill closure costs	<u>(3,294,400)</u>
Net Assets of Governmental Activities (Exhibit I)	<u>\$ 176,752,317</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>School Construction Fund</u>	<u>Sewer Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes, interest and lien fees	\$ 68,736,649	\$	\$	\$	\$ 766,737	\$ 69,503,386
Assessments		595			11,825	12,420
Licenses and permits	308,948					308,948
Intergovernmental - state	60,412,937	350,055	21,010,507	3,372,408	2,838,115	87,984,022
Interest on investments	1,347,913	431,168	482,035	3,027	276,840	2,540,983
Intergovernmental - federal	5,726,820				743,762	6,470,582
Charges for current services	1,926,157				2,715,679	4,641,836
Schools, library and recreation fees	461,072					461,072
Sewer use charges					5,202,296	5,202,296
Solid waste management charges					2,930,894	2,930,894
Other revenue	412,194	18,033	31,257		831,184	1,292,668
Total revenues	<u>139,332,690</u>	<u>799,851</u>	<u>21,523,799</u>	<u>3,375,435</u>	<u>16,317,332</u>	<u>181,349,107</u>
Expenditures:						
Current:						
General government	972,939				2,002,862	2,975,801
General services	4,408,325					4,408,325
Public safety	6,227,416				165,738	6,393,154
Public works	7,382,546					7,382,546
Planning and development	1,185,564					1,185,564
Health and human services	650,897				164,023	814,920
Community services	4,244,024				1,804,444	6,048,468
Education	95,600,470				4,093,173	99,693,643
Subdivisions	4,838,436					4,838,436
Sewer operations					3,550,353	3,550,353
Solid waste management					2,297,780	2,297,780
Nondepartmental	5,166,273					5,166,273
Outside agencies	1,771,930					1,771,930
Debt service	4,145,630				653,174	4,798,804
Capital outlay		3,424,306	34,012,138	10,535,160	4,474,468	52,446,072
Total expenditures	<u>136,594,450</u>	<u>3,424,306</u>	<u>34,012,138</u>	<u>10,535,160</u>	<u>19,206,015</u>	<u>203,772,069</u>
Revenue over (under) Expenditures	<u>2,738,240</u>	<u>(2,624,455)</u>	<u>(12,488,339)</u>	<u>(7,159,725)</u>	<u>(2,888,683)</u>	<u>(22,422,962)</u>
Other Financing Sources (Uses):						
Issuance of bonds		50,000	15,450,000		3,000,000	18,500,000
Transfers in	630,992	2,322,000			941,298	3,894,290
Transfers out	(2,463,007)	(75,000)			(1,356,283)	(3,894,290)
Total other financing sources (uses)	<u>(1,832,015)</u>	<u>2,297,000</u>	<u>15,450,000</u>	<u>-</u>	<u>2,585,015</u>	<u>18,500,000</u>
Net Change in Fund Balances	906,225	(327,455)	2,961,661	(7,159,725)	(303,668)	(3,922,962)
Fund Balances at Beginning of Year	<u>14,826,667</u>	<u>9,248,792</u>	<u>(6,306,416)</u>	<u>(692,423)</u>	<u>8,705,804</u>	<u>25,782,424</u>
Fund Balances at End of Year	<u>\$ 15,732,892</u>	<u>\$ 8,921,337</u>	<u>\$ (3,344,755)</u>	<u>\$ (7,852,148)</u>	<u>\$ 8,402,136</u>	<u>\$ 21,859,462</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, 2008

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)	\$ (3,922,962)
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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	53,766,111
Depreciation expense	(4,222,228)
Loss on disposal of capital assets	(26,672)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds.

Property taxes collected after 60 days	50,969
Interest income on property taxes	30,716
Intergovernmental revenue on school bonds	(232,566)

Change in pension and other post employment benefit assets	113,775
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The issuance of long-term debt (e.g., bonds) provides current financial resources
to governmental funds, while the repayment of the principal of long-term debt consumes the
current financial resources of governmental funds. Neither transaction, however, has any
effect on net assets. Also, governmental funds report the effect of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Accrued interest on bonds	(137,825)
Principal payments on bonds	3,230,000
Bond proceeds	(18,500,000)
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	(54,240)
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The net expense of certain activities of internal service funds is reported with governmental activities	<u>1,641,443</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 31,904,721</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 68,031,496	\$ 68,031,496	\$ 68,656,229	\$ 624,733
Licenses and permits	378,194	378,194	308,949	(69,245)
Interest on investments	1,382,000	1,382,000	1,347,913	(34,087)
Intergovernmental - Federal	4,510,000	4,510,000	5,726,821	1,216,821
Intergovernmental - State	33,662,920	33,662,920	34,254,302	591,382
Charges for current services	1,279,018	1,279,018	1,926,158	647,140
Schools, library and recreation fees	450,695	450,695	461,073	10,378
Other revenue	269,529	269,529	411,517	141,988
Total revenues	<u>109,963,852</u>	<u>109,963,852</u>	<u>113,092,962</u>	<u>3,129,110</u>
Expenditures:				
Current:				
General government	928,339	958,339	939,417	18,922
General services	4,536,227	4,536,227	4,495,801	40,426
Public safety	6,245,927	6,245,927	6,225,127	20,800
Public works	7,717,030	7,717,030	7,654,523	62,507
Planning and development	1,202,583	1,202,583	1,173,761	28,822
Health and human services	636,941	674,941	648,758	26,183
Community services	4,387,987	4,387,987	4,251,788	136,199
Education	70,000,000	70,000,000	69,999,724	276
Subdivisions	4,838,436	4,838,436	4,838,436	-
Nondepartmental	5,636,322	5,547,906	5,166,273	381,633
Outside agencies	1,772,791	1,772,791	1,771,930	861
Debt service	4,192,780	4,192,780	4,145,630	47,150
Total expenditures	<u>112,095,363</u>	<u>112,074,947</u>	<u>111,311,168</u>	<u>763,779</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,131,511)</u>	<u>(2,111,095)</u>	<u>1,781,794</u>	<u>3,892,889</u>
Other Financing Sources (Uses):				
Transfers in	630,992	630,992	630,992	-
Transfers out	(2,442,591)	(2,463,007)	(2,463,007)	-
Total other financing uses	<u>(1,811,599)</u>	<u>(1,832,015)</u>	<u>(1,832,015)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>(3,943,110)</u>	\$ <u>(3,943,110)</u>	(50,221)	\$ <u>3,892,889</u>
Fund Balance at Beginning of Year			13,641,398	
Encumbrances cancelled			<u>161,848</u>	
Fund Balance at End of Year			\$ <u>13,753,025</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2008

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 10,685,882
Accounts receivable	49,621
Due from other funds	96,482
Property and equipment, net	3,007,251
Other assets	2,852
Total assets	<u>13,842,088</u>
Liabilities:	
Current liabilities:	
Accounts payable	42,399
Claims incurred but not reported	1,234,057
Total current liabilities	<u>1,276,456</u>
Noncurrent liabilities:	
Claims incurred but not reported, net of current portion	<u>2,339,295</u>
Total liabilities	<u>3,615,751</u>
Net Assets:	
Invested in capital assets	3,007,251
Unrestricted	<u>7,219,086</u>
Total Net Assets	<u>\$ 10,226,337</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Charges for services	\$ 17,689,186
Other revenue	403,582
Total operating revenues	<u>18,092,768</u>
Operating Expenses:	
Operating expenses	907,796
Claims	13,937,579
Depreciation	579,376
Administration	1,480,910
Total operating expenses	<u>16,905,661</u>
Operating Income	<u>1,187,107</u>
Nonoperating Revenues and Expenses:	
Interest on investments	466,159
Loss on disposal of capital assets	(11,823)
Net nonoperating revenues	<u>454,336</u>
Change in Net Assets	1,641,443
Net Assets at Beginning of Year	<u>8,584,894</u>
Net Assets at End of Year	<u>\$ 10,226,337</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, 2008

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 18,099,624
Cash due from other funds	(96,482)
Cash paid to vendors	(903,852)
Cash paid to beneficiaries	(15,655,677)
Net cash provided by operating activities	<u>1,443,613</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of property and equipment	(693,725)
Cash Flows from Investing Activities:	
Interest on investments	<u>466,159</u>
Net Increase in Cash and Cash Equivalents	1,216,047
Cash and Cash Equivalents - Beginning of Year	<u>9,469,835</u>
Cash and Cash Equivalents - End of Year	<u>\$ 10,685,882</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,187,107
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	579,376
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	6,852
(Increase) decrease in due from other funds	(96,482)
(Increase) decrease in other assets	(2,852)
(Decrease) increase in accounts payable	6,800
(Decrease) increase in claims payable	<u>(237,188)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,443,613</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2008

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets:				
Cash and cash equivalents	\$ 250,000	\$	\$ 263,387	\$ 2,090,160
Investments, at fair value:				
Mutual funds	78,991,855	1,384,234		
Accounts receivable	19,495			
Total assets	<u>79,261,350</u>	<u>1,384,234</u>	<u>263,387</u>	<u>2,090,160</u>
Liabilities:				
Due to student groups				254,802
Due to employees/others	71,401			
Due to contractors/developers				1,835,358
Total liabilities	<u>71,401</u>	<u>-</u>	<u>-</u>	<u>2,090,160</u>
Net Assets:				
Held in Trust for Benefits and Other Purposes	<u>\$ 79,189,949</u>	<u>\$ 1,384,234</u>	<u>\$ 263,387</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Pension Trust Fund</u>	<u>OPEB Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:			
Contributions:			
Employer	\$ 1,168,188	\$ 1,384,234	\$
Plan members	1,211,343		
Total contributions	<u>2,379,531</u>	<u>1,384,234</u>	<u>-</u>
Investment income (loss):			
Net depreciation in fair value of investments	(9,476,239)		
Interest and dividends	5,104,425		9,724
	<u>(4,371,814)</u>	<u>-</u>	<u>9,724</u>
Less investment expenses:			
Investment management fees	442,669		
Net investment income (loss)	<u>(4,814,483)</u>	<u>-</u>	<u>9,724</u>
Net additions (reductions)	(2,434,952)	1,384,234	9,724
Deductions:			
Benefits	<u>4,487,261</u>		<u>19,906</u>
Change in Net Assets	(6,922,213)	1,384,234	(10,182)
Net Assets Held in Trust - Beginning of Year	<u>86,112,162</u>	<u>-</u>	<u>273,569</u>
Net Assets Held in Trust - End of Year	<u>\$ 79,189,949</u>	<u>\$ 1,384,234</u>	<u>\$ 263,387</u>

The accompanying notes are an integral part of the financial statements

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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 as applicable to governments. The following is a summary of the more significant accounting policies used by the Town.

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

B. Basis of Presentation

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

Government-Wide and Fund Financial Statements

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The Town reports the following major governmental funds.

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

The *Capital Improvements Fund* accounts for individual capital project authorizations, other than those accounted for in the Sewer Construction Fund.

The *School Construction Fund* accounts for projects associated with construction, renovations and additions for Groton school facilities that have been authorized by voter referendum.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The *Sewer Construction Fund* accounts for capital improvements to the Town's sewer system.

Additionally, the Town reports the following fund types:

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

Private Purpose Trust Funds are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments.

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

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

Agency Funds account for monies held as a custodian for student groups and contractors/developers.

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

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.

C. Cash Equivalents

The Town considers all highly liquid investments and those with original maturities of 90 days or less when purchased to be cash equivalents.

D. Investments

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

E. Capital Assets

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

F. Compensated Absences

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton Public Works Union (USA)	<p>Employees with less than 5 years of service accrue 12 days per year. Accumulate up to 200 days.</p> <p>Employees with 5 or more years of service accrue 15 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement up to the maximum of 100 days. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to cash at a ratio of 5 to 1 each June 30th.</p>	<p>< 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days > 15 years = 24 days</p> <p>Accrued leave must be taken before June 30th of the year following the year in which it is accrued (a six-month extension can be granted).</p>
Groton Supervisors Union (AFSCME)	<p>12 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to pay at a ratio of 3 to 1 each June 30th.</p>	<p>< 5 years = 12 days 5 - 10 years = 15 days 10 - 15 years = 18 days > 15 years = 24 days</p> <p>Accrued leave must be taken before December 31st of the calendar year following the year in which it accrued (can be extended to June 30 with Town Manager approval).</p>
Groton BOE Paraprofessionals Union	<p>15 days per year. Accumulate up to 150 days.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>
Groton BOE Teachers Union	<p>15 days per year. Accumulate up to 165 days.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>
Groton BOE Administrators Union	<p>15 days per year. Accumulate up to 165 days.</p> <p>No provision for pay out of accumulated days at retirement.</p>	<p>No provisions.</p>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton BOE Secretaries Union	15 days per year. Accumulate up to 150 days. No provision for pay out of accumulated days at retirement.	No provisions.
Groton BOE Custodians Union	15 days per year. Accumulate up to 162 days. No provision for pay out of accumulated days at retirement.	< 5 years = 10 days 5 - 14 years = 15 days > 14 years = 20 days All vacation accrued as of July 1 of any calendar year must be taken prior to July 31 of the following year (13 months).
Groton BOE Nonunion: Superintendent	20 days per year. Accumulate up to 165 days.	25 days per year.
Central Office Administrators	18 days per year. Accumulate up to 165 days.	22 days per year.
Central Office Clerical	18 days per year. Accumulate up to 165 days. No provision for pay out of accumulated days at retirement.	< 5 years = 10 days 5-13 years = 15 days > 14 years = 20 days All vacation accrued as of July 1, of any calendar year must be taken prior to July 31 of the following year (13 months).

G. Long-Term Obligations

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

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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

H. Pension Accounting

Pension Trust Fund

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

Governmental Funds

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

Funding Policy

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

I. Other Post Employment Benefits (OPEB) Accounting

OPEB Trust Fund

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

Governmental Funds

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

Funding Policy

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

J. Encumbrances

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

K. Fund Equity and Net Assets

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

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

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

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

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

Reserved Fund Balance - Indicates that portion of fund equity which has been legally segregated for specific purposes.

Designated Fund Balance - Indicates that portion of fund equity for which the Town has made tentative plans.

Undesignated and Unreserved Fund Balance - Indicates that portion of fund equity which is available for appropriation and expenditure in future periods.

L. Property Taxes

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

M. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Town uses the following procedures in establishing the budgetary data included in the financial statements. Prior to April 1, the Town Manager submits proposed budgets for the General Fund, Special Revenue Funds (including Special Library Fund, Golf Course Fund, Sewer Operating Fund, Solid Waste Fund, Mumford Cove Fund, Revaluation Fund and Computer Replacement Fund) and the Debt Service (Groton Sewer District) Fund to the Town Council.

After one public hearing and numerous public meetings, the Town Council recommends these budgets as revised to the Representative Town Meeting (RTM). At the RTM's annual Town meeting which must be held not later than thirty-six (36) days before the close of the prior fiscal year, the RTM takes final action on each function's budget. These balances become the legal level of control. The Town Council must authorize all transfers of legally budgeted amounts between functions with RTM authorization required on all transfers over \$2,000. 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, 2008, there were no additional appropriations.

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

- Taxes collected within 60 days subsequent to June 30 are recognized as revenue for GAAP purposes during the current year compared to recognition in the year received for budgetary purposes.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued, and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year whereas they are shown as a reservation of fund balance on a GAAP basis of accounting.
- State of Connecticut payments on behalf of the Town teachers for the State teacher retirement system are reported for GAAP purposes only.
- For budgetary purposes, the Town does not recognize payroll expenditures which had been incurred but had not yet been paid out at June 30. Such amounts were recorded for GAAP purposes.

