

# TOWN OF GROTON, CONNECTICUT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2005

**TOWN OF GROTON, CONNECTICUT**

**Comprehensive  
Annual Financial Report**

**for**

**The Fiscal Year Ended  
June 30, 2005**

**Prepared By:**

**The Finance Department**

**TOWN OF GROTON, CONNECTICUT**  
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## **Introductory Section**



# TOWN OF GROTON

## DEPARTMENT OF FINANCE

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December 8, 2005

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, 2005.

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, 2005 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 auditor 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, 2005 are fairly presented in conformity with GAAP. The independent auditor's 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 a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The

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

### **Profile of the Government:**

The Town of Groton covers approximately 38 square miles along 40 miles of coastline on Long Island Sound and is located in New London County in the southeastern section of Connecticut. It is bounded on the north by the Town of Ledyard, on the east by the Mystic River, on the west by the Thames River, and on the south by Long Island Sound. Based on the 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 in 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 and Groton Long Point Association. In addition, there are seven (7) special taxing districts within the Town. For the political subdivisions, the Town funds approximately 100% of their public works budgets and approximately 50% of their public safety budgets. The special districts are organized units of government within the Town, having separate governing bodies. They were established by special acts of the State legislature for specific purposes such as fire protection. All these governmental units have individual taxing authority.

#### Governing Body:

The structure of the Town's government combines a modern professional approach with the traditional town meeting form. Since 1957, the Town has been governed by a Town Council-Town Manager-Representative Town Meeting (RTM) structure. The Town Charter was last revised on November 4, 1986.

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. 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 occurs first. 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 Pfizer Inc., General Dynamics Electric Boat and the U. S. Navy Submarine Base. As of June 2005, the Town had an unemployment rate of 5.1% as compared to the New London County rate of 5.0%, the state’s average rate of 5.4% and the national average of 5.2%. New London County has an employed labor force of approximately 131,567 residents.

**Grand List increases by 3.2%:** The October 1, 2004 net adjusted taxable Grand List totals \$2,581,101,363, up 3.2% over 2003: **Real estate** rose about 2.9%, from about \$2.08 billion to over \$2.14

billion. Most of the increase comes from new industrial construction that has been in the pipeline for five years. The net **personal property** grand list rose 3.5%, from about \$266 million to about \$275 million. The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose from \$154,120,419 in 2003 to \$164,827,939, up about 6.9%.

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

The unreserved, undesignated fund balance in the general fund (8.5% 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 2005 budgetary process, the Town Council determined that it would be prudent to raise that minimum five percent and has embarked on a directive to maintain at least a 7% fund balance or higher.

The Town Charter provides for the Town Manager to propose in the annual budget to the town council an allocation of funds to the capital reserve fund. This fund was established for future capital and nonrecurring expenditures for the Town. This allocation is to be not less than four percent of the general fund budget, less the amount necessary to defray general fund obligated debt service. This amount is subject to approval of the Town Council and Representative Town Meeting. The proposed amount was sustained through the FYE 2005 budgetary process.

**Major Initiatives: For the Year Ended June 30, 2005:**

**Public Works Projects:**

In FYE 2001 the Town Council and the Representative Town Meeting approved various ordinances approving these projects. Because these projects are to be funded through general obligation bonds they required voter approval. These four projects totaling approximately \$7.6 million were approved at referendum on November 6, 2001. Of the four projects that were approved, two (Closure of Welles Road Bulky Waste Site and the Flanders Road Transfer Station) have been completed in December 2003 and October 2002, respectively. Below is a listing of the two remaining projects and their status:

- 1) Pleasant Valley Road Improvements: Pleasant Valley Road South is a major traffic artery that parallels Route 12. It is approximately 4,250 feet long varying in width from 26 feet to just over 30 feet. It serves an elementary school, several residential areas and a number of large businesses that front Route 12. The authorization appropriates approximately \$3.8 million for this project. This project was sent out to bid in March 2005 with construction expected to begin in late May 2005 and an estimated completion date in April 2006.
  
- 2) Town Hall Annex Sewer Line and Preliminary Design of Addition and Renovation to Town Hall Annex Complex: The Town Hall Annex complex is located on Groton Long Point Road. It consists of Police, Emergency Dispatch, Public Works Operations, Parks Maintenance, Planning and Development Services, Public Works Engineering and Administration, and public meeting rooms. The authorization is for the design and construction of the sanitary sewer and related pump station and the preliminary design of the dog pound, salt/sand storage, public works vehicles maintenance facility, renovation of existing highway garage, vehicle and materials storage and the parks maintenance garage addition. The authorization appropriates approximately \$1.1 million for this project. Sanitary sewer and related work was completed at the end of December 2003 with a net project cost of \$900,000. Further design work for the various buildings has been postponed until authorization of additional funds for the construction phase is appropriated.

## **Major Initiatives: For the Future:**

### **School Construction:**

Voters of the Town of Groton approved a referendum on the April 27, 2004 ballot for three projects proposed for 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 and renovations and additions to the high school. The Town hired an architectural firm in November 2004 to design the new schools and additions to the high school. The schematic design phase was completed in June 2005. The Town added a Project Manager to the Town staff in March to coordinate and manage the projects and hired a construction management firm as construction manager (advisor) to complete the project team in May. Construction drawings are expected to be completed in January 2006. Bidding by construction contractors will begin in March 2006, and construction of the three projects will begin in April 2006. The elementary schools will be ready to be occupied in August 2007, and the addition to the high school will finish early 2008 with renovations being finished that summer. At the end of this project, the facilities and educational needs of the Town will be re-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. 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. In the process to obtain DEP approval on the state grants and loans, an analysis of the project's environmental impact has to be performed. That analysis involved a state review of the proposed project's consistency with the various environmental policies and with the States 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. On April 16, 2003, the Town revised its Zoning Regulations to resolve the issue that the DEP had concerning stormwater 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 million grant 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 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. Additional delays with DEP reviewing and approving the project have been encountered, and staff is working to resolve these issues. It is anticipated that the project will be bid in winter 2006, a contract awarded in spring 2006 and completion within eighteen months of the contract award date. This schedule is based on state funding being available and the project budget still being feasible. It is anticipated that this project will support the wastewater treatment capability needs through the year 2015.

**Base Realignment and Closure (BRAC) Commission:**

As part of the 2002 National Defense Authorization Act, the BRAC 2005 process began with a memorandum from the United States Secretary of Defense (DOD) Secretary Donald H. Rumsfeld to defense leaders entitled “Transformation Through Base Realignment and Closure.”

By the end of 2003, the Department of Defense published the draft selection criteria. In March 2004, the department submitted the force-structure plan and infrastructure inventory to Congress. The next month, Congress approved the final selection criteria. In March 2005, the president nominated the commissioners that will serve on the BRAC Commission.

On May 4, 2005, the State Department of Economic and Community Development released the results of a study that examined the contributions the U.S. Navy Submarine Base at New London and the Connecticut operations of Electric Boat Co. make to the southeastern Connecticut and statewide economies. Together they combine for 31,500 jobs producing \$2 billion in personal income and over \$3.3 billion in gross state product (GSP) annually.

On May 13, 2005, Secretary Rumsfeld forwarded DOD’s list of recommended base closings to the BRAC Commission. The list included the closure of bases nationwide, including the New London Submarine Base in Groton.

A unified, bipartisan effort by our public officials was undertaken to make the state’s case to the nine-member BRAC Commission to take our submarine base off the Pentagon’s closure list.

In August 2005, the BRAC Commission voted 7-1 to keep the sub base open and removed the sub base from the closure list that was sent to the President of the United States and on to the U. S. Congress.

**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 decline 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 Administrative Services Department.

**Pension and Other Postemployment Benefits:**

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, 2004 in funding 112.3% 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 (OPEB), i.e., health and dental care benefits for certain retirees and their dependents. As of the end of the last fiscal year, there were 109 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Currently GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. However, that is about to change as the Governmental Accounting Standards Board (GASB) has issued Statement #45 that requires financial accounting of retiree post employment benefits. The standard will require that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. The Statement requires an implementation date of FYE 2008 and allows for the amortization of the unfunded liability over a 30-year period.

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

**Debt Administration:**

A telephone sale of General Obligation Bond Anticipation Notes (BANs) was conducted on November 18, 2004 with the BANs dated December 5, 2004. The BANs were issued for eight months, maturing in August 2005. The BANs are in the amount of \$4,850,000 and were used to fund various general-purpose projects that were approved by the voters on November 6, 2001 and school projects that were approved by the voters on April 27, 2004. The general purpose projects and voter authorized amounts were for Pleasant Valley Road Improvements (\$3,833,986), Closure of Welles Road Bulky Waste Site (\$1,715,000), Flanders Road Transfer Station (\$985,000) and the Town Hall Annex Complex Improvements and Sewer Line (\$1,107,000). The school projects and voter authorized amounts were for an elementary school at the King property (\$26,100,000), an elementary school in the northeast (\$20,800,000) and for renovations and additions to Fitch High School (\$45,000,000). Six bids were received, and the award was to Wachovia Bank with an interest rate of 1.9941%.

At year-end, the Town had a number of debt issues outstanding. These issues, net of applicable unamortized discounts, included \$11,555,000 of general obligation bonds, \$3,605,000 of general obligation sewer bonds paid by special assessments for total bonds payable of \$15,160,000. Last fiscal year that total amount was \$17,970,000.

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 2005 data.

	<u>Adopted Policy</u>	<u>FYE 2005</u>
Comparison to State’s Statutory Debt Limit	not to exceed 50%	30.2%
Net Direct Indebtedness to Assessed Value	not to exceed 5%	0.6%
Debt Service as Compared to Expenditures	not to exceed 10%	2.5%

**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, 2004. 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 eleven consecutive years (FYE 1994 through FYE 2004). 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 twelfth time, the GFOA presented an Award for Distinguished Budget Presentation to the Town of Groton for its annual budget, the FYE 2006 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 report. 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 report on a timely basis was made possible by the efficient and dedicated service of Cindy 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, 2004

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.



*Nancy L. Zielle*

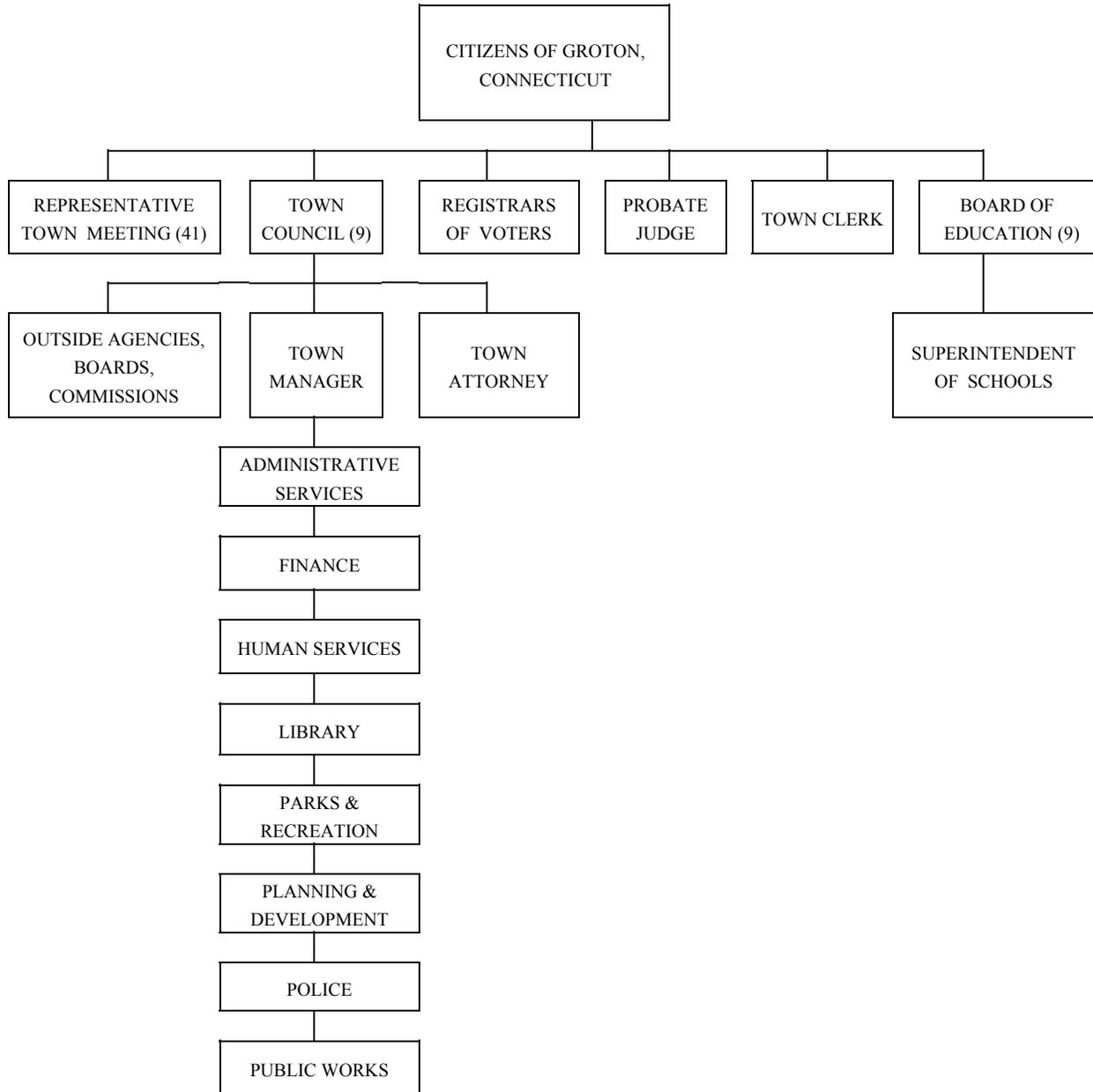
President

*Jeffrey R. Emer*

Executive Director

# TOWN OF GROTON

## ORGANIZATION CHART



**TOWN OF GROTON**  
**PRINCIPAL OFFICIALS**  
**AS OF JUNE 30, 2005**

**Town Council**

Harry A. Watson, Mayor  
Peter J. Bartinik, Jr.  
Natalie B. Billing  
Heather Sherman Bond  
Catherine Kolnaski  
Frank O'Beirne  
Paulann H. Sheets  
Thomas J. Skrmetti  
Elissa T. Wright

**Board of Education**

Elizabeth B. Gianacoplos, Chairman  
Marcia Ball Greenhalgh  
G. Michael Hewitt  
Robert E. Peruzzotti  
Lisa A. Poole  
Dr. Archie C. Swindell  
Rita P. Volkmann  
Beverly H. Washington, Secretary  
Charles Zezulka

**Appointed Officials**

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

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**Financial Section**



## Report of Independent Accountants

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, 2005, 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, 2005, 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 14 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 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 November 17, 2005 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.*

November 17, 2005

## **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, 2005 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 \$97,154 (net assets). Of this amount, \$34,006 (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 \$4,953. This increase is mainly attributable to an increase in revenues over expenses.
- As of the close of the current fiscal year, the Town of Groton's governmental funds reported combined ending fund balances of \$24,651. Approximately 30% of this total amount, \$7,444 is available for spending at the government's discretion (unreserved fund balance). The Town Council has an adopted policy for the maintenance of a minimum undesignated fund balance equal to 5% of the annual budget. However, during the FYE 2005 budgetary process, the Town Council determined that it would be prudent to raise the minimum fund balance level to 7% of adopted expenditures. Through the FYE 2006 budgetary process, the Town Council authorized the use of \$3.5 million of fund balance to balance the general fund budget.
- At the end of the current fiscal year, the unreserved, undesignated fund balance for the general fund was \$8,557, or 8.5% of total general fund expenditures on a budgetary basis.
- The Town of Groton's total debt decreased by \$1.335 million (6.3%) during the current fiscal year. This was mainly due to reductions (\$2.810 million) in the principal amounts due on bonds for both general government obligation debt and sewer district debt. Additionally Bond Anticipation Notes for general obligation debt was increased (\$1.475 million) 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 1996 and running through the current 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, health and 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 pages 15 and 16 of this report.

**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 28 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, Capital Improvements Fund and School Construction Fund, which are considered to be major funds. Twenty-four special revenue funds, a Capital Projects Fund, a Debt Service Fund and two 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 Fund, Golf Course Fund, Sewer Operating Fund, Solid Waste Fund, Mumford Cove, the First and Second Taxing Districts, Community Events Fund, Revaluation Fund, Computer Replacement Fund 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 pages 17-21 of this report.

**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 pages 22-24 of this report.

**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 pages 25-26 of this report.

**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 of its obligation to provide pension benefits to its employees. The Notes to the Financial Statements can be found on pages 27-54 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 55 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 \$97,154 on June 30, 2005.

**Town of Groton  
Net Assets (\$000)  
Primary Government**

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Current and Other Assets	\$ 49,692	\$ 45,920
Capital Assets	<u>85,769</u>	<u>85,519</u>
Total Assets	<u>135,461</u>	<u>131,439</u>
Long-Term Liabilities	17,653	20,652
Other Liabilities	<u>20,654</u>	<u>18,586</u>
Total Liabilities	<u>38,307</u>	<u>39,238</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	63,019	64,174
Restricted	129	129
Unrestricted	<u>34,006</u>	<u>27,898</u>
Total Net Assets	<u>\$ 97,154</u>	<u>\$ 92,201</u>

By far the largest portion of the Town of Groton's net assets (64.9%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Groton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Groton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net assets of \$129 are restricted for purposes of trust in the permanent funds of the Town.

The remaining balance of unrestricted net assets (\$34,006) 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 \$97.1 million. This has increased from last fiscal year's net assets of \$92.2 million due to revenues exceeding expenses. Of the Town's total net assets at June 30, 2005, \$34.0 million or 35.1% 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 \$27.9 million or 30.3%. The current year shift from investment in capital assets to unrestricted assets reflects the additional revenues received.

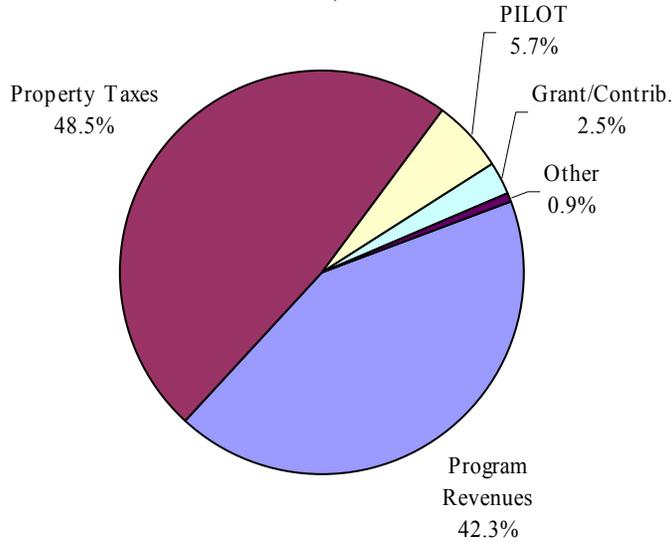
**Governmental Activities:**

Approximately 49% of the revenues were derived from property taxes, followed by 34% from grants and contributions, then 11% from other program revenues, 6% from the State PILOT program and, finally, about 1% of the Town's revenue in this fiscal year was derived from investment earnings.

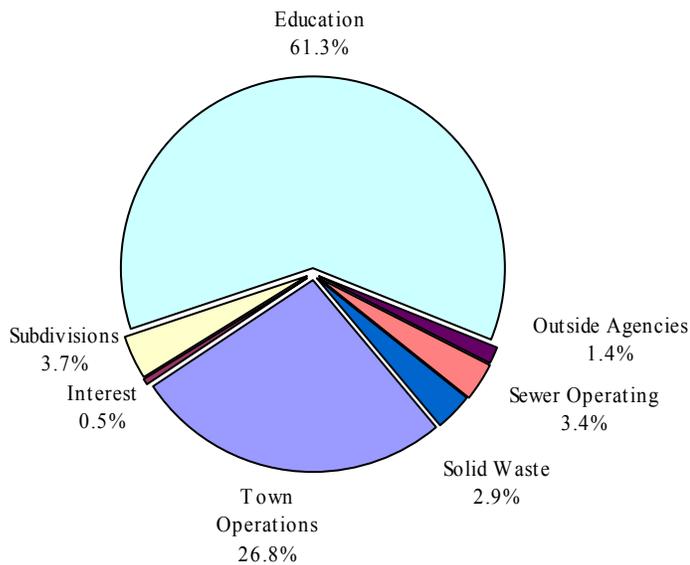
**Town of Groton**  
**Change in Net Assets (\$000's)**

	<b>Fiscal Years Ended</b>	
	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Program Revenues:		
Charges for Services	\$ 12,888	\$ 12,541
Operating Grants and Contributions	37,313	39,836
Capital Grants and Contributions	476	1,155
General Revenues:		
Property Taxes	58,113	59,108
Payment in Lieu of Taxes	6,840	6,979
Grants and Contributions (Not Restricted)	3,043	3,241
Other	1,087	482
Total Revenue	<u>119,760</u>	<u>123,342</u>
Expenses:		
General Government/Services	6,556	7,036
Public Safety	7,248	7,593
Public Works	8,762	8,822
Planning and Development	1,228	1,233
Health and Human Service	1,040	1,112
Community Services	5,903	6,231
Interest on Long-Term Debt	555	887
Subdivisions	4,262	4,325
Education	70,363	69,084
Outside Agencies	1,611	1,576
Sewer Operating	3,900	3,985
Solid Waste	3,379	3,410
Total Expenses	<u>114,807</u>	<u>115,294</u>
Increase in Net Assets	4,953	8,048
Net Assets at Beginning of Year	<u>92,201</u>	<u>84,153</u>
Net Assets at End of Year	<u>\$ 97,154</u>	<u>\$ 92,201</u>

**Town of Groton - Revenues  
June 30, 2005**



**Town of Groton - Expenses  
June 30, 2005**



Major revenue factors included:

- ◆ Charges for services increased by almost 3%.
- ◆ Property tax revenues recorded for fiscal year 2005 decreased due to the Town's tax rate decreasing from 22.75 mills to 22.62 mills.
- ◆ Investment earnings increased by \$605 from the prior fiscal year to \$1,087 for the fiscal year ended June 30, 2005. The addition to interest and dividend earnings was the result of higher interest rates on investments.

