

CITY OF GROTON, CONNECTICUT COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2015
DEPARTMENT OF FINANCE
CITY OF GROTON, CONNECTICUT

CITY OF GROTON, CONNECTICUT



Comprehensive Annual Financial Report

For the Year Ended June 30, 2015

PREPARED BY:

RONALD YUHAS, JR.
DIRECTOR OF FINANCE

MARIAN K. GALBRAITH, MAYOR

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Introductory Section



CITY OF GROTON

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Groton, Connecticut 06340-4040

Department of Finance

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March 11, 2016

To: The Honorable Mayor, Members of the City Council, and Citizens of the City of Groton, Connecticut.

The Finance Department is pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Groton for the year ended June 30, 2015. The report includes the independent auditors' report as required by City Charter and the Connecticut Statutes. The report is prepared in conformity with generally accepted accounting principles (GAAP) and standards set forth by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

RSM US LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, have audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Groton, Connecticut, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Groton's financial statements for the year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader State Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available separately.

Generally accepted accounting principles (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 City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Groton

The City is governed by an elected Mayor, a six-member council and a City Clerk. The City Council and Mayor, which act as a board, also serve as the Water Pollution Control Authority.

Elections for Mayor, Council and other officials are held on the first Monday of May of each odd numbered year for a term of two years. The Mayor is elected separately from the Council and presides as its Chairperson.

In addition to all the powers and privileges conferred in the Charter, the inhabitants have the powers and privileges conferred and granted to towns and cities under the Constitution and General Statutes of Connecticut. The legislative power of the City is vested exclusively in the Council except as otherwise provided by the electors. The Council has the power to enact, amend or repeal ordinances consistent with the General Statutes or the Charter. The electors have the power to approve or reject ordinances, by referendum, as provided in the Charter. The Mayor, as the Chief Executive Officer of the City, recommends the budget to the freemen and electors for their approval at the annual meeting held on the first Monday of June.

The report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; and recreational activities. In addition to general governmental activities, the governing body is the final authority of the Electric and Water Departments and the City Groton Retirement System; therefore, these activities are included in the reporting entity. The reporting entity also includes the discretely presented component unit, Bozrah Light and Power Company.

The annual budget serves as the foundation for the City's financial planning and control. The City maintains budgetary controls with the objectives to ensure compliance with legal provisions embodied in the annual appropriated budget, approved by the freemen or electors. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary controls. As demonstrated by the budgetary schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

The City of Groton is located in New London County in the southeast part of the State of Connecticut on the east bank of the Thames River and encompasses an area of 3.06 square miles. Groton is astride Interstate 95, a major highway between New York, Providence and Boston. Numerous state routes connect Groton with all points in Connecticut and with neighboring states. Passenger service is provided by Amtrak and by a number of interstate and intrastate bus companies. Air service is provided at Groton-New London Airport to major airports and cities. The Thames River provides a deep water harbor with terminal and berth facilities for water transportation.

Rocky soil limited the City's early agricultural possibilities; therefore, the early inhabitants turned to the sea for fishing, trade, and shipbuilding. This seafaring heritage continues today in Groton, the self-proclaimed "Submarine Capital of the World." Nuclear-powered submarines, built in the City by Electric Boat division of General Dynamics, are home ported at the U. S. Naval Submarine Base here.

The Revolutionary War Battle of Groton Heights, which took place at Fort Griswold in 1781, is a hallmark of Groton's history. British forces, led by General Benedict Arnold, staged a massive attack on the fort and the colonists under the leadership of Colonel William Ledyard, who bravely resisted. Severely outnumbered they finally surrendered to the British and prepared for capture. The British took no prisoners, though, and instead brutally massacred all those who surrendered, killing Colonel Ledyard with his own sword.

Today, Fort Griswold is a state park featuring a monument and a museum. The Battle of Groton Heights is re-enacted here every year commemorating the soldiers who fought so bravely for freedom.

Factors Affecting Financial Condition

The City's economic base is supported by a diverse selection of goods producing industries and services. Pharmaceutical and submarine building continues to be the leading manufacturing sectors in Groton.

Property taxes, which account for approximately 39.5% of the general fund revenue, have provided a reliable revenue source, with collections consistently at or above 98 percent. Current tax collections were approximately 99% of the adjusted tax levy.

Long-Term Financial Planning

Groton Utilities

Fiscal Year 2014-2015 marked another major milestone in the history of Groton Utilities as we continue a second century of being at the service of our customers and our community. Groton Utilities manages two types of services - water and electric. All continued to perform beyond expectations and worked to enhance its reputation.

The Electric Division continued upgrading its electrical infrastructure to meet the ever-increasing demands for reliable electric service. The Water Division began supplying our neighboring communities via the trans-Thames River water transmission line.

Electric Division Upgrading its Infrastructure

During the past fiscal year, the Electric Division has been hard at work upgrading and improving the electric distribution system infrastructure. The various infrastructure improvement projects are designed to increase service reliability, increase capacity for future load growth and provide our customers with a level of service that is second to none. Costs associated with the Electric Division's infrastructure improvement projects have been approved by the Utility Commission, City Council and the Freeman in the form of the 2001, 2002, 2005, 2009 and 2012 Electric Bond Funds. The 2005 Bond Fund program calls for continued infrastructure and pole replacements, constructing fiber optic connection between all electric substations to improve switching reliability and facilitate SCADA coordination, and rebuilding the 115 KV portion of our main transmission feeder substation. The 2012 Electric Bond Program calls for continued infrastructure improvements of two substations – Pleasant Valley and Buddington Road stations along with continued voltage improvements to our main transmission lines.

In order to meet our customers' demand for power and to provide the highest level of reliability, the distribution voltage throughout our service area will be increased from the present voltage of 8.32 kV to 13.8 kV. By increasing the voltage of the distribution system, primary conductors will be capable of distributing more power, more efficiency. The entire conversion project is scheduled to take seven years to complete.

Water

The Water Division maintains its tradition of quality water and continues to look for ways to improve it. Protecting our water sources, purifying it, maintaining our water distribution system, and providing water testing to insure the quality of the finished product is required to ensure regulatory compliance, while planning for the future. The Division is in 100 percent regulatory compliance. The Division purchased and became certified on new highly sophisticated laboratory equipment, another step in maintaining quality water. The Water Division recently upgraded its Supervisory Control and Data Acquisition (SCADA) System to operate over radio frequencies to improve reliability of system-wide communications. The 2012 Water Bond Fund calls for improvements to the Water Treatment Plant, on which the major focus will be the complete design of the Water Treatment Plant Upgrade Project which will involve a major construction project of the Water Filtration Plant.

The Regional Water Line Interconnection under the Thames River has been completed to serve the municipalities on both sides of the river.

Risk Management

The City has a limited risk management program for its general liability auto insurance. As part of this comprehensive plan, resources are being accumulated in a separate insurance reserve fund to meet potential losses of \$1,000 per injury/auto and \$5,000 per property damage and general liability claims. All third-party coverage is currently maintained for claims greater than the aforementioned limits and other potential losses. However, future plans include the assumption of additional risk by the City.

The City's insured benefit program uses an alternative funding arrangement, known as a self-funded (ASO-Administrative Services Only) program with individual stop-loss provisions. Full-time employees of the City not covered under any collective bargaining agreement are also eligible for the group insurance program. The cost of the medical program is contributory for some full-time employees and their dependents who must contribute between 10% and 12%; however, certain employees electing dental coverage must contribute 20% of the cost for the Dental Plan and Rider A.

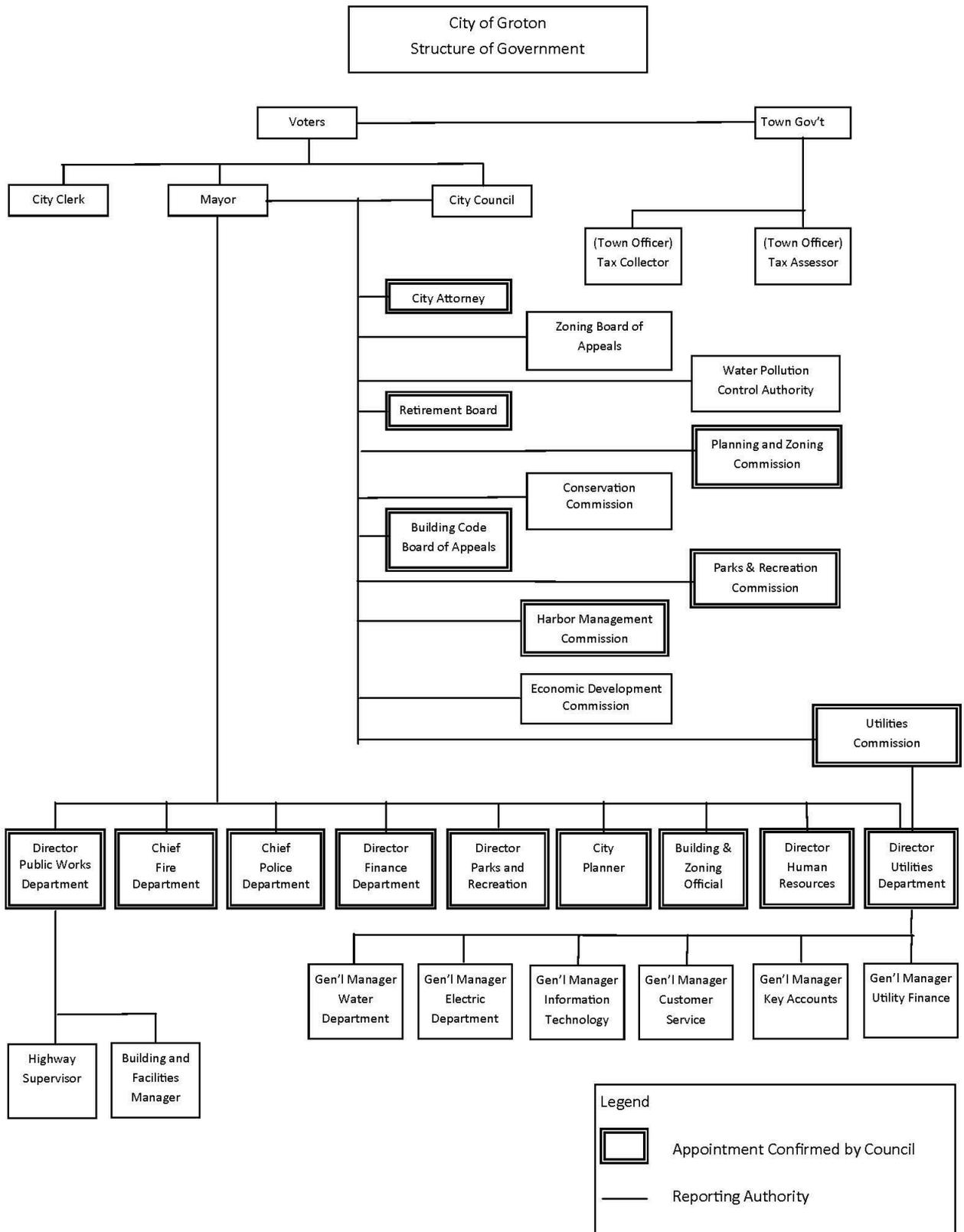
The individual stop-loss coverage protects the City from claims in excess of \$100,000 for Hospitalization and in excess of \$100,000 for Major Medical, per eligible employee and each eligible dependent.

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. Each member has my sincere appreciation for their contributions made in the preparation of this report. The cooperation and assistance of the accounting firm of RSM US LLP, also contributed significantly to its production.

Respectfully submitted,



Ronald Yuhas, Jr.
Finance Director



THE CITY OF GROTON PRINCIPAL MUNICIPAL OFFICIALS

Elected Officials Term of Office – May 2013 to May 2015

Marian K. Galbraith – Mayor

William E. Jervis (Deputy Mayor)	Councilor
Jay Dempsey	Councilor
Stephen Sheffield	Councilor
Andrew Ilvento	Councilor
Lawrence W. Gerrish	Councilor
Keith Hedrick	Councilor
Debra J. Patrick	City Clerk

Appointed Officials Term of Office – Indefinite

Tom Davoren – Civil Preparedness Coordinator

Department Heads Term of Office – Indefinite

Director of Finance	Ronald Yuhas, Jr.
Director of Utilities	Ronald Gaudet
Director of Public Works	Timothy Umrysz
Chief of Police	Tom Davoren
Director of Parks & Recreation	Mary K. Hill
Building & Zoning Official	Carlton Smith
Planner	Barbara Goodrich
Fire Chief	Nicholas DeLia

Financial Section



RSM US LLP

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Groton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Groton, Connecticut (the City), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with GAAP.