As explained above, the Town's budgetary fund structure accounts for certain transactions differently from that utilized in the financial statements in conformity with GAAP. A reconciliation of these differences at June 30, 2008 follows:

	General Fund	
	Revenues and Transfers	Expenditures and Transfers
GAAP basis	\$ 139,963,682	\$ 139,057,457
Property tax revenue receivable:		
June 30, 2007	210,404	
June 30, 2008	(291,496)	
Allowance for collection losses:		
June 30, 2007		220,000
June 30, 2008		(220,000)
Encumbrances:		
June 30, 2007		(1,685,053)
June 30, 2008		2,655,295
State on-behalf payments for teacher retirement	(26,158,636)	(26,158,636)
Accrued wages:		
June 30, 2007		652,036
June 30, 2008		(746,924)
	\$ 113,723,954	\$ 113,774,175
Non-GAAP budgetary basis		

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

A reconciliation of the fund balance on a GAAP basis to budgetary basis is as follows:

GAAP - fund balance	\$ 15,732,892
Encumbrances	(2,655,295)
GAAP accruals not recognized for budget	<u>675,428</u>
 Budgetary - Fund Balance	 <u><u>\$ 13,753,025</u></u>

B. Deficit Fund Equity

The following funds had a deficit fund balance at June 30, 2008:

Major Funds:	
School Construction	\$ (3,344,755)
Nonmajor Special Revenue:	
Other Special Revenue	(8,588)
Capital Projects:	
Sewer Construction	(7,852,148)
Sewer Line Infrastructure Repair	(1,641,178)
Internal Service:	
Workers' Compensation	(324,059)

The School Construction Fund and Capital Projects Funds' deficit will be eliminated through future permanent financing. The Other Special Revenue Fund's deficit will be eliminated through future revenues. The Internal Service Fund deficit will be funded on a current basis with future premiums.

3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 or in out-of-state banks with certain restrictions.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$12,418,440 of the Town's bank balance of \$12,880,124 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 8,748,138
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,670,302</u>
 Total Amount Subject to Custodial Credit Risk	 \$ <u><u>12,418,440</u></u>

Investments

As of June 30, 2008, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities		
			Less than 1 year	1 - 10	More Than 10
Money market funds	AAAm	\$ 351,977	\$ 351,977	\$	\$
Certificates of deposit	n/a	1,837,618	1,837,618		
SEI Instl. Core Fixed Income Funds	n/a	35,749,680	35,749,680		
SEI Instl. Large Cap Funds	n/a	29,352,970	29,352,970		
SEI International Equity Fund	n/a	8,859,270	8,859,270		
SEI Instl. Small Cap Fund	n/a	4,677,958	4,677,958		
Common stock	n/a	10,598	10,598		
Mutual funds	n/a	1,497,714	1,497,714		
State of CT STIF	AAAm	21,614,050	21,614,050		
MBIA Class Plus	AA	<u>26,781,826</u>	<u>26,781,826</u>		
 Total		 \$ <u><u>130,733,661</u></u>	 \$ <u><u>130,733,661</u></u>	 \$ <u><u>-</u></u>	 \$ <u><u>-</u></u>

Investment Custodial Credit Risk - Custodial credit risk 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. Both the State of Connecticut STIF and the MBIA Class investments are 2a-7 like pools.

Credit Risk - 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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Concentration of Credit Risk - The Town places no limit on the amount invested in any one issuer. More than 5% of the Town’s investments are invested as follows:

Investment	Percentage
SEI Instl. Core Fixed Income	46%
SEI Instl. Large Cap Fund	37
SEI International Equity Fund	11
SEI Instl. Small Cap fund	6

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

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

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

B. Endowments Received

	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	Total
Original principal received	\$ 101,950	\$ 27,543	\$ 200,000	\$ 329,493
Net appreciation on investments	38,972	21,487	1,117	61,576
Total Value	\$ 140,922	\$ 49,030	\$ 201,117	\$ 391,069

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

C. Fund Receivables

Receivables at June 30, 2008, including the applicable allowances for collection losses, are as follows:

	General	Capital Improvement	Nonmajor and Other Funds	Total
Property taxes	\$ 1,911,535	\$	\$ 19,966	\$ 1,931,501
Assessments			119,201	119,201
Intergovernmental			112,796	112,796
Accounts receivable	85,478	240	204,740	290,458
User fees receivable			1,017,779	1,017,779
Gross receivables	1,997,013	240	1,474,482	3,471,735
Allowance for collection losses	(220,000)		(303,500)	(523,500)
Net Receivables	\$ 1,777,013	\$ 240	\$ 1,170,982	\$ 2,948,235

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

	Unavailable	Unearned
General Fund:		
Delinquent property taxes receivable	\$ 1,620,026	\$
Property taxes paid in advance		16,934
Nonmajor Governmental Funds:		
Delinquent assessments receivable	60,789	
Various education grants		912,922
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,680,815	\$ 929,856

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

D. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,835,731	\$	\$	\$ 13,835,731
Construction in progress	67,125,570	52,357,699	45,850,276	73,632,993
Total capital assets not being depreciated	80,961,301	52,357,699	45,850,276	87,468,724
Capital assets being depreciated:				
Land improvements	3,542,968			3,542,968
Buildings and improvements	47,344,368	45,786,556		93,130,924
Machinery and equipment	14,793,030	401,461	284,893	14,909,598
Machinery and equipment - fleet	6,340,972	693,725	268,582	6,766,115
Infrastructure	76,176,354	1,070,671		77,247,025
Total capital assets being depreciated	148,197,692	47,952,413	553,475	195,596,630
Less accumulated depreciation for:				
Land improvements	2,458,341	74,486		2,532,827
Buildings and improvements	24,113,831	1,400,176		25,514,007
Machinery and equipment	11,369,637	566,992	258,221	11,678,408
Machinery and equipment - fleet	3,436,247	579,376	256,759	3,758,864
Infrastructure	41,350,200	2,180,574		43,530,774
Total accumulated depreciation	82,728,256	4,801,604	514,980	87,014,880
Total capital assets being depreciated, net	65,469,436	43,150,809	38,495	108,581,750
Governmental Activities Capital Assets, Net	\$ 146,430,737	\$ 95,508,508	\$ 45,888,771	\$ 196,050,474

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

Governmental Activities:	
General government services	\$ 95,285
Public safety	22,257
Public works, including depreciation of general infrastructure assets	2,325,858
General services	234,810
Community services	21,400
Education	936,723
Sewer operating	551,386
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	579,376
Golf Course	34,509
Total Depreciation Expense - Governmental Activities	\$ 4,801,604

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Construction Commitments

The Town has the following construction commitments as of June 30, 2008:

	<u>Project Amount</u>
WPCF Projects:	
Fort Hill Homes Sewer Rehabilitation	\$ 1,017,178
Building Improvements/Modifications	25,660
WPCF Upgrade	2,124,926
Roads/Streets/Sidewalks	
Riverview Ave	3,200
School Street RR Crossing (costs not covered by grant)	88,349
Resurfacing and Sidewalks	115,997
Building Improvements/Modifications	
Fitch High School	4,668,112
Kolnaski Elementary	644,074
Northeast Academy	503,296
Public Buildings	271,169
Parks and Recreation	
Tercentennial Playground	89,999

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

E. Interfund Receivables, Payables and Transfers

As of June 30, 2008, 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	Capital Improvement Fund	\$ 544,648
	School Construction Fund	420,300
	Nonmajor governmental funds	69,067
		1,034,015
Health Insurance Fund	Nonmajor governmental funds	96,482
		\$ 1,130,497

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The balance of \$1,034,015 due from other funds represents amounts committed to the General Fund from various special revenue and capital project funds. The amount due to the Health Insurance Fund represents payments of health premiums.

Interfund Transfers

Interfund transfers during the year ended June 30, 2008 were as follows:

	Transfers In			Total Transfers Out
	General Fund	Capital Improvements Fund	Nonmajor Funds	
Transfers out:				
General Fund	\$	\$ 1,600,000	\$ 863,007	\$ 2,463,007
Capital Improvements Fund			75,000	75,000
Nonmajor funds	630,992	722,000	3,291	1,356,283
Total Transfers In	\$ 630,992	\$ 2,322,000	\$ 941,298	\$ 3,894,290

Transfers are used to account for revenues collected mainly in the General Fund and appropriated to other funds to finance various programs, i.e., Capital Projects, Revaluation, Computer Replacement, and OPEB, all in accordance with budget authorizations. The purpose of the transfer in to the General Fund was 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 nonmajor governmental funds consisted primarily of budget transfers for the replacement of capital assets in the Sewer Operating Fund.

F. Leases

Operating Leases

The Town leases buildings under noncancelable operating leases. The total costs for such leases were \$22,474 for the year ended June 30, 2008. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2009	\$ 22,784
2010	12,116
2011	12,116
2012	12,116
2013	12,116
Thereafter	72,696

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

The Town also leases various buildings to outside parties for a bargain lease price.

G. Bond Anticipation Notes Payable

Bond anticipation note transactions for the year ended June 30, 2008 were as follows:

Outstanding, June 30, 2007	\$ 23,100,000
New borrowings	10,425,000
Repayments	<u>(23,100,000)</u>
Outstanding, June 30, 2008	<u>\$ 10,425,000</u>

The Town issued bond anticipation notes in order to fund school construction projects. The bond anticipation notes outstanding at June 30, 2008 bear interest at 3.75% and mature on October 29, 2008.

H. Long-Term Debt

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 31,045,000	\$ 18,500,000	\$ 3,230,000	\$ 46,315,000	\$ 4,130,000
Landfill post-closure monitoring	3,462,600		168,200	3,294,400	168,200
Compensated absences	<u>2,149,828</u>	<u>129,895</u>	<u>75,655</u>	<u>2,204,068</u>	<u>142,068</u>
Long-Term Liabilities	<u>\$ 36,657,428</u>	<u>\$ 18,629,895</u>	<u>\$ 3,473,855</u>	<u>\$ 51,813,468</u>	<u>\$ 4,440,268</u>

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$2,204,068 as of June 30, 2008. The liability will be funded through the General Fund and other appropriate funds.

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 assessments of the Groton Sewer District which are accounted for in the Debt Service Fund.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

The Town's general obligation bonds bear interest at rates from 2% to 6.9% and mature as follows:

<u>Fiscal Year</u>	<u>Groton General Fund</u>		<u>Groton Sewer District</u>	
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2009	\$ 3,620,000	\$ 1,745,461	\$ 510,000	\$ 59,231
2010	3,120,000	1,586,461	450,000	39,000
2011	2,665,000	1,457,011	210,000	25,200
2012	2,660,000	1,353,543	210,000	16,800
2013	2,425,000	1,255,693	210,000	8,400
2014-2018	11,700,000	4,879,530		
2019-2023	10,040,000	2,734,709		
2024-2028	8,495,000	769,219		
	<u>\$ 44,725,000</u>	<u>\$ 15,781,627</u>	<u>\$ 1,590,000</u>	<u>\$ 148,631</u>

At June 30, 2008, the Town has available from the State of Connecticut \$452,703 of school bond principal subsidies due in installments through 2010.

During the year, the Town entered into a project loan agreement with the State of Connecticut for a Clean Water Project. As of June 30, 2008, the Town received interim financing of \$7,067,987 which is a portion of the \$9,361,766 approved amount. When the project is completed in 2009, the interim financing will be restructured into long-term financing; therefore, neither the maturity nor interest rate has been determined.

Total authorized but unissued long-term debt at June 30, 2008 consists of the following:

	<u>Bonds Authorized Unissued</u>
Animal Shelter	\$ 1,385,000
Senior Center	11,770,000
WPCF Additions/Improvements and Sewer System Evaluation	1,466,300
Northeast Academy - Demolition/New Construction	1,225,965
Kolnaksi Elementary School Construction	1,910,139
Fitch Sr. - Phase I	1,150,295
Forth Hill Homes	1,881,200
	<u>\$ 20,788,899</u>

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

<u>Category</u>	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 180,791,968	\$ 28,810,953	\$ 151,981,015
Schools	361,583,936	44,183,496	317,400,440
Sewers	301,319,947	12,535,500	288,784,447
Urban renewal	261,143,954		261,143,954
Pension deficit	241,055,958		241,055,958

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation including coterminous municipalities, or \$562,463,902. All long-term debt obligations are retired through General Fund and Debt Service Fund appropriations.

Indebtedness, in accordance with State statutes, includes long-term debt outstanding in addition to the amount of bonds authorized and unissued against which bonds have been issued to partially finance the project or bond anticipation notes are issued and outstanding. Additionally, underlying debt of \$8,814,953 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$20,788,899 at June 30, 2008. School indebtedness is net of school building grants of \$452,703.

I. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the Town to place a final cover on two landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. One of the Town's municipal solid waste landfills stopped accepting waste in 1994. The remaining postclosure costs for this site are estimated to be \$1,827,000 (\$101,500 per year for 18 years). The other landfill site stopped accepting waste in the fall of 2001 and its remaining postclosure cost is \$1,467,400 (\$66,700 for 22 years). Actual costs may be higher due to inflation, changes in technology or changes in regulations.

4. PUBLIC EMPLOYEE RETIREMENT SYSTEM

A. Plan Description and Provisions

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Under the plan, all full-time employees hired are eligible. Employees are 100% vested after 10 years of service, except Firefighters who are 50% vested after 10 years with 3.3% additional after each of the next 15 years, and the General Government Nonbargaining, GMEA, AFSME and Steelworkers groups who are 100% vested after 5 years of service. Benefits are calculated as follows:

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

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

GMEA: 2.05% of average annual pay (for highest 3 years) times the number of years of continuous service up to 25 years of service and 1.25% of average annual pay times years of continuous service in excess of 25.

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

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

General Government Nonbargaining: 2% of average annual pay (for highest paid 3 years out of last 5 years) times the number of years of continuous service up to 30 years of service and 1.25% of average annual pay times years of continuous service in excess of 30. The Rule of 85 (sum of age and years of service) may be applied if under 60 and the Rule of 75 may be applicable if over the age of 60.

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

Maximum benefits are 66-2/3% of average annual pay for members other than Police Officers, Firefighters and General Government Nonbargaining employees. Maximum benefits are 75% of average annual pay for Firefighters and General Government Nonbargaining and 80% for Union and Nonunion Police Officers.

B. Funding Policy

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

At July 1, 2007, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	187
Terminated employees entitled to benefits but not yet receiving them	20
Active plan members	<u>422</u>
Total	<u>629</u>

C. Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. Investments in any organization that represent 5% or more of net assets available for benefits are as follows:

SEI Instl. Core Fixed Income	\$ 35,749,680
SEI Instl. Large Cap Fund	29,352,970
SEI International Equity Fund	8,859,270
SEI Inst. Small Cap Fund	4,677,958

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

Annual required contribution	\$ 1,168,188
Interest on net pension obligation	(100,931)
Adjustment to annual required contribution	<u>170,391</u>
Annual pension cost	1,237,648
Contributions made	<u>1,168,188</u>
Decrease in net pension asset	69,460
Net Pension Asset, July 1, 2007	<u>(1,223,406)</u>
Net Pension Asset, June 30, 2008	<u>\$ (1,153,946)</u>

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

Actuarial valuation date	July 1, 2007
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	10 years, open
Asset valuation method	5-year smoothed market value
 Actuarial assumptions:	
Investment rate of return*	8.25%
Projected salary increases	3.25% to 6.25% (varies by age and group)
Cost-of-living adjustments	None

*includes an inflation rate of 3.25%

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

E. Trend Information

<u>Fiscal Year End</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation (Asset)</u>
6/30/06	\$	610,775	87.5%	\$	(1,272,214)
6/30/07		920,813	94.7		(1,223,406)
6/30/08		1,237,648	94.4		(1,153,946)

F. Schedule of Funding Progress and Schedule of Employer Contributions

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Funding Excess (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Excess Funded AAL as a % of Covered Payroll ((a-b)/c)</u>
7/1/02	\$ 74,214,000	\$ 60,552,000	\$ 13,662,000	122.6%	\$ 20,175,000	67.7%
7/1/03	77,314,000	65,474,000	11,840,000	118.1	20,374,000	58.1
7/1/04	76,643,163	68,246,938	8,396,225	112.3	20,256,214	41.5
7/1/05	76,641,258	71,217,521	5,423,737	107.6	20,531,996	26.4
7/1/06	78,791,829	75,542,546	3,249,283	104.3	21,603,225	15.0
7/1/07	82,698,074	80,107,841	2,590,233	103.2	22,370,382	11.6

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/03	\$ -	N/A
6/30/04	-	N/A
6/30/05	264,070	106.0%
6/30/06	534,196	100.0%
6/30/07	848,582	103.0%
6/30/08	1,168,188	100.0%

G. Connecticut State Teachers' Retirement System

The faculty and professional personnel of the Board of Education participate in a contributory defined benefit plan, established under Chapter 167a of the Connecticut General Statutes, which is administered by the Connecticut State Teachers' Retirement Board. A teacher is eligible to receive normal retirement benefits if he or she has attained the age 60 and has accumulated 20 years of credited service in the public schools of Connecticut or has attained any age and has

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

accumulated 35 years of credited services, at least 25 of which are service in the public schools of Connecticut. The financial statements of the plan are available from the Connecticut State Teachers' Retirement Board, 21 Grand Street, Hartford, CT 06105.