For Governmental Activities, 61% of the Town's expenditures relate to education, 7.6% relate to public works, 6.3% relate to public safety, 5.7% to general government/services, 5.1% to community services and the remainder relates to subdivisions, sewer operating, solid waste, health and human services and other areas.

Major expenditure factors include:

- ◆ Increases in employee wages resulting from negotiated step and general wage increases.
- ◆ Increases in the Town's contribution to the retirement account and increased health insurance costs.
- ◆ The cost of education services increased due to negotiated wage settlements, employee health insurance cost increases 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 \$24,651, a increase of \$557 in comparison with the prior year. Of the total fund balance, \$7,444 constitutes unreserved fund balance. 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 (\$16,971) or 2) for long term loans and trust principal (\$235).

**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 \$8,557, which is included in the total fund balance of \$14,728. 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 8.5% of total general fund expenditures, while total fund balance represents 14.6% of that same amount.

The fund balance of the Town of Groton's General Fund increased by \$1,028 during the current fiscal year. Key factors in this increase are as follows:

- ◆ An additional \$480 in General Property Taxes or 0.8% over budget.
- ◆ An additional \$100 in Licenses and Permits revenue or 26% over budget.
- ◆ An additional \$335 in Revenue from Investments or 134% over budget.
- ◆ An additional \$221 in State Grants in Aid for Education (special education) or 0.9% over budget.

- ◆ An additional \$433 in State Grants in Aid for General Government (Manufacturing Machinery and Equipment) or 4.8% over budget.
- ◆ An additional \$597 in Federal Grants in Aid (impact aid) or 9.9% over budget.
- ◆ An additional \$250 in Charges for Current Services (conveyance tax) or 10.8% over budget.
- ◆ Expenditures for Town Operations came in under budget by \$965 and the Board of Education came in under budget by \$235.
- ◆ Contingency funds of \$81 were unspent.

**Capital Improvements Fund** - This fund has a total fund balance of \$3.4 million, up from \$2.9 million in the prior year. The increase is mainly explained by the receipt \$426 from the State of Connecticut, a transfer from the General Fund and Sewer Operating Funds in the amount of \$2.8 million and net capital outlays of \$2.7 million.

**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 \$1.1 million for the Fleet Reserve Fund, \$3.9 million for the Health Insurance Fund and a negative \$2.0 million 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 \$1.1 million mainly due to an increase in the Health Insurance Fund and the Fleet Reserve 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 \$102.1 million, which exceeded budgetary estimates by \$2.6 million. The majority of this increase can be attributed to additional tax revenues (\$480), investment income (\$335), conveyance tax (\$323) and intergovernmental revenue (\$1.2 million). The intergovernmental revenue includes additional payments in lieu of taxes and education cost sharing revenue from the State of Connecticut and pupil impact aid from the Federal government.

Actual expenditures on a budgetary basis and other financing uses totaled \$100.8 million, with actual revenues exceeding expenditures on a budgetary basis by \$1.3 million. The fiscal year 2005 budget had a designation of fund balance in the amount of \$2.5 million to support operations that was not required. Actual expenditures were under budget by \$1.2 million with the town departments returning about \$811, nondepartmental function returning \$153 and the Board of Education returning \$235.

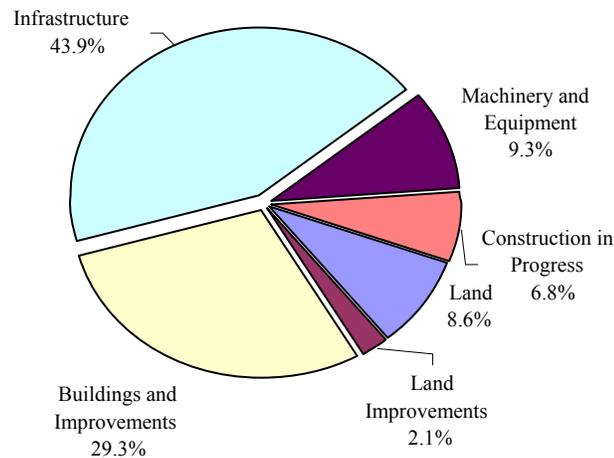
**Capital Asset and Debt Administration:**

**Capital Assets** - The Town of Groton’s investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$155,798 (before accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the Town of Groton’s investment in capital assets for the current fiscal year was 2.4%.

**Town of Groton, Connecticut  
Capital Assets (Gross)**

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Land	\$ 13,486,631	\$ 13,486,631
Land Improvements	3,245,232	3,074,137
Buildings and Improvements	45,675,326	44,722,601
Infrastructure	68,405,859	67,581,301
Machinery and Equipment	14,426,659	14,058,274
Construction in Progress	<u>10,558,976</u>	<u>9,179,482</u>
 Total	 <u>\$ 155,798,683</u>	 <u>\$ 152,102,426</u>

**Town of Groton - Capital Assets  
June 30, 2005**



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

- The repair/restoration of roads continues with reclaiming and resurfacing of roads in the Fieldcrest subdivision area and Hazelnut Hill Road and as of the close of the fiscal year had reached \$348.
- The Water Pollution Control Facility’s sewer line infrastructure repairs and replacements (phase 2) to portions of the existing collection system as of the close of the fiscal year had reached \$211.
- The installation of equipment to enhance the security improvements at the Water Pollution Control Facility Engineering as of the end of the current fiscal year had reached \$108.

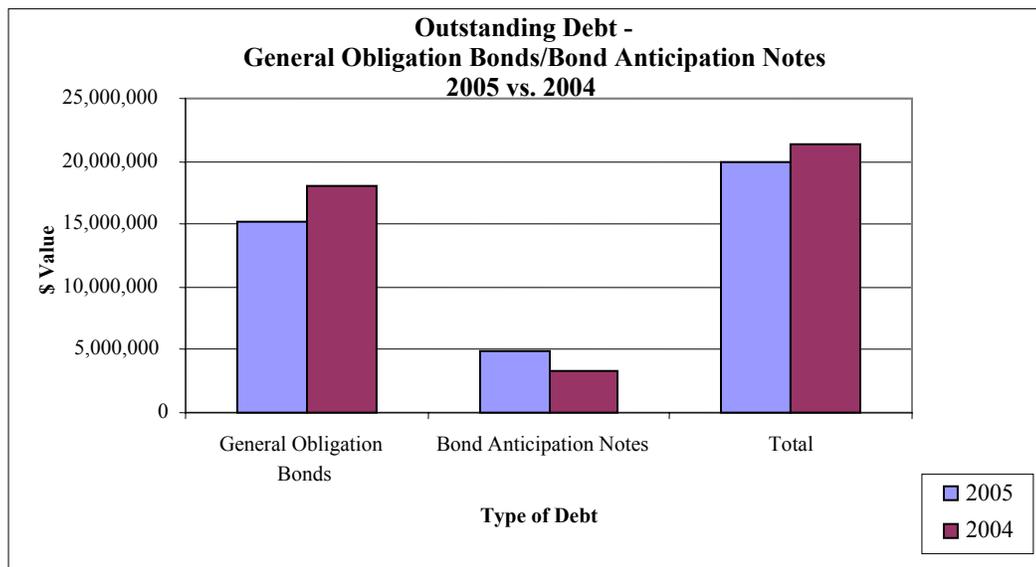
- The replacing of worn out roofing materials at Claude Chester Elementary School as of the close of the fiscal year reached \$255.
- Worn out or outdated mechanical and electrical equipment throughout the Water Pollution Control Facility and pump stations were replaced and as of the close of the fiscal year had reached \$168.

Additional information on the Town of Groton’s capital assets can be found in Note 3C on pages 42-43 of this report.

**Outstanding Debt** - At the end of the current fiscal year, the Town of Groton had total debt outstanding of \$20 million. Of this amount \$16.4 million comprises debt backed by the full faith and credit of the government and \$3.6 million is special assessment 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  
General Obligation Bonds/Bond Anticipation Notes**

	<b>Governmental Activities</b>	
	<b>June 30, 2005</b>	<b>June 30, 2004</b>
General Obligation Bonds	\$ 15,160,000	\$ 17,970,000
Bond Anticipation Notes	4,850,000	3,375,000
<b>Totals</b>	<b>\$ 20,010,000</b>	<b>\$ 21,345,000</b>



The Town of Groton’s general obligation bonds have decreased \$2.8 million. The total debt including bond anticipation notes decreased \$1.3 million or 6.3% during the current fiscal year due to more bonds maturing and being paid off. Additional BANs were issued to begin financing projects that were approved by the voters in April 27, 2004. Those projects consist of three school projects.

The Town of Groton maintains 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 \$474 million. As of June 30, 2005, the Town recorded total indebtedness of \$143 million 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 3F on page 45 of this report.

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

- As of June 2005 the Town had an unemployment rate of 5.1% as compared to the New London County rate of 5.0%, the state's average rate of 5.4% and the national average of 5.2%.
- New London County has an employed labor force of approximately 131,567 residents.
- Inflationary trends in the region compare similarly to national indices.

Moreover, Connecticut State government continues to report revenue overages that may translate into increases in State aid to the Town of Groton and other municipalities in the State.

**Grand List Increases by 3.2%** - The October 1, 2004 net adjusted taxable Grand List totals \$2,581,101,363, up 3.2% over 2003.

**Real estate** rose about 2.9%, from about \$2.08 billion to over \$2.14 billion. Most of the increase comes from new industrial construction that has been in the pipeline for five years. The enterprise zone exemption for industrial properties provides eligible property owners with an exemption of 80% of the assessment increase of a qualifying project. Electric Boat's Building 32, known as the Coates Building, had been receiving a \$5.1 million assessment exemption until the exemption expired this year. Likewise, the three qualifying buildings at Pfizer had been receiving a total assessment exemption of \$34.8 million until the exemptions expired this year.

Although the Ledges apartments, a 339-unit luxury apartment complex off Drozdyk Drive, is not yet complete, the project accounts for about a \$7.6 million increase in the grand list. In its third year on the tax rolls, the Mystic Marriott property again contributed about \$4.6 million to the grand list. There were about 54 single-family homes, six two-family homes and five residential condominium units either started or newly completed for the October 1, 2004 Grand List. Assessments on the new residential buildings totaled about \$7.8 million.

Assessment penalties totaling about \$4.6 million were imposed on about 77 commercial parcels in 2004 for failure to return income and expense statements by June 1.

The net **personal property** grand list rose 3.5%, from about \$266 million to about \$275 million. Electric Boat led the way, with a net increase of about \$3.4 million. Computer Sciences, a computer leasing company with equipment at Electric Boat, also reported a significant net increase of about \$1.5 million. Pfizer's total net personal property assessment fell slightly, from about \$154.1 million to about \$153.6 million.

Significant newcomers include the Big Y supermarket, with a net assessment of about \$1.9 million, the new Grossman's Seafood on Route 184, Liberty Bank and Tim Horton's.

The **motor vehicles** portion of the grand list, adjusted for military exemptions, rose from \$154,120,419 in 2003 to \$164,827,939, up about 6.9%.

During the fiscal year ended June 30, 2005, the Town of Groton received 39% of its revenues from the State of Connecticut and the Federal Government. With the completion of operations, the General Fund's unreserved fund balance for FYE 2005 is at 8.5% which is above the minimum acceptable level by bond rating agencies. With an overwhelming reliance on property taxes, 56.7% 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 2006 or some combination of all three.

During the current fiscal year, unreserved fund balance in the general fund increased to \$12.1 million. The Town Council has designated and appropriated \$3.5 million to balance the 2006 fiscal year budget.

Both the Golf Course Fund and Sewer Operating Fund increased their fees in FYE 2005. The Golf Course Fund increased fees by about 3% for all levels of play. These increases were necessary to begin reimbursing the General Fund for funding the Golf Fund's deficit in FYE 2003 as well as to pay debt service on loan payments for capital improvements. The Sewer Operating Fund increased sewer use rates for individuals and industrial/commercial users at about 5%. These increases were necessary to help defray maintenance and operating costs.

**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 Office of 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, 2005**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 43,096,108
Investments	5,255
Receivables (net of allowances for collection losses):	
Property taxes	1,676,413
Special assessments	158,962
Accounts receivable	1,145,451
Federal and state governments	787,761
Other assets	9,321
Noncurrent assets:	
Capital assets, nondepreciable	24,045,607
Capital assets, net of accumulated depreciation	61,723,272
Pension assets	1,348,793
Due from State	987,209
Other receivables	347,661
Restricted assets:	
Cash	17,498
Investments	111,995
Total assets	<u>135,461,306</u>
Liabilities:	
Accounts payable and accrued liabilities	8,777,269
Claims incurred but not reported	3,958,494
Bond anticipation notes payable	4,850,000
Noncurrent liabilities:	
Due within one year	3,069,271
Due in more than one year	17,652,532
Total liabilities	<u>38,307,566</u>
Net Assets:	
Investment in capital assets, net of related debt	63,018,879
Restricted for:	
Trust, nonexpendable	129,493
Unrestricted	<u>34,005,368</u>
Total Net Assets	<u>\$ 97,153,740</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, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
Governmental activities:					
General government services	\$ 6,556,489	\$ 1,653,662	\$ 145,308	\$ 247,046	\$ (4,510,473)
Public safety	7,247,794	288,405			(6,959,389)
Public works	8,762,162	230,889	138,070		(8,393,203)
Planning and development	1,228,501	473,359			(755,142)
Health and human services	1,040,186	30,132	82,575		(927,479)
Community services	5,903,369	1,674,622	62,450		(4,166,297)
Education	70,362,735	1,219,312	36,884,887	229,122	(32,029,414)
Outside agencies	1,610,548				(1,610,548)
Subdivisions	4,262,479				(4,262,479)
Sewer system maintenance	3,899,926	4,448,245			548,319
Solid waste management	3,378,654	2,869,354			(509,300)
Interest on long-term debt	554,543				(554,543)
<b>Total Governmental Activities</b>	<b>\$ 114,807,386</b>	<b>\$ 12,887,980</b>	<b>\$ 37,313,290</b>	<b>\$ 476,168</b>	<b>(64,129,948)</b>
		General revenues:			
					58,113,695
					6,839,719
					3,043,004
					1,086,734
					<u>69,083,152</u>
					4,953,204
					<u>92,200,536</u>
					\$ <u>97,153,740</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

**JUNE 30, 2005**

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>School Construction Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 20,352,272	\$ 6,579,960	\$ 1,449,675	\$ 7,801,984	\$ 36,183,891
Investments				117,250	117,250
Receivables, net:					
Property taxes	1,514,430			13,308	1,527,738
Assessments		13,034		145,928	158,962
Intergovernmental	35,354			502,664	538,018
Accounts receivable	88,088			53,949	142,037
Other				1,003,414	1,003,414
Due from other funds	1,041,858				1,041,858
Other assets	2,371			6,948	9,319
Total Assets	\$ 23,034,373	\$ 6,592,994	\$ 1,449,675	\$ 9,645,445	\$ 40,722,487
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Bond anticipation note payable	\$	\$ 2,720,000	\$ 2,130,000	\$	\$ 4,850,000
Accounts payable	6,807,181	482,007	706,774	353,313	8,349,275
Due to State				13,517	13,517
Due to other funds				1,041,858	1,041,858
Deferred revenues	1,498,792	13,034		304,892	1,816,718
Total liabilities	8,305,973	3,215,041	2,836,774	1,713,580	16,071,368
Fund balances:					
Reserved for:					
Encumbrances	2,650,083	3,081,178	9,850,158	1,390,032	16,971,451
Loans				105,893	105,893
Trust principal				129,493	129,493
Unreserved, reported in:					
General fund	12,078,317				12,078,317
Special revenue funds				4,914,193	4,914,193
Capital projects funds		296,775	(11,237,257)	(736,859)	(11,677,341)
Debt service fund				2,097,656	2,097,656
Permanent fund				31,457	31,457
Total fund balances	14,728,400	3,377,953	(1,387,099)	7,931,865	24,651,119
Total Liabilities and Fund Balances	\$ 23,034,373	\$ 6,592,994	\$ 1,449,675	\$ 9,645,445	\$ 40,722,487

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**JUNE 30, 2005**

Amounts reported for governmental activities in the statement of net assets (page 15) are different because of the following:

Fund balances - total governmental funds (page 17) \$ 24,651,119

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 155,798,684	
Less accumulated depreciation	<u>(72,887,254)</u>	
Net capital assets		82,911,430

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

Pension assets		1,348,793
Property tax receivables greater than 60 days		1,566,132
Interest receivable on property taxes		472,050
Receivable from the state for school construction projects		1,236,952

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.

5,852,958

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		(15,160,000)
Interest payable on bonds		(163,891)
Compensated absences		(1,762,803)
Landfill closure costs		<u>(3,799,000)</u>

Net Assets of Governmental Activities (page 15) \$ 97,153,740

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, 2005**

	<b>General Fund</b>	<b>Capital Improvements Fund</b>	<b>School Construction Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Revenues:					
Property taxes, interest and lien fees	\$ 56,888,727	\$	\$	1,139,762	\$ 58,028,489
Assessments		17,600		23,327	40,927
Licenses and permits	473,777				473,777
Fines and forfeitures	8,995				8,995
Intergovernmental - state	35,940,856	426,184		2,914,490	39,281,530
Interest on investments	585,570	191,990	23,102	120,691	921,353
Intergovernmental - federal	6,611,601			1,143,869	7,755,470
Charges for current services	1,726,716			2,727,131	4,453,847
Sanitation, health and welfare	5,020				5,020
Schools, library and recreation fees	437,436				437,436
Sewer use charges				4,448,245	4,448,245
Solid waste management charges				2,870,209	2,870,209
Other revenue	393,174		14,190	646,632	1,053,996
Total revenues	103,071,872	635,774	37,292	16,034,356	119,779,294
Expenditures:					
Current:					
General government	848,118			393,768	1,241,886
General services	3,989,388				3,989,388
Public safety	5,772,643			206,930	5,979,573
Public works	6,134,737				6,134,737
Planning and development	1,012,183				1,012,183
Health and human services	698,628			150,585	849,213
Community services	3,888,925			1,409,765	5,298,690
Education	65,472,871			4,307,461	69,780,332
Subdivisions	4,262,479				4,262,479
Sewer system maintenance				2,946,567	2,946,567
Solid waste management				2,813,917	2,813,917
Nondepartmental	4,115,410				4,115,410
Outside agencies	1,610,548				1,610,548
Debt service	2,536,393			966,575	3,502,968
Capital outlay		2,747,514	1,424,391	1,193,036	5,364,941
Total expenditures	100,342,323	2,747,514	1,424,391	14,388,604	118,902,832
Revenue over (under) Expenditures	2,729,549	(2,111,740)	(1,387,099)	1,645,752	876,462
Other Financing Sources (Uses):					
Transfers in	832,802	2,855,028		568,944	4,256,774
Transfers out	(2,534,113)	(293,944)		(1,748,113)	(4,576,170)
Total other financing sources (uses)	(1,701,311)	2,561,084	-	(1,179,169)	(319,396)
Net Change in Fund Balances	1,028,238	449,344	(1,387,099)	466,583	557,066
Fund Balances at Beginning of Year	13,700,162	2,928,609	-	7,465,282	24,094,053
Fund Balances at End of Year	\$ 14,728,400	\$ 3,377,953	\$ (1,387,099)	7,931,865	\$ 24,651,119

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2005**

Amounts reported for governmental activities in the statement of activities (page 16) are different because of the following:

Net change in fund balances - total governmental funds (page 19) \$ 557,066

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 3,945,397  
Depreciation expense (3,474,184)

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 258,173  
Interest income on property taxes (172,967)  
Intergovernmental revenue on school bonds (256,725)

Change in other assets (221,021)  
Change in pension assets (63,191)

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 138,425  
Principal payments on bonds 2,810,000  
Landfill closure payments 167,270

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 132,959

The net expense of certain activities of internal service funds is reported with governmental activities 1,132,002