Emphasis of a Matter

As explained in the notes 1 and 15 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*, which resulted in the City restating net position for recognition of the City's pension related activity incurred prior to July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and employer contributions- OPEB, pension related schedules and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Prior-Year Comparative information

We also previously audited, in accordance with GAAS, the basic financial statements of the City as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated March 2, 2015, which contained unmodified opinions on the respective financial statements of governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information. The accompanying General Fund Balance Sheet and Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows for the Electric and Water Departments and Internal Service Funds as of and for the year ended June 30, 2014 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund Balance Sheet and Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position and Statements of Cash Flows for the Electric and Water Departments and Internal Service Funds have been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund Balance Sheet, Statements of Net Position and Statements of Revenue, Expenses and Changes in Fund Net Position and Statements of Cash Flows for the Electric and Water Departments and Internal Service Funds are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

RSM US LLP

New Haven, Connecticut
March 11, 2016

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CITY OF GROTON

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Department of Finance

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MANAGEMENT DISCUSSION AND ANALYSIS - Unaudited FOR THE YEAR ENDED JUNE 30, 2015

As management of the City of Groton, Connecticut, we offer readers of the City of Groton's financial statements this narrative overview and analysis of the financial activities of the City of Groton for the year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- As of July 1, 2014, the City was required to implement GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions*. This Statement required that the unrestricted net positions in the government-wide and business-type statements as of July 1, 2014 to be restated and increased by \$1,918,840 and \$1,926,203 respectively.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$68,744,382 (net position). Of this amount, \$12,783,253 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- On the government-wide basis, the City's total net position increased by \$7.0 million for the fiscal year, with an increase in the government activities and an increase in the business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8,241,684, a decrease of \$1,805,690 in comparison with the prior year. Approximately \$2,695,000 of the total amount of \$8,241,684 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,718,163 or 16.5% of total general fund expenditures and other financing uses.
- The City of Groton's total long-term obligations decreased by \$4,205,400 during the current fiscal year due to scheduled debt payments made during the fiscal year.

Overview of the Financial Statement

This discussion and analysis are intended to serve as an introduction to the City of Groton's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, sewer operation and recreation. The business-type activities of the City include a Water and Electric distribution operation.

The government-wide financial statements not only include the City of Groton itself, but also a legally separate component unit, Bozrah Light and Power Company. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City 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 City'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 City's near-term financing 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 City maintains 7 individual 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, which is considered to be a major fund. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Major Governmental Funds

General

Non-major Governmental Funds

State Aid Road
Forfeiture Grant
Submarine Memorial Fund
Bridge Street
Miscellaneous Grants
Equipment Replacement Fund

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided in the required supplementary information section for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on Page 13 through Page 17 of this report.

Proprietary funds. The City operates two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric and Water operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insured medical benefits and property and general liability claims. These services benefit both governmental and business-type activities and therefore the operations have been recorded in proportion in the respective financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric Department and for the Water System operation, both of which are considered to be major funds of the City. Conversely, both 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 Page 18 through Page 22 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 the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Page 23 and Page 24 of this report.

Notes to the basic 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. The notes to the basic financial statements can be found on Page 25 to Page 60 of this report.

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide benefits to its employees, and certain budgetary information for the general fund.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$68.7 million at the close of the most recent fiscal year.

**City of Groton, Connecticut
Statement of Net Position**

	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 11,083,659	\$ 39,131,729	\$ 50,215,388	\$ 14,826,853	\$ 37,075,034	\$ 51,901,887
Capital assets	25,764,085	62,823,492	88,587,577	23,971,088	60,002,821	83,973,909
Total assets	36,847,744	101,955,221	138,802,965	38,797,941	97,077,855	135,875,796
Deferred pension related items	1,902,565	1,847,577	3,750,142	-	-	-
Deferred amounts on refunding	61,056	1,135,076	1,196,132	69,855	-	69,855
Total deferred outflows of resources	1,963,621	2,982,653	4,946,274	69,855	-	69,855
Current liabilities	1,104,194	13,961,555	15,065,749	2,584,245	14,285,192	16,869,437
Long-term liabilities outstanding	7,457,565	52,479,077	59,936,642	8,131,332	53,048,871	61,180,203
Total liabilities	8,561,759	66,440,632	75,002,391	10,715,577	67,334,063	78,049,640
Deferred pension credit	1,251	1,215	2,466	-	-	-
Total deferred inflows of resources	1,251	1,215	2,466	-	-	-
Net Position:						
Net investment in capital assets	20,466,258	34,891,780	55,358,038	18,001,407	32,574,605	50,576,012
Restricted	603,091	-	603,091	694,218	-	694,218
Unrestricted (deficit)	9,179,006	3,604,247	12,783,253	9,456,594	(2,830,813)	6,625,781
Total net position	\$ 30,248,355	\$ 38,496,027	\$ 68,744,382	\$ 28,152,219	\$ 29,743,792	\$ 57,896,011

By far the largest portion of the City's net position (80.5%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

A nominal portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, approximately \$12.8 million, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's change in net position increased \$7.0 million during the current fiscal year. The increase was due primarily to increased revenue in the Electric and Water Departments ahead of expenses.

Governmental activities. Governmental activities increased the City's net position by \$177,296, and business-type activities increased net position by \$6,826,032.

**City of Groton, Connecticut
Statement of Activities**

	Year Ended					
	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,640,843	\$ 71,596,811	\$ 73,237,654	\$ 1,767,108	\$ 73,353,374	\$ 75,120,482
Operating Grants and contributions	4,278,561	-	4,278,561	4,639,990	-	4,639,990
Capital Grants and contributions	2,127,673	-	2,127,673	1,316,601	-	1,316,601
General Revenues:						
Property Taxes	6,261,303	-	6,261,303	6,143,075	-	6,143,075
Grants and contributions not restricted to specific programs	249,464	-	249,464	130,053	-	130,053
Other	202,126	593,358	795,484	218,553	621,570	840,123
Total revenues	14,759,970	72,190,169	86,950,139	14,215,380	73,974,944	88,190,324
Expenses:						
General Government	2,353,876	-	2,353,876	2,471,659	-	2,471,659
Public Safety	8,107,091	-	8,107,091	7,926,207	-	7,926,207
Public Works	5,744,427	-	5,744,427	5,363,235	-	5,363,235
Recreation	1,323,902	-	1,323,902	1,357,588	-	1,357,588
Interest on long-term debt	172,874	-	172,874	219,652	-	219,652
Water	-	8,226,487	8,226,487	-	8,694,227	8,694,227
Electric	-	54,018,154	54,018,154	-	56,354,668	56,354,668
Total expenses	17,702,170	62,244,641	79,946,811	17,338,341	65,048,895	82,387,236
Change in net position before transfers	(2,942,200)	9,945,528	7,003,328	(3,122,961)	8,926,049	5,803,088
Transfers	3,119,496	(3,119,496)	-	3,119,496	(3,119,496)	-
Change in net position	177,296	6,826,032	7,003,328	(3,465)	5,806,553	5,803,088
Net Position, beginning, as restated*	30,071,059	31,669,995	61,741,054	28,155,684	23,937,239	52,092,923
Net Position - ending	\$ 30,248,355	\$ 38,496,027	\$ 68,744,382	\$ 28,152,219	\$ 29,743,792	\$ 57,896,011

* Restated for implementation of GASB 68

Expenses and Program Revenues – Governmental Activities

Revenues

Governmental activities' revenues totaled \$14,759,970 for fiscal year 2015. Property taxes are the largest revenue source for the City and represent 42.4% of the governmental revenues. Current tax collections were 99.1% of the adjusted tax levy. Operating grants and contributions are the City's second largest revenue and represent 29.0% of the governmental revenues. In operating grants and contributions, revenues include the City of Groton's contribution for Police and Highway Department operation and State of Connecticut grants for health district. Charges for services represents 11.1% and capital grants and contributions represent 14.4%. Investment income and miscellaneous revenue represent 3.1% of governmental revenues.

Capital grants and contributions increased by \$811 thousand as larger capital improvement grants were received in the current year. Charges for services decreased \$126 thousand due to a decrease in fines, fees and permits.

Expenses

Governmental expenses totaled \$17.7 million for the fiscal year. Of the expenditures, 45.8% or \$8.1 million is related to public safety. Public works expenses amounted to \$5.7 million, or 32.5%. Recreation expenses amounted to \$1.3 million or 7.5%. Interest expense was \$0.1 million or 0.9%. General government expenses were \$2.4 million or 13.3%.

General government, public safety, public works and recreation expenses remained stable or increased slightly from the previous year and this is the fifth year of other post-employment benefits.

Business-type activities. Business-type activities represent 56.0% of the City's net position and account for a large portion of the expenditures in the City. Key elements of the activity are as follows:

- Charges for services for business-type activities decreased by \$1.8 million while expenses decreased by \$2.8 million over the prior year.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 City's governmental funds reported combined ending fund balances of \$8,241,684, a decrease of \$1,805,690 in comparison with the prior year. Approximately 32.7% of this total amount, \$2,694,510, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The general fund is the operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,718,163, while total fund balance was \$3,471,352. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.5% of total general fund expenditures. Total fund balance represents 21.1% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$682,538 during the current fiscal year due to revenues being slightly behind expenses.

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

The unrestricted deficit of the Electric operation at the end of the year amounted to \$861,648 and the unrestricted net position of the Water operation amounted to \$4,160,079. The change in net position for Electric funds was \$5,386,763 and the increase in net position for Water funds was \$1,524,570 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, total expenditures and revenues were less than budgetary estimates; however, the City did use a portion of their fund balance as planned.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to approximately \$88,587,577 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, distribution systems, machinery and equipment, park facilities, sewer lines and roads. The total increase in the City's investment in capital assets for the current fiscal year was 5.1% (13.7% increase for governmental activities and 0.4% for business-type activities).

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

- Construction began on various Electric and Water projects; construction in progress as of the close of the fiscal year had reached \$10,668,876.

City of Groton, Connecticut Capital Assets (Net of Depreciation)

	June 30, 2015			June 30, 2014		
	Primary Government			Primary Government		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land and land rights	\$ 3,789,257	\$ 2,842,819	\$ 6,632,076	\$ 3,789,257	\$ 2,842,819	\$ 6,632,076
Construction in progress	2,999,652	7,669,224	10,668,876	749,867	4,251,124	5,000,991
Land improvements	234,221	-	234,221	262,973	-	262,973
Buildings and improvements	5,579,684	3,995,252	9,574,936	5,748,957	4,169,020	9,917,977
Distribution systems	-	46,897,110	46,897,110	-	47,257,271	47,257,271
Machinery and equipment	504,385	882,140	1,386,525	544,257	750,530	1,294,787
Vehicles	2,329,899	536,947	2,866,846	2,264,648	732,057	2,996,705
Infrastructure	10,326,987	-	10,326,987	10,611,129	-	10,611,129
Total	<u>\$ 25,764,085</u>	<u>\$ 62,823,492</u>	<u>\$ 88,587,577</u>	<u>\$ 23,971,088</u>	<u>\$ 60,002,821</u>	<u>\$ 83,973,909</u>

Additional information on the City's capital assets can be found in Note 6.

Long-term debt. At the end of the current fiscal year, the City had total net bonded debt and note payable outstanding of \$50,838,400. Of this amount, \$5,040,000 comprises debt backed by the full faith and credit of the City and \$45,798,400 is Electric and Water debt for which the City is liable in the event of default by the Electric and Water Departments.

City of Groton, Connecticut Changes in Bonded Debt and Note Payable During Fiscal 2015

	<u>Bonds and Note Payable</u>
Outstanding at June 30, 2014	\$ 55,043,800
Issuance of refunding bonds	15,360,000
Bond principal payments	(4,465,400)
Bonds refunded	(15,100,000)
Outstanding at June 30, 2015	<u>\$ 50,838,400</u>

The City's total bonded debt decreased by approximately \$4,205,400 (7.6%) during the current fiscal year.

The City maintains an "Aa-3" from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the City is \$43,645,637.

Additional information on the City's long-term debt can be found in Note 8.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 5.2%, which is slightly less than a year ago. This compares equally to the state's average unemployment rate of 5.5% and the national average rate of 5.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2015 fiscal year.

During the current fiscal year, fund balance in the general fund decreased by \$682,538. The City has appropriated \$650,000 of the 2015 fiscal year fund balance for spending in the 2016 fiscal year budget. It is intended that this use of available fund balance will avoid the need to additionally raise taxes or charges during the 2015 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Ronald Yuhas, Jr., City of Groton, 295 Meridian Street, Groton, CT 06340.