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were \$26,158,636 for the year ended June 30, 2008. This amount is significantly higher in the current year due to the State of Connecticut issuing pension obligation bonds to fund this plan.

5. POSTEMPLOYMENT HEALTHCARE PLAN - GROTON RETIRED EMPLOYEES HEALTHCARE PLAN

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

At July 1, 2006, plan membership consisted of the following:

	Retiree Health Plan
Retired members	89
Spouses of retired members	39
Active plan members	298
Total Participants	<u>426</u>

Funding Policy

The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums as follows:

Town Employees

The cost per month for Town employees receiving coverage under Anthem Blue Cross Blue Shield is \$607 per month for retiree only coverage and \$1,327 per month for retiree and spouse coverage, to age 65, and \$459 and \$1,049 per month, respectively, thereafter.

Board of Education Employees

The cost per month for Board of Education employees receiving coverage under Anthem Blue Cross varies depending on age, the health plan selected and eligibility to participate in Medicare. For employees not currently eligible for Medicare, the cost is \$473 per month for retiree only coverage. For retired employees and their spouses who do not participate or who are not eligible to participate in Medicare, the monthly cost is either \$946 per month or \$1,232 per month, depending on retiree premium share. For those retirees and their spouses above the age of 65 and eligible for Medicare, the individual cost is \$237 per month or spouse.

For the year ended June 30, 2008, plan members contributed \$1,564,434. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

Employer contributions to the plan of \$1,916,456 were made in accordance with actuarially determined requirements. Of this amount, \$954,512 represents premium payments, \$395,244 represents implicit rate subsidy and \$596,700 was contributed to prefund benefits.

Annual OPEB Cost and Net OPEB Obligations

The Town of Groton's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

liabilities (or funding excess) over a period not to exceed thirty 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):

	Groton Retired Employees Health Plan
Annual required contribution (ARC)	\$ 2,506,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
	2,506,000
Annual OPEB cost	2,506,000
Contributions made	2,689,235
Decrease in net OPEB obligation	(183,235)
Net OPEB obligation (asset), July 1, 2007	-
Net OPEB Asset, June 30, 2008	\$ (183,235)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the fiscal year ending June 30, 2008 is presented below. Data is only presented for the fiscal year ending June 30, 2008, due to this being the year of transition.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
June 30, 2008	\$ 2,506,000	\$ 2,689,235	107.31%	\$ (183,235)

As of July 1, 2006, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was approximately \$27.9 million, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$27.9 million. The covered payroll (annual payroll of active employees covered by the plan) was not available.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

In the July 1, 2006 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate is 9% initially, reduced by decrements to an ultimate rate of 5% after four years. The general inflation assumption is 2.5% - 3.0%. Projected salary increases were 4%. The actuarial value of assets was determined using the closed group method. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2006 was 30 years.

6. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. Town management has estimated a liability using actuarial methods at June 30, 2008 for claims incurred but not reported to be \$1,110,936 in the Health Insurance Fund and \$2,462,416 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,753,492. The estimate for claim liability also includes amounts for incremental claim adjustment expenses.

Changes in the claims liability were as follows:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,	Due Within One Year
<u>Health Insurance Fund</u>					
2007-2008	\$ 1,140,830	\$ 13,524,886	\$ 13,554,780	\$ 1,110,936	\$ 1,110,936
2006-2007	1,177,622	12,648,647	12,685,439	1,140,830	1,140,830
<u>Workers' Compensation Fund</u>					
2007-2008	\$ 2,673,070	\$ 412,693	\$ 623,347	\$ 2,462,416	\$ 123,121
2006-2007	2,739,972	446,962	513,864	2,673,070	133,698

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 2006 grand list, comprise 23.2% of the net taxable grand list of the Town and approximately 13.8% of the total General Fund revenues for the year ended June 30, 2008.

TOWN OF GROTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS, CONTINUED

D. Subsequent Event

On October 21, 2008, the Town held a bond and note sale and issued the following:

- \$4,300,000 of General Obligation Bonds dated October 15, 2008. The bonds bear interest at rates ranging from 4.0% to 5.75% and mature on October 1, 2028.
- \$3,250,000 of General Obligation Sewer Bonds dated October 15, 2008. These bonds bear interest at rates ranging from 4.50% to 5.75% and mature on October 1, 2028.
- \$5,365,000 of General Obligation Bond Anticipation Notes dated October 29, 2008. These notes bear interest at 3.75% and mature on October 28, 2009.

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**Supplemental and Combining
Fund Statements and Schedules**

General Fund

TOWN OF GROTON, CONNECTICUT

GENERAL FUND

BALANCE SHEET

JUNE 30, 2008 WITH COMPARATIVE TOTALS FOR 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 21,051,258	\$ 19,753,220
Property taxes receivable, net	1,691,535	1,547,452
Other receivables	1,119,493	1,331,166
Prepaid expenditures and other assets	<u>3,505</u>	<u>5,704</u>
Total Assets	<u>\$ 23,865,791</u>	<u>\$ 22,637,542</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 6,495,939	\$ 6,235,248
Deferred revenue - taxes	<u>1,636,960</u>	<u>1,575,627</u>
Total liabilities	<u>8,132,899</u>	<u>7,810,875</u>
Fund Balances:		
Reserved for encumbrances	2,655,295	1,846,901
Unreserved:		
Designated for subsequent year budget	2,665,505	3,943,110
Unreserved, undesignated	<u>10,412,092</u>	<u>9,036,656</u>
Total fund balance	<u>15,732,892</u>	<u>14,826,667</u>
Total Liabilities and Fund Balance	<u>\$ 23,865,791</u>	<u>\$ 22,637,542</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -
BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Property Taxes (Including Interest and Lien Fees)	\$ 68,031,496	\$ 68,031,496	\$ 68,656,229	\$ 624,733
Licenses and Permits:				
Building permits	355,394	355,394	287,245	(68,149)
Sporting licenses	2,200	2,200	1,793	(407)
Dog licenses	2,100	2,100	7,814	5,714
Other licenses and permits	18,000	18,000	11,810	(6,190)
Building permits - education fee	140	140	137	(3)
State land use fees	360	360	150	(210)
Total licenses and permits	<u>378,194</u>	<u>378,194</u>	<u>308,949</u>	<u>(69,245)</u>
Interest on Investments	1,382,000	1,382,000	1,347,913	(34,087)
Intergovernmental - State:				
General:				
Town aid road	141,693	141,693	198,289	56,596
Nuclear safety drill	40,000	40,000	30,108	(9,892)
Highway illumination	1,619	1,619	1,619	-
Telephone access	247,100	247,100	246,732	(368)
PILOT Enterprise zone	448,281	448,281	449,168	887
PILOT manufacturing machinery and equipment	2,495,267	2,495,267	2,514,041	18,774
PILOT - state and tax exemptions	1,851,439	1,851,439	2,012,903	161,464
TVCCA - supp. housing program	9,000	9,000	9,000	-
Youth Service Bureau	32,000	32,000	31,413	(587)
Pequot/Mohegan funds	2,011,171	2,011,171	2,288,454	277,283
911 Enhancement	137,000	137,000	137,479	479
Miscellaneous state grants	6,000	6,000	11,138	5,138
Board of Education:				
Education cost sharing	23,979,608	23,979,608	24,348,341	368,733
Adult education	83,702	83,702	102,482	18,780
Instruction for the blind	40,000	40,000	44,199	4,199
Special education	1,364,330	1,364,330	967,467	(396,863)
Transportation - private school	39,065	39,065	32,277	(6,788)
Transportation	455,397	455,397	540,350	84,953
School building grants	232,566	232,566	232,566	-
Bond interest subsidy	20,742	20,742	20,743	1
Nonpublic pupil services	26,940	26,940	29,358	2,418
Miscellaneous state grants			6,175	6,175
Total State of Connecticut	<u>33,662,920</u>	<u>33,662,920</u>	<u>34,254,302</u>	<u>591,382</u>

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TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -
BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental - Federal:				
Pupil impact aid	\$ 4,500,000	\$ 4,500,000	\$ 5,645,222	\$ 1,145,222
Education - misc. federal funds			67,656	67,656
Emergency management	10,000	10,000	13,449	3,449
Gen Fund/other - misc. federal funds			494	494
Total Federal government	<u>4,510,000</u>	<u>4,510,000</u>	<u>5,726,821</u>	<u>1,216,821</u>
Charges for Current Services:				
Planning Commission fees	30,000	30,000	23,500	(6,500)
Recording instruments	250,000	250,000	195,619	(54,381)
Conveyance tax	650,000	650,000	1,365,782	715,782
Planning department - other	2,000	2,000	1,412	(588)
Collection subdivisions taxes	72,309	72,309	72,309	-
Accident reports	1,500	1,500	1,866	366
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	42,670	42,670	42,670	-
Vehicle maint/other agencies	35,362	35,362	35,193	(169)
Playground aides - Board of Education	25,000	25,000	16,281	(8,719)
Housing Authority shelter rent	43,000	43,000	44,585	1,585
Coordinated Medical Emergency Director	22,185	22,185	22,562	377
Police youth service - Board of Education	56,400	56,400	56,400	-
Board of Education - FHS/ground mowing	40,092	40,092	40,092	-
GIS - revenue	3,000	3,000	2,545	(455)
Vital statistics	4,500	4,500	4,342	(158)
Total charges for current services	<u>1,279,018</u>	<u>1,279,018</u>	<u>1,926,158</u>	<u>647,140</u>
Schools, Library and Recreation:				
Tuition from other towns	100,000	100,000	56,907	(43,093)
Other school receipts	150,000	150,000	208,913	58,913
Library fines	19,000	19,000	23,445	4,445
Lost and damaged book fees	3,000	3,000	2,748	(252)
Senior Center fees	45,000	45,000	52,449	7,449
Park concession and rental	1,800	1,800	2,400	600
Other recreational receipts	36,995	36,995	37,549	554
Library - copier fees	8,000	8,000	8,713	713
Library fees	9,000	9,000	9,744	744
Park rentals	2,000	2,000	3,123	1,123
Playground fees	75,900	75,900	55,082	(20,818)
Total schools, library and recreation	<u>450,695</u>	<u>450,695</u>	<u>461,073</u>	<u>10,378</u>

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TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -
BUDGETARY BASIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Other Revenue:				
Court fines	\$ 750	\$ 750	\$ 11,164	\$ 10,414
Parking tickets	4,000	4,000	6,865	2,865
Aircraft registration fees	25,670	25,670	24,350	(1,320)
Lease fees	69,874	69,874	76,362	6,488
Land record copies	30,000	30,000	25,727	(4,273)
Vital copies	28,000	28,000	45,735	17,735
Miscellaneous	5,750	5,750	42,047	36,297
Dog warden - sold and redeemed	5,000	5,000	4,933	(67)
Public Works Disposal fees	96,025	96,025	167,710	71,685
Returned check fees	960	960	1,318	358
Sale of capital assets	1,000	1,000	3,678	2,678
Finance Dept. copies	2,500	2,500	1,628	(872)
Total other revenue	<u>269,529</u>	<u>269,529</u>	<u>411,517</u>	<u>141,988</u>
Other Financing Sources:				
Transfers in:				
Golf course	60,711	60,711	60,711	-
Sewer/landfill services	475,460	475,460	475,460	-
Sewer District	94,821	94,821	94,821	-
Total other financing sources	<u>630,992</u>	<u>630,992</u>	<u>630,992</u>	<u>-</u>
Total Revenues and Other Financing Sources	\$ <u>110,594,844</u>	\$ <u>110,594,844</u>	\$ <u>113,723,954</u>	\$ <u>3,129,110</u>

TOWN OF GROTON, CONNECTICUT

GENERAL FUND SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative policy	\$ 59,390	\$ 59,390	\$ 57,862	\$ 1,528
Voter registration	101,695	106,695	97,743	8,952
Judicial services	19,000	19,000	12,847	6,153
Town Clerk	403,254	403,254	364,916	38,338
Legal services	345,000	370,000	406,049	(36,049)
Total general government	928,339	958,339	939,417	18,922
General Services:				
Executive management	384,511	384,511	379,854	4,657
Financial administration	1,372,209	1,372,209	1,371,618	591
Administrative services	2,779,507	2,779,507	2,744,329	35,178
Total general services	4,536,227	4,536,227	4,495,801	40,426
Public Safety:				
Police services	6,245,927	6,245,927	6,225,127	20,800
Public Works	7,717,030	7,717,030	7,654,523	62,507
Planning and Development Services	1,202,583	1,202,583	1,173,761	28,822
Human Services:				
Human services	636,941	674,941	648,758	26,183
Community Services:				
Parks and recreation	2,525,049	2,525,049	2,401,787	123,262
Library	1,862,938	1,862,938	1,850,001	12,937
Total community services	4,387,987	4,387,987	4,251,788	136,199
Nondepartmental:				
Insurance and claims	586,000	586,000	469,486	116,514
Contingency	350,000	261,584		261,584
Self-funded plans	4,700,322	4,700,322	4,696,787	3,535
Total nondepartmental	5,636,322	5,547,906	5,166,273	381,633
Education	70,000,000	70,000,000	69,999,724	276
Debt Service:				
Town	1,861,320	1,861,320	1,862,262	(942)
Board of Education	2,331,460	2,331,460	2,283,368	48,092
Total debt service	4,192,780	4,192,780	4,145,630	47,150

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TOWN OF GROTON, CONNECTICUT

**GENERAL FUND SCHEDULE OF EXPENDITURES AND ENCUMBRANCES
COMPARED WITH APPROPRIATIONS - BUDGETARY BASIS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Outside Agencies:				
Regional agencies	\$ 99,720	\$ 99,720	\$ 99,900	\$ (180)
Ambulance services	118,065	118,065	117,065	1,000
Health services - cultural agencies	1,336,848	1,336,848	1,336,807	41
Other libraries	218,158	218,158	218,158	-
Total outside agencies	<u>1,772,791</u>	<u>1,772,791</u>	<u>1,771,930</u>	<u>861</u>
Subdivisions:				
City of Groton	4,188,824	4,188,824	4,188,824	-
Groton Long Point	403,600	403,600	403,600	-
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>4,838,436</u>	<u>4,838,436</u>	<u>4,838,436</u>	<u>-</u>
Total expenditures	<u>112,095,363</u>	<u>112,074,947</u>	<u>111,311,168</u>	<u>763,779</u>
Other Financing Uses:				
Transfers out	<u>2,442,591</u>	<u>2,463,007</u>	<u>2,463,007</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 114,537,954</u>	<u>\$ 114,537,954</u>	<u>\$ 113,774,175</u>	<u>\$ 763,779</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, 2008

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
Instruction:						
Regular	\$ 31,228,460	\$ 30,797,660	\$ 30,175,414	\$ 622,122	\$ 30,797,536	\$ 124
Special	9,336,700	9,842,100	9,841,355	734	9,842,089	11
Continuing	294,640	279,190	279,168		279,168	22
Total instruction	<u>40,859,800</u>	<u>40,918,950</u>	<u>40,295,937</u>	<u>622,856</u>	<u>40,918,793</u>	<u>157</u>
Supporting Services:						
Pupils	5,136,750	5,084,320	5,029,848	54,458	5,084,306	14
Staff	3,000,830	2,789,830	2,763,212	26,587	2,789,799	31
General support	5,810,140	5,883,070	5,846,834	36,216	5,883,050	20
Operational support	12,374,530	12,679,660	12,120,129	559,516	12,679,645	15
Total supporting services	<u>26,322,250</u>	<u>26,436,880</u>	<u>25,760,023</u>	<u>676,777</u>	<u>26,436,800</u>	<u>80</u>
Community Services:						
Civic activities		106,430	106,424		106,424	6
Nonpublic school pupils	143,040	152,530	152,519		152,519	11
Total community services	<u>143,040</u>	<u>258,960</u>	<u>258,943</u>	<u>-</u>	<u>258,943</u>	<u>17</u>
Nonprogrammed Changes:						
Tuition payments	2,674,910	2,385,210	2,374,877	10,311	2,385,188	22
Total	<u>\$ 70,000,000</u>	<u>\$ 70,000,000</u>	<u>\$ 68,689,780</u>	<u>\$ 1,309,944</u>	<u>\$ 69,999,724</u>	<u>\$ 276</u>

Nonmajor Governmental Funds

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Donation Fund: Accounts for miscellaneous donations.