Change in Net Assets of Governmental Activities (page 16) \$ 4,953,204

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, 2005**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
General property taxes	\$ 56,702,606	\$ 56,702,606	\$ 57,182,882	\$ 480,276
Licenses and permits	374,235	374,235	473,777	99,542
Interest on investments	250,000	250,000	585,570	335,570
Intergovernmental - Federal	6,013,745	6,013,745	6,611,601	597,856
Intergovernmental - State	33,252,556	33,252,556	33,906,999	654,443
Charges for current services	1,597,006	1,597,006	1,847,820	250,814
Schools, library and recreation fees	409,675	409,675	437,436	27,761
Other revenue	197,240	197,240	402,985	205,745
Total revenues	98,797,063	98,797,063	101,449,070	2,652,007
Expenditures:				
Current:				
General government	937,913	937,913	858,364	79,549
General services	4,159,839	4,159,839	4,012,500	147,339
Public safety	5,725,788	5,807,788	5,687,528	120,260
Public works	6,275,211	6,386,811	6,346,638	40,173
Planning and development	1,119,790	1,119,790	1,009,633	110,157
Health and human services	767,504	767,504	710,868	56,636
Community services	4,104,212	4,104,212	3,847,114	257,098
Education	63,530,000	63,530,000	63,295,358	234,642
Subdivisions	4,262,479	4,262,479	4,262,479	-
Nondepartmental	4,727,880	4,409,280	4,255,985	153,295
Outside agencies	1,613,681	1,613,681	1,610,742	2,939
Debt service	2,536,268	2,536,268	2,536,393	(125)
Total expenditures	99,760,565	99,635,565	98,433,602	1,201,963
Excess (Deficiency) of Revenues over Expenditures	(963,502)	(838,502)	3,015,468	3,853,970
Other Financing Sources (Uses):				
Transfers in	715,902	715,902	715,902	-
Transfers out	(2,259,113)	(2,384,113)	(2,384,113)	-
Total other financing uses	(1,543,211)	(1,668,211)	(1,668,211)	-
Net Change in Fund Balance	\$ (2,506,713)	\$ (2,506,713)	1,347,257	\$ 3,853,970
Fund Balance at Beginning of Year			11,229,018	
Net Change in Reserves and Accrual			94,989	
Fund Balance at End of Year			\$ 12,671,264	

The accompanying notes are an integral part of the financial statements

**TOWN OF GROTON, CONNECTICUT**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**JUNE 30, 2005**

	<b>Governmental            Activities</b> <hr style="border: 0.5px solid black;"/> <b>Internal            Service Funds</b> <hr style="border: 0.5px solid black;"/>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 6,929,715
Accounts receivable	24,286
Property and equipment, net	2,857,451
Total assets	<hr style="border: 0.5px solid black;"/> <u>9,811,452</u>
Liabilities:	
Current liabilities:	
Accounts payable	62,348
Claims incurred but not reported	3,896,146
Total liabilities	<hr style="border: 0.5px solid black;"/> <u>3,958,494</u>
Net Assets:	
Invested in capital assets	2,857,451
Unrestricted	2,995,507
	<hr style="border: 0.5px solid black;"/>
Total Net Assets	<hr style="border: 0.5px solid black;"/> <u>\$ 5,852,958</u> <hr style="border: 0.5px solid black;"/>

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, 2005**

	<u><b>Governmental Activities Internal Service Funds</b></u>
Operating Revenues:	
Charges for services	\$ 15,728,375
Other revenue	260,904
Total operating revenues	<u>15,989,279</u>
Operating Expenses:	
Claims/operating	13,363,786
Depreciation	562,482
Administration	1,316,133
Total operating expenses	<u>15,242,401</u>
Operating Income	<u>746,878</u>
Nonoperating Revenues and Expenses:	
Interest on investments	152,814
Loss on disposal of capital assets	87,086
Total nonoperating revenues and expenses	<u>239,900</u>
Income Before Transfers	986,778
Transfers In	<u>319,396</u>
Change in Net Assets	1,306,174
Net Assets at Beginning of Year	<u>4,720,956</u>
Net Assets at End of Year	<u>\$ 6,027,130</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, 2005**

	<u><b>Governmental Activities Internal Service Funds</b></u>
Cash Flows From Operating Activities:	
Cash received from charges for services	\$ 15,988,594
Cash paid to vendors and beneficiaries	(14,347,839)
Net cash provided by operating activities	<u>1,640,755</u>
Cash Flows From Capital and Related Financing Activities:	
Purchase of property and equipment	(428,639)
Cash Flows From Noncapital Financing Activities:	
Transfers in	319,396
Cash Flows From Investing Activities:	
Interest on investments	<u>152,814</u>
Net Increase in Cash and Cash Equivalents	1,684,326
Cash and Cash Equivalents - Beginning of Year	<u>5,245,389</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 6,929,715</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 746,878
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	562,482
Changes in assets and liabilities:	
Increase in accounts receivable	(685)
Increase in accounts payable	9,439
Increase in claims payable	<u>322,641</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,640,755</u></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, 2005**

	<u><b>Pension Trust Fund</b></u>	<u><b>Private Purpose Trust Funds</b></u>	<u><b>Agency Funds</b></u>
<b>Assets:</b>			
Cash and cash equivalents	\$	\$ 275,497	\$ 803,179
Investments, at fair value:			
Mutual funds	74,939,489		
Receivable	47,959		
Total assets	<u>74,987,448</u>	<u>275,497</u>	<u>803,179</u>
<b>Liabilities:</b>			
Due to student groups			224,620
Due to employees/others	67,072		
Due to contractors/developers			578,559
Total liabilities	<u>67,072</u>	<u>-</u>	<u>803,179</u>
<b>Net Assets:</b>			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 74,920,376</u>	<u>\$ 275,497</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, 2005**

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Contributions:		
Employer	\$ 281,045	\$
Plan members	<u>1,008,395</u>	
Total contributions	<u>1,289,440</u>	<u>-</u>
Investment income:		
Net appreciation in fair value of investments	2,232,702	
Interest and dividends	<u>3,504,905</u>	<u>5,914</u>
	5,737,607	5,914
Less investment expenses:		
Investment management fees	<u>319,594</u>	
Net investment income	<u>5,418,013</u>	<u>5,914</u>
Total additions	6,707,453	5,914
Deductions:		
Benefits	<u>4,201,598</u>	<u>10,023</u>
Change in Net Assets	2,505,855	(4,109)
Net Assets Held in Trust - Beginning of Year	<u>72,414,521</u>	<u>279,606</u>
Net Assets Held in Trust - End of Year	<u>\$ 74,920,376</u>	<u>\$ 275,497</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF GROTON, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

The Town of Groton, Connecticut (the Town) was incorporated in 1705. The Town operates under a Council/Representative Town Meeting/Manager form of government and provides the following services as authorized by its Charter: public safety, public works, planning and development, human services, community services, education, sewer and solid waste disposal, and general governmental services. The accompanying financial statements conform to accounting principles generally accepted in the United States of America 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 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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 Improvement 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

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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.

*Agency Funds* account for monies held as a custodian for outside groups and agencies. Agency funds follow the accrual basis of accounting.

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

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

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

**F. Compensated Absences**

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

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Non Union 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>&lt; 10 years = 15 days 10 - 15 years = 18 days &gt; 15 years = 24 days</p> <p>2 additional days are accrued every July 1<sup>st</sup>.</p> <p>Employees may carry over leave balances up to twice the number of days accrued the previous year.</p> <p>Each June 30<sup>th</sup>, employees with balances exceeding two years of accruals may convert up to 11 days of excess leave to cash provided they have taken a minimum of 15 days during the fiscal year.</p>
Nonunion Police Officers	<p>Officers retiring with a minimum of 100 accumulated hours are eligible for payment of accumulated sick days up to a maximum of 225 days under either of the following options:</p> <p>a. At the rate of 3/8 of accumulated sick leave with payment subject to retirement withholding and included in average annual pay for the purpose of calculating retirement benefits.</p> <p>OR</p> <p>b. At the rate of 3/4 of accumulated sick leave with said payment not subject to retirement withholding and not included in average annual pay for the purpose of calculating retirement benefits.</p>	<p>Upon retirement, officers receive full credit for any accumulated annual leave or paid holidays.</p>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>												
Groton Municipal Employees Association (MEA)	<p>15 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="width: 15%;"><math>&lt; 5</math> years</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%;">12 days</td> </tr> <tr> <td>5 - 10 years</td> <td style="text-align: center;">=</td> <td>15 days</td> </tr> <tr> <td>10 - 15 years</td> <td style="text-align: center;">=</td> <td>18 days</td> </tr> <tr> <td><math>&gt; 15</math> years</td> <td style="text-align: center;">=</td> <td>24 days</td> </tr> </table> <p>Accrued leave must be taken before December 31<sup>st</sup> of the calendar year following the year in which it accrued (can be extended to 6/30 with Town Manager 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>15 days per year.</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>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>	<table border="0" style="width: 100%;"> <tr> <td style="width: 15%;"><math>&lt; 5</math> years</td> <td style="width: 10%; text-align: center;">=</td> <td style="width: 15%;">12 days</td> </tr> <tr> <td>5 - 10 years</td> <td style="text-align: center;">=</td> <td>15 days</td> </tr> <tr> <td>10 - 15 years</td> <td style="text-align: center;">=</td> <td>18 days</td> </tr> <tr> <td><math>&gt; 15</math> years</td> <td style="text-align: center;">=</td> <td>24 days</td> </tr> </table> <p>Accrued leave must be taken before March 31<sup>st</sup> of the 2<sup>nd</sup> calendar year after the year it was accrued (can be extended to September 30 with approval of Town Manager and Chief of Police).</p> <p>Two additional days of annual leave per year shall be credited to employees each July 1<sup>st</sup>.</p>	$< 5$ years	=	12 days	5 - 10 years	=	15 days	10 - 15 years	=	18 days	$> 15$ years	=	24 days
$< 5$ years	=	12 days												
5 - 10 years	=	15 days												
10 - 15 years	=	18 days												
$> 15$ years	=	24 days												

**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>15 days per year. Accumulate up to 200 days.</p> <p>The difference between 100 days and up to 200 days accumulated is paid out at retirement up to the maximum of 100 days. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to cash at a ratio of 5 to 1 each June 30<sup>th</sup>.</p>	<p>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>Accrued leave must be taken before June 30<sup>th</sup> of the year following the year in which it is accrued (a six-month extension can be granted).</p>
Groton Supervisors Union (AFSCME)	<p>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. No pay out for individuals with less than 100 days accumulated.</p> <p>Sick leave accrued in excess of 200 days shall be converted to pay at a ratio of 3 to 1 each June 30<sup>th</sup>.</p>	<p>&lt; 5 years = 12 days                      5 - 10 years = 15 days                      10 - 15 years = 18 days                      &gt; 15 years = 24 days</p> <p>Accrued leave must be taken before December 31<sup>st</sup> 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>
Groton BOE Secretaries 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>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

<u>UNION</u>	<u>SICK PAY</u>	<u>VACATION</u>
Groton BOE Custodians Union	15 days per year. Accumulate up to 162 days.	< 5 years = 10 days 5 - 14 years = 15 days > 14 years = 20 days
	No provision for pay out of accumulated days at retirement.	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.	< 5 years = 10 days 5-13 years = 15 days > 14 years = 20 days
	No provision for pay out of accumulated days at retirement.	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

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#### **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. 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.

#### **J. 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.

*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.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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.

#### **K. 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.

#### **L. 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, First Taxing District Fund, Second Taxing District Fund, Community Events 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

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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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, 2005, 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.

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.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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, 2005 follows:

	<b>General Fund</b>	
	<b>Revenues and Transfers</b>	<b>Expenditures and Transfers</b>
GAAP basis	\$ 103,904,674	\$ 102,876,436
Property tax revenue receivable:		
June 30, 2004	529,794	
June 30, 2005	(235,639)	
Encumbrances:		
June 30, 2004		(2,518,630)
June 30, 2005		2,650,083
State on-behalf payments for teacher retirement	(2,033,857)	(2,033,857)
Accrued wages:		
June 30, 2004		466,537
June 30, 2005		(622,854)
Non-GAAP budgetary basis	\$ 102,164,972	\$ 100,817,715

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

GAAP - Fund Balance	\$ 14,728,400
Encumbrances	(2,650,083)
Net change in accruals not recognized for budget	592,947
Budgetary - Fund Balance	\$ 12,671,264

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**B. Deficit Fund Equity**

The following funds had a deficit fund balance at June 30, 2005:

Special Revenue:	
Golf Course	\$ (132,246)
Other Special Revenue	(25,023)
Capital Projects:	
School Construction	(1,387,099)
Sewer Construction	(736,859)
Internal Service:	
Workers' Compensation	(2,054,953)

Capital Projects Funds deficit will be eliminated through future permanent financing. The Internal Service Fund deficit will be funded on a current basis with future premiums. The Golf Course Fund deficit will be eliminated through the Town Council deficit funding plan; the deficits in the Other Special Revenue Funds will be eliminated with future revenues.

**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.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$15,761,301 of the Town's bank balance of \$44,277,816 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 14,145,171
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,616,130</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 15,761,301</u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**Investments**

As of June 30, 2005, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
			<u>Not Applicable</u>	<u>1 - 10</u>	<u>More Than 10</u>
Money market funds	n/a	\$ 394,279	\$ 394,279	\$	\$
SEI Instl. Core Fixed Income Funds	n/a	37,827,614	37,827,614		
SEI Instl. Large Cap Funds	n/a	25,011,259	25,011,259		
SEI International Equity Fund	n/a	7,321,174	7,321,174		
SEI Instl. Small Cap Fund	n/a	4,379,832	4,379,832		
Common Stock	n/a	10,045	10,045		
Mutual funds	n/a	107,205	107,205		
State of CT STIF	AAA <sub>m</sub>	20,234,164	20,234,164		
MBIA Class Plus	AAA	7,803,309	7,803,309		
Total		\$ <u>103,088,881</u>	\$ <u>103,088,881</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 if 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.

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

<u>Investment</u>	<u>Percentage</u>
SEI Instl. Core Fixed Income	36.8%
SEI Instl. Large Cap Fund	24.4
SEI International Equity Fund	7.1

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 Short-Term Investment Fund is provided quarterly by the Investment Advisory Council and the Treasurer's Cash Management Board.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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. Fund Receivables**

Receivables at June 30, 2005, including the applicable allowances for collection losses, are as follows:

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Nonmajor and Other Funds</b>	<b>Totals</b>
Property taxes	\$ 1,734,430	\$	\$ 13,308	\$ 1,747,738
Assessments		13,034	145,928	158,962
Accounts receivable	123,442		556,613	680,055
User fees receivable			1,344,671	1,344,671
Gross receivables	1,857,872	13,034	2,060,520	3,931,426
Allowance for collection losses	(220,000)	-	(341,257)	(561,257)
Net Receivables	\$ 1,637,872	\$ 13,034	\$ 1,719,263	\$ 3,370,169

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

	<b>Unavailable</b>	<b>Unearned</b>
General Fund:		
Delinquent property taxes receivable	\$ 1,498,792	\$
Capital Improvements Fund:		
Delinquent assessments receivable	13,034	
Nonmajor Governmental Funds:		
Delinquent assessments receivable	54,306	
Various education grants		250,586
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,566,132	\$ 250,586

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 13,486,631	\$	\$	\$ 13,486,631
Construction in progress	9,179,482	4,136,787	(2,757,293)	10,558,976
Total capital assets not being depreciated	22,666,113	4,136,787	(2,757,293)	24,045,607
Capital assets being depreciated:				
Land improvements	3,074,137	171,095		3,245,232
Buildings and improvements	44,722,601	952,725		45,675,326
Machinery and equipment	14,058,274	673,496	(305,111)	14,426,659
Machinery and equipment - fleet	5,526,929	428,638	(300,169)	5,655,398
Infrastructure	67,581,301	824,558		68,405,859
Total capital assets being depreciated	134,963,242	3,050,512	(605,280)	137,408,474
Less accumulated depreciation:				
Land improvements	2,222,744	82,793		2,305,537
Buildings and improvements	21,811,350	907,241		22,718,591
Machinery and equipment	10,281,795	607,813	(249,139)	10,640,469
Machinery and equipment - fleet	2,448,549	562,482	(213,084)	2,797,947
Infrastructure	35,346,320	1,876,338		37,222,658
Total accumulated depreciation	72,110,758	4,036,667	(462,223)	75,685,202
Total capital assets being depreciated, net	62,852,484	(986,155)	(143,057)	61,723,272
Net Capital Assets	\$ 85,518,597	\$ 3,150,632	\$ (2,900,350)	\$ 85,768,879

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

Governmental Activities:	
General government services	\$ 18,230
Public safety	15,202
Public works, including depreciation of general infrastructure assets	1,990,831
General services	248,517
Community services	34,803
Education	537,741
Sewer operating	518,938
Solid waste	1,795
Capital assets held by the Town's internal service funds are charged to the various functions based on their usage of assets	562,482
Golf course	36,978
Computer replacement	57,425
Special Library	13,725
Total Depreciation Expense - Governmental Activities	\$ 4,036,667

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**Construction Commitments**

The Town has the following construction commitments as of June 30, 2005:

	<u><b>Project Amount</b></u>
WPCF Projects:	
Goss Cove pump station re-roofing	\$ 34,145
Grit equipment replacement - WPCF	327,000
Motor control replacement for WPCF	30,844
Plant water pump replacement for WPCF	7,099
Mumford Cove generator replacement	91,255
Roads/Streets/Sidewalks:	
Metal beam rail	13,825
Road improvements at School St. RR crossing	79,988
Reconstruction of Pleasant Valley Rd. South	1,978,399
Sidewalk replacement	19,800
Sidewalk work	600
Traffic signal fire pre-emption	3,878
Traffic signal reconstruction Rt 1/Harry Day	74,772
Building Improvements/Modifications:	
Human Services bldg. Ext lighting	6,536
Police Station rear vestibule	6,749
Replace air conditioning	7,850
Spice House repairs	4,590
Town Hall 3rd floor heating	18,754
Town Hall exterior lighting	2,250
Town Hall front entrance	55,000
Town Hall transfer switch	30,462
Vehicle storage garage sprinkler installation	12,830
Other Miscellaneous:	
Furnish and install fence - Sutton Park LL field	15,898
Streetlight installation	5,000

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

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**D. Interfund Receivables, Payables and Transfers**

As of June 30, 2005, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ <u><u>1,041,858</u></u>

The balance of \$1,041,858 due to nonmajor funds represents amounts committed to fund various capital projects and education programs.

**Interfund Transfers**

Interfund transfers during the year ended June 30, 2005 were as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Improvements Fund</u>	<u>Nonmajor Funds</u>	<u>Fleet Reserve Fund</u>	
Transfers out:					
General Fund	\$	\$ 1,939,717	\$ 275,000	\$ 319,396	\$ 2,534,113
Capital Improvements Fund			293,944		293,944
Nonmajor funds	<u>832,802</u>	<u>915,311</u>	<u>          </u>	<u>          </u>	<u>1,748,113</u>
Total Transfers In	<u>\$ 832,802</u>	<u>\$ 2,855,028</u>	<u>\$ 568,944</u>	<u>\$ 319,396</u>	<u>\$ 4,576,170</u>

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, Community Events, OPEB and Fleet, all in accordance with budget authorizations. The purpose of the “transfer in” in 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” of nonmajor governmental funds consisted primarily of budget transfers for the replacement of capital assets in the Sewer Operating Fund.

**E. Bond Anticipation Notes Payable**

Bond anticipation note transactions for the year ended June 30, 2005 were as follows:

Outstanding, June 30, 2004	\$ 3,375,000
New borrowings	4,850,000
Repayments	<u>(3,375,000)</u>
Outstanding, June 30, 2005	<u>\$ 4,850,000</u>

The Town issued bond anticipation notes in order to fund school construction projects.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

**F. Long-Term Debt**

Long-term liability activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 17,970,000	\$	\$ 2,810,000	\$ 15,160,000	\$ 2,740,000
Landfill post-closure monitoring	3,966,270		167,270	3,799,000	170,000
Compensated absences	<u>1,895,762</u>	<u>132,232</u>	<u>265,191</u>	<u>1,762,803</u>	<u>159,271</u>
Long-Term Liabilities	\$ <u>23,832,032</u>	\$ <u>132,232</u>	\$ <u>3,242,461</u>	\$ <u>20,721,803</u>	\$ <u>3,069,271</u>

Included in long-term liabilities is the estimated obligation for employee compensated absences aggregating \$1,762,803 as of June 30, 2005. 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.

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>
2006	\$ 1,975,000	\$ 440,611	\$ 765,000	\$ 148,718
2007	1,950,000	363,410	735,000	111,052
2008	1,620,000	282,465	515,000	80,593
2009	1,600,000	216,815	510,000	59,231
2010	1,100,000	166,603	450,000	39,000
2011-2015	2,500,000	455,865	630,000	50,400
2016-2017	<u>810,000</u>	<u>55,080</u>	<u>-</u>	<u>-</u>
	\$ <u>11,555,000</u>	\$ <u>1,980,849</u>	\$ <u>3,605,000</u>	\$ <u>488,994</u>

At June 30, 2005, the Town has available from the State of Connecticut \$1,236,952 of school bond principal subsidies due in installments through 2010.

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Total authorized but unissued long-term debt at June 30, 2005 consists of the following:

		<b>Bonds Authorized Unissued</b>
Design and Construction of Sanitary Sewer Program	\$	687,121
Improvements to Sewage Pumping Stations		99,000
Fort Hill Water Extension and Improvements		245,000
Public Safety Communications/Facility Improvements		8,600
WPCF Additions/Improvements and Sewer System Evaluation		13,236,766
S. Pleasant Valley Road		3,586,736
Welles Road Bulky Waste Closure		390,500
Flanders Road Transfer Station		45,250
Annex Complex and Sewer Line		163,000
Northeast Academy - Demolition/New Construction		20,235,000
Kolnaksi Elementary School Construction		25,335,000
Fitch Sr. -Phase I		44,200,000
	\$	108,231,973

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

<b>Category</b>	<b>Debt Limit</b>	<b>Indebtedness</b>	<b>Balance</b>
General Purpose	\$ 152,271,723	\$ 27,992,699	\$ 124,279,024
Schools	304,543,446	92,823,568	211,719,878
Sewers	253,786,205	22,199,887	231,586,318
Urban Renewal	219,948,045		219,948,045
Pension Deficit	203,028,964		203,028,964

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation including coterminous municipalities, or \$473,734,247. 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 \$16,962,133 is included in the calculation of indebtedness. Bonds authorized and unissued amounted to \$108,231,973 at June 30, 2005. School indebtedness is net of school building grants of \$1,236,952.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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#### G. 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 \$2,131,500 (\$101,500 per year for 21 years). The other landfill site stopped accepting waste in the fall of 2001 and its estimated postclosure cost is \$1,667,500 (\$66,700 for 25 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.