Basic Financial Statements

City of Groton, Connecticut

Statement of Net Position
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bozrah Light and Power Company
Assets				
Cash and cash equivalents	\$ 10,392,480	\$ 17,504,339	\$ 27,896,819	\$ 1,797,696
Investments	507,720	-	507,720	-
Receivables, net of allowances for collection losses:				
Property taxes	64,459	-	64,459	-
Use charges	-	5,119,597	5,119,597	1,168,845
Accrued utility revenue	-	1,166,954	1,166,954	-
Intergovernmental and other	85,813	6,318	92,131	117,704
Inventory and prepayments	33,017	1,724,144	1,757,161	119,268
Internal balances	(59,830)	59,830	-	-
Due from component units	-	3,198,400	3,198,400	-
Amount held at CMEEC	-	2,615,463	2,615,463	694,995
Restricted cash	60,000	-	60,000	-
Other noncurrent assets	-	20,552	20,552	-
Equity investment in component unit	-	7,716,132	7,716,132	-
Capital assets, not being depreciated	6,788,909	10,512,043	17,300,952	657,255
Capital assets, net of accumulated depreciation	18,975,176	52,311,449	71,286,625	9,612,158
Total assets	36,847,744	101,955,221	138,802,965	14,167,921
Deferred Outflows of Resources				
Deferred pension expense	1,902,565	1,847,577	3,750,142	-
Deferred charge on refunding	61,056	1,135,076	1,196,132	-
Total deferred outflows of resources	1,963,621	2,982,653	4,946,274	-
Liabilities				
Accounts payable and accrued liabilities	979,085	13,427,523	14,406,608	2,473,005
Accrued interest payable	66,310	534,032	600,342	-
Unearned revenue - performance	58,799	-	58,799	-
Due to primary government	-	-	-	3,198,400
Noncurrent liabilities:				
Rate stabilization	-	2,181,217	2,181,217	780,384
Due within one year	826,298	3,555,000	4,381,298	-
Due in more than one year	6,631,267	46,742,860	53,374,127	-
Total liabilities	8,561,759	66,440,632	75,002,391	6,451,789
Deferred Inflows of Resources				
Deferred pension credit	1,251	1,215	2,466	-
Net Position				
Net investment in capital assets	20,466,258	34,891,780	55,358,038	7,071,013
Restricted for:				
Endowments - expendable	60,000	-	60,000	-
Public works	521,799	-	521,799	-
Public safety	21,292	-	21,292	-
Unrestricted	9,179,006	3,604,247	12,783,253	645,119
Total net position	\$ 30,248,355	\$ 38,496,027	\$ 68,744,382	\$ 7,716,132

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Bozrah Light and Power Company
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ (2,353,876)	\$ 1,029,699	\$ 37,707	\$ 195,320	\$ (1,091,150)	\$ -	\$ (1,091,150)	\$ -
Public Safety	(8,107,091)	394,490	2,232,573	124,652	(5,355,376)	-	(5,355,376)	-
Public Works	(5,744,427)	45,563	2,008,281	1,774,156	(1,916,427)	-	(1,916,427)	-
Parks and Recreation	(1,323,902)	171,091	-	33,545	(1,119,266)	-	(1,119,266)	-
Interest expense	(172,874)	-	-	-	(172,874)	-	(172,874)	-
Total governmental activities	(17,702,170)	1,640,843	4,278,561	2,127,673	(9,655,093)	-	(9,655,093)	-
Business-type activities:								
Electric Department	(54,018,154)	61,853,220	-	-	-	7,835,066	7,835,066	-
Water Department	(8,226,487)	9,743,591	-	-	-	1,517,104	1,517,104	-
Total business-type activities	(62,244,641)	71,596,811	-	-	-	9,352,170	9,352,170	-
Total primary government	\$ (79,946,811)	\$ 73,237,654	\$ 4,278,561	\$ 2,127,673	(9,655,093)	9,352,170	(302,923)	-
Component Unit:								
Bozrah Light and Power Company	\$ (15,841,056)	\$ 16,053,589	\$ -	\$ -	-	-	-	212,533
Total component unit	\$ (15,841,056)	\$ 16,053,589	\$ -	\$ -	-	-	-	212,533
General Revenues								
Property taxes					6,261,303	-	6,261,303	-
Grants and contributions not restricted to specific programs					249,464	-	249,464	-
Investment income					31,911	593,358	625,269	13
Miscellaneous					170,215	-	170,215	-
Transfers					3,119,496	(3,119,496)	-	-
Total general revenues and transfers					9,832,389	(2,526,138)	7,306,251	13
Change in net position					177,296	6,826,032	7,003,328	212,546
Net position - Beginning, as restated- Note 15					30,071,059	31,669,995	61,741,054	7,503,586
Net position - Ending					\$ 30,248,355	\$ 38,496,027	\$ 68,744,382	\$ 7,716,132

See Notes to Financial Statements.

City of Groton, Connecticut

Balance Sheet - Governmental Funds
June 30, 2015

	Major Funds	Non-Major	Total
	General Fund	Governmental Funds	Governmental Funds
Assets			
Cash and cash equivalents	\$ 6,533,567	\$ 1,872,796	\$ 8,406,363
Investments	-	507,720	507,720
Receivables:			
Property taxes	64,459	-	64,459
Intergovernmental and other	49,696	-	49,696
Restricted cash	-	60,000	60,000
Due from other funds	-	3,464,008	3,464,008
Inventory of supplies, at cost	33,017	-	33,017
Total assets	<u><u>\$ 6,680,739</u></u>	<u><u>\$ 5,904,524</u></u>	<u><u>12,585,263</u></u>
Liabilities			
Accounts payable and accrued liabilities	508,562	196,465	705,027
Due to other funds	2,644,910	878,928	3,523,838
Unearned revenue	-	58,799	58,799
Total liabilities	<u><u>3,153,472</u></u>	<u><u>1,134,192</u></u>	<u><u>4,287,664</u></u>
Deferred Inflows of Resources			
Unavailable revenue	55,915	-	55,915
Fund Balances			
Nonspendable	33,017	-	33,017
Restricted	-	1,083,303	1,083,303
Committed	-	3,710,682	3,710,682
Assigned	720,172	-	720,172
Unassigned	2,718,163	(23,653)	2,694,510
Total fund balances	<u><u>3,471,352</u></u>	<u><u>4,770,332</u></u>	<u><u>8,241,684</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 6,680,739</u></u>	<u><u>\$ 5,904,524</u></u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets purchased by governmental funds are reported as expenditures, however, the Statement of Net Position includes those capital assets among the assets of the City as a whole.	25,764,085
Deferred amounts on refunding	61,056
Deferred outflows of resources- pension related items	1,902,565
Deferred inflows of resources- pension related items	(1,251)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds.	55,915
Internal Service Funds are used by management to charge the costs of health insurance. Certain assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.	1,748,176
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(7,457,565)
Accrued interest payable not recorded in funds.	(66,310)

Net position of governmental activities \$ 30,248,355

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended June 30, 2015

	Major Funds		Total Governmental Funds
	General Fund	Non-Major Governmental Funds	
Revenues			
Property taxes	\$ 6,240,201	\$ -	\$ 6,240,201
Intergovernmental	4,757,324	1,898,374	6,655,698
Charges for services	1,516,247	-	1,516,247
Income from investments	1,037	28,215	29,252
Other	170,215	124,596	294,811
Total revenues	12,685,024	2,051,185	14,736,209
Expenditures			
Current:			
General government	2,126,337	14,969	2,141,306
Public safety	7,306,671	25,321	7,331,992
Public works	4,906,630	18,197	4,924,827
Parks and recreation	1,222,490	-	1,222,490
Non-departmental	140,021	-	140,021
Capital outlay	-	3,119,487	3,119,487
Debt service:			
Bond principal	590,000	-	590,000
Bond and note interest	194,909	-	194,909
Total expenditures	16,487,058	3,177,974	19,665,032
Deficiency of revenues over expenditures	(3,802,034)	(1,126,789)	(4,928,823)
Other Financing Sources (Uses)			
Transfers in	3,119,496	-	3,119,496
Bond premiums	-	23,888	23,888
Refunding bond proceeds	-	190,000	190,000
Refunding payment to escrow	-	(210,251)	(210,251)
Total other financing sources (uses)	3,119,496	3,637	3,123,133
Net change in fund balances	(682,538)	(1,123,152)	(1,805,690)
Fund Balances, Beginning	4,153,890	5,893,484	10,047,374
Fund Balances, Ending	\$ 3,471,352	\$ 4,770,332	\$ 8,241,684

See Notes to Financial Statements.

City of Groton, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$ (1,805,690)
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. This is the amount by which depreciation exceeded capital outlays in the current period.	1,792,997
Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	21,102
Change in pension asset	(1,663,037)
Change in net pension liability deferred outflows/inflows	1,901,314
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	602,001
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.	(183,780)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(487,611)</u>
Change in net position of governmental activities	<u>\$ 177,296</u>

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Net Position - Proprietary Funds
June 30, 2015

Assets	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Electric Department	Water Department	Total	Internal Service Fund
Current Assets				
Cash	\$ 16,311,920	\$ 844,979	\$ 17,156,899	\$ 2,333,557
Receivables:				
Use charges (net of allowance for uncollectibles of \$75,000 and \$2,453, respectively)	4,206,533	913,064	5,119,597	42,435
Accrued utility revenue	1,166,954	-	1,166,954	-
Due from other funds	40,028	3,378,133	3,418,161	-
Prepaid expenses	175,426	123,904	299,330	-
Inventory	1,312,315	112,499	1,424,814	-
Total current assets	23,213,176	5,372,579	28,585,755	2,375,992
Noncurrent Assets				
Amount held at CMEEC	2,615,463	-	2,615,463	-
Equity in joint venture investments	7,716,132	-	7,716,132	-
Due from component units	3,198,400	-	3,198,400	-
Notes receivable	-	20,552	20,552	-
Total noncurrent assets	13,529,995	20,552	13,550,547	-
Capital Assets (Net of Accumulated Depreciation):				
Land and land rights	707,176	2,135,643	2,842,819	-
Construction in progress	3,463,653	4,205,571	7,669,224	-
Buildings and improvements	248,040	3,747,212	3,995,252	-
Plant and pumping stations	-	3,815,027	3,815,027	-
Station equipment	7,766,178	-	7,766,178	-
Electric distribution system	18,422,718	-	18,422,718	-
Water distribution system	-	16,893,187	16,893,187	-
Machinery and equipment	574,871	307,269	882,140	-
Vehicles	477,385	59,562	536,947	-
Total capital assets (net of accumulated depreciation)	31,660,021	31,163,471	62,823,492	-
Total noncurrent assets	47,500,964	31,855,728	79,356,692	-
Deferred Outflows of Resources				
Deferred pension related items	1,300,147	547,430	1,847,577	-
Deferred charges on refundings	1,010,801	124,275	1,135,076	-
Total deferred outflows of resources	2,310,948	671,705	2,982,653	-
Total assets and deferred outflows of resources	70,714,140	37,228,307	107,942,447	2,375,992

See Notes to Financial Statements.

Liabilities	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Electric	Water	Total	Internal
	Department	Department		Service Fund
Current Liabilities				
Accounts payable	\$ 7,101,591	\$ 755,218	\$ 7,856,809	\$ 322,000
Accrued payroll and compensated absences	323,100	237,567	560,667	-
Accrued taxes	328,402	38,349	366,751	-
Accrued interest payable	465,672	68,360	534,032	-
Due to other funds	3,358,331	-	3,358,331	-
General obligation bonds payable - current portion	3,355,000	730,000	4,085,000	-
Customer deposits payable	4,565,954	29,400	4,595,354	-
Total current liabilities	19,498,050	1,858,894	21,356,944	322,000
Noncurrent Liabilities:				
Rate stabilization	2,181,217	-	2,181,217	-
General obligation bonds and notes payable - net of premium and deferred amounts	37,123,400	4,590,000	41,713,400	-
Unamortized premium	2,541,674	341,714	2,883,388	-
Net pension liability	216,581	91,192	307,773	-
Net OPEB obligation	748,263	560,036	1,308,299	-
Total noncurrent liabilities	42,811,135	5,582,942	48,394,077	-
Total liabilities	62,309,185	7,441,836	69,751,021	322,000
Deferred inflows of resources				
Deferred pension related amounts	855	360	1,215	-
Net Position				
Net investment in capital assets	9,265,748	25,626,032	34,891,780	-
Unrestricted (deficit)	(861,648)	4,160,079	3,298,431	2,053,992
Total net position	\$ 8,404,100	\$ 29,786,111	38,190,211	\$ 2,053,992
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			305,816	
Net Position of Business-Type Activities			\$ 38,496,027	

City of Groton, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Electric Department	Water Department	Total	Internal Service Fund
Operating Revenues	\$ 61,853,220	\$ 9,743,591	\$ 71,596,811	\$ 4,038,680
Operating Expenses				
Direct expenses:				
Purchased power	40,647,878	-	40,647,878	-
Other	2,368,464	3,470,105	5,838,569	-
Overhead expenses:				
Customer account	1,581,125	391,015	1,972,140	-
Administrative and general	4,801,221	3,065,825	7,867,046	-
Claims and administration	-	-	-	4,614,136
Taxes	1,654,763	300,679	1,955,442	-
Depreciation	1,714,547	829,778	2,544,325	-
Total operating expenses	52,767,998	8,057,402	60,825,400	4,614,136
Operating income (loss)	9,085,222	1,686,189	10,771,411	(575,456)
Nonoperating Revenues (Expenses)				
Investment income	373,346	7,466	380,812	2,544
Interest expense	(1,164,855)	(169,085)	(1,333,940)	-
Equity in earnings/losses in investments	212,546	-	212,546	-
Total nonoperating revenues (expenses)	(578,963)	(161,619)	(740,582)	2,544
Income (loss) before transfers	8,506,259	1,524,570	10,030,829	(572,912)
Transfers Out	(3,119,496)	-	(3,119,496)	-
Changes in net position	5,386,763	1,524,570	6,911,333	(572,912)
Net Position, Beginning, as restated (Notes 1 and 15)	3,017,337	28,261,541	31,278,878	2,626,904
Net Position, Ending	<u>\$ 8,404,100</u>	<u>\$ 29,786,111</u>	38,190,211	<u>\$ 2,053,992</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities				
Related to proprietary funds			(85,301)	
Change in Net Position of Business-Type Activities			<u>\$ 6,826,032</u>	