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

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

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

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

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

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

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

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

Revaluation: Accounts for revenues and expenditures of the revaluation program.

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

Computer Replacement: Accounts for revenues and expenditures for the computer replacement program.

Adult Education: Accounts for the fees paid for Adult Education classes offered by the Groton Board of Education.

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

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

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

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

OPEB: This fund was set up to account for funds set aside to finance other postemployment benefits liability as per GASB Statement No. 45 in the interim until a trust fund was set up. The Town set up a trust fund during fiscal year ended June 30, 2008, and monies in this fund were transferred to this trust accordingly.

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

Capital Projects Fund

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

Debt Service Fund

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

Permanent Funds

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

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

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

TOWN OF GROTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

67

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
ASSETS										
Cash and cash equivalents	\$ 91,813	\$ 176,438	\$ 693,263	\$ 83,807	\$ 10,205	\$ 847,064	\$ 119,648	\$ 82,654	\$ 1,575,902	\$ 919,843
Receivables:										
Taxes receivable, net										
Assessments receivable, net			57,531							
Intergovernmental	112,796									
Accounts receivable, net		198,977						5,676		
User fees receivable, net									302,239	415,540
Investments										
Other assets								3,730		
Total Assets	\$ 204,609	\$ 375,415	\$ 750,794	\$ 83,807	\$ 10,205	\$ 847,064	\$ 119,648	\$ 92,060	\$ 1,878,141	\$ 1,335,383
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$ 659	\$	\$	\$	\$ 41,688	\$ 176,659	\$ 212,690
Bond anticipation notes payable										
Due to State	100,535									
Due to other funds										
Deferred revenue	65,858					847,064				
Total liabilities	<u>166,393</u>	<u>-</u>	<u>-</u>	<u>659</u>	<u>-</u>	<u>847,064</u>	<u>-</u>	<u>41,688</u>	<u>176,659</u>	<u>212,690</u>
Fund Balances:										
Reserved for encumbrances									78,428	
Reserved for equipment									674,054	
Reserved for trust principal										
Unreserved and undesignated	38,216	375,415	750,794	83,148	10,205		119,648	50,372	949,000	1,122,693
Total fund balances	<u>38,216</u>	<u>375,415</u>	<u>750,794</u>	<u>83,148</u>	<u>10,205</u>	<u>-</u>	<u>119,648</u>	<u>50,372</u>	<u>1,701,482</u>	<u>1,122,693</u>
Total Liabilities and Fund Balances	\$ 204,609	\$ 375,415	\$ 750,794	\$ 83,807	\$ 10,205	\$ 847,064	\$ 119,648	\$ 92,060	\$ 1,878,141	\$ 1,335,383

(Continued on next page)

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

JUNE 30, 2008

	Special Revenue Funds								
	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	Escrow Fund	Parks and Recreation Revolving	Outside Police Work
ASSETS									
Cash and cash equivalents	\$ 932	\$ 6,463	\$ 427,396	\$ 76,754	\$ 171,115	\$ 16,267	\$ 882,535	\$ 322,305	\$ 211,832
Receivables:									
Taxes receivable, net	6								
Assessments receivable, net									18,395
Intergovernmental									
Accounts receivable, net				26					
User fees receivable, net									
Investments									
Other assets								6,624	
Total Assets	\$ 938	\$ 6,463	\$ 427,396	\$ 76,780	\$ 171,115	\$ 16,267	\$ 882,535	\$ 328,929	\$ 230,227
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$ 16,301	\$	\$	\$ 12,696	\$ 38,940	\$
Bond anticipation notes payable									
Due to State									
Due to other funds				69,067					
Deferred revenue									
Total liabilities	-	-	-	85,368	-	-	12,696	38,940	-
Fund Balances:									
Reserved for encumbrances									
Reserved for equipment									
Reserved for trust principal									
Unreserved and undesignated	938	6,463	427,396	(8,588)	171,115	16,267	869,839	289,989	230,227
Total fund balances	938	6,463	427,396	(8,588)	171,115	16,267	869,839	289,989	230,227
Total Liabilities and Fund Balances	\$ 938	\$ 6,463	\$ 427,396	\$ 76,780	\$ 171,115	\$ 16,267	\$ 882,535	\$ 328,929	\$ 230,227

(Continued on next page)

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

JUNE 30, 2008

	Special Revenue Funds			Capital Project Fund	Debt Service Fund	Permanent Funds			Totals
	Land Acquisition	OPEB	Economic Assistance	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
ASSETS									
Cash and cash equivalents	\$ 222,408	\$ 96,482	\$ 207,711	\$ 774,033	\$ 2,967,500	\$ 27,442	\$ 38,432	\$ 201,117	\$ 11,251,361
Receivables:									
Taxes receivable, net					16,460				16,466
Assessments receivable, net					43,275				119,201
Intergovernmental									112,796
Accounts receivable, net					61				204,740
User fees receivable, net									717,779
Investments						113,480	10,598		124,078
Other assets									10,354
Total Assets	<u>\$ 222,408</u>	<u>\$ 96,482</u>	<u>\$ 207,711</u>	<u>\$ 774,033</u>	<u>\$ 3,027,296</u>	<u>\$ 140,922</u>	<u>\$ 49,030</u>	<u>\$ 201,117</u>	<u>\$ 12,556,775</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$	\$ 915,211	\$	\$	\$	\$	\$ 1,414,844
Bond anticipation notes payable				1,500,000					1,500,000
Due to State									100,535
Due to other funds		96,482							165,549
Deferred revenue					60,789				973,711
Total liabilities	-	96,482	-	2,415,211	60,789	-	-	-	4,154,639
Fund Balances:									
Reserved for encumbrances				1,107,827	468				1,186,723
Reserved for equipment									674,054
Reserved for trust principal						101,950	27,543	200,000	329,493
Unreserved and undesignated	222,408		207,711	(2,749,005)	2,966,039	38,972	21,487	1,117	6,211,866
Total fund balances	222,408	-	207,711	(1,641,178)	2,966,507	140,922	49,030	201,117	8,402,136
Total Liabilities and Fund Balances	<u>\$ 222,408</u>	<u>\$ 96,482</u>	<u>\$ 207,711</u>	<u>\$ 774,033</u>	<u>\$ 3,027,296</u>	<u>\$ 140,922</u>	<u>\$ 49,030</u>	<u>\$ 201,117</u>	<u>\$ 12,556,775</u>

TOWN OF GROTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

70

	Special Revenue Funds									
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund	Solid Waste Fund
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut	2,396,261	81,338					45,783			
Federal government		640,063				102,546				
Investments earnings (depreciation)		5,388	12,318		71	30,668	3,452		16,417	16,796
Charges for services		962,229						1,159,806		
Sewer use charges									5,202,296	
Solid waste management										2,930,894
Other revenue			98,099	53,189			187	450		
Total revenues	<u>2,396,261</u>	<u>1,689,018</u>	<u>110,417</u>	<u>53,189</u>	<u>71</u>	<u>133,214</u>	<u>49,235</u>	<u>1,159,993</u>	<u>5,219,163</u>	<u>2,947,690</u>
Expenditures:										
General government										
Public safety										
Human services			48,775	33,184						
Community services							29,576	1,002,201		
Education	2,418,814	1,668,844								
Sewer operations									3,550,353	
Solid waste management										2,297,780
Capital outlay						133,214				
Debt service									57,581	
Total expenditures	<u>2,418,814</u>	<u>1,668,844</u>	<u>48,775</u>	<u>33,184</u>	<u>-</u>	<u>133,214</u>	<u>29,576</u>	<u>1,002,201</u>	<u>3,607,934</u>	<u>2,297,780</u>
Revenues Over (Under) Expenditures	<u>(22,553)</u>	<u>20,174</u>	<u>61,642</u>	<u>20,005</u>	<u>71</u>	<u>-</u>	<u>19,659</u>	<u>157,792</u>	<u>1,611,229</u>	<u>649,910</u>
Other Financing Sources (Uses):										
Issuance of bond								50,458		
Transfers in								(61,289)	(1,024,023)	(176,150)
Transfers out								(10,831)	(1,024,023)	(176,150)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,831)</u>	<u>(1,024,023)</u>	<u>(176,150)</u>
Net Change in Fund Balances	(22,553)	20,174	61,642	20,005	71	-	19,659	146,961	587,206	473,760
Fund Balance - Beginning of Year	<u>60,769</u>	<u>355,241</u>	<u>689,152</u>	<u>63,143</u>	<u>10,134</u>	<u>-</u>	<u>99,989</u>	<u>(96,589)</u>	<u>1,114,276</u>	<u>648,933</u>
Fund Balance - End of Year	<u>\$ 38,216</u>	<u>\$ 375,415</u>	<u>\$ 750,794</u>	<u>\$ 83,148</u>	<u>\$ 10,205</u>	<u>\$ -</u>	<u>\$ 119,648</u>	<u>\$ 50,372</u>	<u>\$ 1,701,482</u>	<u>\$ 1,122,693</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, 2008

	Special Revenue Funds								
	Mumford Cove District	Emergency Energy Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	Escrow Fund	Parks and Recreation Revolving	Outside Police Work
Revenues:									
Property taxes, interest and lien fees	\$ 10,667	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut				313,110					
Federal government				1,153					
Investments earnings (depreciation)			14,675		6,392				
Charges for services					19,500	13,575		438,125	114,959
Sewer use charges									
Solid waste management									
Other revenue		37,000		47,404			341,663	189,119	
Total revenues	<u>10,667</u>	<u>37,000</u>	<u>14,675</u>	<u>361,667</u>	<u>25,892</u>	<u>13,575</u>	<u>341,663</u>	<u>627,244</u>	<u>114,959</u>
Expenditures:									
General government			5,000	95,208			512,254		
Public safety	10,020			51,460					104,258
Human services		38,183		43,881					
Community services				217,377				546,342	
Education						5,515			
Sewer operations									
Solid waste management									
Capital outlay					58,463				
Debt service									
Total expenditures	<u>10,020</u>	<u>38,183</u>	<u>5,000</u>	<u>407,926</u>	<u>58,463</u>	<u>5,515</u>	<u>512,254</u>	<u>546,342</u>	<u>104,258</u>
Revenues Over (Under) Expenditures	<u>647</u>	<u>(1,183)</u>	<u>9,675</u>	<u>(46,259)</u>	<u>(32,571)</u>	<u>8,060</u>	<u>(170,591)</u>	<u>80,902</u>	<u>10,701</u>
Other Financing Sources (Uses):									
Issuance of bond									
Transfers in			145,000		74,140				
Transfers out	(702)								
Total other financing sources (uses)	<u>(702)</u>	<u>-</u>	<u>145,000</u>	<u>-</u>	<u>74,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(55)	(1,183)	154,675	(46,259)	41,569	8,060	(170,591)	80,902	10,701
Fund Balance - Beginning of Year	<u>993</u>	<u>7,646</u>	<u>272,721</u>	<u>37,671</u>	<u>129,546</u>	<u>8,207</u>	<u>1,040,430</u>	<u>209,087</u>	<u>219,526</u>
Fund Balance - End of Year	<u>\$ 938</u>	<u>\$ 6,463</u>	<u>\$ 427,396</u>	<u>\$ (8,588)</u>	<u>\$ 171,115</u>	<u>\$ 16,267</u>	<u>\$ 869,839</u>	<u>\$ 289,989</u>	<u>\$ 230,227</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, 2008

	Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Permanent Funds			Totals
	Land Acquisition	OPEB	Economic Assistance	Sewer Line Infrastructure Repair	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	Rispoli Scholarship	
Revenues:									
Property taxes, interest and lien fees	\$	\$		\$	\$ 756,070	\$	\$	\$	\$ 766,737
Sewer assessments					11,825				11,825
State of Connecticut					1,623				2,838,115
Federal government									743,762
Investments earnings (depreciation)	7,003	20,405	6,315	42,800	105,086	(7,493)	(3,453)		276,840
Charges for services								7,485	2,715,679
Sewer use charges									5,202,296
Solid waste management									2,930,894
Other revenue	53,559			4,305		6,209			831,184
Total revenues	<u>60,562</u>	<u>20,405</u>	<u>6,315</u>	<u>47,105</u>	<u>874,604</u>	<u>(1,284)</u>	<u>(3,453)</u>	<u>7,485</u>	<u>16,317,332</u>
Expenditures:									
General government		1,384,234			6,166				2,002,862
Public safety									165,738
Human services									164,023
Community services								8,948	1,804,444
Education									4,093,173
Sewer operations									3,550,353
Solid waste management									2,297,780
Capital outlay				4,282,791					4,474,468
Debt service					595,593				653,174
Total expenditures	<u>-</u>	<u>1,384,234</u>	<u>-</u>	<u>4,282,791</u>	<u>601,759</u>	<u>-</u>	<u>-</u>	<u>8,948</u>	<u>19,206,015</u>
Revenues Over (Under) Expenditures	<u>60,562</u>	<u>(1,363,829)</u>	<u>6,315</u>	<u>(4,235,686)</u>	<u>272,845</u>	<u>(1,284)</u>	<u>(3,453)</u>	<u>(1,463)</u>	<u>(2,888,683)</u>
Other Financing Sources (Uses):									
Issuance of bond				3,000,000					3,000,000
Transfers in	25,000	596,700	50,000						941,298
Transfers out					(94,119)				(1,356,283)
Total other financing sources (uses)	<u>25,000</u>	<u>596,700</u>	<u>50,000</u>	<u>3,000,000</u>	<u>(94,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,585,015</u>
Net Change in Fund Balances	85,562	(767,129)	56,315	(1,235,686)	178,726	(1,284)	(3,453)	(1,463)	(303,668)
Fund Balance - Beginning of Year	<u>136,846</u>	<u>767,129</u>	<u>151,396</u>	<u>(405,492)</u>	<u>2,787,781</u>	<u>142,206</u>	<u>52,483</u>	<u>202,580</u>	<u>8,705,804</u>
Fund Balance - End of Year	\$ <u>222,408</u>	\$ <u>-</u>	\$ <u>207,711</u>	\$ <u>(1,641,178)</u>	\$ <u>2,966,507</u>	\$ <u>140,922</u>	\$ <u>49,030</u>	\$ <u>201,117</u>	\$ <u>8,402,136</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 3,875	\$ 3,875	\$ 3,452	\$ (423)
State grants	1,200	1,200	1,039	(161)
ConnectiCard grant	32,000	32,000	44,744	12,744
Total revenues	<u>37,075</u>	<u>37,075</u>	<u>49,235</u>	<u>12,160</u>
Expenditures:				
Payroll charges	10,076	10,076	9,410	666
Software maintenance fees	13,500	13,500	12,575	925
Technical service	6,000	6,000	7,591	(1,591)
Total expenditures	<u>29,576</u>	<u>29,576</u>	<u>29,576</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 7,499</u>	<u>\$ 7,499</u>	<u>\$ 19,659</u>	<u>\$ 12,160</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,161,263	\$ 1,161,263	\$ 1,159,994	\$ (1,269)
Expenditures:				
Community services	<u>1,074,601</u>	<u>1,074,601</u>	<u>1,000,971</u>	<u>73,630</u>
Revenues over Expenditures	86,662	86,662	159,023	72,361
Other Financing Sources (Uses):				
Transfers in	30,042	30,042	50,458	20,416
Transfers out	<u>(64,189)</u>	<u>(64,189)</u>	<u>(61,289)</u>	<u>2,900</u>
Net Change in Fund Balance	\$ <u><u>52,515</u></u>	\$ <u><u>52,515</u></u>	\$ <u><u>148,192</u></u>	\$ <u><u>95,677</u></u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sewer use charges	\$ 5,066,052	\$ 5,066,052	\$ 5,202,296	\$ 136,244
Interest income	64,200	64,200	16,417	(47,783)
Other revenue	-	-	450	450
Total revenues	<u>5,130,252</u>	<u>5,130,252</u>	<u>5,219,163</u>	<u>88,911</u>
Expenditures:				
Sewer system maintenance	<u>4,049,694</u>	<u>4,049,694</u>	<u>3,574,397</u>	<u>475,297</u>
Revenues over Expenditures	1,080,558	1,080,558	1,644,766	564,208
Other Financing Uses:				
Transfers out	<u>(1,024,233)</u>	<u>(1,024,233)</u>	<u>(1,024,023)</u>	<u>210</u>
Net Change in Fund Balance	<u>\$ 56,325</u>	<u>\$ 56,325</u>	<u>\$ 620,743</u>	<u>\$ 564,418</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste management	\$ 2,599,200	\$ 2,599,200	\$ 2,930,894	\$ 331,694
Interest income	4,800	4,800	16,796	11,996
Total revenues	<u>2,604,000</u>	<u>2,604,000</u>	<u>2,947,690</u>	<u>343,690</u>
Expenditures:				
Solid waste management	<u>2,579,186</u>	<u>2,579,186</u>	<u>2,477,616</u>	<u>101,570</u>
Revenues Over Expenditures	24,814	24,814	470,074	445,260
Other Financial Uses:				
Transfers out	<u>(176,150)</u>	<u>(176,150)</u>	<u>(176,150)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (151,336)</u>	<u>\$ (151,336)</u>	<u>\$ 293,924</u>	<u>\$ 445,260</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Property taxes, interest and lien fees	\$ 10,466	\$ 10,466	\$ 10,667	\$ 201
Expenditures:				
Public safety	<u>10,000</u>	<u>10,000</u>	<u>10,020</u>	<u>(20)</u>
Revenues over Expenditures	466	466	647	181
Other Financial Uses:				
Transfers out	<u>(702)</u>	<u>(702)</u>	<u>(702)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (236)</u>	<u>\$ (236)</u>	<u>\$ (55)</u>	<u>\$ 181</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 19,550	\$ 19,550	\$ 14,675	\$ (4,875)
Expenditures:				
Property revaluation	<u>8,500</u>	<u>8,500</u>	<u>5,000</u>	<u>3,500</u>
Revenues Over Expenditures	11,050	11,050	9,675	(1,375)
Other Financing Sources:				
Transfers in	<u>145,000</u>	<u>145,000</u>	<u>145,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 156,050</u>	<u>\$ 156,050</u>	<u>\$ 154,675</u>	<u>\$ (1,375)</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 8,800	\$ 8,800	\$ 6,392	\$ (2,408)
Other agencies	2,000	2,000	2,000	-
Outside agencies - MDT	22,400	22,400	17,500	(4,900)
Total revenues	<u>33,200</u>	<u>33,200</u>	<u>25,892</u>	<u>(7,308)</u>
Expenditures:				
Computer equipment	<u>81,000</u>	<u>81,000</u>	<u>58,463</u>	<u>22,537</u>
Revenues Under Expenditures	(47,800)	(47,800)	(32,571)	15,229
Other Financing Sources:				
Transfers in	<u>74,140</u>	<u>74,140</u>	<u>74,140</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 26,340</u>	<u>\$ 26,340</u>	<u>\$ 41,569</u>	<u>\$ 15,229</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes and other	\$ 760,957	\$ 760,957	\$ 771,272	\$ 10,315
Interest income	<u>122,675</u>	<u>122,675</u>	<u>105,086</u>	<u>(17,589)</u>
Total revenues	<u>883,632</u>	<u>883,632</u>	<u>876,358</u>	<u>(7,274)</u>
Expenditures:				
Debt service	945,593	945,593	595,593	350,000
Operating expense	<u>4,055</u>	<u>4,055</u>	<u>6,634</u>	<u>(2,579)</u>
Total expenditures	<u>949,648</u>	<u>949,648</u>	<u>602,227</u>	<u>347,421</u>
Revenues Over (Under) Expenditures	(66,016)	(66,016)	274,131	340,147
Other Financing Uses:				
Transfers out	<u>(94,119)</u>	<u>(94,119)</u>	<u>(94,119)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (160,135)</u>	<u>\$ (160,135)</u>	<u>\$ 180,012</u>	<u>\$ 340,147</u>

Internal Service Funds

Internal Service Funds

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

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

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

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

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

JUNE 30, 2008

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,293,647	\$ 7,249,934	\$ 2,142,301	\$ 10,685,882
Accounts receivable	45,253	4,368		49,621
Due from other funds		96,482		96,482
Property and equipment, net	3,007,251			3,007,251
Other assets		2,852		2,852
Total assets	<u>4,346,151</u>	<u>7,353,636</u>	<u>2,142,301</u>	<u>13,842,088</u>
Liabilities:				
Current liabilities:				
Accounts payable	38,455		3,944	42,399
Claims incurred but not reported		1,110,936	123,121	1,234,057
Total current liabilities	<u>38,455</u>	<u>1,110,936</u>	<u>127,065</u>	<u>1,276,456</u>
Noncurrent liabilities:				
Claims incurred but not reported, net of current portion			2,339,295	2,339,295
Total liabilities	<u>38,455</u>	<u>1,110,936</u>	<u>2,466,360</u>	<u>3,615,751</u>
Net Assets:				
Invested in capital assets	3,007,251			3,007,251
Unrestricted	<u>1,300,445</u>	<u>6,242,700</u>	<u>(324,059)</u>	<u>7,219,086</u>
Total Net Assets	<u>\$ 4,307,696</u>	<u>\$ 6,242,700</u>	<u>\$ (324,059)</u>	<u>\$ 10,226,337</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,465,595	\$ 15,483,434	\$ 740,157	\$ 17,689,186
Other revenue	311,401	92,181		403,582
Total operating revenue	<u>1,776,996</u>	<u>15,575,615</u>	<u>740,157</u>	<u>18,092,768</u>
Operating Expenses:				
Operating expenses	907,796			907,796
Claims - operating		13,524,886		13,524,886
Claims - workers' compensation			274,819	274,819
Claims - heart and hypertension			137,874	137,874
Administrative		1,367,291	113,619	1,480,910
Depreciation	579,376			579,376
Total operating expenses	<u>1,487,172</u>	<u>14,892,177</u>	<u>526,312</u>	<u>16,905,661</u>
Operating income	<u>289,824</u>	<u>683,438</u>	<u>213,845</u>	<u>1,187,107</u>
Nonoperating Revenue and Expenses:				
Interest on investments	67,160	317,225	81,774	466,159
Loss on disposal of property and equipment	(11,823)			(11,823)
Total nonoperating revenue and expenses	<u>55,337</u>	<u>317,225</u>	<u>81,774</u>	<u>454,336</u>
Change in Net Assets	345,161	1,000,663	295,619	1,641,443
Net Assets - Beginning of Year	<u>3,962,535</u>	<u>5,242,037</u>	<u>(619,678)</u>	<u>8,584,894</u>
Net Assets - End of Year	<u>\$ 4,307,696</u>	<u>\$ 6,242,700</u>	<u>\$ (324,059)</u>	<u>\$ 10,226,337</u>

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 1,778,446	\$ 15,581,021	\$ 740,157	\$ 18,099,624
Cash due from other funds		(96,482)		(96,482)
Cash paid to vendors	(901,000)	(2,852)		(903,852)
Cash paid to beneficiaries		(14,922,071)	(733,606)	(15,655,677)
Net cash provided by operating activities	<u>877,446</u>	<u>559,616</u>	<u>6,551</u>	<u>1,443,613</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(693,725)			(693,725)
Cash Flows from Investing Activities:				
Interest on investments	<u>67,160</u>	<u>317,225</u>	<u>81,774</u>	<u>466,159</u>
Net Increase in Cash and Cash Equivalents	250,881	876,841	88,325	1,216,047
Cash and Cash Equivalents - Beginning of Year	<u>1,042,766</u>	<u>6,373,093</u>	<u>2,053,976</u>	<u>9,469,835</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,293,647</u>	<u>\$ 7,249,934</u>	<u>\$ 2,142,301</u>	<u>\$ 10,685,882</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ 289,824	\$ 683,438	\$ 213,845	\$ 1,187,107
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	579,376			579,376
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	1,446	5,406		6,852
Decrease (increase) in due from other funds		(96,482)		(96,482)
Decrease (increase) in other assets		(2,852)		(2,852)
(Decrease) increase in accounts payable	6,800			6,800
(Decrease) increase in claims payable		(29,894)	(207,294)	(237,188)
Net Cash Provided by Operating Activities	<u>\$ 877,446</u>	<u>\$ 559,616</u>	<u>\$ 6,551</u>	<u>\$ 1,443,613</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.
- ii. OPEB Trust Fund** - utilizes the accrual basis of accounting and is used for the accumulation of resources to be used for other post-employment benefits.
- iii. Private Purpose Trust Funds** - are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. The Town's Private Purpose Trust Funds are listed below:

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

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

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

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

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

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

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

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS - PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2008

	<u>Private Purpose Trust Funds</u>				<u>Total</u>
	<u>Francis A. Nye</u>	<u>Charles and Claudia Dominioni</u>	<u>Elihu Spicer Trust</u>	<u>Flora Perkins Trust</u>	
Assets:					
Cash	\$ 2,270	\$ 5,643	\$ 161,236	\$ 94,238	\$ 263,387
Liabilities:					
Due to employees/others					-
Net Assets Held in Trust	<u>\$ 2,270</u>	<u>\$ 5,643</u>	<u>\$ 161,236</u>	<u>\$ 94,238</u>	<u>\$ 263,387</u>

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Private Purpose Trust Funds				Total
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	
Additions:					
Interest and dividends	\$ 5	\$ 210	\$ 6,104	\$ 3,405	\$ 9,724
Deductions:					
Benefits		244	16,662	3,000	19,906
Change in Net Assets	5	(34)	(10,558)	405	(10,182)
Net Assets Held in Trust - Beginning of Year	2,265	5,677	171,794	93,833	273,569
Net Assets Held in Trust - End of Year	\$ 2,270	\$ 5,643	\$ 161,236	\$ 94,238	\$ 263,387

TOWN OF GROTON, CONNECTICUT

COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS

JUNE 30, 2008

	Agency Funds		
	Performance Bonds	Student Activities	Total
Assets:			
Cash	\$ 1,835,358	\$ 254,802	\$ 2,090,160
Liabilities:			
Due to student groups		254,802	254,802
Due to contractors/developers	1,835,358		1,835,358
Total liabilities	1,835,358	254,802	2,090,160
Net Assets Held in Trust	\$ -	\$ -	\$ -

TOWN OF GROTON, CONNECTICUT

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
Performance Bonds				
Assets:				
Cash	\$ <u>1,880,812</u>	\$ <u>187,135</u>	\$ <u>232,589</u>	\$ <u>1,835,358</u>
Liabilities:				
Due to contractors/developers	\$ <u>1,880,812</u>	\$ <u>187,135</u>	\$ <u>232,589</u>	\$ <u>1,835,358</u>
Student Activities				
Assets:				
Cash	\$ <u>234,338</u>	\$ <u>414,732</u>	\$ <u>394,268</u>	\$ <u>254,802</u>
Liabilities:				
Due to student groups	\$ <u>234,338</u>	\$ <u>414,732</u>	\$ <u>394,268</u>	\$ <u>254,802</u>
Total				
Assets:				
Cash	\$ <u>2,115,150</u>	\$ <u>601,867</u>	\$ <u>626,857</u>	\$ <u>2,090,160</u>
Liabilities:				
Due to contractors/developers	\$ 1,880,812	\$ 187,135	\$ 232,589	\$ 1,835,358
Due to student groups	<u>234,338</u>	<u>414,732</u>	<u>394,268</u>	<u>254,802</u>
Total Liabilities	\$ <u>2,115,150</u>	\$ <u>601,867</u>	\$ <u>626,857</u>	\$ <u>2,090,160</u>

Other Schedules

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

Grand List Year	Uncollected Taxes July 1, 2007	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2008	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2006	\$	\$ 68,850,808	\$ 415,524	\$ 560,642	\$ 119,250	\$ 68,586,440	\$ 67,314,792	\$ 236,860	\$	\$ 67,551,652	\$ 1,271,648
2005	1,233,179		28,931	85,271	173,622	1,003,217	583,042	137,200	4,728	724,970	420,175
2004	333,050		17,161	21,002	96,736	232,473	115,725	57,658	12,853	186,236	116,748
2003	110,134		93	1,845	36,369	72,013	30,508	27,829	16,160	74,497	41,505
2002	45,937			284	9,285	36,368	6,690	18,182	14,721	39,593	29,678
2001	25,232			207	7,961	17,064	1,073	11,837	10,383	23,293	15,991
2000	9,899		3	181	2,328	7,393	861	7,345	5,983	14,189	6,532
1999	6,035					6,035	442	5,329	4,452	10,223	5,593
1998	2,782		12			2,794	12	3,485	2,635	6,132	2,782
1997	27		12			39	12	2,807	1,766	4,585	27
1996	26		4			30	4	2,147	1,121	3,272	26
1995	178					178		4,354	2,189	6,543	178
1994	179					179		2,862	1,339	4,201	179
1993	448					448		4,540	2,144	6,684	448
1992	346					346	321	549	146	1,016	25
	<u>\$ 1,767,452</u>	<u>\$ 68,850,808</u>	<u>\$ 461,740</u>	<u>\$ 669,432</u>	<u>\$ 445,551</u>	<u>\$ 69,965,017</u>	<u>\$ 68,053,482</u>	<u>\$ 522,984</u>	<u>\$ 80,620</u>	<u>\$ 68,657,086</u>	<u>\$ 1,911,535</u>

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED
AND OUTSTANDING - MUMFORD COVE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2008