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 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 plus 1.85% of average annual pay (highest 3 years) times years of service after June 30, 1989 up to 25 years, plus 1.25% for years of service after June 30, 1989 in excess of 25 years.

**GMEA:** 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.

**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.

TOWN OF GROTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS, CONTINUED

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**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 25 years of service and 1.5% of average annual pay times years of continuous service in excess of 25.

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

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

**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% and Firefighters 6.5%. Contributions of nonvested employees are returned with interest 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, 2004, TGRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	169
Terminated employees entitled to benefits but not yet receiving them	21
Active plan members	<u>419</u>
Total	<u><u>609</u></u>

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

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**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	\$ 37,827,614
SEI Instl. Large Cap Fund	25,011,259
SEI International Equity Fund	7,321,174
SEI Inst. Small Cap Fund	4,379,832

**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	\$ 264,070
Interest on net pension obligation	(116,489)
Adjustment to annual required contribution	<u>196,655</u>
Annual pension cost	344,236
Contributions made	<u>281,045</u>
Increase in net pension obligation	63,191
Net pension asset, July 1, 2004	<u>(1,411,984)</u>
Net Pension Asset, June 30, 2005	<u><u>\$ (1,348,793)</u></u>

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

Actuarial valuation date	July 1, 2004
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	10 years, open
Asset valuation method	5-year smoothed market value

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

Actuarial assumptions:

Investment rate of return*	8.25%
Projected salary increases	4.75%
Cost-of-living adjustments	none

\*includes an inflation rate of 3.25%

**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>
6/30/03	\$ 70,000	224.6%	\$ (1,324,433)
6/30/04	75,000	216.4	(1,411,984)
6/30/05	344,236	81.6	(1,348,793)

**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>
7/1/99	\$ 66,871,000	\$ 50,416,000	\$ 16,455,000	132.6%	\$ 17,393,000	94.6%
7/1/00	71,639,000	54,107,000	17,532,000	132.4	17,880,000	98.1
7/1/01	75,934,000	56,132,000	19,802,000	135.3	19,405,000	102.0
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

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/00	\$ -	N/A
6/30/01	-	N/A
6/30/02	-	N/A
6/30/03	-	N/A
6/30/04	-	N/A
6/30/05	264,070	107.6%

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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

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

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

In addition, the Town has recognized revenues and expenditures for on-behalf payments for pension contributions paid directly to the Connecticut State Teachers' Retirement System by the State of Connecticut. Such on-behalf payments were approximately \$2,034,000 for the year ended June 30, 2005.

#### **5. OTHER INFORMATION**

##### **A. Commitment for Postemployment Benefits Other than Pension Benefits**

In addition to pension benefits described in Note 4, the Town provides postretirement health care benefits based on the following guidelines for each specific group of Town employees:

- AFSCME: Eligible at age 55; sliding scale based on sum of years of service and age, with sum of 85; 90% of premiums paid by the Town, 50% of premiums paid by the Town for spouses; benefits include hospital and medical/surgical coverage and prescription drug rider.
- Nonunion: Eligible at age 55; 80% of premiums paid by the Town, 50% of premiums paid by the Town for spouses; benefits include hospital, medical/surgical, prescription drug and dental coverage.
- GMEA: Eligible at age 57; 90% of premiums paid by the Town, 50% of premiums paid by the Town for spouses; benefits include hospital, medical/surgical coverage and prescription drug coverage. Employee only eligible for prescription and dental coverage.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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Police: Eligible at age 45 - 25% of premiums paid by the Town, 25% of premiums paid by the Town for spouses; eligible at age 50 - 50% of premiums paid by the Town, 50% of premiums paid by the Town for spouses; eligible at age 60 - 75% of premiums paid by the Town, 75% of premiums paid by the Town for spouses; eligible at age 65 - 90% of premiums paid by the Town, 90% of premiums paid by the Town for spouses; benefits include hospital, medical/surgical coverage and prescription drug and dental coverage.

Steelworkers: Eligible at age 55 normal retirement; 100% of premiums paid by the Town; 50% of premiums paid by the Town for spouses; benefits include hospital and medical/surgical coverage or 90% by Town if employee elects to include prescription and dental coverage.

The Town's contributions are financed and expensed on a pay-as-you-go basis from the General Fund. The amount of postretirement health care expenditures for the year ended June 30, 2005 was \$502,392 for 109 retirees. These benefit payments are in accordance with Council approved contract provisions which stipulate Town and retiree premium contributions.

#### **B. Risk Management**

The Town is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and medical; and natural disasters. The Town generally obtains commercial insurance for these risks, but has chosen to retain the risks for workers' compensation and employee health and medical claims. Under the Town's current policy, the Health Insurance Fund covers all employee claims up to \$200,000 per claim with a stop-loss policy covering amounts exceeding the limit. The Town also purchases aggregate stop-loss coverage for claims in excess of 125% of expected claim level, which approximates \$10.1 million. The Workers' Compensation Fund covers claims associated with work-related injuries. The Town purchases commercial insurance for claims in excess of coverage provided by the Workers' Compensation Fund with an individual claim maximum of \$300,000 and a \$1,000,000 aggregate maximum per year. Town management has estimated a liability using actuarial methods at June 30, 2005 for claims incurred but not reported to be \$884,206 in the Health Insurance Fund and \$3,011,940 in the Workers' Compensation Fund, which includes heart and hypertension of \$1,746,301. The estimate for claim liability also

**TOWN OF GROTON, CONNECTICUT**

**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

includes amounts for incremental claim adjustment expenses. Changes in the claims liability were as follows:

	<u>Liability July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30</u>
<u>Health Insurance Fund</u>				
2004-2005	\$ 987,728	\$ 10,621,672	\$ 10,725,194	\$ 884,206
2003-2004	811,770	10,872,341	10,696,383	987,728
<u>Workers' Compensation Fund</u>				
2004-2005	\$ 2,589,370	\$ 920,726	\$ 498,156	\$ 3,011,940
2003-2004	2,243,048	779,098	432,776	2,589,370

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.

**C. 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.

**D. Concentration of Taxes**

The Town's two largest taxpayers, based on the October 2003 grand list, comprise 21.8% of the net taxable grand list of the Town and approximately 12.18% of the total General Fund revenues for the year ended June 30, 2005.

**E. Subsequent Event**

On July 21, 2005, the Town issued the following; \$5,005,000 General Obligation Bonds bearing interest at 3.5% to 5.5%, maturing on August 1, 2025, \$8,390,000 General Obligation Bond Anticipation Notes bearing interest at 4%, maturing on July 28, 2006, and \$1,100,000 of General Obligation Sewer Bond Anticipation Notes, bearing interest at 3.5%, maturing March 1, 2006.

**F. Pronouncements Issued, Not Yet Effective**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005 that have effective dates that may impact future financial presentations.

## TOWN OF GROTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS, CONTINUED

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Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

- GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, will be effective for the government beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.
- GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, issued in May 2004, will be effective for the Town beginning with its year ending June 30, 2006. This Statement improves the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model required by Statement No. 34 and related statements.
- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, issued in June 2004, will be effective for the Town beginning with its year ending June 30, 2008. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

**Supplemental and Combining  
Fund Statements and Schedules**

**General Fund**

**TOWN OF GROTON, CONNECTICUT**

**GENERAL FUND**

**BALANCE SHEET**

**JUNE 30, 2005 WITH COMPARATIVE TOTALS FOR 2004**

	<u>2005</u>	<u>2004</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,352,272	\$ 19,963,931
Property taxes receivable, net	1,514,430	1,710,795
Other receivables	1,165,300	158,542
Prepaid expenditures and other assets	<u>2,371</u>	<u>2,879</u>
Total Assets	<u>\$ 23,034,373</u>	<u>\$ 21,836,147</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 6,807,181	\$ 6,735,650
Deferred revenue - taxes	<u>1,498,792</u>	<u>1,400,335</u>
Total liabilities	<u>8,305,973</u>	<u>8,135,985</u>
<b>Fund Balances:</b>		
Reserved for encumbrances	2,650,083	2,624,738
Reserved for prepaid expenditures		2,482
Designated for subsequent year budget	3,521,736	2,506,713
Unreserved, undesignated	<u>8,556,581</u>	<u>8,566,229</u>
Total fund balance	<u>14,728,400</u>	<u>13,700,162</u>
Total Liabilities and Fund Balance	<u>\$ 23,034,373</u>	<u>\$ 21,836,147</u>

**TOWN OF GROTON, CONNECTICUT**

**GENERAL FUND SCHEDULE OF BUDGETED AND ACTUAL REVENUES -  
BUDGETARY BASIS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Property Taxes (Including Interest and Lien Fees)	\$ 56,702,606	\$ 56,702,606	\$ 57,182,882	\$ 480,276
Licenses and Permits:				
Building permits	341,775	341,775	451,993	110,218
Sporting licenses	2,200	2,200	2,314	114
Dog licenses	2,000	2,000	7,725	5,725
Other licenses and permits	28,000	28,000	8,813	(19,187)
Building permits - education fee	140	140	248	108
State land use fees	120	120	2,684	2,564
Total licenses and permits	<u>374,235</u>	<u>374,235</u>	<u>473,777</u>	<u>99,542</u>
Interest on Investments	<u>250,000</u>	<u>250,000</u>	<u>585,570</u>	<u>335,570</u>
Intergovernmental - State:				
General:				
Town aid road	136,542	136,542	132,271	(4,271)
Nuclear safety drill	40,000	40,000	23,809	(16,191)
Highway illumination	1,619	1,619	1,619	-
Telephone access	349,040	349,040	355,052	6,012
PILOT Enterprise zone	1,155,475	1,155,475	1,156,728	1,253
PILOT manufacturing machinery and equipment	3,297,139	3,297,139	3,758,633	461,494
PILOT - state and tax exemptions	1,918,928	1,918,928	1,919,951	1,023
TVCCA - supp. housing program	6,000	6,000	8,833	2,833
Youth Service Bureau	29,000	29,000	31,068	2,068
DCYS - Family support	80,000	80,000	42,052	(37,948)
Pequot/Mohegan funds	1,907,961	1,907,961	1,928,039	20,078
Regional Community Incentive	78,500	78,500	79,127	627
Miscellaneous state grants	3,900	3,900	622	(3,278)
Board of Education:				
Education cost sharing	22,541,802	22,541,802	22,526,582	(15,220)
Adult education	87,186	87,186	82,264	(4,922)
Instruction for the blind	80,000	80,000	36,093	(43,907)
Special education	111,804	111,804	912,303	800,499
Transportation - private school	39,923	39,923	105,542	65,619
Transportation	508,248	508,248	478,984	(29,264)
School building grants	299,947	299,947	256,725	(43,222)
Bond interest subsidy	58,376	58,376	49,985	(8,391)
Nonpublic pupil services	25,000	25,000	20,717	(4,283)
Excess special education	496,166	496,166		(496,166)
Total State of Connecticut	<u>33,252,556</u>	<u>33,252,556</u>	<u>33,906,999</u>	<u>654,443</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Intergovernmental - Federal:				
Pupil impact aid	\$ 6,000,000	\$ 6,000,000	\$ 6,589,286	\$ 589,286
Emergency management	13,745	13,745	22,315	8,570
Total federal government	<u>6,013,745</u>	<u>6,013,745</u>	<u>6,611,601</u>	<u>597,856</u>
Charges for Current Services:				
Planning Commission fees	18,000	18,000	14,890	(3,110)
Recording instruments	300,000	300,000	264,972	(35,028)
Conveyance tax	760,000	760,000	1,083,521	323,521
Planning department - other	4,000	4,000	3,545	(455)
Collection subdivisions taxes	253,238	253,238	253,238	-
Accident reports	1,500	1,500	1,673	173
Dispatch/paramedics services	1,000	1,000	1,000	-
North Stonington - dispatch	55,295	55,295	55,295	-
Playground aides - Board of Education	50,950	50,950	16,141	(34,809)
Housing Authority shelter rent	41,000	41,000	40,209	(791)
MIS - computer usage	1,500	1,500		(1,500)
Medical Regional Coordination Center	10,400	10,400	11,750	1,350
Police youth service - Board of Education	56,400	56,400	56,400	-
Board of Education - FHS/ground mowing	35,723	35,723	35,723	-
GIS - revenue	4,000	4,000	5,259	1,259
Vital statistics	4,000	4,000	4,204	204
Total charges for current services	<u>1,597,006</u>	<u>1,597,006</u>	<u>1,847,820</u>	<u>250,814</u>
Schools, Library and Recreation:				
Tuition from other towns	40,000	40,000	69,322	29,322
Other school receipts	30,000	30,000	109,857	79,857
Library fines	31,000	31,000	24,669	(6,331)
Lost and damaged book fees	4,000	4,000	3,161	(839)
Senior Center fees	28,000	28,000	40,944	12,944
Park concession and rental	3,000	3,000	2,000	(1,000)
Other recreational receipts	143,500	143,500	106,633	(36,867)
Library - copier fees	11,000	11,000	9,157	(1,843)
Library fees	11,000	11,000	11,258	258
Park rentals	2,000	2,000	3,080	1,080
Playground fees	106,175	106,175	57,355	(48,820)
Total schools, library and recreation	<u>409,675</u>	<u>409,675</u>	<u>437,436</u>	<u>27,761</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Revenue:				
Court fines	\$	\$	\$ 360	\$ 360
Parking tickets		10,000	8,635	(1,365)
Welfare - local receipts		3,000	3,000	(3,000)
Relocation reimbursement			816	816
Aircraft registration fees			15,270	15,270
Lease fees			45,868	45,868
Land record copies		25,000	28,849	3,849
Vital copies		23,000	26,602	3,602
Police outside work		15,000	15,000	(15,000)
Delinquent motor vehicles fees			32	32
Miscellaneous		14,515	113,098	98,583
Dog warden - sold and redeemed		5,000	3,556	(1,444)
Disposal fees		93,425	144,802	51,377
Returned check fees		1,300	1,355	55
Sale of capital assets		3,000	11,046	8,046
Finance Dept. copies		4,000	2,696	(1,304)
Total other revenue		<u>197,240</u>	<u>402,985</u>	<u>205,745</u>
Other Financing Sources:				
Transfers in:				
Golf course		107,498	107,498	-
Sewer/landfill services		608,404	608,404	-
Total other financing sources		<u>715,902</u>	<u>715,902</u>	<u>-</u>
Total Revenues and Other Financing Sources	\$	\$ <u>99,512,965</u>	\$ <u>102,164,972</u>	\$ <u>2,652,007</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Legislative policy	\$ 60,305	\$ 60,305	\$ 55,921	\$ 4,384
Voter registration	103,421	103,421	103,950	(529)
Judicial services	18,750	18,750	16,593	2,157
Town Clerk	410,437	410,437	384,798	25,639
Legal services	345,000	345,000	297,102	47,898
Total general government	<u>937,913</u>	<u>937,913</u>	<u>858,364</u>	<u>79,549</u>
General Services:				
Executive management	375,013	375,013	374,721	292
Financial administration	1,238,206	1,238,206	1,236,007	2,199
Administrative services	2,546,620	2,546,620	2,401,772	144,848
Total general services	<u>4,159,839</u>	<u>4,159,839</u>	<u>4,012,500</u>	<u>147,339</u>
Public Safety:				
Police services	<u>5,725,788</u>	<u>5,807,788</u>	<u>5,687,528</u>	<u>120,260</u>
Public Works	<u>6,275,211</u>	<u>6,386,811</u>	<u>6,346,638</u>	<u>40,173</u>
Planning and Development Services	<u>1,119,790</u>	<u>1,119,790</u>	<u>1,009,633</u>	<u>110,157</u>
Health and Human Services:				
Human services	<u>767,504</u>	<u>767,504</u>	<u>710,868</u>	<u>56,636</u>
Community Services:				
Parks and recreation	2,415,033	2,415,033	2,164,328	250,705
Library	1,689,179	1,689,179	1,682,786	6,393
Total community services	<u>4,104,212</u>	<u>4,104,212</u>	<u>3,847,114</u>	<u>257,098</u>
Debt Service:				
Town	1,907,548	1,907,548	1,907,673	(125)
Board of Education	628,720	628,720	628,720	-
Total debt service	<u>2,536,268</u>	<u>2,536,268</u>	<u>2,536,393</u>	<u>(125)</u>
Nondepartmental:				
Insurance and claims	541,916	541,916	467,789	74,127
Contingency	400,000	81,400		81,400
Self-funded plans	3,785,964	3,785,964	3,788,196	(2,232)
Total nondepartmental	<u>4,727,880</u>	<u>4,409,280</u>	<u>4,255,985</u>	<u>153,295</u>
Education	<u>63,530,000</u>	<u>63,530,000</u>	<u>63,295,358</u>	<u>234,642</u>

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**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<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	\$ 87,538	\$ 87,538	\$ 87,538	\$ -
Ambulance services	136,000	136,000	135,061	939
Health services - cultural agencies	1,211,223	1,211,223	1,209,223	2,000
Other libraries	178,920	178,920	178,920	-
Total outside agencies	<u>1,613,681</u>	<u>1,613,681</u>	<u>1,610,742</u>	<u>2,939</u>
Subdivisions:				
City of Groton	3,668,267	3,668,267	3,668,267	-
Groton Long Point	348,200	348,200	348,200	-
Fire districts	246,012	246,012	246,012	-
Total subdivisions	<u>4,262,479</u>	<u>4,262,479</u>	<u>4,262,479</u>	<u>-</u>
Total expenditures	<u>99,760,565</u>	<u>99,635,565</u>	<u>98,433,602</u>	<u>1,201,963</u>
Other Financing Uses:				
Transfers out	<u>2,259,113</u>	<u>2,384,113</u>	<u>2,384,113</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 102,019,678</u>	<u>\$ 102,019,678</u>	<u>\$ 100,817,715</u>	<u>\$ 1,201,963</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, 2005**

	Budgeted Amounts		Actual			Variance With Final Budget Positive (Negative)
	Original	Final	Expended	Encumbered	Total	
<b>Instruction:</b>						
Regular	\$ 28,411,130	\$ 28,548,484	\$ 28,101,821	\$ 446,662	\$ 28,548,483	\$ 1
Special	8,984,440	8,787,423	8,618,523	591	8,619,114	168,309
Continuing	246,900	242,157	242,157		242,157	-
Total instruction	<u>37,642,470</u>	<u>37,578,064</u>	<u>36,962,501</u>	<u>447,253</u>	<u>37,409,754</u>	<u>168,310</u>
<b>Supporting Services:</b>						
Pupils	4,714,610	4,732,708	4,710,578	22,130	4,732,708	-
Staff	2,552,370	2,257,156	2,153,720	37,104	2,190,824	66,332
General support	5,694,180	5,611,207	5,555,280	55,927	5,611,207	-
Operational support	10,223,240	10,401,927	9,853,710	548,217	10,401,927	-
Total supporting services	<u>23,184,400</u>	<u>23,002,998</u>	<u>22,273,288</u>	<u>663,378</u>	<u>22,936,666</u>	<u>66,332</u>
<b>Community Services:</b>						
Civic activities	10,000	2,064	2,064		2,064	-
Nonpublic school pupils	130,780	142,045	142,045		142,045	-
Total community services	<u>140,780</u>	<u>144,109</u>	<u>144,109</u>	<u>-</u>	<u>144,109</u>	<u>-</u>
<b>Nonprogrammed Changes:</b>						
Tuition payments	2,562,350	2,804,829	2,762,122	42,707	2,804,829	-
<b>Total</b>	<u>\$ 63,530,000</u>	<u>\$ 63,530,000</u>	<u>\$ 62,142,020</u>	<u>\$ 1,153,338</u>	<u>\$ 63,295,358</u>	<u>\$ 234,642</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:** 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.

**First Taxing District:** Accounts for taxes paid by residents to cover costs of fire protection contracted through the Mystic Fire District.

**Second Taxing District:** Accounts for taxes paid by residents to cover costs of fire protection contracted through the Poquonnock Bridge Fire District.

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

**Community Events Fund:** Accounts for events, sponsored by the Town and outside organizations, that are held in the Town to celebrate the community aspects of living in the Town of Groton.

**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.

**P&Z Fund:** 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:** Until a trust fund is set up, this accounts for funds set aside to finance other postemployment benefits liability as per GASB Statement No. 45.