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Electric Department	Water Department	Total	Internal Service Fund
Cash Flows From Operating Activities:				
Cash received from customers	\$ 67,556,612	\$ 10,013,787	\$ 77,570,399	\$ -
Cash payments to suppliers for goods and services	(41,367,752)	(4,405,431)	(45,773,183)	-
Cash payments to employees for services	(7,985,012)	(3,741,876)	(11,726,888)	-
Cash received from premiums	-	-	-	4,038,680
Cash paid for claims	-	-	-	(3,870,362)
Cash paid for administration	-	-	-	(726,461)
Net cash provided by (used in) operating activities	18,203,848	1,866,480	20,070,328	(558,143)
Cash Flows From Investing Activities:				
Repayments of note receivable	-	121,216	121,216	-
Interest and dividends on investments	373,346	7,466	380,812	2,544
Net cash provided by investing activities	373,346	128,682	502,028	2,544
Cash Flows From Noncapital and Related Financing Activities:				
Repayment of CMEEC loan	(200,400)	-	(200,400)	-
Proceeds from Bozrah Light and Power	200,400	-	200,400	-
Transfers to other funds	(3,119,496)	-	(3,119,496)	-
Amount held at CMEEC	(1,777,230)	-	(1,777,230)	-
Net cash used in noncapital and related financing activities	(4,896,726)	-	(4,896,726)	-
Cash Flows From Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,504,992)	(2,860,004)	(5,364,996)	-
Principal paid on general obligation bond maturities and equipment contracts	(3,079,763)	(764,537)	(3,844,300)	-
Debt refunding	158,194	20,002	178,196	-
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(1,289,004)	(180,725)	(1,469,729)	-
Net cash used in capital and related financing activities	(6,715,565)	(3,785,264)	(10,500,829)	-
Net increase (decrease) in cash and cash equivalents	6,964,903	(1,790,102)	5,174,801	(555,599)
Cash and Cash Equivalents, Beginning	9,347,017	2,635,081	11,982,098	2,889,156
Cash and Cash Equivalents, Ending	<u>\$ 16,311,920</u>	<u>\$ 844,979</u>	<u>\$ 17,156,899</u>	<u>\$ 2,333,557</u>

(Continued)

City of Groton, Connecticut

Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended June 30, 2015

	Business-Type Activities			Governmental
	Enterprise Funds			Activities
	Electric Department	Water Department	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 9,085,222	\$ 1,686,189	\$ 10,771,411	\$ (575,456)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,714,547	829,778	2,544,325	-
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	3,764,171	270,196	4,034,367	(13,845)
Accrued utility revenue	59,692	-	59,692	-
Inventory	492,585	(5,182)	487,403	-
Prepaid expenses	(86,865)	(32,443)	(119,308)	-
Due from other funds	263,249	(1,154,422)	(891,173)	-
Pension asset	-	569,702	569,702	-
Deferred outflows/inflows related to pension	(1,299,292)	(547,070)	(1,846,362)	-
Increase (decrease) in:				
Accounts payable	(155,002)	256,721	101,719	31,158
Accrued payroll and compensated absences	24,415	(2,021)	22,394	-
Accrued taxes	(14,912)	-	(14,912)	-
Due to other funds	1,134,623	-	1,134,623	-
Rate stabilization	1,879,529	-	1,879,529	-
Pension obligation	1,353,043	-	1,353,043	-
Net OPEB obligation	(11,157)	(4,968)	(16,125)	-
Net cash provided by (used in) operating activities	\$ 18,203,848	\$ 1,866,480	\$ 20,070,328	\$ (558,143)

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	Trust Funds
Assets	
Cash	\$ 2,240,895
Investments, at fair value	
U.S. government bonds	3,896,396
U.S. government securities	3,364,719
Collateralized mortgage obligations	8,487,704
Fixed income - non profit	205,275
Municipal obligations	138,649
Corporate bonds	9,022,513
Foreign bonds	1,126,601
Foreign stock	4,936,027
Mutual funds:	
Equities and related securities	41,734,424
Fixed income	3,462,788
Total investments	<u>76,375,096</u>
Accrued interest	161,138
Total assets	<u>78,777,129</u>
Liabilities	
Pending purchases	<u>154,484</u>
Net Position - Restricted for Pension and Other Post Retirement Benefits	<u>\$ 78,622,645</u>

See Notes to Financial Statements.

City of Groton, Connecticut

Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2015

	Trust Funds
Additions	
Contributions:	
Employer	\$ 2,764,680
Plan members	958,235
Total contributions	<u>3,722,915</u>
Investment income:	
Change in fair value of investments	(1,200,803)
Interest and dividends	2,819,927
Total investment income	<u>1,619,124</u>
Less investment expenses	<u>111,305</u>
Net investment income	<u>1,507,819</u>
Total additions	<u>5,230,734</u>
Deductions	
Benefits	4,682,900
Administration	51,268
Total deductions	<u>4,734,168</u>
Change in net position	496,566
Net Position Restricted for Pension and Other Post Retirement Benefits	
Beginning of year	<u>78,126,079</u>
End of year	<u>\$ 78,622,645</u>

See Notes to Financial Statements.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting entity: The City of Groton, Connecticut (the City) lies entirely within the Town of Groton and covers an area of 3.06 square miles. The City operates under a Council-Mayor form of government as prescribed by its charter. The City provides the following services as authorized by its charter: utilities, public safety, public works, sanitation services and recreation.

Accounting principles generally accepted in the United States of America (GAAP) 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.

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City's component unit is discretely presented component unit, which is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Bozrah Light and Power Company has a June 30 year-end.

Discretely presented component unit: Bozrah Light and Power Company (the "Company") is wholly-owned by the City of Groton (the "City"). The Company operates as an electric utility, purchasing power and selling it to consumers. It owns and maintains electric distribution facilities for the purpose of delivering electricity to others. The Company is subject to requirements of Chapter 101 of the Connecticut General Statutes, which sets forth the regulatory structure applicable to municipal electric utilities. Under Chapter 101, the City is permitted to realize an average rate of return on its investment of five to eight percent. Any excess revenues may be used for capital expansion, economic development or to effect a rate reduction for electric consumers. The information presented for Bozrah Light and Power Company is for the year ended June 30, 2015.

Accounting standards adopted in the current year:

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions and its amendment*, GASB Statement No. 71, on July 1, 2014. These statements revised and established new financial reporting requirements for most governments that provide their employees with pension benefits. Among other requirements, Statement No. 68 required governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability (asset) for the first time and calls for immediate recognition of more pension expense (revenue) than is currently required. The effects of the implementation on the City's financial statements can be found in Note 15.

Government-wide and fund financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Measurement focus, basis of accounting and financial statement presentation: The government-wide, proprietary funds and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual (i.e., measurable and available) and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for and reports all financial resources of the general government not accounted for and reported in other funds.

The City reports the following major proprietary funds:

The Electric Department accounts for the activities of the City's Electric Department.

The Water System accounts for the activities of the City's Water System.

Additionally, the City reports the following other fund types:

The Internal Service Funds account for risk financing activities for medical insurance benefits.

The Trust Funds account for the activities of the City of Groton Employees Retirement System and the Other Post-Employment Benefits (OPEB), which accumulates resources for pension and OPEB benefit payments to qualified employees.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's Electric Department and Water System and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Electric Department enterprise fund, of the Water System enterprise fund, and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, liabilities, deferred outflows/inflows of resources and net position or equity:

Deposits and investments:

Cash and cash equivalents: The City's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments are stated at fair value, based on quoted market prices. In general, State of Connecticut statutes allow the City to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating services. For the Equipment Replacement Account, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

The City's Trust Funds are guided by a written investment policy that describes the characteristics of the investment portfolios and expected returns on the pension fund assets. The funds' assets are managed by investment managers.

Receivables and payables:

Interfunds: Activity between funds that are representative of lending borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property taxes and other receivables: In the government-wide financial statements, property tax and electric and water use receivables are shown net of an allowance for uncollectibles of approximately \$7,000, \$75,000 and \$2,500, respectively.

In the fund financial statements, property tax receivables are recorded as of levy date and property tax revenue is recognized when it becomes available. Available means then due or past due and receivable within the current period and collected within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Property taxes not collected during the 60-day period are recorded as deferred revenue.

Property taxes are attached as an enforceable lien on property as of July 1. Assessments are set as of October 1 preceding and, as such, an inchoate lien is placed at that time. On July 1, when the mill rate is applied to levy a dollar tax, lien is recognized. Taxes are billed in one installment due July 1. A lien may be continued if filed within 1 year of the due date. The Town of Groton performs tax assessment and collection duties for the City of Groton. The City sets its own mill rate at its Annual Budget Meeting on the first Monday in June.

Inventories and prepaid items: Inventory is valued at moving weighted average cost for the Enterprise Funds. All other inventories are valued at specific cost using the first-in/first-out (FIFO) method. Inventory in the General Fund consists of expendable supplies held for consumption. Inventory in the Enterprise Funds consists of supplies and materials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and enterprise fund financial statements.

Restricted assets: The restricted assets for the City are restricted for endowment purposes. The trust agreement restricts the expenditure of the investment income only for the designated purpose. The City also restricts cash for unspent bond proceeds.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental (or business-type activities) columns in the government-wide financial statements and in the proprietary funds financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 for equipment, \$20,000 for improvements, and \$100,000 for infrastructure, 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 market 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 assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

<u>Asset Type</u>	<u>Years</u>
Buildings	25-67
Improvements	17-100
Vehicles and equipment	5-33
Roads	50
Sewer plant	30-40
Sewer distribution system	40-50
Station equipment	20
Electrical distribution system	17-25
Plant and pumping stations	50
Water distribution system	40-50

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions in the government-wide statement of net position. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs.

These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). The governmental funds report unavailable revenues from property taxes, interest on property taxes, and sewer use charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period during which the amounts become available.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated absences: City employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for the amounts that have become due. Amounts for compensated absences are generally liquidated by the General Fund for governmental activities, and in proprietary funds for business-type activities.

The liability for sick leave occurs only at the time of retirement and only for employees other than utility employees. As of June 30, 2015, an estimate of future retirements has been recorded based upon years of service.

The Electric and Water Departments have recorded the liability for accumulated vacation. The Electric and Water Departments' vacation time is expensed as earned, as is the vacation time of governmental employees in the government-wide statements. The City's governmental employees' vacation time is recorded as expenditures as used in the government funds financial statements. Sick time for the City and Electric and Water Departments does not vest.

Long-term obligations: In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized 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.

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

OPEB accounting:

OPEB Trust: Investments are reported at fair value. Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid. Administrative costs are financed through investment earnings.

Governmental funds and governmental activities: The net OPEB obligation (asset), the cumulative difference between annual OPEB cost and the City's contributions to the plan since July 1, 2008, is calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 45. In the governmental funds financial statements, expenditures are recognized when they are paid or expected to be paid with current financial resources. An OPEB obligation/asset is recorded as a non-current asset (liability) in the government-wide financial statements and proprietary fund financial statements.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 assign that portion of the applicable appropriation, is utilized in the budgeted governmental fund types. Encumbrances outstanding at year-end are reported as assigned fund balance.

Fund equity and net position: In the Government-Wide Financial Statements, net position is classified in the following categories:

Net investment in capital assets: This category groups all capital assets, including infrastructure, into one component of net position, net of accumulated depreciation and reduced by the outstanding balances of bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position

Restricted net position: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Unrestricted net position (deficits): This category represents the net position of the City, which are not restricted for any project or other purpose.

In the fund financial statements, the City reported the following governmental fund balances:

Nonspendable fund balance: These amounts cannot be spent because they are not in spendable form.

Restricted fund balance: These amounts are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.

Committed fund balance: This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. The Groton City Council is the highest level of decision making authority for the City and can commit fund balance through the adoption of a resolution prior to the end of the fiscal year. Once adopted, the limitation imposed by the resolution remains in place until similar action is taken to remove or revise the limitation.

Assigned fund balance: These amounts are approved and committed to by the City Council subsequent to June 30. The balance also includes encumbrances assigned for goods and services.

Unassigned fund balance: includes residual positive fund balance within the general fund which has not been classified within the other abovementioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted amounts are available for use, it is the City's practice to use restricted resources first. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance.