<u>Grand List Year</u>	<u>Uncollected Taxes July 1, 2007</u>	<u>Current Levy</u>	<u>Lawful Corrections</u>		<u>Suspense Transfers and Adjustments</u>	<u>Adjusted Uncollected Taxes</u>	<u>Collections</u>			<u>Uncollected Taxes June 30, 2008</u>	
			<u>Additions</u>	<u>Deletions</u>			<u>Taxes</u>	<u>Interest, Liens and Other Fees</u>	<u>Suspense Taxes Collected</u>		<u>Total</u>
2006	\$	\$ 10,493	\$	\$ 9	\$ 5	\$ 10,479	\$ 10,473	\$ 38	\$	\$ 10,511	\$ 6
2005	81			1	5	75	75	39		114	-
2004	2			5	2	(5)	(5)			(5)	-
2003	1				1	-				-	-
2002	1				1	-				-	-
1995						-		4	2	6	-
1994						-		15	6	21	-
1993						-		13	5	18	-
	<u>\$ 85</u>	<u>\$ 10,493</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 10,549</u>	<u>\$ 10,543</u>	<u>\$ 109</u>	<u>\$ 13</u>	<u>\$ 10,665</u>	<u>\$ 6</u>

TOWN OF GROTON, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING -
GROTON SEWER DISTRICT - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2008

Grand List Year	Uncollected Taxes July 1, 2007	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2008	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2006	\$	\$ 743,124	\$ 5,665	\$ 3,209	\$ 481	\$ 745,099	\$ 736,205	\$ 3,261		\$ 739,466	\$ 8,894
2005	13,004		582	142	285	13,159	7,453	3,847		11,300	5,706
2004	3,826		469	71	212	4,012	1,967	1,516		3,483	2,045
2003	1,902			3	127	1,772	676	586		1,262	1,096
2002	994			3	95	896	134	181		315	762
2001	654			1	200	453	48	76		124	405
2000	523			3	13	507	79	124	72	275	428
1999	379					379				-	379
1998	185		1			186	1	133	86	220	185
1997	12		1			13	1	47	25	73	12
1996	16					16		120	61	181	16
1995	15					15		339	164	503	15
1994	12					12		132	60	192	12
1993	31					31	28	276	84	388	3
1992	2					2		29	11	40	2
	<u>\$ 21,555</u>	<u>\$ 743,124</u>	<u>\$ 6,718</u>	<u>\$ 3,432</u>	<u>\$ 1,413</u>	<u>\$ 766,552</u>	<u>\$ 746,592</u>	<u>\$ 10,667</u>	<u>\$ 563</u>	<u>\$ 757,822</u>	<u>\$ 19,960</u>

06

TOWN OF GROTON, CONNECTICUT
SCHEDULE OF CHANGES IN BOND INDEBTEDNESS
FOR THE YEAR ENDED JUNE 30, 2008

16

Description	Interest Rate (%)	Issue Date	Maturity Date	Original Amount	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Interest Paid
Public Safety Project Bond Issue of 2002	3.0-4.55	6-1-2002	1-15-2017	\$ 5,700,000	\$ 4,060,000	\$	\$ 410,000	\$ 3,650,000	\$ 167,640
Open Space Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,706,300	916,000		311,000	605,000	34,223
Road Improvement Bond of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	321,100	105,000		35,000	70,000	3,938
Road Improvement Bond of 2003 (Refunding 93)	2.0-5.0	10-1-2003	10-15-2008	569,000	226,000		116,000	110,000	6,200
Library Additions/Alt of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	1,009,000	809,000		170,000	639,000	24,553
General Purpose Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2024	3,705,000	3,515,000		190,000	3,325,000	140,606
General Purpose Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	1,570,000	1,570,000		80,000	1,490,000	63,310
General Purpose Bond Issue of 2008 (roads)	3.75-5.5	10-15-2007	1-1-2017	50,000		50,000		50,000	945
Fort Hill Water Line of 2003 (Refunding)	2.0-5.0	10-1-2003	10-15-2011	566,000	456,000		95,000	361,000	13,848
Fort Hill Homes Sewer Rehab Bond Issue of 2008	3.625-5.5	10-15-2007	10-1-2027	3,000,000		3,000,000		3,000,000	57,581
WPCF Improvements Bond Issue of 2002	3.0-4.0	6-1-2002	1-15-2013	2,110,000	1,260,000		210,000	1,050,000	48,825
Sewer Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	2,200,000	735,000		250,000	485,000	27,450
Sewer Bond Issue 1993 (Phase V)	4.3-6.2	7-15-1993	8-15-2008	370,000	50,000		25,000	25,000	1,963
Sewer Bond Issue 1993	4.2-6.2	7-15-1993	8-15-2008	510,000	60,000		30,000	30,000	2,355
School Bond Issue of 2001 (Refunding)	4.0-4.5	1-1-2001	9-1-2009	917,600	304,000		104,000	200,000	11,340
School Bond Issue of 2003 Refunding (West Side)	2.0-5.0	10-1-2003	10-15-2011	1,871,000	754,000		379,000	375,000	20,725
School Bond Issue of 2006	3.5-5.5	8-1-2005	8-1-2025	1,300,000	1,225,000		75,000	1,150,000	49,018
School Bond Issue of 2007	3.5-5.5	11-1-2006	10-1-2026	15,000,000	15,000,000		750,000	14,250,000	604,875
School Bond Issue of 2008	3.75-5.5	10-15-2007	10-1-2027	15,450,000		15,450,000		15,450,000	289,411
Total Bonded Debt					\$ 31,045,000	\$ 18,500,000	\$ 3,230,000	\$ 46,315,000	\$ 1,568,806

TOWN OF GROTON, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2008

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2007	Current Year	Balance June 30, 2008		
Bond Projects:						
S. Pleasant Valley Road improvements	\$ 3,833,986	\$ 3,062,672	\$ 455	\$ 3,063,127	\$	\$ 770,859
LOCIP Projects:						
Human Svcs Bldg Renovations	230,000	221,450	2,792	224,242		5,758
Town Hall Emerg Generator	125,000	8,064	98,287	106,351		18,649
Golf Course Facilities	50,000	29,040		29,040	14,000	6,960
Oslo St Sidewalk Replace/Construct	100,000	436	48,454	48,890		51,110
Spicer House Fire Escape	15,000		11,326	11,326		3,674
Rt 215 Mosher to NL Road	50,000		18,697	18,697	9,306	21,997
Gungywamp Pavement Management	200,000		154,200	154,200	3,300	42,500
Sidewalks Rt 1 Downtown	150,000					150,000
FYE 2004 Capital Improvement Projects:						
Disaster recovery planning	12,000	10,400		10,400		1,600
Radio Base station replacement	35,000		35,000	35,000		
Computer tech acquisition	44,000	18,431	24,969	43,400		600
Park improvement plan	30,000	25,085		25,085		4,915
Pavement management program	270,000	229,619	40,381	270,000		
A/C Replace-Hagerty Auditorium	75,000	50		50		74,950
FYE 2005 Capital Improvement Projects:						
Rt. 1 Claude Chester- Vergennes CT	15,000	3,800		3,800		11,200
Swr Line Infrastr Replace-WPCF	137,000	37,990		37,990		99,010
Sidewalk Rt 184/ Rt112/ Kings Hwy	30,000	3,900	24,040	27,940		2,060
Info Tech Acquisition	69,000	35,747	30,445	66,192	2,808	
Info Tech Recovery Planning	91,000	17,033		17,033		73,967
Trail Improvement plan	15,000	161	1,280	1,441		13,559
Mech/Elec Equip Repair-WPCF	157,000	148,981	4,636	153,617		3,383
Roof replacement-WPCF	30,000	28,728		28,728		1,272
BOE-Fitch Sr.	205,448	134,728		134,728		70,720
Esker Pt Beach	25,000	35		35		24,965
Town-Sr Center/Library	45,000	35,348		35,348		9,652
Homland Security Renovation	55,000	11,342		11,342	12,548	31,110
Flanders Rd. Eng Assessment	100,000	61,901	24,400	86,301		13,699

(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, 2008

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2007	Current Year	Balance June 30, 2008		
FYE 2006 Capital Improvement Projects:						
Poq/South Rd Underpass	\$ 65,000	\$ 38,500	\$	\$ 38,500	\$	26,500
Police Station	85,000	81,474	2,526	84,000	1,000	
Sidewalk-Thomas Rd. Bikeway	90,000		8,650	8,650		81,350
Info Tech Recovery Planning	23,000				500	22,500
Info Tech Acq - Network	76,000	18,390		18,390	20,685	36,925
Info Tech Acq - Hansen	92,000	30,318		30,318		61,682
Annex Salt/Sand Storage	75,000	63,348	11,652	75,000		
Jabez Smith House	28,000	8,179	16,693	24,872	3,128	
Welles Rd Facility Maint	55,000	50,315		50,315		4,685
Daycare/Comm Police Facility	80,000	68,750		68,750		11,250
Transfer Station	49,999	44,378		44,378		5,621
Asbestos Tile Removal Wm Seeley	120,000	105,368		105,368		14,632
Park Improvement Plan	25,000		9,839	9,839		15,161
Trail Improvement Program	15,000		1,020	1,020	5,980	8,000
Riverview Av Coastal Acc	25,000		305	305		24,695
Culvert Rehabilitation	35,000	10,690		10,690		24,310
Mobile Data Terminals	30,000				30,000	
Mech/Elec Equip Repair-WPCF	290,000	43,025	4,701	47,726	44,900	197,374
Facility Repairs-WPCF	380,000	137,815	150,110	287,925	61,930	30,145
Pavement Management Program	150,000	96,050	50,730	146,780		3,220
Voicemail System	54,000	29,169		29,169		24,831
SB Butler-parking lot	30,000		132	132		29,868
Claude Chester Elem-resurface-playscape-steps	60,000	30,112		30,112		29,888
Kronos Payroll Sys-Police	36,000				36,000	
Noank Town Dock Area Imp	85,000	359	48,304	48,663		36,337
Downtown Gateway/Streetscapes	20,000		273	273		19,727
FYE 2007 Capital Improvement Projects:						
Golf Course Facilities	135,000	405	722	1,127		133,873
Roads Crystal Lake Rd	50,000					50,000
Sewer Line Infrs Replace-WPCF	100,000					100,000
Sidewalk-Thomas Rd bikeway	40,000		5,865	5,865	23,360	10,775
Information Technology-Network	55,000	1,900		1,900		53,100
Annex Salt/Sand Storage	225,000	67,848	157,152	225,000		
Jabez Smith House	55,000	6,910	3,275	10,185	8,759	36,056
Park Improvement Plan	60,000		16,938	16,938	43,062	
Mobile Data Terminals	40,000					40,000
WPCF Add/Improvements	3,400,000	1,623,900	582	1,624,482	177,815	1,597,703
Roof Replacements-WPCF	25,000	2,211		2,211	7,289	15,500

(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, 2008

	Appropriation	Expenditures			Encumbrances	Unencumbered Balance
		Balance July 1, 2007	Current Year	Balance June 30, 2008		
BOE-Westside Middle	\$ 50,000	\$ 15,396	\$	\$ 15,396	\$	\$ 34,604
BOE-Charles Barnum	50,000		8,500	8,500		41,500
BOE-Planning Study	200,000		42,465	42,465	97,535	60,000
BOE-Claude Chester	758,000	66,694	529,722	596,416		161,584
BOE-Fuel Spill containment	65,000	11,902		11,902		53,098
Sutton Park Improvements	35,000					35,000
A/C Replace-Hagerty Auditorium	48,400		48,400	48,400		
Eastern Pt School re-use	45,000	13,500		13,500	500	31,000
Emergency Equipment	39,000		35,710	35,710		3,290
Hurricane/Disaster Project	65,000	31,159	3,709	34,868	28,232	1,900
Senior Center Improvements	195,000	192,060	2,275	194,335		665
FYE 2008 Capital						
Improvement Projects:						
Golf Course Renovations	60,000		36,680	36,680		23,320
Golf Course Facilities	30,000		7,452	7,452	20,201	2,347
Improvement to Riverview Ave	75,000					75,000
Thames St Rehabilitation	134,000		87,675	87,675		46,325
Police Station	205,000		1,147	1,147	17,500	186,353
Sidewalk-Thomas Rd Bikeway	70,000					70,000
Sidewalk-Rte 1 Downtown	182,000		22,257	22,257	3,044	156,699
Economic Assistance Fund	50,000		50,000	50,000		
Info Tech Acq - Network	72,000					72,000
Annex-Salt/Sand Storage	770,000		277,837	277,837	177,092	315,071
Jabez Smith House	25,000					25,000
Park Improvement Plan	60,000					60,000
Mech/Elec Equip Repair WPCF	722,000		300,799	300,799	46,139	375,062
Pavement Management Program	200,000		194,643	194,643	2,991	2,366
SB Butler	400,000					400,000
Cutler Middle School	440,000		103,732	103,732		336,268
A/C replacement-Hagerty Auditorium	74,590		40,433	40,433		34,157
Vacated School Property Reuse	10,000					10,000
Open Space Acquisition/Dev	25,000		25,000	25,000		
CAD/RMS Software Implementation	270,000		7,959	7,959	17,041	245,000
William Seely School	25,000					25,000
Submarine Capital of the World	25,000					25,000
Kolnaski Elementary School	500,000		299,379	299,379	11,389	189,232
Other Projects:						
School St RR Hwy Grade Crossing	369,000	343,112		343,112		25,888
Mystic Streetscapes Improvements	1,226,000	329,327	13,091	342,418	83,517	800,065
Mystic Streetscapes Utility Reloc	118,276	108,720		108,720	9,556	
Mystic Streetscapes Demand Deposit		18,800		18,800		(18,800)
Total before retainage payable	20,141,699	7,815,025	3,147,696	10,962,721	1,021,107	8,157,871
Retainage Payable - 2007		9,551	(9,551)			
Retainage Payable - 2008			56,775	56,775		
Total	\$ 20,141,699	\$ 7,824,576	\$ 3,194,920	\$ 11,019,496	\$ 1,021,107	\$ 8,157,871

Statistical Section

Statistical Section

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

Statistical section information is presented in the following categories:

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

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

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

TOWN OF GROTON, CONNECTICUT

NET ASSETS BY COMPONENT

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:							
Invested in capital assets, net of related debt	\$ 62,817,503	\$ 66,992,502	\$ 64,173,597	\$ 63,018,879	\$ 64,716,282	\$ 92,285,747	\$ 132,233,487
Restricted				129,493	329,493	329,493	329,493
Unrestricted	24,016,294	17,159,527	28,026,939	34,005,368	37,764,291	52,232,356	44,189,337
Total Governmental Activities Net Assets	<u>\$ 86,833,797</u>	<u>\$ 84,152,029</u>	<u>\$ 92,200,536</u>	<u>\$ 97,153,740</u>	<u>\$ 102,810,066</u>	<u>\$ 144,847,596</u>	<u>\$ 176,752,317</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year 2002.