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

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

### ***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.

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

**JUNE 30, 2005**

	Special Revenue Funds								
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund
ASSETS									
Cash and cash equivalents	\$	\$ 217,944	\$ 341,185	\$ 71,430	\$ 10,004	\$ 195,922	\$ 70,670	\$	\$ 2,479,584
Receivables:									
Taxes receivable, net									
Assessments receivable, net			105,893						
Intergovernmental	371,209	131,455							
Accounts receivable, net									
User fees receivable, net			1,492						554,937
Investments									
Other assets								3,743	
<b>Total Assets</b>	<b>\$ 371,209</b>	<b>\$ 349,399</b>	<b>\$ 448,570</b>	<b>\$ 71,430</b>	<b>\$ 10,004</b>	<b>\$ 195,922</b>	<b>\$ 70,670</b>	<b>\$ 3,743</b>	<b>\$ 3,034,521</b>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$	\$ 1,493	\$	\$	\$	\$	\$ 16,324	\$ 95,760
Due to State	13,517								
Due to other funds	177,920			571				119,665	
Deferred revenue	54,664					195,922			
Total liabilities	<u>246,101</u>	<u>-</u>	<u>1,493</u>	<u>571</u>	<u>-</u>	<u>195,922</u>	<u>-</u>	<u>135,989</u>	<u>95,760</u>
Fund Balances:									
Reserved for encumbrances								219	1,138,959
Reserved for loans			105,893						
Reserved for trust principal									
Unreserved and undesignated	125,108	349,399	341,184	70,859	10,004		70,670	(132,465)	1,799,802
Total fund balances	<u>125,108</u>	<u>349,399</u>	<u>447,077</u>	<u>70,859</u>	<u>10,004</u>	<u>-</u>	<u>70,670</u>	<u>(132,246)</u>	<u>2,938,761</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 371,209</b>	<b>\$ 349,399</b>	<b>\$ 448,570</b>	<b>\$ 71,430</b>	<b>\$ 10,004</b>	<b>\$ 195,922</b>	<b>\$ 70,670</b>	<b>\$ 3,743</b>	<b>\$ 3,034,521</b>

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

**JUNE 30, 2005**

	Special Revenue Funds								
	Solid Waste Fund	Mumford Cove District	Emergency Energy Fund	Community Events Fund	Revaluation	Other Special Revenue	Computer Replacement	Adult Education	P&Z Fund
<b>ASSETS</b>									
Cash and cash equivalents	\$ 378,066	\$ 1,158	\$ 4,756	\$ 484	\$ 489,198	\$	\$ 73,867	\$ 7,407	\$ 832,435
Receivables:									
Taxes receivable, net									
Assessments receivable, net									
Intergovernmental									
Accounts receivable, net						4,491			
User fees receivable, net	446,985								
Investments									
Other assets									
<b>Total Assets</b>	<b>\$ 825,051</b>	<b>\$ 1,158</b>	<b>\$ 4,756</b>	<b>\$ 484</b>	<b>\$ 489,198</b>	<b>\$ 4,491</b>	<b>\$ 73,867</b>	<b>\$ 7,407</b>	<b>\$ 832,435</b>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	\$ 203,465	\$	\$	\$	\$	\$ 1,394	\$	\$	\$ 11,357
Due to State									
Due to other funds						28,120			804
Deferred revenue									
Total liabilities	<u>203,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,514</u>	<u>-</u>	<u>-</u>	<u>12,161</u>
Fund Balances:									
Reserved for encumbrances	248,290								
Reserved for loans									
Reserved for trust principal									
Unreserved and undesignated	373,296	1,158	4,756	484	489,198	(25,023)	73,867	7,407	820,274
Total fund balances	<u>621,586</u>	<u>1,158</u>	<u>4,756</u>	<u>484</u>	<u>489,198</u>	<u>(25,023)</u>	<u>73,867</u>	<u>7,407</u>	<u>820,274</u>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 825,051</b>	<b>\$ 1,158</b>	<b>\$ 4,756</b>	<b>\$ 484</b>	<b>\$ 489,198</b>	<b>\$ 4,491</b>	<b>\$ 73,867</b>	<b>\$ 7,407</b>	<b>\$ 832,435</b>

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

**JUNE 30, 2005**

	Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Permanent Funds		Totals
	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	OPEB	Sewer Construction	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	
<b>ASSETS</b>									
Cash and cash equivalents	\$ 162,454	\$ 144,240	\$ 26,000	\$ 151,245	\$ -	\$ 2,100,235	\$ 9,790	\$ 33,910	\$ 7,801,984
Receivables:									
Taxes receivable, net						13,308			13,308
Assessments receivable, net						40,035			145,928
Intergovernmental									502,664
Accounts receivable, net	3,995	45,285				178			53,949
User fees receivable, net									1,003,414
Investments							107,205	10,045	117,250
Other assets	3,205								6,948
<b>Total Assets</b>	<b>\$ 169,654</b>	<b>\$ 189,525</b>	<b>\$ 26,000</b>	<b>\$ 151,245</b>	<b>\$ -</b>	<b>\$ 2,153,756</b>	<b>\$ 116,995</b>	<b>\$ 43,955</b>	<b>\$ 9,645,445</b>
<b>LIABILITIES AND FUND BALANCE</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,439	\$ -	\$ -	\$ -	\$ 22,081	\$ -	\$ -	\$ -	\$ 353,313
Due to State									13,517
Due to other funds					714,778				1,041,858
Deferred revenue						54,306			304,892
<b>Total liabilities</b>	<b>1,439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>736,859</b>	<b>54,306</b>	<b>-</b>	<b>-</b>	<b>1,713,580</b>
<b>Fund Balances:</b>									
Reserved for encumbrances	770					1,794			1,390,032
Reserved for loans									105,893
Reserved for trust principal							101,950	27,543	129,493
Unreserved and undesignated	167,445	189,525	26,000	151,245	(736,859)	2,097,656	15,045	16,412	6,306,447
<b>Total fund balances</b>	<b>168,215</b>	<b>189,525</b>	<b>26,000</b>	<b>151,245</b>	<b>(736,859)</b>	<b>2,099,450</b>	<b>116,995</b>	<b>43,955</b>	<b>7,931,865</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 169,654</b>	<b>\$ 189,525</b>	<b>\$ 26,000</b>	<b>\$ 151,245</b>	<b>\$ -</b>	<b>\$ 2,153,756</b>	<b>\$ 116,995</b>	<b>\$ 43,955</b>	<b>\$ 9,645,445</b>

**TOWN OF GROTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	Special Revenue Funds								
	Educational Grants	School Cafeteria	Community Development	Donation Fund	Fitch Senior High Library Media Fund	Board of Education Grants (DOD)	Special Library Fund	Golf Course Fund	Sewer Operating Fund
Revenues:									
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sewer assessments									
State of Connecticut	2,774,874	33,375					22,915		
Federal government		583,628				560,241			
Interest		3,579	4,614	1,321	44	10,413	1,034		35,189
Charges for services		1,040,133						1,021,307	
Sewer use charges									4,448,245
Solid waste management									
Other revenue			52,815	39,693				23,160	4,312
Total revenues	<u>2,774,874</u>	<u>1,660,715</u>	<u>57,429</u>	<u>41,014</u>	<u>44</u>	<u>570,654</u>	<u>23,949</u>	<u>1,044,467</u>	<u>4,487,746</u>
Expenditures:									
General government									
Public safety									
Human services			73,264	37,356					
Community services							22,724	925,960	
Education	2,649,766	1,631,398							
Sewer system maintenance									2,946,567
Solid waste management									
Capital outlay						570,654			
Debt service									
Total expenditures	<u>2,649,766</u>	<u>1,631,398</u>	<u>73,264</u>	<u>37,356</u>	<u>-</u>	<u>570,654</u>	<u>22,724</u>	<u>925,960</u>	<u>2,946,567</u>
Revenues Over (Under) Expenditures	<u>125,108</u>	<u>29,317</u>	<u>(15,835)</u>	<u>3,658</u>	<u>44</u>	<u>-</u>	<u>1,225</u>	<u>118,507</u>	<u>1,541,179</u>
Other Financing Sources (Uses):									
Transfers in									
Transfers out								(123,809)	(1,103,963)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(123,809)</u>	<u>(1,103,963)</u>
Net Change in Fund Balances	125,108	29,317	(15,835)	3,658	44	-	1,225	(5,302)	437,216
Fund Balance - Beginning of Year	<u>-</u>	<u>320,082</u>	<u>462,912</u>	<u>67,201</u>	<u>9,960</u>	<u>-</u>	<u>69,445</u>	<u>(126,944)</u>	<u>2,501,545</u>
Fund Balance - End of Year	<u>\$ 125,108</u>	<u>\$ 349,399</u>	<u>\$ 447,077</u>	<u>\$ 70,859</u>	<u>\$ 10,004</u>	<u>\$ -</u>	<u>\$ 70,670</u>	<u>\$ (132,246)</u>	<u>\$ 2,938,761</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, 2005**

	<b>Special Revenue Funds</b>									
	<b>Solid Waste Fund</b>	<b>Munford Cove District</b>	<b>First Taxing District</b>	<b>Second Taxing District</b>	<b>Emergency Energy Fund</b>	<b>Community Events Fund</b>	<b>Revaluation</b>	<b>Other Special Revenue</b>	<b>Computer Replacement</b>	<b>Adult Education</b>
Revenues:										
Property taxes, interest and lien fees	\$	\$ 10,923	\$	\$ 57	\$	\$	\$	\$	\$	\$
Sewer assessments										
State of Connecticut							78,921			
Federal government										
Interest	1,232					12,970		1,879		
Charges for services								84,152	17,010	
Sewer use charges										
Solid waste management	2,870,209									
Other revenue				118	21,832			47,982		
Total revenues	<u>2,871,441</u>	<u>10,923</u>	<u>-</u>	<u>175</u>	<u>21,832</u>	<u>-</u>	<u>12,970</u>	<u>126,903</u>	<u>86,031</u>	<u>17,010</u>
Expenditures:										
General government							115,662	47,786		
Public safety		11,338	464	57				27,815		
Human services					27,215			12,750		
Community services						52,225		48,712		
Education										26,297
Sewer system maintenance										
Solid waste management	2,813,917									
Capital outlay								82,548		
Debt service										
Total expenditures	<u>2,813,917</u>	<u>11,338</u>	<u>464</u>	<u>57</u>	<u>27,215</u>	<u>52,225</u>	<u>115,662</u>	<u>137,063</u>	<u>82,548</u>	<u>26,297</u>
Revenues Over (Under) Expenditures	<u>57,524</u>	<u>(415)</u>	<u>(464)</u>	<u>118</u>	<u>(5,383)</u>	<u>(52,225)</u>	<u>(102,692)</u>	<u>(10,160)</u>	<u>3,483</u>	<u>(9,287)</u>
Other Financing Sources (Uses):										
Transfers in	293,944					25,000	100,000			
Transfers out	(403,441)									
Total other financing sources (uses)	<u>(109,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(51,973)	(415)	(464)	118	(5,383)	(27,225)	(2,692)	(10,160)	3,483	(9,287)
Fund Balance - Beginning of Year	<u>673,559</u>	<u>1,573</u>	<u>464</u>	<u>(118)</u>	<u>10,139</u>	<u>27,709</u>	<u>491,890</u>	<u>(14,863)</u>	<u>70,384</u>	<u>16,694</u>
Fund Balance - End of Year	<u>\$ 621,586</u>	<u>\$ 1,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,756</u>	<u>\$ 484</u>	<u>\$ 489,198</u>	<u>\$ (25,023)</u>	<u>\$ 73,867</u>	<u>\$ 7,407</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, 2005**

	Special Revenue Funds					Capital Projects Fund	Debt Service Fund	Permanent Funds		Totals
	P&Z Fund	Parks and Recreation Revolving	Outside Police Work	Land Acquisition	OPEB	Sewer Construction	Groton Sewer District	Williams Library Trust	Julia Bill Library Trust	
Revenues:										
Property taxes, interest and lien fees	\$	\$	\$	\$	\$	\$	\$ 1,128,782	\$	\$	\$ 1,139,762
Sewer assessments							23,327			23,327
State of Connecticut							4,405			2,914,490
Federal government										1,143,869
Interest					1,245		41,588	4,748	835	120,691
Charges for services		343,193	221,336							2,727,131
Sewer use charges										4,448,245
Solid waste management										2,870,209
Other revenue	391,185	39,535		26,000						646,632
Total revenues	<u>391,185</u>	<u>382,728</u>	<u>221,336</u>	<u>26,000</u>	<u>1,245</u>	<u>-</u>	<u>1,198,102</u>	<u>4,748</u>	<u>835</u>	<u>16,034,356</u>
Expenditures:										
General government	229,838						482			393,768
Public safety			167,256							206,930
Human services										150,585
Community services		358,674						1,470		1,409,765
Education										4,307,461
Sewer system maintenance										2,946,567
Solid waste management										2,813,917
Capital outlay						539,834				1,193,036
Debt service							966,575			966,575
Total expenditures	<u>229,838</u>	<u>358,674</u>	<u>167,256</u>	<u>-</u>	<u>-</u>	<u>539,834</u>	<u>967,057</u>	<u>1,470</u>	<u>-</u>	<u>14,388,604</u>
Revenues Over (Under) Expenditures	<u>161,347</u>	<u>24,054</u>	<u>54,080</u>	<u>26,000</u>	<u>1,245</u>	<u>(539,834)</u>	<u>231,045</u>	<u>3,278</u>	<u>835</u>	<u>1,645,752</u>
Other Financing Sources (Uses):										
Transfers in					150,000					568,944
Transfers out							(116,900)			(1,748,113)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>(116,900)</u>	<u>-</u>	<u>-</u>	<u>(1,179,169)</u>
Net Change in Fund Balances	161,347	24,054	54,080	26,000	151,245	(539,834)	114,145	3,278	835	466,583
Fund Balance - Beginning of Year	<u>658,927</u>	<u>144,161</u>	<u>135,445</u>	<u>-</u>	<u>-</u>	<u>(197,025)</u>	<u>1,985,305</u>	<u>113,717</u>	<u>43,120</u>	<u>7,465,282</u>
Fund Balance - End of Year	<u>\$ 820,274</u>	<u>\$ 168,215</u>	<u>\$ 189,525</u>	<u>\$ 26,000</u>	<u>\$ 151,245</u>	<u>\$ (736,859)</u>	<u>\$ 2,099,450</u>	<u>\$ 116,995</u>	<u>\$ 43,955</u>	<u>\$ 7,931,865</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Interest income	\$ 650	\$ 650	\$ 1,034	\$ 384
State grants	1,000	1,000	1,307	307
ConnectiCard grant	25,000	25,000	21,608	(3,392)
Total revenues	26,650	26,650	23,949	(2,701)
<b>Expenditures:</b>				
Software maintenance fees	12,724	12,724	11,393	1,331
Technical service	10,000	10,000	11,331	(1,331)
Total expenditures	22,724	22,724	22,724	-
Net Change in Fund Balance	\$ 3,926	\$ 3,926	\$ 1,225	\$ (2,701)

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 1,120,627	\$ 1,120,627	\$ 1,021,307	\$ (99,320)
Other revenue	23,160	23,160	23,160	-
Total revenues	<u>1,143,787</u>	<u>1,143,787</u>	<u>1,044,467</u>	<u>(99,320)</u>
Expenditures:				
Community services	<u>973,633</u>	<u>973,633</u>	<u>920,365</u>	<u>53,268</u>
Revenues over Expenditures	170,154	170,154	124,102	(46,052)
Other Financing Uses:				
Transfers out	<u>(126,709)</u>	<u>(126,709)</u>	<u>(123,809)</u>	<u>2,900</u>
Net Change in Fund Balance	<u>\$ 43,445</u>	<u>\$ 43,445</u>	<u>\$ 293</u>	<u>\$ (43,152)</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Sewer use charges	\$ 4,513,528	\$ 4,513,528	\$ 4,448,245	\$ (65,283)
Interest income	14,500	14,500	35,189	20,689
Other revenue	1,000	1,000	4,312	3,312
Total revenues	4,529,028	4,529,028	4,487,746	(41,282)
Expenditures:				
Sewer system maintenance	3,323,912	3,323,912	3,032,413	291,499
Revenues over Expenditures	1,205,116	1,205,116	1,455,333	250,217
Other Financing Uses:				
Transfers out	(1,235,668)	(1,235,668)	(1,103,963)	131,705
Net Change in Fund Balance	\$ (30,552)	\$ (30,552)	\$ 351,370	\$ 381,922

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Solid waste management	\$ 2,862,705	\$ 2,862,705	\$ 2,869,094	\$ 6,389
Interest income	<u>7,000</u>	<u>7,000</u>	<u>1,232</u>	<u>(5,768)</u>
Total revenues	<u>2,869,705</u>	<u>2,869,705</u>	<u>2,870,326</u>	<u>621</u>
Expenditures:				
Solid waste management	<u>2,845,095</u>	<u>2,845,095</u>	<u>2,819,961</u>	<u>25,134</u>
Revenues Over Expenditures	<u>24,610</u>	<u>24,610</u>	<u>50,365</u>	<u>25,755</u>
Other Financial Sources (Uses):				
Transfers in	-	-	294,799	294,799
Transfers out	<u>(403,441)</u>	<u>(403,441)</u>	<u>(403,441)</u>	<u>-</u>
Total other financing uses	<u>(403,441)</u>	<u>(403,441)</u>	<u>(108,642)</u>	<u>294,799</u>
Net Change in Fund Balance	<u><u>\$ (378,831)</u></u>	<u><u>\$ (378,831)</u></u>	<u><u>\$ (58,277)</u></u>	<u><u>\$ 320,554</u></u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Property taxes, interest and lien fees	\$ 10,880	\$ 10,880	\$ 10,923	\$ 43
Expenditures:				
Public safety	11,345	11,345	11,334	11
Net Change in Fund Balance	\$ (465)	\$ (465)	\$ (411)	\$ 54

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - FIRST TAXING DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Property taxes, interest and lien fees	\$ 935	\$ 935	\$ -	\$ (935)
Expenditures:				
Public safety	960	960	464	496
Net Change in Fund Balance	\$ (25)	\$ (25)	\$ (464)	\$ (439)

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS  
BUDGET AND ACTUAL - SECOND TAXING DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Property taxes, interest and lien fees	\$ 3,975	\$ 3,975	\$ 175	\$ (3,800)
Expenditures:				
Public safety	<u>3,600</u>	<u>3,600</u>	<u>7</u>	<u>3,593</u>
Net Change in Fund Balance	<u>\$ 375</u>	<u>\$ 375</u>	<u>\$ 168</u>	<u>\$ (207)</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Groton Community Events	<u>25,000</u>	<u>25,000</u>	<u>42,959</u>	<u>(17,959)</u>
Revenues Under Expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(42,959)</u>	<u>(17,959)</u>
Other Financing Sources:				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,959)</u>	<u>\$ (17,959)</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Interest income	\$ 4,000	\$ 4,000	\$ 12,970	\$ 8,970
Expenditures:				
Property revaluation	110,000	110,000	107,548	2,452
Aerial mapping	8,000	8,000	8,114	(114)
Total expenditures	118,000	118,000	115,662	2,338
Revenues Under Expenditures	(114,000)	(114,000)	(102,692)	11,308
Other Financing Sources:				
Transfers in	100,000	100,000	100,000	-
Net Change in Fund Balance	\$ (14,000)	\$ (14,000)	\$ (2,692)	\$ 11,308

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest income	\$ 1,400	\$ 1,400	\$ 1,879	\$ 479
Other agencies	<u>3,600</u>	<u>3,600</u>	<u>3,200</u>	<u>(400)</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,079</u>	<u>79</u>
Expenditures:				
Computer equipment	<u>78,900</u>	<u>78,900</u>	<u>78,882</u>	<u>18</u>
Revenues Under Expenditures	(73,900)	(73,900)	(73,803)	97
Other Financing Sources:				
Transfers in	<u>80,952</u>	<u>80,952</u>	<u>80,952</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 7,052</u>	<u>\$ 7,052</u>	<u>\$ 7,149</u>	<u>\$ 97</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Budgeted</b>		<b>Actual</b>	<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Property taxes and other	\$ <u>1,147,735</u>	\$ <u>1,147,735</u>	\$ <u>1,202,061</u>	\$ <u>54,326</u>
Expenditures:				
Debt service	1,433,435	1,433,435	1,083,435	350,000
Operating expense	<u>14,305</u>	<u>14,305</u>	<u>2,316</u>	<u>11,989</u>
Total expenditures	<u>1,447,740</u>	<u>1,447,740</u>	<u>1,085,751</u>	<u>361,989</u>
Net Change in Fund Balance	<u><u>\$ (300,005)</u></u>	<u><u>\$ (300,005)</u></u>	<u><u>\$ 116,310</u></u>	<u><u>\$ 416,315</u></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, 2005**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,158,875	\$ 4,811,030	\$ 959,810	\$ 6,929,715
Accounts receivable	23,369	917		24,286
Property and equipment, net	<u>2,857,451</u>			<u>2,857,451</u>
Total assets	<u>4,039,695</u>	<u>4,811,947</u>	<u>959,810</u>	<u>9,811,452</u>
Liabilities:				
Current liabilities:				
Accounts payable	58,755	770	2,823	62,348
Claims incurred but not reported		<u>884,206</u>	<u>3,011,940</u>	<u>3,896,146</u>
Total liabilities	<u>58,755</u>	<u>884,976</u>	<u>3,014,763</u>	<u>3,958,494</u>
Net Assets:				
Invested in capital assets	2,857,451			2,857,451
Unrestricted	<u>1,123,489</u>	<u>3,926,971</u>	<u>(2,054,953)</u>	<u>2,995,507</u>
Total Net Assets	<u>\$ 3,980,940</u>	<u>\$ 3,926,971</u>	<u>\$ (2,054,953)</u>	<u>\$ 5,852,958</u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Fleet Reserve</u>	<u>Health Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenue:				
Charges for services	\$ 1,325,709	\$ 13,651,999	\$ 750,667	\$ 15,728,375
Other revenue	260,904			260,904
Total operating revenue	<u>1,586,613</u>	<u>13,651,999</u>	<u>750,667</u>	<u>15,989,279</u>
Operating Expenses:				
Claims operating	1,273,694	11,030,719		12,304,413
Claims - workers' compensation			920,726	920,726
Claims - heart and hypertension			138,647	138,647
Administrative		1,284,633	31,500	1,316,133
Depreciation	562,482			562,482
Total operating expenses	<u>1,836,176</u>	<u>12,315,352</u>	<u>1,090,873</u>	<u>15,242,401</u>
Operating income (loss)	<u>(249,563)</u>	<u>1,336,647</u>	<u>(340,206)</u>	<u>746,878</u>
Nonoperating Revenue and Expenses:				
Interest on investments	35,795	98,672	18,347	152,814
Loss on disposal of fixed assets	(87,086)			(87,086)
Total nonoperating revenue and expenses	<u>(51,291)</u>	<u>98,672</u>	<u>18,347</u>	<u>65,728</u>
Transfers In	<u>319,396</u>			<u>319,396</u>
Change in Net Assets	18,542	1,435,319	(321,859)	1,132,002
Net Assets - Beginning of Year	<u>3,962,398</u>	<u>2,491,652</u>	<u>(1,733,094)</u>	<u>4,720,956</u>
Net Assets - End of Year	<u>\$ 3,980,940</u>	<u>\$ 3,926,971</u>	<u>\$ (2,054,953)</u>	<u>\$ 5,852,958</u>

**TOWN OF GROTON, CONNECTICUT**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Fleet Reserve</b>	<b>Health Insurance</b>	<b>Workers' Compensation</b>	<b>Total</b>
Cash Flows from Operating Activities:				
Cash received from charges for services	\$ 1,586,845	\$ 13,651,082	\$ 750,667	\$ 15,988,594
Cash paid to vendors and beneficiaries	<u>(1,264,255)</u>	<u>(12,418,104)</u>	<u>(665,480)</u>	<u>(14,347,839)</u>
Net cash provided by operating activities	322,590	1,232,978	85,187	1,640,755
Cash Flows from Capital and Related Financing Activities:				
Purchases of property and equipment	(428,639)	-	-	(428,639)
Cash Flows from Noncapital Financing Activities				
Transfers in	319,396	-	-	319,396
Cash Flows from Investing Activities:				
Interest on investments	<u>35,795</u>	<u>98,672</u>	<u>18,347</u>	<u>152,814</u>
Net Increase in Cash and Cash Equivalents	249,142	1,331,650	103,534	1,684,326
Cash and Cash Equivalents - Beginning of Year	<u>909,733</u>	<u>3,479,380</u>	<u>856,276</u>	<u>5,245,389</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,158,875</u>	<u>\$ 4,811,030</u>	<u>\$ 959,810</u>	<u>\$ 6,929,715</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (249,563)	\$ 1,336,647	\$ (340,206)	\$ 746,878
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	562,482			562,482
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	232	(917)		(685)
Increase in accounts payable	9,439			9,439
Increase (decrease) in claims payable	<u>          </u>	<u>(102,752)</u>	<u>425,393</u>	<u>322,641</u>
Net Cash Provided by Operating Activities	<u>\$ 322,590</u>	<u>\$ 1,232,978</u>	<u>\$ 85,187</u>	<u>\$ 1,640,755</u>

**Fiduciary Funds**

## *Fiduciary Funds*

Fiduciary Funds are used to account for assets held in a trustee capacity for others, and include Pension Trusts, 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. **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.