City of Groton, Connecticut

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting estimates: The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position: The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds, and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the difference are as follows:

Bonds payable	\$ 5,040,000
Premium	318,881
Compensated absences	1,060,873
Net pension liability	316,933
OPEB obligation	635,396
Heart and hypertension	85,482
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	\$ 7,457,565

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities: The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this difference are as follows:

Capital outlay	\$ 2,623,036
Depreciation expense	(817,643)
Loss on disposal	(12,396)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 1,792,997

City of Groton, Connecticut

Notes to Financial Statements

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred	
General obligation refunding bonds	\$ (190,000)
Premium	(23,888)
Deferred items	15,250
Principal repayments	
General obligation debt	785,000
Amortization of bond premiums	39,688
Amortization of deferred items	<u>(24,049)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 602,001</u></u>

Another element of that reconciliation states that “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.” The details of this difference are as follows:

Changes in accrued liabilities for	
Compensated absences	\$ (10,628)
Accrued interest	9,056
Net pension liability	(316,933)
OPEB obligation	15,055
Heart and hypertension	<u>119,670</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ (183,780)</u></u>

Note 3. Cash, Cash Equivalents and Investments

Deposits: The City and the Pension Trust Funds do not have a policy for deposits. The City also does not have a custodial credit risk policy. However, as a practice, the City follows state statutes. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk based capital ratio.

City of Groton, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Investments: The City and the Pension Trust Funds do not have a credit risk or a custodial credit risk policy for investments. The City and the Pension Trust Funds have adopted investment policies that conform to the policies as set forth by the State of Connecticut. The Connecticut General Statutes (the "Statutes") (Section 7-400) permit municipalities to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short Term Investment Fund and the Tax Exempt Proceeds Fund. Other provisions of the Statutes cover specific municipal pension funds with particular investment authority and do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries. The Pension Trust Fund's investment in foreign bonds and stocks is in proportion with which the investment manager shall deem appropriate.

Interest rate risk: The City, including its Pension Trust Funds, do not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, its practice is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations or pension payments, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Concentration of credit risk: The City, including its Pension Trust Funds, does not have a formal policy that limits the amounts invested in any one issuer. However, its practice is to maintain a diversified portfolio to minimize the risk of loss resulting from over-concentration of assets in a specific issuer. Approximately 12% of the City's investments are concentrated in mortgage-backed securities.

Custodial credit risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2015, \$26,939,079 of the entity's bank balance of \$30,984,761 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another

City of Groton, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments of the City consist of the following at June 30:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 30,197,714
Total cash and cash equivalents	<u>30,197,714</u>
Investments	
Pension Trust Funds	
U.S. Government Bonds	3,896,396
Mortgage-Backed Securities	3,364,719
Collateralized Mortgage Obligations	8,487,704
Fixed income - Non-profit	205,275
Municipal Obligations	138,649
Corporate Bonds	9,022,513
Foreign Bonds	1,126,601
Foreign Stocks	4,936,027
Mutual Funds	
Equity	41,734,424
Fixed Income	3,462,788
	<u>76,375,096</u>
Other Governmental Funds	
U.S. Government Bonds	112,530
Equity Mutual Funds	39,945
Common stock	296,855
Corporate Bonds	58,390
	<u>507,720</u>
Total investments	<u>76,882,816</u>
Total cash, cash equivalents and investments	<u>\$ 107,080,530</u>

These investments are uninsured and unregistered, with securities held by the counterparty in the City's or Pension Trust's name.

City of Groton, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 27,896,819
Restricted cash	60,000
Investments	<u>507,720</u>
Total statement of net position	<u>28,464,539</u>
Fiduciary Funds	
Cash and cash equivalents	2,240,895
Investments	<u>76,375,096</u>
Total cash, cash equivalents and investments	<u>\$ 107,080,530</u>

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the entity's debt type investments to this risk using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	5-10 Years	Over 10 Years
U.S. Government bonds	\$ 4,008,926	\$ 282,976	\$ 2,313,105	\$ 1,195,386	\$ 217,459
Collateralized mortgage obligations	8,487,704	-	3,387,867	258,648	4,841,189
Mortgage-backed securities	3,364,719	-	-	64,963	3,299,756
Fixed Income - non-profit	205,275	-	205,275	-	-
Municipal bonds	138,649	-	-	-	138,649
Corporate bonds	9,080,903	30,902	4,327,822	1,803,728	2,918,451
Foreign bonds	1,126,601	-	549,085	176,745	400,771
Fixed income mutual funds	3,462,788	-	-	-	3,462,788
Total	<u>\$ 29,875,565</u>	<u>\$ 313,878</u>	<u>\$ 10,783,154</u>	<u>\$ 3,499,470</u>	<u>\$ 15,279,063</u>

Foreign currency risk: The City and the Pension Trust Fund do not have a policy for foreign currency risk. The City's and the Pension Trust Fund's exposure to foreign currency related to stocks as of June 30, 2015, is as follows:

Currency	Fair Value
Euro Currency Unit	\$ 1,604,775
Brazilian Real	412,321
Australian Dollar	287,794
Canadian Dollar	1,002,674
Swiss Franc	635,316
British Pound	699,297
Norwegian Krone	12,666
Bermuda Dollar	<u>281,184</u>
	<u>\$ 4,936,027</u>

City of Groton, Connecticut

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the minimum rating as required for each debt type investment as of June 30.

Average Rating	Mortgage-Backed Securities	Collateralized Mortgage Obligation	Fixed Income - Non-profit	Fixed Income Mutual Funds	Municipal Obligations	Corporate Bonds	Foreign Bonds
AAAm	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AAA	-	459,222	-	-	35,410	127,988	-
AA+	3,364,719	106,005	-	-	103,239	296,337	-
AA	-	-	-	-	-	588,251	53,841
AA-	-	-	-	-	-	387,812	-
A+	-	499,512	-	-	-	413,189	440,758
A	-	77,034	205,275	-	-	2,516,895	-
A-	-	475,393	-	-	-	2,174,077	-
BBB+	-	1,023,608	-	-	-	815,177	254,565
BBB	-	1,086,475	-	-	-	861,814	210,829
BBB-	-	573,991	-	-	-	899,363	166,608
BB+	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-
B	-	-	-	-	-	-	-
Below B	-	-	-	-	-	-	-
Unrated	-	4,186,464	-	3,462,788	-	-	-
	<u>\$ 3,364,719</u>	<u>\$ 8,487,704</u>	<u>\$ 205,275</u>	<u>\$ 3,462,788</u>	<u>\$ 138,649</u>	<u>\$ 9,080,903</u>	<u>\$ 1,126,601</u>

Note 4. Unearned Revenue/Deferred Inflows of Resources

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

	Deferred Inflows	Unearned Revenue
General fund		
Taxes and accrued interest on delinquent property taxes	\$ 55,915	\$ -
Other nonmajor governmental funds		
Intergovernmental revenue	-	58,799
Total	<u>\$ 55,915</u>	<u>\$ 58,799</u>

City of Groton, Connecticut

Notes to Financial Statements

Note 5. Interfund Balances and Interfund Transfers

Interfund balances: A summary of interfund balances as of June 30 is as follows:

	Due From Other Funds	Due To Other Funds
General fund	\$ -	\$ 2,644,910
Nonmajor funds	3,464,008	878,928
Proprietary funds	3,418,161	3,358,331
Total	<u>\$ 6,882,169</u>	<u>\$ 6,882,169</u>

All interfund balances resulted from the time lag between the date payments occurred between funds for short-term internal financing.

Interfund transfers: A summary of interfund transfers for the year ended June 30 is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General fund	\$ 3,119,496	\$ -
Proprietary funds	-	3,119,496
Total	<u>\$ 3,119,496</u>	<u>\$ 3,119,496</u>

Transfers are used to account for the financing by the general fund of electric utilities and road maintenance projects.

City of Groton, Connecticut

Notes to Financial Statements

Note 6. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,789,257	\$ -	\$ -	\$ 3,789,257
Construction in progress	749,867	2,249,785	-	2,999,652
Total capital assets, not being depreciated	4,539,124	2,249,785	-	6,788,909
Capital assets, being depreciated:				
Land improvements	747,479	-	-	747,479
Buildings and improvements	12,960,813	-	-	12,960,813
Machinery and equipment	3,833,648	10,302	-	3,843,950
Vehicles	5,494,520	362,949	326,444	5,531,025
Infrastructure	16,888,616	-	-	16,888,616
Total capital assets being depreciated	39,925,076	373,251	326,444	39,971,883
Less accumulated depreciation for:				
Land improvements	484,506	28,752	-	513,258
Buildings and improvements	7,211,856	169,273	-	7,381,129
Machinery and equipment	3,289,391	50,174	-	3,339,565
Vehicles	3,229,872	285,302	314,048	3,201,126
Infrastructure	6,277,487	284,142	-	6,561,629
Total accumulated depreciation	20,493,112	817,643	314,048	20,996,707
Total capital assets, being depreciated, net	19,431,964	(444,392)	12,396	18,975,176
Governmental activities capital assets, net	\$ 23,971,088	\$ 1,805,393	\$ 12,396	\$ 25,764,085

City of Groton, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 2,842,819	\$ -	\$ -	\$ 2,842,819
Construction in progress	4,251,124	4,511,913	1,093,813	7,669,224
Total capital assets, not being depreciated	7,093,943	4,511,913	1,093,813	10,512,043
Capital assets, being depreciated:				
Buildings and improvements	8,126,598	-	-	8,126,598
Station equipment	20,835,033	101,492	-	20,936,525
Electric distribution system	38,195,793	1,000,388	20,418	39,175,763
Plant and pumping stations	10,607,061	86,457	57,420	10,636,098
Water distribution system	25,128,337	444,093	-	25,572,430
Machinery and equipment	6,291,613	316,704	-	6,608,317
Vehicles	3,594,887	-	-	3,594,887
Total capital assets, being depreciated	112,779,322	1,949,134	77,838	114,650,618
Less accumulated depreciation for:				
Buildings and improvements	3,957,578	173,768	-	4,131,346
Station equipment	12,811,902	358,445	-	13,170,347
Electric distribution system	19,785,590	987,873	20,418	20,753,045
Plant and pumping stations	6,547,951	328,302	55,182	6,821,071
Water distribution system	8,363,510	315,733	-	8,679,243
Machinery and equipment	5,541,083	185,094	-	5,726,177
Vehicles	2,862,830	195,110	-	3,057,940
Total accumulated depreciation	59,870,444	2,544,325	75,600	62,339,169
Total capital assets, being depreciated, net	52,908,878	(595,191)	2,238	52,311,449
Business-type activities capital assets, net	\$ 60,002,821	\$ 3,916,722	\$ 1,096,051	\$ 62,823,492

City of Groton, Connecticut

Notes to Financial Statements

Note 6. Capital Assets (Continued)

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

Governmental activities		
General government	\$	32,879
Public safety		171,952
Public works		579,486
Recreation		33,326
Total depreciation expense – governmental activities	\$	817,643
Business-type activities		
Electric Department	\$	1,714,547
Water System		829,778
Total depreciation expense – business-type activities	\$	2,544,325

Discretely presented component units: Activity for Bozrah Light and Power Company for the year ended June 30, was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets not being depreciated				
Land and land rights	\$ 67,706	\$ -	\$ -	\$ 67,706
Intangibles	4,711	-	-	4,711
Construction in progress	387,745	285,689	88,596	584,838
Total capital assets not being depreciated	460,162	285,689	88,596	657,255
Capital assets being depreciated				
Buildings and improvements	390,882	6,950	-	397,832
Electric distribution system	15,005,533	92,011	8,587	15,088,957
Machinery and equipment	418,815	3,010	-	421,825
Vehicles	585,380	-	-	585,380
Total capital assets, being depreciated	16,400,610	101,971	8,587	16,493,994
Less accumulated depreciation for				
Building and improvements	265,491	7,702	-	273,193
Electric distribution system	5,248,942	479,889	8,587	5,720,244
Machinery and equipment	418,815	2,097	-	420,912
Vehicles	442,247	25,240	-	467,487
Total accumulated depreciation	6,375,495	514,928	8,587	6,881,836
Total capital assets, being depreciated, net	10,025,115	(412,957)	-	9,612,158
Governmental activities capital assets, net	\$ 10,485,277	\$ (127,268)	\$ 88,596	\$ 10,269,413

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations

A summary of changes in outstanding long-term debt during the year ended June 30, 2015 is as follows:

Governmental activities:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance * July 1, 2014	Additions	Deductions	Balance June 30, 2015	Current Portion
Bonds									
General	\$ 880,000	10/01/07	10/01/17	4.00%-4.50%	\$ 340,000	\$ -	\$ 170,000	\$ 170,000	\$ 85,000
General	849,000	10/08/09	07/15/22	1.75%-5.00%	410,000	-	105,000	305,000	105,000
General	1,725,000	10/01/09	10/01/29	1.75%-5.00%	1,265,000	-	115,000	1,150,000	115,000
General	3,115,000	4/18/13	4/1/33	3.00%-5.00%	2,965,000	-	150,000	2,815,000	150,000
General	85,000	7/19/14	10/1/17	1.00%-5.00%	-	85,000	-	85,000	-
Sewer	1,140,000	02/15/06	02/15/16	3.60%-4.00%	220,000	-	220,000	-	-
Sewer	460,000	4/8/13	4/1/33	3.00%-5.00%	435,000	-	25,000	410,000	25,000
Sewer	105,000	7/9/14	10/15/15	1.00%-5.00%	-	105,000	-	105,000	105,000
					5,635,000	190,000	785,000	5,040,000	585,000
Premiums					334,681	23,888	39,688	318,881	-
Total bonds					5,969,681	213,888	824,688	5,358,881	585,000
Compensated absences					1,050,245	708,641	698,013	1,060,873	212,175
Net pension liability					-	316,933	-	316,933	-
Net OPEB obligation					650,451	-	15,055	635,396	-
Heart and Hypertension					205,152	-	119,670	85,482	29,123
Total governmental activities long-term liabilities					\$ 7,875,529	\$ 1,453,350	\$ 2,482,114	\$ 7,457,565	\$ 826,298

* As restated for GASB No. 68.