TOWN OF GROTON, CONNECTICUT

CHANGES IN NET ASSETS

SINCE INCEPTION OF GASB 34
(Accrual Basis of Accounting)

FISCAL YEAR

	2002	2003	2004	2005	2006	2007	2008
Expenses:							
Governmental activities:							
General government/services	\$ 7,020,669	\$ 6,298,542	\$ 7,121,638	\$ 6,556,489	\$ 6,783,421	\$ 6,955,299	\$ 8,406,308
Public safety	9,603,327	9,488,936	9,593,919	9,318,994	9,562,141	10,019,373	10,434,585
Public works	10,345,121	11,289,191	11,231,581	10,953,441	12,491,299	9,627,837	11,459,914
Planning and development	1,250,363	1,294,398	1,232,639	1,316,039	1,417,725	1,369,035	1,535,356
Human services	2,770,971	2,289,607	2,337,982	2,384,276	2,265,894	2,310,585	2,377,926
Community services	5,927,450	5,885,209	6,410,212	6,082,289	6,545,450	6,644,300	6,927,015
Board of Education	64,873,769	66,871,403	69,084,296	70,362,735	75,498,717	76,799,870	100,501,071
Sewer operations	3,319,235	3,440,434	3,985,526	3,899,926	4,120,740	3,977,467	4,113,078
Solid waste management	3,508,196	3,677,443	3,409,455	3,378,654	2,651,573	2,642,280	2,297,780
Interest on long-term debt	1,160,784	914,390	886,717	554,543	750,785	1,111,142	1,706,630
Total governmental activities expenses	<u>109,779,885</u>	<u>111,449,553</u>	<u>115,293,965</u>	<u>114,807,386</u>	<u>122,087,745</u>	<u>121,457,188</u>	<u>149,759,663</u>
Program Revenues:							
Governmental activities:							
Charges for services - General Government	707,510	1,341,965	1,733,133	1,653,662	1,867,504	1,718,340	1,887,556
Charges for services - Public Safety	433,080	144,800	135,563	288,405	149,981	190,702	199,673
Charges for services - Public Works	37,451	40,117	41,433	230,889	221,897	252,087	268,966
Charges for services - Planning and Development	218,976	364,159	605,452	473,359	285,056	381,547	312,445
Charges for services - Health and Human Services	39,387	102,497	18,973	30,132	136,439	136,124	98,099
Charges for services - Community Services	1,723,683	1,400,473	1,698,472	1,674,622	1,783,601	1,730,036	1,874,307
Charges for services - Education	1,064,466	1,056,092	1,087,146	1,219,312	183,077	1,105,975	1,228,048
Charges for services - Sewer System Maintenance	3,863,860	4,271,282	4,339,224	4,448,245	4,630,430	4,659,486	5,202,296
Charges for services - Solid Waste Management	3,089,175	2,673,748	2,881,820	2,869,354	2,856,433	2,877,959	2,930,894
Operating grants and contributions	38,882,890	35,764,639	39,835,750	37,313,290	38,689,866	39,341,065	61,978,581
Capital grants and contributions	638,403	424,815	1,155,334	476,168	3,518,613	25,209,627	24,753,713
Total governmental activities program revenues	<u>50,698,881</u>	<u>47,584,587</u>	<u>53,532,300</u>	<u>50,677,438</u>	<u>54,322,897</u>	<u>77,602,948</u>	<u>100,734,578</u>
Net Expenses	<u>(59,081,004)</u>	<u>(63,864,966)</u>	<u>(61,761,665)</u>	<u>(64,129,948)</u>	<u>(67,764,848)</u>	<u>(43,854,240)</u>	<u>(49,025,085)</u>
General Revenues and Other							
Changes in Net Assets:							
Governmental activities:							
Property taxes	57,922,102	54,297,192	61,013,523	58,113,695	61,283,570	67,663,380	69,586,226
Payments in lieu of taxes		5,355,847	6,974,514	6,839,719	7,071,935	5,128,088	4,976,112
Grants and contributions not restricted to specific programs	2,328,742	1,098,676	1,339,721	3,043,004	2,585,131	3,263,385	3,342,172
Unrestricted investment earnings	1,221,053	431,383	537,626	1,086,734	2,280,538	3,771,081	3,025,296
Contributions received					200,000		
Donated assets						1,900	
Special item - loss on disposal of capital assets			(55,212)				
Total governmental activities	<u>61,471,897</u>	<u>61,183,098</u>	<u>69,810,172</u>	<u>69,083,152</u>	<u>73,421,174</u>	<u>79,827,834</u>	<u>80,929,806</u>
Change in Net Assets	<u>\$ 2,390,893</u>	<u>\$ (2,681,868)</u>	<u>\$ 8,048,507</u>	<u>\$ 4,953,204</u>	<u>\$ 5,656,326</u>	<u>\$ 35,973,594</u>	<u>\$ 31,904,721</u>

Note: The Town began to report accrual information when it implemented GASB Statement No. 34 during fiscal year 2002.

TOWN OF GROTON, CONNECTICUT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General fund:										
Reserved	\$ 6,614,824	\$ 7,071,063	\$ 2,046,685	\$ 2,255,314	\$ 1,868,182	\$ 2,627,220	\$ 2,650,083	\$ 1,569,628	\$ 1,846,901	\$ 2,655,295
Designated for subsequent year budget	1,335,016	3,052,433	4,067,004	4,081,919		2,506,713	3,521,736	2,298,358	3,943,110	2,665,505
Unreserved/undesignated	<u>9,526,644</u>	<u>7,901,317</u>	<u>6,141,472</u>	<u>5,046,766</u>	<u>4,890,837</u>	<u>8,566,229</u>	<u>8,556,581</u>	<u>9,157,831</u>	<u>9,036,656</u>	<u>10,412,092</u>
Total General Fund	<u>\$ 17,476,484</u>	<u>\$ 18,024,813</u>	<u>\$ 12,255,161</u>	<u>\$ 11,383,999</u>	<u>\$ 6,759,019</u>	<u>\$ 13,700,162</u>	<u>\$ 14,728,400</u>	<u>\$ 13,025,817</u>	<u>\$ 14,826,667</u>	<u>\$ 15,732,892</u>
All other governmental funds:										
Reserved	\$ 4,842,528	\$ 3,904,015	\$ 3,454,611	\$ 3,051,279	\$ 1,251,408	\$ 1,022,290	\$ 14,556,754	\$ 10,579,502	\$ 34,362,546	\$ 12,579,522
Unreserved, reported in:										
Special revenue funds	3,018,596	3,418,234	3,332,357	4,187,014	4,898,851	5,382,466	4,914,193	5,044,135	4,281,537	3,184,251
Capital projects funds	(2,553,759)	(1,897,962)	(2,774,558)	2,628,687	1,225,099	1,846,993	(11,677,341)	(3,935,555)	(30,541,303)	(12,664,818)
Debt service funds	725,979	488,222	1,125,501	1,825,003	1,938,037	1,985,305	2,097,656	2,377,377	2,787,781	2,966,039
Permanent fund				154,231	148,574	156,837	31,457	43,678	65,196	61,576
Total All Other Governmental Funds	<u>\$ 6,033,344</u>	<u>\$ 5,912,509</u>	<u>\$ 5,137,911</u>	<u>\$ 11,846,214</u>	<u>\$ 9,461,969</u>	<u>\$ 10,393,891</u>	<u>\$ 9,922,719</u>	<u>\$ 14,109,137</u>	<u>\$ 10,955,757</u>	<u>\$ 6,126,570</u>

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

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues:										
Taxes, interest and lien fees	\$ 45,207,233	\$ 45,585,057	\$ 45,621,027	\$ 46,427,732	\$ 52,015,970	\$ 58,899,886	\$ 58,028,489	\$ 61,341,582	\$ 67,575,942	\$ 69,503,386
Assessments	365,257	338,546	232,002	213,315	151,823	98,251	40,927	73,258	61,887	12,420
Licenses and permits	351,038	437,957	407,496	233,495	374,585	613,593	473,777	284,774	378,273	308,948
Intergovernmental - state	38,673,602	38,901,289	41,947,084	43,645,471	37,882,523	40,858,233	39,281,530	46,049,528	66,093,137	87,984,022
Intergovernmental - federal	6,951,867	7,135,139	7,057,486	8,458,523	6,875,474	9,743,461	7,755,470	4,354,411	6,169,237	6,470,582
Interest on investments	1,512,003	2,387,768	2,209,901	1,174,286	575,446	454,514	921,353	1,954,655	3,276,658	2,540,983
Charges for current services	2,501,823	2,615,011	2,531,909	2,888,763	3,001,852	4,252,119	4,453,847	4,454,353	4,316,112	4,641,836
Schools, library and recreation fees	741,499	869,006	744,723	685,732	642,550	395,262	437,436	397,320	341,499	461,072
Sewer use charges	3,228,326	3,208,992	3,477,270	3,863,860	4,271,282	4,246,585	4,448,245	4,615,730	4,659,486	5,202,296
Solid waste management charges	3,248,030	3,649,241	3,178,280	3,089,175	2,673,748	2,795,602	2,870,209	2,856,433	2,877,959	2,930,894
Other revenue	1,079,997	1,137,886	1,560,084	1,591,839	970,650	868,045	1,068,011	1,345,114	1,388,699	1,292,668
Total revenues	103,860,675	106,265,892	108,967,262	112,272,191	109,435,903	123,225,551	119,779,294	127,727,158	157,138,889	181,349,107
Expenditures:										
Current:										
General government	2,155,189	2,310,853	7,551,332	1,390,464	1,235,650	1,190,848	1,241,886	1,357,931	1,504,677	2,975,801
General services	745,712	919,377	913,448	4,650,593	4,669,418	4,641,646	3,989,388	4,167,487	4,263,014	4,408,325
Public safety	6,326,433	6,618,238	8,624,775	7,785,993	7,600,361	7,310,931	5,979,573	5,849,705	6,323,410	6,393,154
Public works	4,621,682	5,093,273	6,122,337	5,695,425	6,117,905	6,154,964	6,134,737	7,100,724	6,579,008	7,382,546
Planning and development	997,411	1,029,947	1,280,577	1,284,668	1,323,106	1,167,475	1,012,183	1,038,921	1,037,790	1,185,564
Health and human services	2,387,480	2,666,684	2,830,479	2,820,481	2,340,852	2,135,895	849,213	772,496	828,779	814,920
Community services	4,166,353	4,522,710	5,515,008	5,933,310	5,881,783	5,649,969	5,298,690	5,538,010	5,741,133	6,048,468
Education	56,904,360	58,643,462	63,795,811	64,291,407	66,295,799	67,852,694	69,780,332	74,848,015	76,797,640	99,693,643
Subdivisions	3,333,822	3,369,715	3,537,603	4,362,735	4,439,591	4,325,510	4,262,479	4,581,248	4,719,027	4,838,436
Sewer operations	2,906,273	2,448,522	2,742,314	2,887,694	3,004,914	3,017,330	2,946,567	3,338,937	3,514,978	3,550,353
Solid waste management	2,683,742	3,107,023	3,283,254	3,691,499	4,019,679	3,534,354	2,813,917	2,651,573	2,626,356	2,297,780
Nondepartmental (1)	3,535,413	3,813,842	578,554	1,110,178	719,725	823,330	4,115,410	4,520,784	4,931,331	5,166,273
Outside agencies (2)							1,610,548	1,632,556	1,662,697	1,771,930
Debt service miscellaneous	425	1,049	205,379	250,426	300	114,287	465			
Debt service interest	1,540,049	1,348,968	955,451	910,359	914,090	811,639	692,503	695,072	966,583	1,568,804
Debt service principal	3,080,000	3,040,000	2,590,000	2,370,000	2,450,000	2,670,000	2,810,000	2,740,000	2,950,000	3,230,000
Capital outlay	5,173,284	6,896,521	4,904,602	7,137,689	5,152,660	3,746,504	5,364,941	9,144,864	49,989,332	52,446,072
Total expenditures	100,557,628	105,830,184	115,430,924	116,572,921	116,165,833	115,147,376	118,902,832	129,978,323	174,435,755	203,772,069
Excess (Deficiency) of Revenues over Expenditures	3,303,047	435,708	(6,463,662)	(4,300,730)	(6,729,930)	8,078,175	876,462	(2,251,165)	(17,296,866)	(22,422,962)
Other Financing Sources (Uses):										
Proceeds of bonds				7,810,000				5,005,000	16,570,000	18,500,000
Proceeds of refunding bonds			6,185,555			5,175,000				
Payment to refunding escrow			(6,103,337)			(5,319,102)				
Premiums on bond issuance						258,388				
Operating transfers in	4,087,757	5,119,780	3,753,274	5,313,293	4,187,509	4,697,234	4,256,774	4,286,604	5,622,237	3,894,290
Operating transfers out	(3,987,757)	(5,119,780)	(3,753,274)	(4,269,486)	(4,466,804)	(5,016,630)	(4,576,170)	(4,556,604)	(6,247,901)	(3,894,290)
Total other financing sources (uses)	100,000	-	82,218	8,853,807	(279,295)	(205,110)	(319,396)	4,735,000	15,944,336	18,500,000
Net Change in Fund Balances	3,403,047	435,708	(6,381,444)	4,553,077	(7,009,225)	7,873,065	557,066	2,483,835	(1,352,530)	(3,922,962)
Fund Balance at Beginning of Year	21,267,482	24,670,529	25,106,237	18,677,136	23,230,213	16,220,988	24,094,053	24,651,119	27,134,954	25,782,424
Fund Balance at End of Year	\$ 24,670,529	\$ 25,106,237	\$ 18,724,793	\$ 23,230,213	\$ 16,220,988	\$ 24,094,053	\$ 24,651,119	\$ 27,134,954	\$ 25,782,424	\$ 21,859,462
Debt Service as a Percentage to Noncapital Expenditures	4.84%	4.44%	3.21%	3.00%	3.03%	3.13%	3.08%	2.84%	3.15%	3.20%

(1) Employee benefits were budgeted at the function level for Fiscal Years 2001-2004. For all other years, Employee benefits were included in Non-Departmental.
 (2) In Fiscal Year 2005, Outside Agencies was created as a new Area of Service. In prior years these agencies were included in various areas of service.

Total Debt Service	\$ 4,620,049	\$ 4,388,968	\$ 3,545,451	\$ 3,280,359	\$ 3,364,090	\$ 3,481,639	\$ 3,502,503	\$ 3,435,072	\$ 3,916,583	\$ 4,798,804
Non capital expenditures	95,384,344	98,933,663	110,526,322	109,435,232	111,013,173	111,400,872	113,537,891	120,833,459	124,446,423	150,005,958

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

Fiscal Year	Real Property		Motor Vehicles	Personal Property	Tax Exempt Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property								
1999	\$ 862,328	\$ 603,485	\$ 122,238	\$ 354,957	\$ 1,337,973	\$ 194,638	\$ 1,748,372	24.45	\$ 2,773,827	63.0 %
2000	869,189	642,481	125,512	392,392	1,341,738	233,770	1,795,804	24.00	2,768,892	64.9
2001	879,200	687,512	138,202	419,297	1,319,648	296,833	1,827,378	23.50	3,210,063	56.9
2002	903,316	714,349	162,882	543,819	1,314,506	453,385	1,870,981	23.50	3,379,770	55.4
2003**	1,337,947	787,520	174,543	541,208	574,415	426,179	2,415,040	20.57	3,450,057	70.0
2004	1,344,379	816,332	174,543	541,208	574,415	426,179	2,450,282	22.75	4,348,601	56.3
2005	1,367,849	826,284	174,832	530,053	569,118	397,142	2,501,875	22.62	5,092,046	49.1
2006	1,374,504	845,102	190,416	537,173	573,603	366,266	2,580,928	22.95	5,718,342	45.1
2007	1,392,856	865,827	200,815	515,071	593,531	254,868	2,719,702	24.05	6,111,010	44.5
2008**	1,713,224	1,009,245	190,854	536,897	789,245	255,073	3,195,147	21.21	4,564,495	70.0

Source: Town Assessor's office

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

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

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

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

TOWN OF GROTON, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

(In Thousands)

	Taxpayer	Nature of Business	2008			1999		
			Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List	Taxable Assessed Value	Rank	Percentage of Gross Taxable Assessed Grand List
100	Pfizer, Inc.	Pharmaceutical	\$ 560,112	1	17.5%	\$ 258,978	1	14.8%
	Electric Boat Corp.	Submarine Mfg./R&D	181,243	2	5.7%	157,051	2	9.0%
	Exit 88 Hotel LLC	Mystic Marriott Hotel	24,195	3	0.8%			
	Groton Community LLC	Ledges Apartments	15,404	4	0.5%			
	CW Groton Square LLC	Groton Square Shopping Center	14,249	5	0.4%	9,761	4	0.6%
	Groton Devel Assoc Ltd	Country Glen Apartments	13,980	6	0.4%	8,586	6	0.5%
	Kalimian Elias Trustee	LaTriumphe Apartments	11,650	7	0.4%	6,388	10	0.4%
	Groton Estates LLC	Colonial Manor Apartments	10,083	8	0.3%	6,935	9	0.4%
	Branford Manor Assoc	Apartment Complex	8,314	9	0.3%			
	CSC Outsourcing Inc	Leased Equipment at Electric Boat	7,531	10	0.2%	18,004	3	1.0%
	Wyman-Gordon Inv. Castings	Manufacturer of Metal Products				8,958	5	0.5%
	Groton Residence Retirement Ltd	Retirement Residence				7,929	7	0.5%
	Groton Medical Park	Convalescent Home				7,569	8	0.4%
			<u>\$ 846,761</u>		<u>26.5%</u>	<u>\$ 490,159</u>		<u>28.0%</u>