- iii. **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, 2005**

	<b>Private Purpose Trust Funds</b>				
	<b>Francis A. Nye</b>	<b>Charles and Claudia Dominioni</b>	<b>Elihu Spicer Trust</b>	<b>Flora Perkins Trust</b>	<b>Total</b>
Assets:					
Cash	\$ <u>2,252</u>	\$ <u>5,625</u>	\$ <u>175,661</u>	\$ <u>91,959</u>	\$ <u>275,497</u>
Net Assets Held in Trust	\$ <u><u>2,252</u></u>	\$ <u><u>5,625</u></u>	\$ <u><u>175,661</u></u>	\$ <u><u>91,959</u></u>	\$ <u><u>275,497</u></u>

**TOWN OF GROTON, CONNECTICUT**

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

**FOR THE YEAR ENDED JUNE 30, 2005**

	Private Purpose Trust Funds				
	Francis A. Nye	Charles and Claudia Dominioni	Elihu Spicer Trust	Flora Perkins Trust	Total
Additions:					
Investment income:					
Interest and dividends	\$ 8	\$ 22	\$ 3,868	\$ 2,016	\$ 5,914
Deductions:					
Benefits	<u>8</u>	<u>15</u>	<u>7,008</u>	<u>3,000</u>	<u>10,023</u>
Change in Net Assets	8	7	(3,140)	(984)	(4,109)
Net Assets Held in Trust - Beginning of Year	<u>2,244</u>	<u>5,618</u>	<u>178,801</u>	<u>92,943</u>	<u>279,606</u>
Net Assets Held in Trust - End of Year	<u>\$ 2,252</u>	<u>\$ 5,625</u>	<u>\$ 175,661</u>	<u>\$ 91,959</u>	<u>\$ 275,497</u>

**TOWN OF GROTON, CONNECTICUT**

**COMBINING STATEMENT OF NET ASSETS - AGENCY FUNDS**

**JUNE 30, 2005**

	<b>Agency Funds</b>		
	<b>Performance Bonds</b>	<b>Student Activities</b>	<b>Total</b>
Assets:			
Cash	\$ 578,559	\$ 224,620	\$ 803,179
Liabilities:			
Due to student groups		224,620	224,620
Due to contractors/developers	578,559		578,559
Total liabilities	578,559	224,620	803,179
Net Assets Held in Trust	\$ -	\$ -	\$ -

**TOWN OF GROTON, CONNECTICUT**

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

**JUNE 30, 2005**

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Performance Bonds</b>				
Assets:				
Cash	\$ <u>243,521</u>	\$ <u>479,130</u>	\$ <u>144,092</u>	\$ <u>578,559</u>
Liabilities:				
Due to contractors/developers	\$ <u>243,521</u>	\$ <u>479,130</u>	\$ <u>144,092</u>	\$ <u>578,559</u>
 <b>Student Activities</b>				
Assets:				
Cash	\$ <u>214,737</u>	\$ <u>393,940</u>	\$ <u>384,057</u>	\$ <u>224,620</u>
Liabilities:				
Due to student groups	\$ <u>214,737</u>	\$ <u>393,940</u>	\$ <u>384,057</u>	\$ <u>224,620</u>
 <b>Total</b>				
Assets:				
Cash	\$ <u>458,258</u>	\$ <u>873,070</u>	\$ <u>528,149</u>	\$ <u>803,179</u>
Liabilities:				
Due to contractors/developers	\$ 243,521	\$ 479,130	\$ 144,092	\$ 578,559
Due to student groups	<u>214,737</u>	<u>393,940</u>	<u>384,057</u>	<u>224,620</u>
Total Liabilities	\$ <u>458,258</u>	\$ <u>873,070</u>	\$ <u>528,149</u>	\$ <u>803,179</u>

**Capital Assets Used in the Operation  
of Governmental Funds**

These schedules present only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**TOWN OF GROTON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY CATEGORY**

**JUNE 30, 2005**

Governmental funds capital assets:	
Land	\$ 13,486,631
Buildings	45,675,326
Improvements other than buildings	3,245,232
Machinery and equipment	14,426,659
Infrastructure	68,405,859
Construction in progress	<u>10,558,976</u>
Total Governmental Funds Capital Assets	\$ <u><u>155,798,683</u></u>

**TOWN OF GROTON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS -  
SCHEDULE BY FUNCTION AND ACTIVITY**

**JUNE 30, 2005**

	<u>Infrastructure</u>	<u>Land</u>	<u>Building</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery and Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
General Government	\$	\$ 4,352,855	\$	\$	\$ 164,803	\$	\$ 4,517,658
Board of Education		934,342	23,478,300	1,566,858	1,398,504		27,378,004
Public Safety			5,090		378,668		383,758
Public Works	48,253,422	5,836,419	17,105,025	949,038	985,891		73,129,795
Planning and Development					19,577		19,577
Community services			64,450	242,574	3,087,275		3,394,299
Golf course		1,525,960	425,289	391,762	57,985		2,400,996
Sewer operating	20,152,437	837,055	4,597,172	95,000	5,488,982		31,170,646
Landfill					133,145		133,145
General services					2,711,829		2,711,829
Construction in progress						10,558,976	10,558,976
	<u>\$ 68,405,859</u>	<u>\$ 13,486,631</u>	<u>\$ 45,675,326</u>	<u>\$ 3,245,232</u>	<u>\$ 14,426,659</u>	<u>\$ 10,558,976</u>	<u>\$ 155,798,683</u>

**TOWN OF GROTON, CONNECTICUT**

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENT FUNDS -  
SCHEDULE OF CHANGES**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>Governmental Capital Assets June 30, 2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Governmental Capital Assets June 30, 2005</b>
General Government	\$ 4,517,658	\$	\$	\$ 4,517,658
Board of Education	27,285,440	202,364	109,800	27,378,004
Public Safety	462,117		78,359	383,758
Public Works	71,479,544	1,717,488	67,237	73,129,795
Planning and Development	19,577			19,577
Health and Human Services	26,800		26,800	-
Community services	3,229,754	164,545		3,394,299
Golf course	2,423,911		22,915	2,400,996
Sewer operating	30,647,564	523,082		31,170,646
Landfill	133,145			133,145
General services	2,697,434	14,395		2,711,829
Construction in progress	9,179,482	4,136,787	2,757,293	10,558,976
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	\$ <u>152,102,426</u>	\$ <u>6,758,661</u>	\$ <u>3,062,404</u>	\$ <u>155,798,683</u>

**Other Schedules**

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

Grand List Year	Uncollected Taxes July 1, 2004	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2005	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2003	\$	\$ 57,270,856	\$ 440,667	\$ 729,463	\$ 3,671	\$ 56,978,389	\$ 56,032,963	\$ 185,253	\$	\$ 56,218,216	\$ 945,426
2002	1,212,966		15,511	153,002	71,731	1,003,744	532,952	142,441		675,393	470,792
2001	462,306		89	75,812	96,662	289,921	79,540	54,749	1,763	136,052	210,381
2000	184,563		1,430	3,255	62,319	120,419	41,301	23,097	4,667	69,065	79,118
1999	47,164		6	199	10,195	36,776	18,036	11,606	7,635	37,277	18,740
1998	14,226				1,886	12,340	6,052	2,752	2,257	11,061	6,288
1997	2,484		92		749	1,827	31	34	1,978	2,043	1,796
1996	604		42	34	14	598	8		1,550	1,558	590
1995	505		48	33	243	277	98		1,058	1,156	179
1994	216		24	25	37	178			842	842	178
1993	448					448			430	430	448
1992	450					450			271	271	450
1991	37		137			174	137		514	651	37
1990	7		161			168	161		445	606	7
	<u>\$ 1,925,976</u>	<u>\$ 57,270,856</u>	<u>\$ 458,207</u>	<u>\$ 961,823</u>	<u>\$ 247,507</u>	<u>\$ 58,445,709</u>	<u>\$ 56,711,279</u>	<u>\$ 419,932</u>	<u>\$ 23,410</u>	<u>\$ 57,154,621</u>	<u>\$ 1,734,430</u>

**TOWN OF GROTON, CONNECTICUT**  
**SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED**  
**AND OUTSTANDING - MUMFORD COVE DISTRICT**

**FOR THE YEAR ENDED JUNE 30, 2005**

Grand List Year	Uncollected Taxes July 1, 2004	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2005	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2003	\$ -	\$ 10,914	\$ 5	\$ 13	\$ 5	\$ 10,901	\$ 10,893	\$ 30	\$ -	\$ 10,923	\$ 8
2002	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2</u>	<u>\$ 10,914</u>	<u>\$ 5</u>	<u>\$ 15</u>	<u>\$ 5</u>	<u>\$ 10,901</u>	<u>\$ 10,893</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 10,923</u>	<u>\$ 8</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, 2005

Grand List Year	Uncollected Taxes July 1, 2004	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2005	
			Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2003	\$	\$ 1,110,806	\$ 1232	\$ 2,080	\$ 88	\$ 1,109,870	\$ 1,100,812	\$ 4,719	\$ -	\$ 1,105,531	\$ 9,058
2002	15,192	-	345	983	387	14,167	10,360	6,188	-	16,548	3,807
2001	5,471	-	1	761	310	4,401	2,399	2,131	6	4,536	2,002
2000	2,655	-	66	-	136	2,585	1,753	1,436	22	3,211	832
1999	1,538	-	-	-	30	1,508	891	866	8	1,765	617
1998	423	-	-	-	118	305	3	3	82	88	302
1997	107	-	7	-	54	60	-	-	87	87	60
1996	65	-	4	3	1	65	1	-	82	83	64
1995	42	-	4	3	20	23	8	16	61	85	15
1994	15	-	2	2	3	12	-	-	41	41	12
1993	31	-	-	-	-	31	-	-	9	9	31
1992	2	-	-	-	-	2	-	-	18	18	2
1991	3	-	10	-	-	13	10	-	27	37	3
1990	-	-	11	-	-	11	11	-	9	20	-
	\$ 25,544	\$ 1,110,806	\$ 1,682	\$ 3,832	\$ 1,147	\$ 1,133,053	\$ 1,116,248	\$ 15,359	\$ 452	\$ 1,132,059	\$ 16,805

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF CHANGES IN BOND INDEBTEDNESS**

**FOR THE YEAR ENDED JUNE 30, 2005**

92

	<u>Interest Rate (%)</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Outstanding July 1, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2005</u>	<u>Interest Paid During Year</u>
School and water bond issue of 1986	6.8-6.9	8/1/86	8/1/06	\$ 1,835,000	\$ 110,000	\$	\$ 50,000	\$ 60,000	\$ 5,865
Sewer bond issue of 1986	7.1-7.4	8/15/86	8/15/06	4,075,000	575,000		200,000	375,000	35,150
Sewer bond issue of 1992	5.75-6.1	1/15/92	1/15/07	100,000	18,000		6,000	12,000	1,080
Sewer bond issue of 1992 (Phase V)	5.75-6.1	1/15/92	1/15/07	550,000	102,000		34,000	68,000	6,120
Sewer bond issue of 1993	4.2-6.2	7/15/93	8/15/08	510,000	160,000		35,000	125,000	7,273
Sewer bond issue of 1993 (Phase V)	4.3-6.2	7/15/93	8/15/08	370,000	120,000		25,000	95,000	5,500
Library additions/alterations of 1996	4.5-6.125	10/15/96	10/15/11	2,380,000	320,000		160,000	160,000	11,640
Fort Hill water line of 1996	4.5-6.125	10/15/96	10/15/11	1,340,000	180,000		90,000	90,000	6,548
Open space bond of 2001 (Refunding)	4.0-4.5	1/1/01	9/1/09	2,706,300	1,869,500		322,000	1,547,500	75,291
Road improvement bond of 2001 (Refunding)	4.0-4.5	1/1/01	9/1/09	321,100	218,980		38,000	180,980	8,809
Sewer bond issue of 2001 (Refunding)	4.0-4.5	1/1/01	9/1/09	2,200,000	1,515,000		265,000	1,250,000	60,900
School bond issue of 2001 (Refunding)	4.0-4.5	1/1/01	9/1/09	917,600	631,520		110,000	521,520	25,400
Public safety project bond issue of 2002	3.0-4.55	6/1/02	1/15/17	5,700,000	5,290,000		410,000	4,880,000	210,690
WPCF improvements bond issue of 2002	3.0-4.0	6/1/02	1/15/13	2,110,000	1,895,000		215,000	1,680,000	70,513
Road improvement bond of 2003 (Refunding92)	2.0-5.0	10/1/03	10/15/06	924,000	769,000		299,000	470,000	19,320
Road improvement bond of 2003 (Refunding93)	2.0-5.0	10/1/03	10/15/08	569,000	569,000		108,000	461,000	18,360
Library additions/alt of 2003 (Refunding)	2.0-5.0	10/1/03	10/15/11	1,009,000	999,000		10,000	989,000	37,603
Fort Hill water line of 2003 (Refunding)	2.0-5.0	10/1/03	10/15/11	566,000	561,000		5,000	556,000	21,123
School bond issue of 2003 Refunding (Fitch Sr.)	2.0-5.0	10/1/03	10/15/11	236,000	196,000		76,000	120,000	4,930
School bond issue of 2003 Refunding (West Side)	2.0-5.0	10/1/03	10/15/11	1,871,000	1,871,000		352,000	1,519,000	60,390
Total					\$ 17,970,000	\$ -	\$ 2,810,000	\$ 15,160,000	\$ 692,503

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS - CAPITAL IMPROVEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2004</u>	<u>Current Year</u>	<u>Balance June 30, 2005</u>		
Bond Projects:						
S. Pleasant Valley Road improvements	\$ 3,833,986	\$ 219,705	\$ 79,253	\$ 298,958	\$ 2,163,587	\$ 1,371,441
Closure-Bulky Waste Sites	1,715,000	1,295,853	28,056	1,323,909		391,091
Bulky Waste Transfer Station	985,000	895,143	20,844	915,987		69,013
Annex Sewer Lines and Renovations	1,107,000	900,134	20,197	920,331		186,669
LOCIP Projects:						
Military Hwy Retaining Wall Rep	210,000		689	689		209,311
Fire Alarm/Sprinkler Veh Garage	190,000		37,074	37,074	12,830	140,096
Town Hall Elec Reconfigure	25,000		7,938	7,938	3,102	13,960
Police Station improvements	75,000		3,450	3,450	12,400	59,150
Downtown Mystic Streetscape	625,000		-	-	77,671	547,329
Public Safety Addition	393,098	346,231	8,729	354,960	28,135	10,003
FYE 2001 Capital Improvement Projects:						
Thomas Rd. sidewalk	60,000	27,554	7,300	34,854		25,146
Computer tech fund acquisition	245,000	162,633	74,374	237,007		7,993
Long Hill watershed	60,000		60,000	60,000		-
FYE 2002 Capital Improvement Projects:						
Thomas Rd. sidewalk	75,000	33,896		33,896	16,325	24,779
Gales Ferry Road Bridge	436,500	395,242	19,890	415,132		21,368
Traffic preemption sys.	210,000	100,908	7,446	108,354	12,778	88,868
Watershed studies	65,000	320	23,871	24,191	38,179	2,630
Trail Improvement program	45,000	38,920	6,055	44,975		25
Esker Pt. Boat launch	25,000	535	7,407	7,942		17,058
Long Hill watershed imp.	125,000	1,350		1,350		123,650
Culvert rehabilitation	85,000	1,031	570	1,601		83,399
Mech Replacement-Town Bldgs.	110,000	92,339	9,993	102,332		7,668
FYE 2003 Capital Improvement Projects:						
Golf Course renovations	225,000	86,094		86,094		138,906
Watershed studies	125,000	90,755	33,923	124,678	322	-
Public Safety Comm. Facility Impv.	131,561		52,620	52,620	14,190	64,751
FYE 2004 Capital Improvement Projects:						
Thomas Road Sidewalk	96,000			-		96,000
Rt. 1 Claude Chester- Vergennes CT	100,000	4,440	1,760	6,200	75,622	18,178
Grove Avenue drainage	105,000			-		105,000
Sewerline repair WPCF	655,000	443,579	211,421	655,000		-

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS (CONTINUED) - CAPITAL IMPROVEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2004</u>	<u>Current Year</u>	<u>Balance June 30, 2005</u>		
Human Service Bldg. renovation	\$ 25,000	\$	\$ 24,969	\$ 24,969	\$	\$ 31
Roof replacement-BOF	214,000	4,812	72,226	77,038		136,962
Town Hall emergency generator	42,000	5,460	1,291	6,751	33,770	1,479
Groton Ambulance building	30,000	289	26,400	26,689		3,311
Physical security WPCF	110,000	1,748	108,252	110,000		-
Disaster recovery planning	12,000		1,500	1,500		10,500
Radio Base station replacement	35,000			-		35,000
Computer tech acquisition	44,000			-		44,000
Park improvement plan	30,000			-		30,000
Watershed studies	75,000			-		75,000
Facility repairs WPCF	150,000	301	91,491	91,792		58,208
Pavement management program	270,000	65,957	163,662	229,619		40,381
Mechanical replacement-						
Town buildings	75,000	2,828	22,477	25,305		49,695
A/C Replace-Hagerty Auditorium	75,000			-		75,000
FYE 2005 Capital						
Improvement Projects:						
Rt. 1 Claude Chester-						
Vergennes CT	15,000			-		15,000
Swr Line Infrastr Replace-WPCF	137,000		19,000	19,000	19,000	99,000
Human Service Bldg. Rep/Renovat	45,000		27,306	27,306	6,536	11,158
Sidewalk Rt 184/ Rt12/ Kings Hwy	30,000			-		30,000
Radio Base station replacement	18,000			-		18,000
Economic Assistance Fund	50,000			-		50,000
Info Tech Acquisition	69,000		19,699	19,699		49,301
Info Tech Recovery Planning	91,000		16,666	16,666		74,334
Park Improvement plan	15,000			-		15,000
Trail Improvement plan	15,000			-		15,000
Gym Floor Replace-Westside	19,775		19,775	19,775		-
Mech/Elec Equip Repair-WPCF	157,000		58,765	58,765	1,785	96,450
Facility repairs WPCF	500,000		34,264	34,264	353,404	112,332
Roof replacement-WPCF	30,000		4,242	4,242	25,757	1
Pavement management program	192,000		184,602	184,602		7,398
BOE-Fitch Sr.	252,000		34,193	34,193		217,807
BOE-Claude Chester	160,000		4,789	4,789		155,211
BOE-Eastern Point	37,955		19,725	19,725		18,230
BOE-Mary Morrison	92,270		92,269	92,269		1
BOE-Pleasant Valley	160,000		4,691	4,691		155,309
Esker Pt Beach	25,000		35	35		24,965
Sutton Park improvements	25,000			-		25,000
Town-Sr Center/Library	45,000		1,053	1,053	28,300	15,647
Town-Police Air Filtration	44,000			-		44,000
Homland Security Renovation	55,000		5,617	5,617	12,548	36,835
Flanders Rd. Eng Assessment	100,000		1,048	1,048	49,000	49,952
Open Space Acquisition/Develop	25,000		25,000	25,000		-