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

Business-type activities:

Purpose	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Current Portion
Bonds									
Electric bonds	400,000	02/15/03	11/15/15	3.00%-3.10%	\$ 50,000	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Electric bonds	1,293,000	02/15/06	02/15/26	3.60%-4.00%	2,588,040	-	2,588,040	-	-
Electric bonds	3,500,000	10/01/07	10/01/27	4.00%-4.50%	2,450,000	-	2,100,000	350,000	175,000
Electric bonds	5,640,000	10/08/09	07/15/22	1.75%-5.00%	4,510,000	-	525,000	3,985,000	520,000
Electric bonds	5,800,000	10/01/09	10/01/29	1.75%-5.00%	4,640,000	-	290,000	4,350,000	290,000
Electric bonds	1,845,000	4/18/13	4/1/33	3.00%-5.00%	1,750,000	-	95,000	1,655,000	95,000
Electric bonds	4,300,000	7/9/14	10/1/27	1.00%-5.00%	-	4,300,000	-	4,300,000	95,000
Telecommunication	6,555,000	02/15/06	02/15/24	5.15%-5.75%	3,750,000	-	3,750,000	-	-
Telecommunication	10,000,000	10/01/07	10/01/27	5.375%-6.50%	7,000,000	-	6,000,000	1,000,000	500,000
Telecommunication	13,875,000	4/18/13	4/1/33	3.00%-5.00%	13,235,000	-	640,000	12,595,000	675,000
Telecommunication	5,520,000	7/9/14	10/1/27	1.00%-5.00%	-	5,520,000	95,000	5,425,000	-
Telecommunication	3,595,000	7/9/14	10/1/27	1.00%-5.00%	-	3,595,000	-	3,595,000	450,000
					<u>39,973,040</u>	<u>13,415,000</u>	<u>16,108,040</u>	<u>37,280,000</u>	<u>2,825,000</u>
Premiums					1,759,406	1,039,110	256,842	2,541,674	-
Total bonds					<u>41,732,446</u>	<u>14,454,110</u>	<u>16,364,882</u>	<u>39,821,674</u>	<u>2,825,000</u>
Note payable					3,398,800	-	200,400	3,198,400	-
Net pension liability					-	216,581	-	216,581	-
Net OPEB obligation					759,420	-	11,157	748,263	-
Total electric long-term obligations					<u>45,890,666</u>	<u>14,670,691</u>	<u>16,576,439</u>	<u>43,984,918</u>	<u>2,825,000</u>
Water bonds	4,170,000	02/15/03	11/15/15	3.00%-3.10%	575,000	-	290,000	285,000	285,000
Water bonds	1,662,000	02/15/06	02/15/26	3.00%-4.00%	1,001,960	-	1,001,960	-	-
Water bonds	1,490,000	10/01/07	10/01/27	4.00%-4.50%	1,040,000	-	890,000	150,000	75,000
Water bonds	1,656,000	10/08/09	07/15/22	1.75%-5.00%	1,085,000	-	165,000	920,000	165,000
Water bonds	2,460,000	4/18/13	4/1/33	3.00%-5.00%	2,335,000	-	125,000	2,210,000	125,000
Water bonds	1,755,000	7/9/14	10/1/27	1.00%-5.00%	-	1,755,000	-	1,755,000	80,000
					<u>6,036,960</u>	<u>1,755,000</u>	<u>2,471,960</u>	<u>5,320,000</u>	<u>730,000</u>
Premiums					245,009	131,382	34,677	341,714	-
Total bonds					<u>6,281,969</u>	<u>1,886,382</u>	<u>2,506,637</u>	<u>5,661,714</u>	<u>730,000</u>
Net pension liability					-	91,192	-	91,192	-
Net OPEB obligation					565,004	-	4,968	560,036	-
Total water long-term obligations					<u>6,846,973</u>	<u>1,977,574</u>	<u>2,511,605</u>	<u>6,312,942</u>	<u>730,000</u>
Total business-type long-term liabilities					<u>\$ 52,737,639</u>	<u>\$ 16,648,265</u>	<u>\$ 19,088,044</u>	<u>\$ 50,297,860</u>	<u>\$ 3,555,000</u>

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

The bonds issued for telecommunications are taxable bonds issued by the Electric Department for Thames Valley Communications, Inc., which was a wholly-owned by the City of Groton. On February 1, 2013, Thames Valley Communications, Inc. was sold and the balance of the telecommunication bonds will be paid by the Electric Department.

The annual requirements to amortize all bonded debt outstanding as of June 30, were as follows:

Year Ending June 30	General Fund				Enterprise Fund				Total Payments
	General Government Principal Payments	General Government Interest Payments	Sewer Principal Payments	Sewer Interest Payments	Electric Principal Payments	Electric Interest Payments	Water Principal Payments	Water Interest Payments	
2016	\$ 455,000	\$ 159,619	\$ 130,000	\$ 17,125	\$ 2,825,000	\$ 1,361,264	\$ 730,000	\$ 189,616	\$ 5,867,624
2017	450,000	145,325	25,000	15,075	3,050,000	1,262,386	420,000	171,038	5,538,824
2018	450,000	130,747	25,000	14,075	3,010,000	1,159,534	440,000	157,037	5,386,393
2019	265,000	118,706	25,000	13,075	3,010,000	1,058,328	440,000	141,606	5,071,715
2020	265,000	109,400	25,000	12,075	3,015,000	954,001	370,000	126,725	4,877,201
2021-2026	1,520,000	415,837	145,000	48,450	16,305,000	3,194,004	1,950,000	443,912	24,022,203
Thereafter	1,120,000	146,200	140,000	18,125	6,065,000	395,975	970,000	114,200	8,969,500
	<u>\$ 4,525,000</u>	<u>\$ 1,225,834</u>	<u>\$ 515,000</u>	<u>\$ 138,000</u>	<u>\$ 37,280,000</u>	<u>\$ 9,385,492</u>	<u>\$ 5,320,000</u>	<u>\$ 1,344,134</u>	<u>\$ 59,733,460</u>

The General Government and Sewer Authority bonds are funded in the General Fund and paid from taxation. The Electric and Water Departments' bonds are paid by the rate payers.

Note payable: The City has a note payable to the Connecticut Municipal Electric Energy Cooperative's (CMEEC) Rate Stabilization Fund Trust. The proceeds were loaned to Bozrah Light and Power Company (BLP), a discretely presented component unit which were used to fund upgrades to its Stockhouse Road Substation. BLP will pay back the loan directly to CMEEC with a 4.5% interest rate per annum. Payment of principal became required when construction was completed in October 2011. The loan's principal balance is \$3,198,400. The City's Electric Utility has a corresponding note receivable at 4.5% interest, which is included in "Due From Component Units".

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

Category	Debt Limit	Total Indebtedness	Balance
General purpose	\$ 14,028,955	\$ 5,379,189	\$ 8,649,766
Sewers	\$ 23,381,591	\$ 6,619,000	16,762,591

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$43,645,637.

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

The total indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

On July 9, 2014, the City issued \$15,360,000 of general obligation bonds with interest rates ranging from 2.0% to 4.0% of which was used to advance refund portions of the outstanding principal amounts of the general obligation bonds of the City dated February 15, 2006 and October 1, 2007 (the "Refunding Bonds"). Of the net proceeds of \$16,554,379, \$16,372,546 was placed in an irrevocable trust fund under an Escrow Agreement dated July 2014 between the City and the Escrow Holder (after underwriters fees and other costs.) The Escrow Holder used the proceeds to purchase a portfolio of non-callable direct obligations of the United States of America ("Government Obligations"). The Government Obligations will have maturities and interest rates sufficient to pay principal and interest payments and redemption premiums on the Refunding Bonds on the date the payments are due.

The City advance refunded the above bonds to obtain a savings of approximately \$260,000 between the old debt payments and the new debt payments.

In-substance defeasance – prior years: In prior years, the City has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the City's government-wide financial statements. As of June 30, 2015, the City had no of defeased debt outstanding.

Authorized/unissued bonds: The following is a summary of authorized/unissued bonds:

Description	Bonds Authorized	Cumulative Bonded, Rescinded Or Paid	Bonds Unissued
Improvements			
Beach and parks	\$ 1,500,000	\$ 1,085,000	\$ 415,000
Land purchase	1,160,000	880,000	280,000
Fire Department enhancement program	1,727,500	1,725,000	2,500
Public improvements	2,461,689	2,305,000	156,689
Systems:			
Water	53,161,000	8,231,800	44,929,200
Electric	40,801,639	29,094,700	11,706,939
Sewer	6,309,000	205,000	6,104,000
Total	\$ 107,120,828	\$ 43,526,500	\$ 63,594,328

City of Groton, Connecticut

Notes to Financial Statements

Note 7. Long-Term Obligations (Continued)

Accrued liabilities, primarily compensated absences: In accordance with GASB No. 16, *Accounting for Compensated Absences*, the City accrues compensated absences as they are earned by employees if the leave is attributable to past service and it is probable that the employer will compensate the employee by cash payments at termination or retirement. The amount of this estimated obligation at June 30, 2015 is recorded in the government-wide statements since the benefits are to be funded from future financial resources and will be paid from the general fund. Compensated absences were \$1,060,873 at June 30, 2015.

Heart and Hypertension: The amount recorded for heart and hypertension liability is for employees or spouses who have retired on a disability pension under state statutes relating to heart or hypertension health issues. Payments are made over a period of years based upon the settlement agreement.

Note 8. Risk Management

The City is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, injury to or illness of employees, natural disasters, and owners and contractors protective liability.

The City established as an internal service fund, the Health Insurance Fund, to account for and finance the retained risk of loss for City employee medical benefits coverage. A third party administers the plan for which the fund pays a fee, The Health Insurance Fund provides coverage for all eligible full time employees.

The City has purchased a stop loss policy for individual claims exceeding \$100,000.

In addition, the City has established an Internal Service Fund to reduce the cost of commercial insurance by raising the deductibles on the policies purchased. The City charges its departments premiums based on historical data.

Health insurance premiums are based upon estimates by number of employees and type of coverage (single or family), trends in the insurance' claims and estimates for administration. The claims liability reported in the fund, is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

	Claims Payable July 1	Current Year Claims and Changes in Estimates	Claims Paid	Claims Payable June 30
2014	\$ 212,657	\$ 4,313,651	\$ 4,235,466	\$ 290,842
2015	290,842	3,901,520	3,870,362	322,000

Such amounts are reported as a component of claims and administration in the Statement of Net Position.

City of Groton, Connecticut

Notes to Financial Statements

Note 8. Risk Management (Continued)

The City currently is a member in Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of Connecticut General Statutes for workers' compensation and employer liability coverage. CIRMA currently has 218 members in the workers' compensation pool. The City pays an annual premium for its coverage. CIRMA is to be self-sustaining through members' premiums but reinsures in excess of \$750,000 for each insured occurrence. Members may be subject to supplemental assessment in the event of deficiencies; however, potential assessments are limited pursuant to the by-laws.

The City 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 years. There have not been any significant reductions in insurance coverage from the amounts held in prior years

Note 9. Related Party Transactions

Connecticut Municipal Electric Energy Cooperative (CMEEC): The Board of Directors of the Electric Department's present wholesale electric supplier, CMEEC, consists of two representatives from each of the municipalities which created CMEEC. The representatives for the City of Groton are the Electric Department's Director/Utility Commissioner and another member of the Utility Commission. The amount of power purchased from the wholesale supplier for the fiscal year ended June 30, 2015 is \$40,647,878.

As part of the City's contract with CMEEC, the members agreed to proportionally share in the benefits and detriments resulting from the changes in load from the base assumptions set forth in the contract as a single integrated participant in the New England Power Pool. Amounts are computed annually, based upon nonfuel revenues, less any direct and assigned nonfuel expenses.