Source: Town Assessor's office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 42,749	\$ 41,670	97.48 %	\$ 988	\$ 42,658	99.79 %
2000	43,197	42,358	98.06	799	43,157	99.91
2001	43,277	42,351	97.86	980	43,331	100.12
2002	44,489	43,381	97.51	1,001	44,382	99.76
2003	50,226	49,200	97.96	1,406	50,606	100.76
2004	56,684	55,467	97.85	956	56,423	99.54
2005	56,978	56,033	98.34	672	56,705	99.52
2006	59,700	58,714	98.35	1,007	59,721	100.04
2007	65,828	64,595	98.13	588	65,183	99.02
2008	68,586	67,315	98.15	n/a	67,315	98.15

Source: Town Assessor's office and Finance office

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

Fiscal Year	Town Direct Rate	Overlapping Rates											
	Basic Rate	City of Groton	Groton Long Point Association	Center Groton Fire District	First Taxing District	Groton Sewer District	Mumford Cove District	Mystic Fire District	Noank Fire District	Old Mystic Fire District	West Pleasant Valley Fire District	Poquonnock Bridge Fire District	Second Taxing District
1999	24.45	5.100	4.900	5.500	4.310	1.750	0.420	4.390	1.870	1.700	2.400	6.000	5.400
2000	24.00	4.950	5.000	5.500	4.490	1.750	0.420	4.300	1.870	1.700	3.000	5.900	6.440
2001	23.50	4.950	5.100	5.500	2.970	1.750	0.420	4.090	1.870	2.900	3.540	5.900	5.710
2002	23.50	4.950	5.100	5.500	3.900	1.750	0.410	3.950	2.000	2.950	3.540	5.900	5.810
2003	20.57	4.905	3.400	4.500	3.670	0.750	0.270	2.830	1.270	2.800	3.380	5.300	4.350
2004	22.75	4.905	3.300	4.500	3.900	0.750	0.260	2.770	1.170	2.600	3.500	5.300	5.710
2005	22.62	4.905	3.300	4.500	N/A	0.750	0.260	2.720	1.170	2.850	3.500	5.600	N/A
2006	22.95	4.905	3.450	4.500	N/A	0.750	0.260	2.750	1.000	2.800	3.400	5.900	N/A
2007	24.05	4.905	3.830	4.500	N/A	0.750	0.248	2.820	1.000	2.850	3.400	6.100	N/A
2008	21.21	4.400	3.410	3.500	N/A	0.390	0.197	2.390	1.350	2.800	3.000	5.400	N/A

TOWN OF GROTON, CONNECTICUT

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

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt		Debt as a Percentage of Actual Taxable Value of Property (1)	Total Primary Government	Debt as a Percentage of Personal Income (2)	Debt Per Capita
	General Obligation Bonds	Other Bonds				
1999	\$ 16,045,000	\$ 7,015,000	1.3%	\$ 23,060,000	2.26%	\$ 559
2000	14,375,000	5,645,000	1.1%	20,020,000	2.00%	495
2001	12,785,000	4,760,000	1.0%	17,545,000	1.77%	439
2002	16,980,000	6,005,000	1.2%	22,985,000	2.45%	586
2003	15,370,000	5,165,000	0.9%	20,535,000	2.13%	510
2004	13,585,000	4,385,000	0.7%	17,970,000	1.87%	449
2005	11,555,000	3,605,000	0.6%	15,160,000	1.56%	374
2006	14,585,000	2,840,000	0.7%	17,425,000	1.76%	421
2007	28,940,000	2,105,000	1.1%	31,045,000	3.57%	786
2008	41,725,000	4,590,000	1.4%	46,315,000	4.97%	1,094

(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, 2008

Tax Base:		
Total tax collections (including interest and lien fees)	\$	68,657,052
Total tax collections (including interest and lien fees) of coterminous municipalities		11,691,092
Reimbursement of Revenue Loss from Tax Relief for the Elderly		<u>3,842</u>
Total Base	\$	<u><u>80,351,986</u></u>

	<u>Public Improvement</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 180,791,969	\$	\$	\$	\$
4 1/2 times base		361,583,937			
3 3/4 times base			301,319,948		
3 1/4 times base				261,143,955	
3 times base					241,055,958
Total limitations	<u>180,791,969</u>	<u>361,583,937</u>	<u>301,319,948</u>	<u>261,143,955</u>	<u>241,055,958</u>
Indebtedness:					
Bonds outstanding	9,939,000	31,425,000	4,590,000		
Serial notes		8,925,000	1,500,000		
Authorized and unissued	13,155,000	4,286,399	3,347,500		
Underlying debt:					
Bonds and serial notes	5,466,953		3,098,000		
Authorized and unissued	250,000				
Less school building grants		<u>(452,903)</u>			
Total indebtedness	<u>28,810,953</u>	<u>44,183,496</u>	<u>12,535,500</u>		
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 151,981,016</u>	<u>\$ 317,400,441</u>	<u>\$ 288,784,448</u>	<u>\$ 261,143,955</u>	<u>\$ 241,055,958</u>

Notes: (1) The total of the above indebtedness amounts to: \$ 85,529,949

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 562,463,902

(2) Bonds authorized and unissued represent bond authorizations (excluding \$245,000 of water projects) for which bonds have been issued to partially finance the project or bond anticipation notes are outstanding.

(3) Bonds and serial notes do not include water bonds of \$361,000 in accordance with State Statutes.

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

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

TOWN OF GROTON, CONNECTICUT

LEGAL DEBT MARGIN INFORMATION

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

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 365,630	\$ 374,014	\$ 372,319	\$ 378,926	\$ 427,460	\$ 474,791	\$ 473,734	\$ 498,112	\$ 545,837	\$ 562,464
Total net debt applicable to limit	<u>48,132</u>	<u>42,100</u>	<u>49,905</u>	<u>48,366</u>	<u>52,206</u>	<u>62,803</u>	<u>143,016</u>	<u>129,815</u>	<u>109,327</u>	<u>85,530</u>
Legal Debt Margin	<u>\$ 317,498</u>	<u>\$ 331,914</u>	<u>\$ 322,414</u>	<u>\$ 330,560</u>	<u>\$ 375,254</u>	<u>\$ 411,988</u>	<u>\$ 330,718</u>	<u>\$ 368,297</u>	<u>\$ 436,510</u>	<u>\$ 476,934</u>
Total net debt applicable to the limit as a percentage of debt limit	13.16%	11.26%	13.40%	12.76%	12.21%	13.23%	30.19%	26.06%	20.03%	15.21%

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 2008 debt limit can be found on Table 10.

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

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	High School Graduate or Higher	School Enrollment (2)	Unemployment Rate (3)
1999	41,284	\$ 1,022,398	\$ 24,765	28.1	N/A	5,827	3.7%
2000	40,456	1,001,893	24,765	28.1	88.0%	5,823	2.7%
2001	39,988	990,303	24,765	28.1	88.0%	5,921	3.3%
2002	39,224	939,611	23,955	32.5	88.0%	5,846	4.3%
2003	40,270	964,668	23,955	32.5	88.0%	5,780	5.5%
2004	40,020	958,679	23,955	32.5	88.0%	5,750	5.2%
2005	40,522	970,705	23,955	32.5	88.0%	5,572	4.9%
2006	41,366	990,923	23,955	32.5	88.0%	5,310	4.6%
2007	39,520	869,519	22,002	30.5	86.4%	5,310	4.2%
2008	42,324	931,213	22,002	30.5	86.4%	5,161	5.8%

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

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

(2) Town of Groton Board of Education

(3) State of Connecticut, Department of Labor

N/A - not available

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

<u>Name</u>	<u>Nature of Business</u>	<u>2008</u>			<u>1999</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
U.S. Navy Submarine Base	Military Base	10,150	1	39.8%	10,000	1	35.6%
Electric Boat Corporation	Submarine Mfg/R&D	7,819	2	30.7%	7,300	2	26.0%
Pfizer, Inc.	Pharmaceutical	4,589	3	18.0%	4,100	3	14.6%
Town of Groton	Municipality	939	4	3.7%	995	4	3.5%
AVCRAD	Helicopter repair	471	5	1.8%	507	6	1.8%
Mystic Marriott	Hotel/Conference Center	265	6	1.0%			
PCC Structural	Manufacturer	260	7	1.0%	650	5	2.3%
City of Groton	Municipality	243	8	1.0%	221	7	0.8%
Pequot Medical Center	Hospital	130	9	0.5%			
Doncasters Precision Castings	Manufacturer	150	10	0.6%			
Proto-Power Corporation	Engineering/Design	166		0.7%	110	8	0.4%
Chelsea Groton Savings Bank	Financial Institution				70	9	0.2%
Merocell Corporation	Medical Products				60	10	0.2%
		<u>25,182</u>		<u>96.7%</u>	<u>24,013</u>		<u>85.6%</u>

Source: Telephone survey

** 1998 is unavailable

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

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
General services	46.00	49.00	37.00	56.50	57.00	55.00	52.00	52.00	53.00	54.00
Public safety	72.00	72.00	88.00	73.00	74.00	73.00	72.00	72.00	73.00	75.00
Public works	48.00	52.00	50.00	47.50	47.50	46.50	52.25	52.25	52.25	60.25
Planning and development	17.00	18.00	19.00	19.00	19.00	18.00	18.00	18.00	18.00	17.00
Human services	18.00	18.00	18.00	17.00	16.00	13.00	13.00	10.00	10.00	8.00
Community services	39.00	39.00	42.00	45.25	43.50	42.75	42.75	43.00	44.00	44.00
Golf course	7.00	7.00	7.00	7.75	7.50	7.25	7.25	7.00	7.00	7.00
Sewer system maintenance	21.00	21.00	19.00	20.25	20.25	17.75	17.75	17.75	17.75	17.75
Solid waste management	4.00	5.00	10.00	8.75	10.25	7.75	0.00	0.00	0.00	0.00
Project manager - school construction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	2.00	2.00
Fleet reserve	0.00	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00	0.00
Subtotal town government	277.00	286.00	295.00	308.00	308.00	294.00	288.00	286.00	290.00	290.00
Board of Education	762.00	767.00	779.00	722.00	722.00	670.00	665.00	659.00	655.00	659.00
Total	<u>1,039.00</u>	<u>1,053.00</u>	<u>1,074.00</u>	<u>1,030.00</u>	<u>1,030.00</u>	<u>964.00</u>	<u>953.00</u>	<u>945.00</u>	<u>945.00</u>	<u>949.00</u>

Source: Various Town Departments

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>General Government</u>										
Marriages and civil unions of residents	403	468	403	432	405	479	456	524	507	474
Births to Groton residents	627	603	581	594	616	634	619	610	580	608
Deaths of Groton residents	303	350	361	362	331	375	365	350	394	381
<u>Boards and Agencies</u>										
Registered voters	16,368	16,155	17,824	17,447	17,187	17,718	18,723	17,909	17,824	18,025
Elections and referenda	2	2	2	2	1	3	2	1	2	3
<u>Planning and Development</u>										
Building permits issued	1,532	1,581	1,510	1,472	1,596	1,614	1,523	1,600	1,438	1,520
Building inspections conducted	4,400	4,600	4,600	4,900	5,400	5,510	4,389	4,500	5,800	5,400
Value of building permits	\$ 39,624,058	\$ 42,103,894	\$ 41,826,402	\$ 19,116,598	\$ 33,033,853	\$ 53,865,153	\$ 35,298,429	\$ 27,293,923	\$ 84,681,181	\$ 39,146,916
<u>Public Safety</u>										
Arrests	1,145	1,120	1,114	1,273	1,207	1,151	905	672	685	1,058
Parking violations	557	662	697	903	960	903	450	336	175	292
Traffic violations	5,879	5,727	4,573	5,750	4,756	4,270	3,547	4,752	4,334	6,331
<u>Public Works</u>										
Street resurfacing (in miles)	1.38	4.74	5.08	3.17	3.16	5.85	2.73	3.94	3.27	3.03
Number of snow and ice control callouts	17	12	16	9	20	13	21	9	12	14
Miles of roads maintained (excludes GLP in 2006)	90.00	90.00	93.50	94.00	94.00	97.00	97.50	91.77	92.78	92.78
<u>Parks and Recreation</u>										
Athletic field permits issued	837	573	1,072	1,269	1,233	1,189	1,325	1,198	698	625
Summer season programs	183	192	180	196	232	204	163	181	170	161
Indoor season programs	452	488	530	627	599	541	637	583	603	606
Acres of grounds maintained	1,278	1,342	1,527	1,545	1,561	1,686	1,710	1,726	1,726	1,726
<u>Public Libraries</u>										
Volumes in collection	126,939	133,276	119,032	123,869	129,603	132,398	134,280	136,759	149,416	152,212
Items circulated	346,156	343,220	339,765	344,517	367,490	362,455	355,310	347,833	347,448	343,423
<u>Senior Center</u>										
Meals on wheels provided	19,792	21,569	27,328	31,595	35,207	34,620	31,046	34,068	36,982	23,800
Senior mini-bus trips	94	120	122	107	88	81	61	54	69	60
<u>Human Services</u>										
Households provided energy assistance	1,200	1,300	1,300	1,300	1,300	1,300	1,500	1,500	1,600	1,600
Households utilizing Groton Food Locker	4,000	4,000	4,300	4,300	4,300	4,500	4,500	4,500	4,500	4,500
Households receiving rent assistance	1,000	1,500	1,500	1,500	1,500	1,700	1,700	1,700	1,800	1,800
<u>Education</u>										
Elementary schools	10	10	10	10	10	9	9	9	9	8
Middle schools	3	3	3	3	3	3	3	3	3	3
High schools	1	1	1	1	1	1	1	1	1	1
<u>Sewer</u>										
Average daily sewage treatment (thousands of gallons)	127.0	127.0	128.0	129.1	129.8	130.0	130.7	130.7	132.9	134.0

Source(s): Various Town Departments

N/A Information not available

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

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<u>General Government</u>										
<u>Public Safety</u>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	41	41	44	42	45	45	47	46	46	46
<u>Public Works</u>										
Miles of town streets	93.6	93.6	93.6	97.88	97.88	98.76	97.66	98.9	99.81	99.81
Streetlights	950	1,292	1,292	1,308	1,308	1,308	1,350	1,330	1,334	1,334
Public works vehicles	186	186	194	194	194	228	228	227	213	213
<u>Parks and Recreation</u>										
Acreage	66.5	360	360	641	641	754	768	780	780	780
Parks	17	17	17	22	22	30	32	33	33	33
<u>Public Libraries</u>										
Libraries	3	3	3	3	3	3	3	3	3	3
<u>Human Services (Senior Center)</u>										
Community center	1	1	1	1	1	1	1	1	1	1
Senior mini-buses	7	7	7	7	7	7	7	5	5	5
<u>Education</u>										
Schools	14	14	14	14	14	13	13	13	13	11
<u>Sewer</u>										
Sanitary sewers (miles)	123	127	128	128	128	130	130	132.86	132.86	134
Treatment capacity (thousands of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000

Source(s): Various Town Departments