(Continued on next page)

**TOWN OF GROTON, CONNECTICUT**

**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED  
WITH APPROPRIATIONS (CONTINUED) - CAPITAL IMPROVEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Appropriation</u>	<u>Expenditures</u>			<u>Encumbrances</u>	<u>Unencumbered Balance</u>
		<u>Balance July 1, 2004</u>	<u>Current Year</u>	<u>Balance June 30, 2005</u>		
FYE 2001 Capital						
Maintenance Projects:						
Mech/elec equipment repair	\$ 65,000	\$ 2,245	\$ 54,708	\$ 56,953	\$	\$ 8,047
FYE 2002 Capital						
Maintenance Projects:						
Major repairs-town bldgs.	50,000	16,800	5,801	22,601		27,399
Gym floor-Westside	20,000	10,535	9,465	20,000		-
Mech/elec equip. repair-WPCF	188,000	154,695	29,699	184,394	3,606	-
Facility repairs-WPCF	60,000		60,000	60,000		-
Mech. replacement - town bldg.	95,000	71,667		71,667		23,333
Roof replacement-var. Town bldgs.	47,363	46,694		46,694		669
Air conditioning-BOE	22,000	10,500		10,500		11,500
FYE 2003 Capital						
Maintenance Projects:						
Fuel pump repl.	95,000	5,255	20,135	25,390		69,610
Roof replacements-BOE	520,560	264,807	255,753	520,560		-
Park improvement plan	35,000	4,357		4,357	15,898	14,745
Mech/Elec Repair-WPCF	203,000	26,640	168,499	195,139	7,099	762
Underground Storage Tank Compl	145,000	134,244		134,244		10,756
AC Replace-Haggerty Auditorium	54,000	5,600		5,600		48,400
Other Projects:						
School St RR Hwy Grade Crossing	369,000	273,886		273,886	79,988	15,126
Mystic Streetscapes Improvements	601,000	212,301	83,647	295,948	49,242	255,810
Mystic Streetscapes Utility Reloc	118,276	75,803	23,236	99,039	19,236	1
Total before retainage payable	18,418,344	6,534,086	2,518,810	9,052,896	3,160,310	6,205,138
Retainage Payable - 2004		92,496	(92,496)	-		-
Retainage Payable - 2005			7,099	7,099	(7,099)	-
<b>Total</b>	<b>\$ 18,418,344</b>	<b>\$ 6,626,582</b>	<b>\$ 2,433,413</b>	<b>\$ 9,059,995</b>	<b>\$ 3,153,211</b>	<b>\$ 6,205,138</b>

**Statistical Section**

**TOWN OF GROTON**  
**GENERAL FUND EXPENDITURES AND OTHER USES**  
**BY AREAS OF SERVICE \***

(IN 000'S)

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30.	General Government	General Services	Public Safety	Public Works	Planning and Development	Health and Human Services	Community Services	Total Debt Service	Non-Departmental	Education	Outside Agencies	Subdivisions	Transfers	Total
2005 ****	\$ 858	\$ 4,013	\$ 5,688	\$ 6,347	\$ 1,010	\$ 711	\$ 3,847	\$ 2,536	\$ 4,256	\$ 63,295	\$ 1,611	\$ 4,262	\$ 2,384	\$ 100,818
2004	1,112	4,677	7,011	5,957	1,161	2,137	4,623	2,478	448	61,016		4,326	3,030	97,976
2003	1,013	4,718	7,160	6,101	1,298	2,204	4,890	2,275	454	59,979		4,440	2,529	97,059
2002	902	4,727	7,334	6,179	1,348	2,311	4,736	2,388	274	57,732		4,363	3,226	95,520
2001 ***	978	2,877	8,475	6,128	1,355	2,253	4,437	2,417	229	55,669		3,538	2,106	90,462
2000 **	919	3,005	5,426	5,112	1,011	2,036	3,590	2,548	3,622	53,954		3,370	3,225	87,818
1999	746	2,044	6,130	5,114	843	1,982	3,231	2,642	3,265	51,779		3,334	2,841	83,951
1998	475	2,284	5,864	4,760	716	2,177	3,071	2,738	3,404	51,758		3,311	3,979	84,537
1997	429	2,407	5,532	4,445	631	2,128	2,973	2,552	3,739	50,355		3,203	2,821	81,215
1996	48	2,157	5,199	4,570	626	2,115	2,858	2,552	3,229	48,237		3,157	2,282	77,030

\* Data is reported on a budgetary basis.

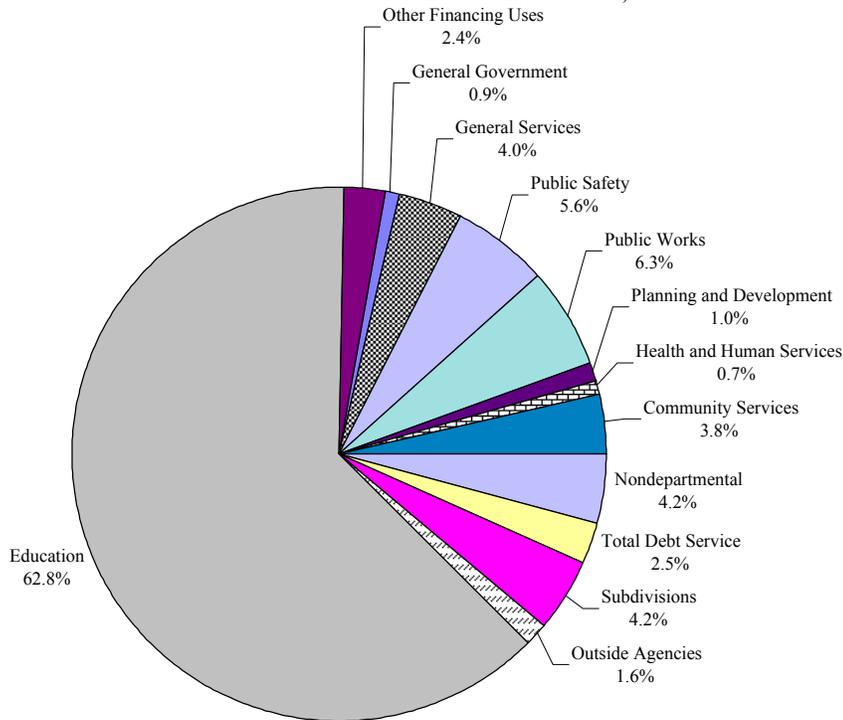
\*\* Beginning with FYE 2000, Emergency Communications data is included with General Government/Services rather than Public Safety.

\*\*\* Beginning with FYE 2001, benefits were included in each departmental rather than as a Nondepartmental expense. Beginning with FYE 2005 benefits were again included as a Nondepartmental expense.

\*\*\*\* Prior to FYE 2005, Outside Agencies were included in various areas of service and were consolidated to a single area of service in FYE 2005.

**GENERAL FUND EXPENDITURES**

**FISCAL YEAR ENDED JUNE 30, 2005**



**TOWN OF GROTON**

**GENERAL FUND REVENUES BY REVENUE SOURCE \***

**(IN 000'S)**

**LAST TEN FISCAL YEARS**

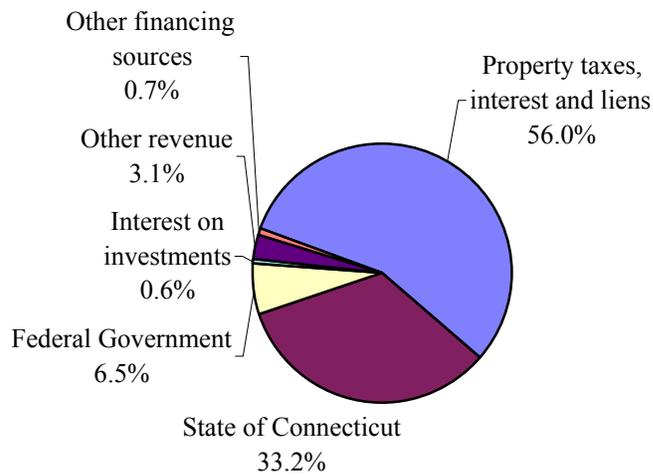
<b>Fiscal Year Ended June 30</b>	<b>Property Taxes (1)</b>	<b>Inter- Governmental</b>	<b>Licenses And Permits</b>	<b>Charges For Services</b>	<b>Misc. Revenues (2)</b>	<b>Totals</b>
2005	\$ 57,183	\$ 40,519	\$ 474	\$ 1,848	\$ 2,141	\$ 102,165
2004	57,404	42,499	613	1,630	1,705	103,851
2003	50,989	38,843	374	1,007	1,840	93,053
2002	44,597	43,713	233	755	4,201	93,499
2001	43,835	41,013	407	618	3,680	89,553
2000	43,835	39,888	438	719	3,432	88,312
1999	43,133	39,260	351	739	2,946	86,429
1998	40,831	37,651	141	619	3,673	82,915
1997	43,685	33,667	83	469	3,668	81,572
1996	39,381	36,760	100	693	3,597	80,531

\* Data is reported on a budgetary basis.

(1) Includes interest, lien fees.

(2) Includes interest income and operating transfers.

**GENERAL FUND REVENUES  
FISCAL YEAR ENDED JUNE 30, 2005**



**TOWN OF GROTON**

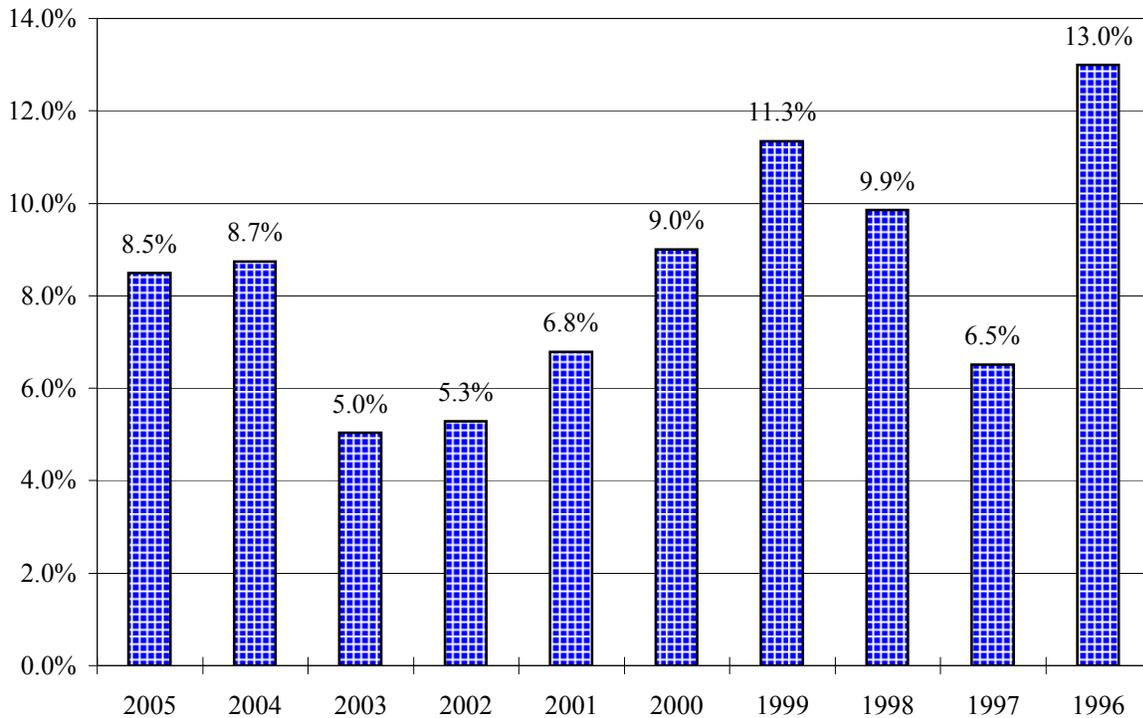
**GENERAL FUND EXPENDITURES  
AND UNDESIGNATED FUND BALANCE**

(IN 000'S)

**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Expenditures</b>	<b>Undesignated Fund Balance</b>	<b>Undesignated Fund Balance as a % of Expenditures</b>
2005	\$ 100,818	\$ 8,557	8.5%
2004	97,976	8,566	8.7%
2003	97,059	4,890	5.0%
2002	95,520	5,047	5.3%
2001	90,462	6,141	6.8%
2000	87,818	7,901	9.0%
1999	83,951	9,527	11.3%
1998	84,537	8,335	9.9%
1997	81,215	5,292	6.5%
1996	77,390	10,055	13.0%

**Undesignated Fund Balance  
as a % of Expenditures by Fiscal Years Ended June 30**



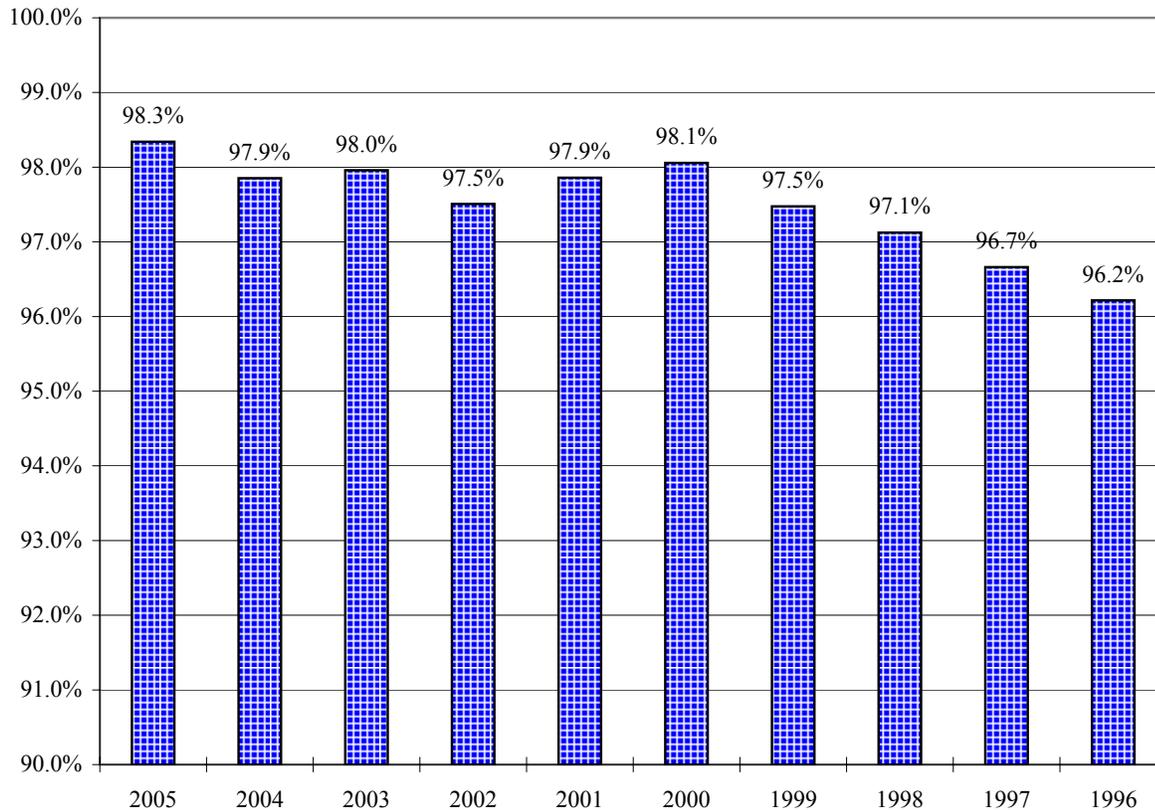
**TOWN OF GROTON**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

(IN 000's)

**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Tax Rate in Mills</b>	<b>Grand List of October 1,</b>	<b>Total Adjusted Tax Levy</b>	<b>Current Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Taxes Collected</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
2005	22.62	2003	\$ 56,978	\$ 56,033	98.3%	\$ 678	\$ 56,711	99.53%	\$ 1,734	3.0%
2004	22.75	2002	56,684	55,467	97.9%	1,562	57,029	100.61%	1,931	3.4%
2003	20.57	2001	50,226	49,200	98.0%	1,294	50,494	100.53%	1,929	3.8%
2002	23.50	2000	44,489	43,381	97.5%	770	44,150	99.24%	2,158	4.9%
2001	23.50	1999	43,277	42,351	97.9%	904	43,255	99.95%	1,880	4.3%
2000	24.00	1998	43,197	42,358	98.1%	1,984	43,464	100.62%	1,717	4.0%
1999	24.45	1997	42,749	41,670	97.5%	924	42,594	99.64%	2,293	5.4%
1998	22.75	1996	39,630	38,490	97.1%	1,649	40,139	101.28%	2,639	6.7%
1997	22.30	1995	42,917	41,484	96.7%	1,591	43,075	100.37%	3,229	7.5%
1996	22.40	1994	38,062	36,621	96.2%	1,879	38,500	101.15%	3,146	8.3%

**Percent of Tax Levy Collected  
by Fiscal Years Ended June 30**

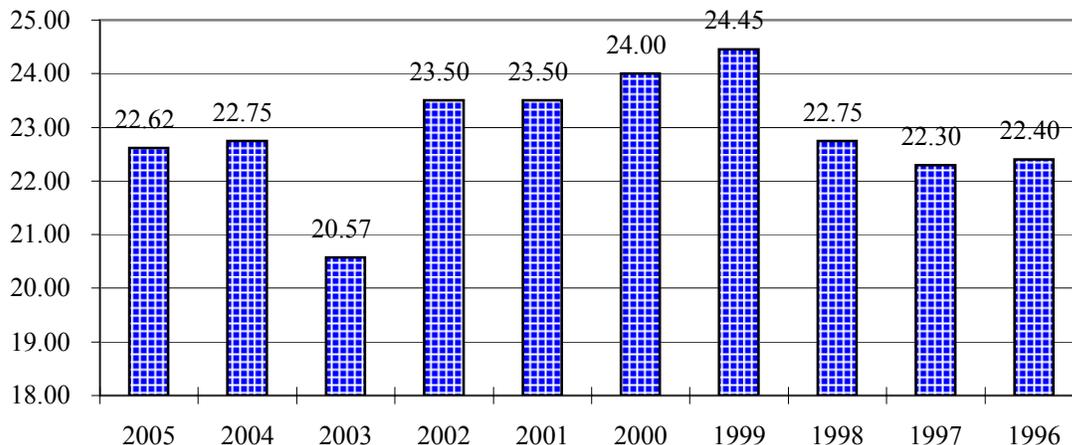


**TOWN OF GROTON**  
**INDIVIDUAL MILL RATES**  
**BY JURISDICTION AND FISCAL YEARS**  
**LAST TEN YEARS**

<u>Jurisdictions</u>	<u>Fiscal Year Ended June 30,</u>									
	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
(1) Town of Groton	22.62	22.75	20.57	23.50	23.50	24.00	24.45	22.75	22.30	22.40
Political Subdivisions:										
(2) City of Groton	4.905	4.905	4.905	4.950	4.950	4.950	5.100	5.100	5.100	5.620
(3) Groton Long Point Association	3.300	3.300	3.400	5.100	5.100	5.000	4.900	5.000	4.800	4.300
Special Districts:										
(4) Center Groton Fire District	4.500	4.500	4.500	5.500	5.500	5.500	5.500	5.500	5.500	5.600
(5) First Taxing District *	N/A	3.090	3.670	3.900	2.970	4.490	4.310	4.890	4.890	3.840
(6) Groton Sewer District	0.750	0.750	0.750	1.750	1.750	1.750	1.750	1.950	1.850	1.530
(7) Mumford Cove District	0.260	0.260	0.270	0.410	0.420	0.420	0.420	0.420	0.380	0.340
(8) Mystic Fire District	2.720	2.770	2.830	3.950	4.090	4.300	4.390	4.050	4.220	4.390
(9) Noank Fire District	1.170	1.170	1.270	2.000	1.870	1.870	1.870	1.870	1.600	1.800
(10) Old Mystic Fire District	2.850	2.600	2.800	2.950	2.900	1.700	1.700	1.700	1.600	1.600
(11) West Pleasant Valley Fire District	0.260	3.500	3.380	3.540	3.540	3.000	2.400	1.550	1.820	2.210
(12) Poquonnock Bridge Fire District	5.600	5.300	5.300	5.900	5.900	5.900	6.000	5.800	5.800	5.500
(13) Second Taxing District *	N/A	5.710	4.350	5.810	5.710	6.440	5.400	5.970	5.550	6.560

\* First and Second taxing districts were absorbed into the Mystic Fire District and Poquonnock Bridge Fire District, respectively.