In March of 2003, the Board of Directors of CMEEC formed a Municipal Competitive Trust for the purpose to accumulate funds to be applied to fixed cost obligations (debt defeasance) and rate stabilization (rate support) to ensure competitive margins in rates and to mitigate any negative impacts to customers as a result of the restructuring of the electric industry in Connecticut and restructuring of power supply markets. Rate stabilization funds are held with CMEEC and are deferred revenue to be applied against future power costs unless changed by regulators. The rates and amortization of the deferred revenue are included in the rate setting policies approved by regulators. Each beneficiary (member) has an account and sub accounts within the trust, and no beneficiary shall have any interest in any account or sub account of any other beneficiary.

Major taxpayers/customers: The City's two major taxpayers account for approximately 59.0% of the October 1, 2013 Grand List.

The two taxpayers and a third customer also account for approximately 43.0% of the Electric Department revenues and approximately 27.4% of the Water Department revenues.

Note 10. Contingencies and Commitments

Lawsuits: There are several personal injury and negligence lawsuits pending against the City. The City's management, based upon consultation with legal counsel, estimates that potential claims against the City resulting from such litigation would not have a material adverse effect on the financial position of the City.

City of Groton, Connecticut

Notes to Financial Statements

Note 10. Contingencies and Commitments (Continued)

Commitments: The City Council authorized and directed either the Chairman of the Utility Commission or Director of Utilities to execute and deliver a "Power Sales Contract for the Supply of Electric Power and Energy Cooperative". Such a contract was entered into on December 1, 1979. The contract contains at least the following provisions:

1. Term of the contract -50 years commencing with date executed.
2. "Participant" shall not, after the date of the contract, execute or adopt any instrument securing bonds, notes or other indebtedness payable from and secured by a lien on the net revenues derived from the ownership or operation of its electric system unless such instrument provides that any payments to be made under the contract shall be payable as operating expenses of such electric system.

The Company has a power purchase agreement with CMEEC for interruptible power to supply a major customer, Airgas Merchant Gases, Inc. The agreement, which runs through December 31, 2014, is based on customer usage. The Company has contracted with CMEEC to purchase its full requirements for electric capacity and energy from CMEEC.

Note 11. Employee Retirement Plans and Other Post-Employment Benefits

Retirement Plan for the Employees of the City:

Plan description: The City of Groton is the administrator of a single-employer, contributory, defined benefit plan established and administered by the City to provide pension benefits for its employees. The pension plan is considered to be part of the City's financial reporting entity and is included in the City's financial statements as a pension trust fund. The fund's pooled investments may be used to pay benefits to members or beneficiaries of all employee groups. The plan does not issue a stand-alone financial report.

Classes of employees covered: Based upon the actuarial valuation dated July 1, 2014, membership consisted of:

	City	Police	Fire	Utilities	Total
Inactive employees or beneficiaries currently receiving benefits	33	29	12	54	128
Inactive employees entitled to, but not yet receiving benefits	4	1	-	13	18
Active employees	52	25	17	101	195
Total	89	55	29	168	341

Benefit provisions: The plan covers all City employees. Employees are fully vested after five (5) years of service, except police, firefighters and utilities union are vested after ten (10) years of service. If an employee leaves covered employment or dies before being vested, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by collective bargaining and may be amended only by the City Council.

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

The retirement benefit is calculated based on average annual compensation multiplied by years of credited services (maximized at 32 years for police officers and at 30 years for all others). The following are the multiples for the different groups:

- 2.10% City and utility non-union excluding management
- 2.10% for utility AFSCME – 007 and utility AFSCME - 818
- 2.67% for police and firefighters with a maximum benefit of 80%
- 2.30% for City and utility non-union management

Average annual compensation is the highest three consecutive years for police and firefighters, and five consecutive years for all other groups.

Contributions: The City's contributions are actuarially determined on an annual basis using the project unit credit method. Contributions from the general, electric and water funds are recognized when due. Administrative costs are generally financed through investment earnings.

Employee contributions are required as follows:

- 5.2% of pay for City and utility non-union employees
- 5.5% of pay for Other City and Utility Union employees
- 5.8% of pay for Utility AFSCME007 employees
- 6.0% of pay for steelworkers - City Sewer
- 8.25% of pay for police and fire (fire for the first 30 years of service)
- 6.0% of pay for Fire after 30 years of service

The City's contributions for the current year were determined as part of the July 1, 2013 actuarial valuation. Actuarial assumptions are summarized later in this note.

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Assumed rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Pension Funds	Weighting
		Long-Term Expected Real Rate of Return	
US large cap core equity	22%	6.25%	1.38%
US mid cap core equity	5%	7.50%	0.38%
US small cap core equity	7%	7.50%	0.53%
Developed international equity	15%	6.75%	1.01%
Emerging market international equity	6%	9.50%	0.57%
Global REIT's	5%	5.75%	0.29%
Intermediate taxable fixed income	35%	1.30%	0.46%
High-yield taxable fixed income	3%	5.00%	0.15%
Cash equivalents	2%	0.50%	0.01%
	100%		4.78%
Long- term inflation expectation			3.00%
Long-term expected nominal return			7.78%

Rate of return: For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.26 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability of the City: The components of the net pension (asset) liability of the City at June 30, were as follows:

Net Pension Liability	June 30, 2015
Total pension liability	\$ 75,803,049
Plan fiduciary net position	75,178,343
Net pension liability	\$ 624,706
Plan fiduciary net position as a percentage of total pension liability	99.18%
Covered-employee payroll	\$ 15,356,366
Net pension liability as a % of covered-employee payroll	4.07%

Discount rate: The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Other key actuarial assumptions:

Valuation date	July 1, 2014
Measurement date	June 30, 2015
Inflation	3.00%
Salary increases including inflation	3.50%
Mortality	RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined table projected to the valuation date with Scale AA.
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial Value of Assets, as developed over a four-year, 25% per year recognition period.

Sensitivity analysis: The following table presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability (Asset) as of June 30, 2015	\$ 9,420,066	\$ 624,706	\$ (6,798,218)

Changes in the Net Pension Liability

	City Pension		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/14	\$ 72,595,071	\$ 75,873,080	\$ (3,278,009)
Changes for the year:			
Service cost	1,548,634	-	1,548,634
Interest	5,414,289	-	5,414,289
Change of benefit terms	226,193	-	226,193
Differences between expected and actual experiences	(2,856)	-	(2,856)
Contributions - employer	-	1,479,095	(1,479,095)
Contributions - members	-	886,610	(886,610)
Net investment income	-	942,516	(942,516)
Benefit payments, including refunds of employee contributions	(3,978,282)	(3,978,282)	-
Administrative expense	-	(24,676)	24,676
Net changes	3,207,978	(694,737)	3,902,715
Balances at 6/30/15	\$ 75,803,049	\$ 75,178,343	\$ 624,706

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Deferred Outflows and Inflows: For fiscal year ended June 30, 2015, the recognized pension expense is \$1,634,133. As of June 30, 2015, deferred outflows and deferred inflows of resources related to pensions are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ -	\$ (2,466)	\$ (2,466)
Net difference between projected and actual earnings on pension plan investments	3,750,142	-	3,750,142
Total	\$ 3,750,142	\$ (2,466)	\$ 3,747,676

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

Year Ended June 30,

2016	\$ 937,144
2017	937,144
2018	937,144
2019	937,146
2020	(391)
Thereafter	(511)
	<u><u>\$ 3,747,676</u></u>

Other Post-Employment Benefits:

Plan description: The City administers one single-employer, defined benefit post-retirement healthcare plan, for the City of Groton's Other Post-Employment Benefits (OPEB). The plan provides medical benefits and life insurance to eligible retirees and their spouses. The Plan does not issue a separate financial report.

Participant counts: Based upon the actuarial valuation dated July 1, 2013, participants consisted of:

	City	Police	Fire	Utilities	Total
Retirees and beneficiaries	11	6	2	18	37
Active participants	52	25	17	101	195
Total	63	31	19	119	232

Benefit provisions: The City plan provides for medical and life insurance benefits for all eligible City retirees. Employees are fully vested after five (5) years of service, except police and firefighters are vested after twenty-five (25) years of service. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Funded status and funding progress: The funded status of the plan as of July 1, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over/(Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over (Under) Funded AAL As a Percentage of Covered Payroll
July 1, 2013	\$ 1,971,780	\$ 10,739,447	\$ (8,767,667)	18.4%	\$ 13,997,065	(62.6%)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements (RSI) presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarial accrued liability for benefits.

Actuarial methods and assumptions: Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarially accrued liabilities and the actuarial value of assets.

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2013
Actuarial cost method	Projected unit credit
Amortization method	30 years, level dollar, open
Asset valuation method	market value
Actuarial assumptions:	
Investment rate of return	7.50%
Healthcare inflation rate	5.0%

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Annual OPEB cost and net OPEB obligation: The actuarially determined changes in the net OPEB obligation were as follows:

Annual required contribution	\$ 1,261,962
Interest on net pension obligation	148,123
Adjustment to ARC	<u>(155,509)</u>
Annual OPEB cost	1,254,576
Contributions made	<u>1,285,585</u>
Decrease in net OPEB liability	(31,009)
Net OPEB obligation, beginning of year	<u>1,974,974</u>
Net OPEB obligation, end of year	<u>\$ 1,943,965</u>

Trend information:

Year Ending June 30,	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
2013	\$ 1,463,179	\$ 950,144	65%	\$ 2,036,188
2014	1,509,773	1,563,371	104%	1,974,974
2015	1,254,575	1,285,585	102%	1,943,965

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

Separate plan financial information:

	Schedule of Plan Net Position - Trust Funds As of June 30, 2015		
	Pension	OPEB	Total Trust Funds
Assets			
Cash	\$ 2,160,957	\$ 79,938	\$ 2,240,895
Investments, at fair value:			
U.S. government bonds	3,896,396	-	3,896,396
Mortgage backed securities	3,364,719	-	3,364,719
Collateralized mortgage obligations	8,487,704	-	8,487,704
Fixed Income - non-profit	205,275	-	205,275
Municipal obligations	138,649	-	138,649
Corporate bonds	9,022,513	-	9,022,513
Foreign bonds	1,126,601	-	1,126,601
Foreign stock	4,936,027	-	4,936,027
Mutual funds			
Equities and related securities	39,526,293	2,208,131	41,734,424
Fixed income	2,306,555	1,156,233	3,462,788
Total investments	73,010,732	3,364,364	76,375,096
Accrued interest	161,138	-	161,138
Total assets	75,332,827	3,444,302	78,777,129
Liabilities			
Pending purchases	154,484	-	154,484
Total liabilities	154,484	-	154,484
Net Position – Restricted for Pension Benefits and Other	\$ 75,178,343	\$ 3,444,302	\$ 78,622,645

City of Groton, Connecticut

Notes to Financial Statements

Note 11. Employee Retirement Plans (Continued)

	Schedule of Changes in Plan Net Position - Trust Funds For the Year Ended June 30, 2015		
	Pension	OPEB	Total Trust Funds
Additions			
Contributions:			
Employer	\$ 1,479,095	\$ 1,285,585	\$ 2,764,680
Plan members	886,610	71,625	958,235
Total contributions	2,365,705	1,357,210	3,722,915
Investment income:			
Change in fair value of investments	(1,720,957)	520,154	(1,200,803)
Interest and dividends	2,756,086	63,841	2,819,927
Total investment income	1,035,129	583,995	1,619,124
Less investment expenses	109,569	1,736	111,305
Net investment income	925,560	582,259	1,507,819
Total additions	3,291,265	1,939,469	5,230,734
Deductions			
Benefits	3,937,198	745,702	4,682,900
Administration	48,804	2,464	51,268
Total deductions	3,986,002	748,166	4,734,168
Change in net position	(694,737)	1,191,303	496,566
Net Position			
Beginning of year	75,873,080	2,252,999	78,126,079
End of year	\$ 75,178,343	\$ 3,444,302	\$ 78,622,645

City of Groton, Connecticut

Notes to Financial Statements

Note 12. Fund Balances

The details for the City's fund balances are the following:

	General Fund	Nonmajor Governmental Funds
Fund balances (deficits)		
Non-spendable:		
Inventory	\$ 33,017	\$ -
Total non-spendable	<u>33,017</u>	<u>-</u>
Restricted:		
Public safety	-	21,292
Public works	-	1,002,011
Capital outlay	-	60,000
Total restricted	<u>-</u>	<u>1,083,303</u>
Committed:		
Capital outlay	-	3,710,682
Total committed	<u>-</u>	<u>3,710,682</u>
Assigned:		
Subsequent years budget	650,000	
General government	70,172	-
Total assigned	<u>720,172</u>	<u>-</u>
Unassigned:		
General government	2,718,163	-
Public works	-	(23,653)
Total unassigned (deficit)	<u>2,718,163</u>	<u>(23,653)</u>
 Total fund balance	 <u>\$ 3,471,352</u>	 <u>\$ 4,770,332</u>

Note 13. Accounting Pronouncements

The GASB has issued several pronouncements that have effective dates in the future that may impact future financial presentations.