**Town's Mill Rates  
by Fiscal Years**



**TOWN OF GROTON**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)**

(IN 000's)

**LAST TEN FISCAL YEARS**

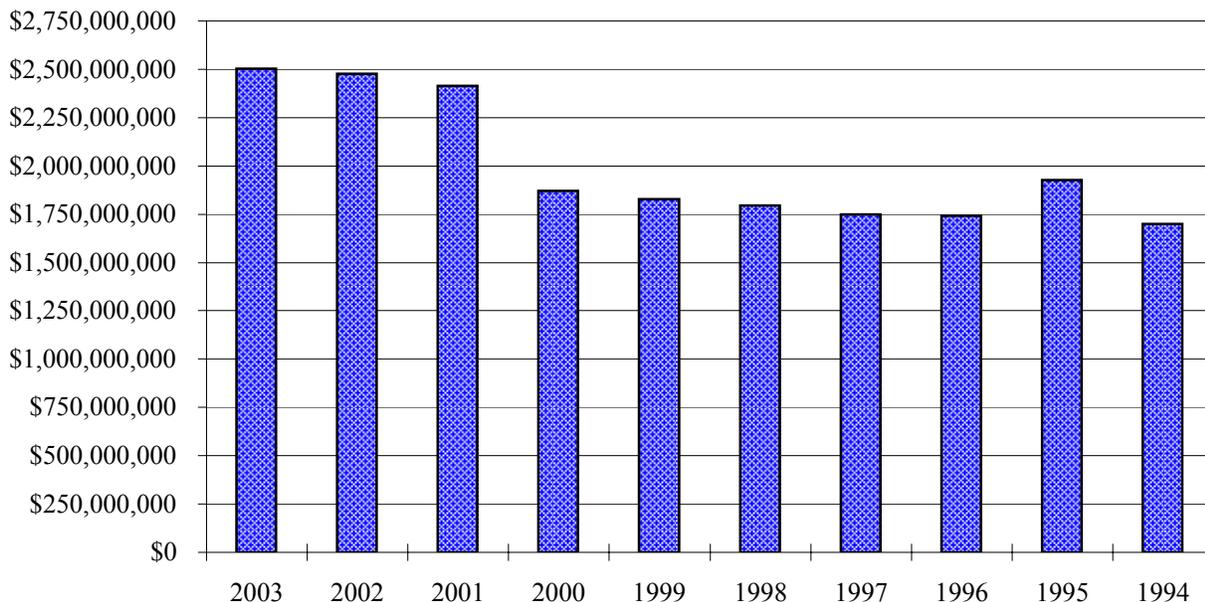
Fiscal Year Ended June 30	Grand List of Oct 1	Real Property		Personal Property		Motor Vehicle *		Total	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2005	2003	\$ 2,082,241	\$ 2,974,630	\$ 265,514	\$ 379,305	\$ 154,120	\$ 220,172	\$ 2,501,875	\$ 3,574,107
2004	2002	2,048,604	2,926,578	266,810	381,158	161,531	230,759	2,476,946	3,538,494
2003**	2001	2,010,068	2,871,525	250,099	357,284	154,873	221,248	2,415,040	3,450,057
2002	2000	1,507,967	2,154,238	216,911	309,873	146,103	208,718	1,870,981	2,672,830
2001	1999	1,498,506	2,140,723	191,953	274,218	136,920	195,600	1,827,378	2,610,541
2000	1998	1,479,746	2,113,923	191,613	273,733	124,445	177,778	1,795,804	2,565,434
1999	1997	1,435,465	2,050,664	191,704	273,863	121,203	173,147	1,748,372	2,497,674
1998	1996	1,434,255	2,048,936	185,253	264,648	122,157	174,510	1,741,665	2,488,093
1997	1995	1,422,353	2,031,933	385,183	550,261	120,042	171,488	1,927,577	2,753,682
1996	1994	1,407,756	2,011,080	190,676	272,395	102,366	146,237	1,700,798	2,429,712

(1) Total assessed value based on 70% of estimated actual value and reflect Board of Assessment Appeals adjustments.

\* These assessment numbers do not include the supplemental motor vehicle list.

\*\* The FYE 2003 (Grand List of 2001) data reflects the State mandated decennial revaluation of real property.

**Assessed Values  
by Grand Lists as of October 1**



**TOWN OF GROTON**

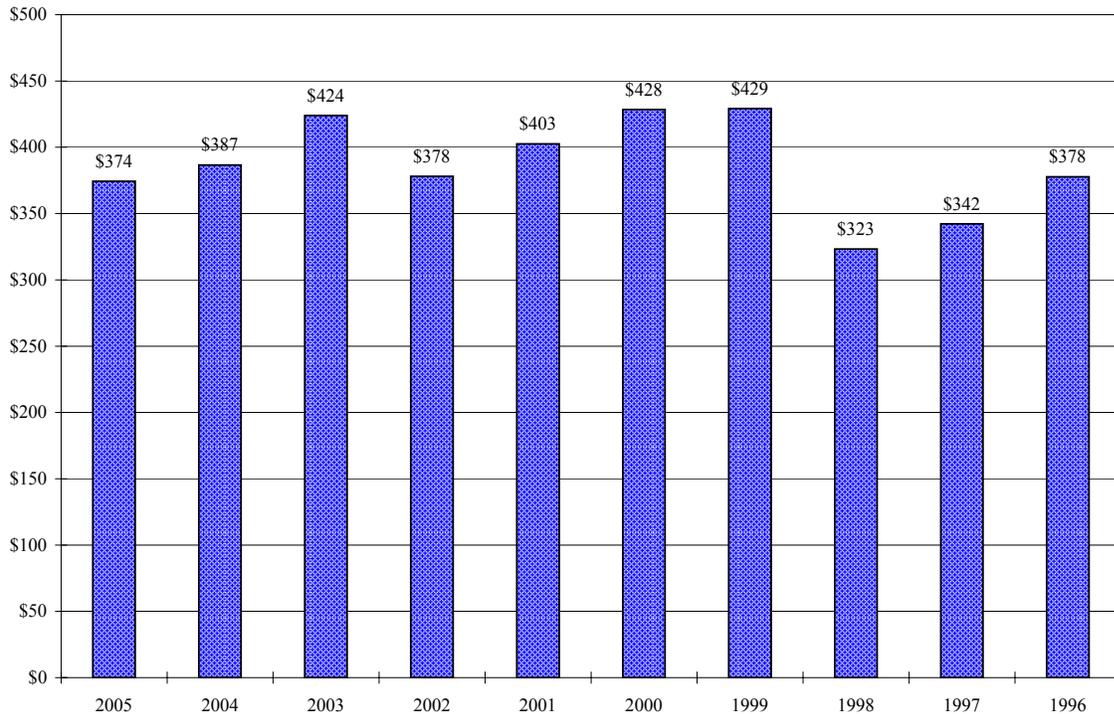
**PERCENT OF OUTSTANDING DEBT TO ACTUAL  
VALUE AND OUTSTANDING DEBT PER CAPITA**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	(1) Population	(2) Assessed Value	Estimated Actual Value	(3) Total Direct Debt	Total Direct Debt Per Capita	Percent of Direct Debt to Estimated Actual Value	(4) Net Direct Debt	Total Net Direct Debt Per Capita	Percent of Net Direct Debt to Estimated Actual Value	(5) Total Overall Net Debt**	Total Overall Net Debt Per Capita	Percent of Overall Net Debt to Estimated Actual Value
2005	40,522	\$ 2,501,875,187	\$ 3,574,107,410	\$ 16,405,000	\$ 405	0.46%	\$ 15,168,048	\$ 374	0.42%	\$ 26,893,181	\$ 664	0.75%
2004	40,020	2,476,945,841	3,538,494,059	16,960,000	424	0.48%	15,471,359	387	0.44%	28,123,142	703	0.79%
2003	40,270	2,415,039,882	3,450,056,974	18,870,000	469	0.55%	17,071,734	424	0.49%	22,834,211	567	0.66%
2002	39,224	1,870,980,844	2,672,829,777	16,980,000	433	0.64%	14,830,754	378	0.55%	20,464,701	522	0.77%
2001	39,988	1,827,378,498	2,610,540,711	18,685,000	467	0.72%	16,096,778	403	0.62%	20,704,980	518	0.79%
2000	40,456	1,795,803,694	2,565,433,849	20,275,000	501	0.79%	17,333,057	428	0.68%	22,406,001	554	0.87%
1999	41,284	1,748,371,735	2,497,673,907	21,045,000	510	0.84%	17,720,637	429	0.71%	19,970,580	484	0.80%
1998	42,922	1,741,665,348	2,488,093,354	17,715,000	413	0.71%	13,876,315	323	0.56%	15,621,315	364	0.63%
1997	44,084	1,927,577,289	2,753,681,841	19,385,000	440	0.70%	15,083,844	342	0.55%	21,317,844	484	0.77%
1996	43,772	1,700,798,131	2,429,711,616	21,220,000	485	0.87%	16,531,554	378	0.68%	23,299,377	532	0.96%

- (1) Based on estimates from the State Department of Public Health and Addiction Services.
- (2) Total assessed value based on 70% of estimated actual value and reflects Board of Assessment Appeals adjustments.
- (3) Total long-term and short-term indebtedness; reflects debt expected to be repaid from governmental funds and not from special revenue funds from which sewer improvements are paid.
- (4) Total Direct Debt after exclusions for State of Connecticut School Construction Grants.
- (5) Total of Town's Net Direct Debt and Net Underlying Debt of political subdivisions and special taxing districts. The Town has no overlapping debt.

**Total Net Direct Debt per Capita  
by Fiscal Years Ended June 30**



**TOWN OF GROTON**

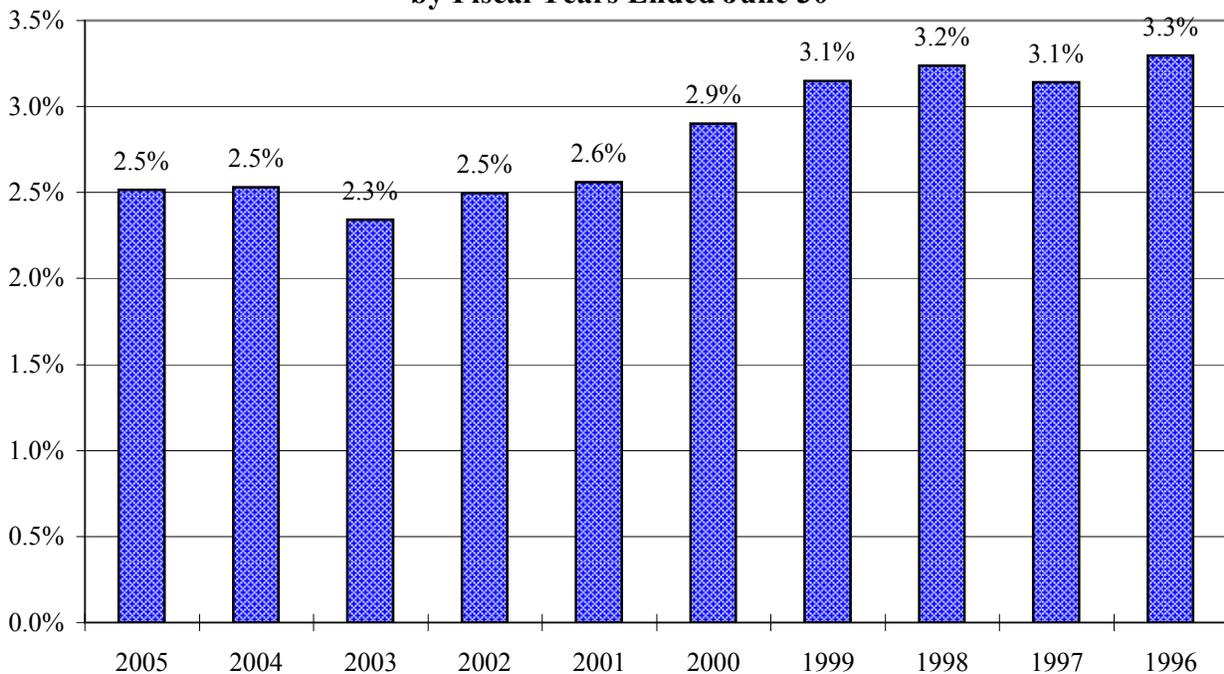
**PERCENT OF ANNUAL DEBT SERVICES EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES**

**(Budgetary Basis, in 000's)**

**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Principal</b>		<b>Interest</b>		<b>Total Debt Service</b>		<b>Total General Expenditures</b>		<b>Percent of Debt Service to Total General Expenditures</b>
2005	\$	2,030	\$	506	\$	2,536	\$	100,818	2.5%
2004		1,890		588		2,478		97,976	2.5%
2003		1,610		664		2,274		97,059	2.3%
2002		1,755		632		2,387		95,520	2.5%
2001		1,665		650		2,315		90,462	2.6%
2000		1,670		877		2,547		87,818	2.9%
1999		1,670		972		2,642		83,951	3.1%
1998		1,670		1,067		2,737		84,537	3.2%
1997		1,485		1,065		2,550		81,215	3.1%
1996		1,487		1,065		2,552		77,390	3.3%

**Debt Service as a Percent of General Fund Expenditures  
by Fiscal Years Ended June 30**



**TOWN OF GROTON**  
**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS**

(IN 000'S)

LAST TEN YEARS

**SEWER AND WATER ASSESSMENTS**

<b>Fiscal Year</b>	<b>(1) Sewer Assessment Billings</b>	<b>(2) Sewer Assessment Collections</b>	<b>(1) Water Assessment Billings</b>	<b>(2) Water Assessment Collections</b>
2005	\$ 6	\$ 23	\$ 9	\$ 18
2004	14	75	19	24
2003	60	237	19	18
2002	59	88	18	23
2001	98	386	19	34
2000	111	386	20	34
1999	128	350	23	43
1998	161	320	28	52
1997	266	417	33	64
1996	293	518	29	70

(1) Includes principal and interest billed.

(2) Includes principal, interest, prepayments and collections of delinquent accounts.

**TOWN OF GROTON**

**BUILDING PERMITS, VALUE OF CONSTRUCTION AND PROPERTY VALUES**

**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Other *</u>		<u>Property Value (Gross)</u>		
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Commercial</u>	<u>Residential</u>	<u>Nontaxable</u>
2005	14	\$ 4,505,870	72	\$ 16,478,452	1237	\$ 23,002,066	\$ 826,284,037	\$ 1,367,848,570	\$ 569,117,560
2004	32	15,446,462	86	10,734,733	1144	28,164,707	816,331,541	1,344,378,730	568,744,440
2003	40	21,016,092	90	13,175,421	912	21,655,442	787,520,476	1,337,947,340	568,744,440
2002	19	14,861,995	65	8,303,826	777	23,390,926	721,892,740	897,050,820	1,314,559,359
2001	17	31,831,366	96	11,444,535	739	38,611,096	687,512,151	879,200,225	1,319,467,470
2000	13	15,554,899	137	14,635,268	636	13,160,091	642,480,710	868,437,040	1,341,737,680
1999	19	12,845,180	132	14,513,950	650	28,796,302	603,540,154	862,273,690	1,337,973,000
1998	16	22,596,200	98	9,979,294	688	29,136,782	603,485,484	862,268,720	1,337,973,000
1997	9	723,757	78	6,927,708	686	18,338,186	586,207,780	852,305,280	1,335,362,560
1996	13	16,563,000	49	7,151,528	990	14,500,176	580,751,930	845,917,720	1,333,179,610

\* Other = includes permits for additions and alterations for residential/commercial, permits for garages, swimming pools, signs, churches and clubs.

The number of permits and their values include those of the Town as well as the two political subdivisions: City of Groton and Groton Long Point Assoc.

**TOWN OF GROTON**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2005**

Total tax collections (including interest and lien fees)	\$ 57,445,709
Total tax collections (including interest and lien fees) of coterminous municipalities	10,220,899
Reimbursement for revenue loss from tax relief for the elderly	<u>9,713</u>
Base for Establishing Debt Limit (per State Statute)	<u>\$ 67,676,321</u>

<u>Debt Limits</u> <u>(per State Statute):</u>	<u>General</u> <u>Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban</u> <u>Renewal</u>	<u>Unfunded</u> <u>Pension</u>	<u>Total</u> <u>Debt</u>
General Purpose (2.25 times base)	\$ <u>152,271,723</u>	\$	\$	\$	\$	\$
Schools (4.50 times base)		<u>304,543,446</u>				
Sewers (3.75 times base)			<u>253,786,205</u>			
Urban Renewal (3.25 times base)				<u>219,948,045</u>		
Unfunded Pension (3.00 times base)					<u>203,028,964</u>	
Total Debt (7.0 times base)						<u>473,734,250</u>
Less Indebtedness:						
Bonds	8,688,480	2,160,520	3,605,000			14,454,000
Serial Notes	2,720,000	2,130,000				4,850,000
Authorized and Unissued	4,194,086	89,770,000	14,022,887			107,986,973
Underlying Debt:						
Bonds and Serial Notes	11,725,133		3,432,000			15,157,133
Authorized and Unissued	665,000		1,140,000			1,805,000
School Buildings Grants		<u>(1,236,952)</u>				<u>(1,236,952)</u>
Total Indebtedness	<u>27,992,699</u>	<u>92,823,568</u>	<u>22,199,887</u>	<u>-</u>	<u>-</u>	<u>143,016,154</u>
Excess of State Limit over Outstanding and Amortized Debt	<u>\$ 124,279,024</u>	<u>\$ 211,719,878</u>	<u>\$ 231,586,318</u>	<u>\$ 219,948,045</u>	<u>\$ 203,028,964</u>	<u>\$ 330,718,096</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation (\$474 million)

Note 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.

Note 3: Bonds and serial notes do not include water bonds of \$706,000 in accordance with State Statutes.

**TOWN OF GROTON**  
**MAJOR INSURANCE IN FORCE**

(IN 000's)

**JULY 1, 2004 THROUGH JUNE 30, 2005**

<u>Policy Type</u>	<u>Carrier</u>	<u>Limits</u>
Boiler & Machinery	Lexington Insurance	\$25,000
Business Automobile	Discover Property & Casualty	\$1,000
Comprehensive General Liability	Discover Property & Casualty	\$1,000-\$3,000
Crime	Executive Risk Specialty Ins.	various
Umbrella Liability	American Alternative	\$10,000
Fiduciary	Travelers	\$1,000
Police Professional	Discover Property & Casualty	\$1,000
Property	Lexington Insurance	Scheduled
Public Officials	Discover Property & Casualty	\$1,000
School Board Legal Liability	Discover Property & Casualty	\$1,000
Tax Collector's Bond	Travelers	\$250
Excess Workers' Compensation	Midwest Employers Casualty	\$1,000
Workers Compensation	Self Insured	Self Insured
Ocean Marine	St. Paul/Travelers	\$1,000

**TOWN OF GROTON**  
**PRINCIPAL (TOP 10) TAXPAYERS**  
**(IN 000's)**

<u>Name</u>	<u>Nature of Business</u>	<u>Valuation as of 10/01/2003</u>	<u>Percentage of Net Taxable Grand List (1)</u>
Pfizer Inc.	Chem/Pharmaceutical	\$ 384,407	15.36%
General Dynamics, E. B. Div.	Submarine Mfg.	162,742	6.50%
Exit 88 Hotel LLC	Hotel	14,621	0.58%
Krt Property Holdings Inc.	Shopping Center	11,533	0.46%
Groton Development Assoc Ltd.	Apartment Complex	11,359	0.45%
CSC Outsourcing Inc.	Leased Equipment	9,804	0.39%
Kaliman Elias Trustees	Apartment Complex	9,430	0.38%
Branford Manor Assoc.	Apartment Complex	9,061	0.36%
Groton Estates LLC	Apartment Complex	8,416	0.34%
Groton Assoc. of CT LP	Convalescent Home	7,819	0.31%
Total		<u>\$ 629,192</u>	<u>25.15%</u>

(1) Based on October 1, 2003 Net Taxable Grand List of \$2,501,875,187.

Source: Assessment Division, Department of Finance, Town of Groton

**TOWN OF GROTON**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30</b>	<b>Population *</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2005	40,522	\$ 23,955	32.5	5,310	5.1%
2004	40,020	23,955	32.5	5,750	4.8%
2003	40,270	23,955	32.5	5,846	4.8%
2002	39,224	23,955	32.5	5,846	3.5%
2001	39,988	24,765	28.1	5,827	3.2%
2000	40,456	24,765	28.1	5,827	3.5%
1999	41,284	24,765	28.1	5,827	3.5%
1998	42,922	15,454	28.1	5,863	4.7%
1997	44,084	15,454	28.1	6,031	5.4%
1996	43,772	15,454	28.1	5,992	4.2%

\* Based on estimates by State Department of Public Health and Addiction Services.

# TOWN OF GROTON

## MISCELLANEOUS STATISTICS

JUNE 30, 2005

Date of Incorporation	May 10, 1705
Form of Government	Town Council, RTM, Town Manager
Area in Square Miles	38.3 square miles

Town of Groton facilities and services:

Miles of streets	97.66
Number of street lights (CL&P)	1,350

Sewer System:

Miles of Sanitary Sewers	130
Number of Treatment Plants	1
Number of Residential accounts (includes Navy)	10,062
Number of Commercial accounts	384
Daily average treatment in gallons	3.3 million
Maximum daily capacity of treatment plant in gallons	5.0 million

Education:

Number of Elementary Schools	9
Number of Elementary School instructors	171
Number of Secondary Schools	4
Number of Secondary School instructors	188
Number of Instructional Support Staff	31
Number of Special Education Staff	79
Avery Point: Southeastern Branch of the University of Connecticut	

Permits Issued:

Building	674
Electrical	394
Plumbing	158
Heating/Air/Sprinkler	297

Employees (full-time and part-time):

Town Government	398
Board of Education	711
Number of Bargaining Units-Town Government	4
Number of Bargaining Units-Board of Education	5

Culture and Recreation:

Parks (Town)	32
Park (Town) acreage	768
Golf Courses (Public, Town Owned/Operated)	1
Tennis Courts	5
USS Nautilus Memorial/Submarine Force Library and Museum	
Fort Griswold State Park & Monument	
Bluff Point State Coastal Reserve	
Haley Farm State Park	

Public Transportation:

Southeast Area Transit bus Service (SEAT)	
Amtrak	