- GASB Statement No. 72, Fair Value Measurement and Application.** This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

Notes to Financial Statements

Note 13. Accounting Pronouncements (Continued)

- **GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.
- **GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans***, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The provisions of this Statement are effective for fiscal years beginning after June 15, 2016.
- **GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:
 - Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
 - Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan.
 - Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees.

Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017.

Note 13. Accounting Pronouncements (Continued)

- **GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.** The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

- **GASB Statement No. 77, *Tax Abatement Disclosures*.** Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements
- The specific taxes being abated
- The gross dollar amount of taxes abated during the period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

City of Groton, Connecticut

Notes to Financial Statements

Note 13. Accounting Pronouncements (Continued)

- **GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.** This standard narrows the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria; establishes new guidance for these employers, including separate requirements for recognition and measurement of pension expense or expenditures and liabilities, note disclosures and required supplementary information (RSI). The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 79, Certain External Investment Pools and Pool Participants.** This standard establishes new criteria to continue amortization cost accounting for certain external investment pools in light of recent changes to money market fund criteria. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Portfolio quality and monthly shadow pricing are effective for periods beginning after December 15, 2015. Earlier application is encouraged.
- **GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.** The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as Amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

Note 14. Subsequent Event

General obligation bond anticipation note: On October 6, 2015, the City issued a general obligation bond anticipation note for \$8,000,000. The note matures on October 5, 2016 with an interest rate of 2.0%.

Note 15. Restatement for Implementation of New Accounting Standard

The City's financial statements have been restated as of June 30, 2014. The restatement is a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Governmental Activities and Business Type Activities will show a restatement of net position for the beginning of the year net pension asset as follows:

	Governmental Activities	Electric Department	Water Department	Internal Service Fund	Total Business- Type Activities
Net position, June 30, 2014, as previously reported	\$ 28,152,219	\$ 1,632,850	\$ 27,719,825	\$ 391,117	\$ 29,743,792
Remove: June 30, 2014 net pension obligation under GASB 27 before implementation of GASB Statement No. 68	255,803	248,025	63,206	-	311,231
Add: Implementation of GASB Statement No. 68: Beginning net pension asset for City Retirement Plan	1,663,037	1,136,462	478,510	-	1,614,972
Net position, June 30 2014, as restated	\$ 30,071,059	\$ 3,017,337	\$ 28,261,541	\$ 391,117	\$ 31,669,995

**Required Supplementary
Information - Unaudited**

City of Groton, Connecticut

Required Supplementary Information - unaudited
 Schedule of Employer Contributions - Pension Trust Fund
 June 30, 2015

	Schedule of Contributions									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially Determined Contribution	\$ 1,166,100	\$ 2,313,700	\$ 2,026,400	\$ 2,016,200	\$ 1,818,700	\$ 1,423,100	\$ 1,704,300	\$ 1,977,600	\$ 2,240,700	\$ 2,016,900
Contributions in Relation to the Actuarially Determined Contribution	1,479,095	1,362,750	1,726,093	1,790,134	1,779,312	1,787,483	1,798,260	2,212,436	2,492,043	2,182,796
Contribution deficiency (excess)	\$ (312,995)	\$ 950,950	\$ 300,307	\$ 226,066	\$ 39,388	\$ (364,383)	\$ (93,960)	\$ (234,836)	\$ (251,343)	\$ (165,896)
Covered-employee Payroll	\$ 15,356,366	\$ 15,121,066	\$ 15,121,066	\$ 16,321,691	\$ 15,891,574	\$ 15,551,655	\$ 15,672,642	\$ 14,218,244	\$ 13,640,651	\$ 11,938,106
Contributions as a Percentage of Covered-employee Payroll	9.63%	9.01%	11.42%	10.97%	11.20%	11.49%	11.47%	15.56%	18.27%	18.28%

City of Groton, Connecticut

**Required Supplementary Information - unaudited
Schedule of Investment Returns- Pension Trust Fund
Last Two Fiscal Years**

	2015	2014
Annual money-weighted rate of return, net of investment income	1.26%	14.97%

NOTE: As 2014 is the implementation year, only 2014 and 2015 information is available.

City of Groton, Connecticut

Required Supplementary Information - unaudited
 Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios
 Last Two Fiscal Years

Changes in Net Pension Liability (Asset)	2015	2014
Total Pension Liability		
Interest on total pension liability	5,414,289	5,201,190
Service cost	\$ 1,548,634	\$ 1,496,265
Differences between expected and actual experience	(2,856)	-
Benefit payments, including refunds of member contributions	(3,978,282)	(3,886,877)
Changes of benefit terms	226,193	-
Net change in total pension liability	3,207,978	2,810,578
Total Pension Liability, Beginning	72,595,071	69,784,493
Total pension liability ending (a)	75,803,049	72,595,071
Fiduciary Net Position		
Employer contributions	\$ 1,479,095	\$ 1,362,750
Member contributions	886,610	643,617
Net investment income	942,516	10,500,769
Benefit payments	(3,978,282)	(3,886,877)
Administrative expenses	(24,676)	(39,131)
Net change in plan fiduciary net position	(694,737)	8,581,128
Fiduciary Net Position, Beginning	75,873,080	67,291,952
Fiduciary net position, ending (b)	75,178,343	75,873,080
Net pension liability (asset), ending = (a) - (b)	\$ 624,706	\$ (3,278,009)
Fiduciary Net Position as a % of Covered Payroll	99.18%	104.52%
Covered Payroll	\$ 15,356,366	\$ 15,121,066
Net Pension Liability (Asset) as a % of Covered Payroll	4.07%	-21.68%

NOTE: As 2014 is the implementation year, only 2014 and 2015 information is available.

City of Groton, Connecticut

Required Supplementary Information
 Schedule of Funding Progress and Schedule of Employer Contributions – OPEB
 June 30, 2015
 (Unaudited)

Schedule of Funding Progress – OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarially Accrued Liability (AAL) Projected Unit Credit	Over (Under) Funded AAL	Funded AAL Ratio	Covered Payroll	Over/(Under) Funded AAL As A Percentage of Covered Payroll
<u>July 1,</u>						
2007	\$ -	\$ 7,546,200	\$ (7,546,200)	0.0%	\$ 14,828,095	(50.9)%
2009	-	9,467,511	(9,467,511)	0.0%	14,871,492	(64.0)%
2011	656,070	11,958,268	(11,302,198)	5.0%	15,079,773	(75.0)%
2013	1,971,780	10,739,227	(8,767,447)	18.4%	13,997,065	(62.6)%

Schedule of Employer Contributions – OPEB

Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2009	\$ 1,033,500	\$ 374,400	36%
2010	1,063,100	455,933	43%
2011	1,309,700	1,117,930	90%
2012	1,347,800	1,210,290	90%
2013	1,468,876	950,144	65%
2014	1,509,773	1,563,371	104%
2015	1,261,962	1,285,585	102%

City of Groton, Connecticut

Required Supplementary Information - Unaudited
 Schedule of Revenues and Expenditures - Budget and Actual -
 Budgetary Basis - General Fund
 For the Year Ended June 30, 2015
 (Unaudited)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 6,223,689	\$ 6,223,689	\$ 6,240,201	\$ 16,512
Intergovernmental	4,951,892	4,951,892	4,757,324	(194,568)
Charges for services	1,382,523	1,382,523	1,516,247	133,724
Miscellaneous revenues	53,900	53,900	208,344	154,444
Investment income and other sources	200,000	200,000	1,037	(198,963)
Total revenues	12,812,004	12,812,004	12,723,153	(88,851)
Expenditures				
Current:				
General government	2,225,661	2,225,661	2,073,775	151,886
Public Safety	7,202,003	7,202,003	7,306,674	(104,671)
Public Works	4,894,227	4,894,227	4,906,628	(12,401)
Parks and Recreation	1,165,290	1,165,290	1,222,490	(57,200)
Non-departmental	173,377	173,377	140,021	33,356
Contingency	115,000	115,000	-	115,000
Debt service:				
Bond principal	595,000	595,000	590,000	5,000
Bond and note interest	219,686	219,686	194,909	24,777
Total expenditures	16,590,244	16,590,244	16,434,497	155,747
Excess (deficiency) of expenditures	(3,778,240)	(3,778,240)	(3,711,344)	66,896
Other Financing Sources (Uses)				
Transfers in	3,119,490	3,119,490	3,119,496	6
Appropriation of fund balance	658,750	658,750	-	(658,750)
Total other financing sources (uses)	3,778,240	3,778,240	3,119,496	(658,744)
Revenues and other financing sources over (under) expenditures and other financing (uses)	\$ -	\$ -	(591,848)	\$ (591,848)
Budgetary Fund Balance, Beginning			\$ 3,983,278	
Change in GAAP Expenditures not Recognized for Budget Purposes, Inventories and Prepaids			(23,267)	
Budgetary Fund Balance, Ending			<u>\$ 3,368,163</u>	

See Note to Required Supplementary Information.

City of Groton, Connecticut

**Note to Required Supplementary Information
(Unaudited)**

Note 1. Stewardship, Compliance and Accountability

Budgets and budgetary accounting: All agencies of the City submit requests for appropriations to the City's mayor on or before the second Monday in March of each year so that a budget may be prepared. The budget is prepared for the general fund by function and activity within departments, and includes information on the past year, current year estimates, and requested appropriations for the next year.

- The proposed budget is presented to the City Council for review on the first Monday in April. The City Council may only consider the proposed budget and make recommendations. Subsequent to publication of the proposed budget on the third Monday in May, a public hearing is held to solicit comments from citizens of the City.
- Formal budgetary integration is employed as a management control device during the year. All unencumbered appropriations lapse at fiscal year-end.
- In accordance with the provisions of the charter, no funds may be transferred from one department to another without prior approval of the qualified electors at the annual City budget meeting or special City meeting. This approval is granted at the City budget meeting which authorizes Mayor and Council to make transfers which will not exceed the total budget approved.
- The City charter does not provide for additional appropriations.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the capital projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Budget – GAAP reconciliation: A reconciliation of general fund operations presented on a budgetary basis to the amounts presented in the fund financial statements in accordance with GAAP is as follows:

	Revenue and Other Financing Sources	Expenditures, Encumbrances, and Other Financing Uses
Balance, budgetary basis, for year ended June 30, 2015	\$ 15,842,649	\$ 16,434,497
Changes in reserves for encumbrances, continued appropriations and liquidation of encumbrances	(38,129)	52,561
Balance, GAAP basis, for year ended June 30, 2015	<u>\$ 15,804,520</u>	<u>\$ 16,487,058</u>

City of Groton, Connecticut

Note to Required Supplementary Information (Continued)
(Unaudited)

Note 1. Stewardship, Compliance and Accountability (Continued)

Donor restricted endowments: The City has received an endowment for the maintenance of the U.S. Submarine Veterans of World War II memorial located at the Thames River. The amounts are reflected in net position as restricted for permanent funds. Investment income (interest only) is approved for expenditure by the City Council.

Special Revenue Funds: The City does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets are non-lapsing and may comprise more than one fiscal year.

Capital Project Funds: Legal authorization for expenditures of the capital project funds is provided by the related bond ordinances. Capital appropriations do not lapse until completion of the applicable projects.

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**Combining and Individual Fund
Financial Statements and Other Schedules**

General Fund

The General Fund is the principal fund of the City and is used to account for all activities of the City, except those required to be accounted for in another fund. The General Fund accounts for the normal recurring activities of the City (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental funds.

City of Groton, Connecticut

Comparative Balance Sheets
General Fund
June 30, 2015 and 2014

	2015	2014
Assets		
Cash	\$ 6,533,567	\$ 6,074,077
Receivables:		
Property taxes	64,459	38,309
Intergovernmental and other	49,696	193,738
Due from other funds	-	3,559,152
Inventory of supplies, at cost	33,017	9,750
Total assets	\$ 6,680,739	\$ 9,875,026
Liabilities		
Accounts payable and accrued liabilities	\$ 508,562	\$ 468,482
Due to other funds	2,644,910	5,217,841
Total liabilities	3,153,472	5,686,323
Deferred Inflows of Resources		
Unavailable revenue	55,915	34,813
Fund Balance		
Nonspendable	33,017	9,750
Assigned	720,172	819,652
Unassigned	2,718,163	3,324,488
Total fund balance	3,471,352	4,153,890
Total liabilities, deferred inflows of resources, and fund balance	\$ 6,680,739	\$ 9,875,026

City of Groton, Connecticut

Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual -
 General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
Taxes				
Current levy	\$ 6,192,689	\$ 6,192,689	\$ 6,212,690	\$ 20,001
Interest on taxes	29,000	29,000	26,359	(2,641)
Lien fees on taxes	2,000	2,000	1,152	(848)
Total taxes	6,223,689	6,223,689	6,240,201	16,512
Intergovernmental				
Town of Groton:				
Highway grant	2,125,087	2,125,087	2,008,281	(116,806)
Police grant	2,232,573	2,232,573	2,232,573	-
Health District	67,943	67,943	67,943	-
PILOT program	37,707	37,707	37,707	-
State of Connecticut:				
Civil preparedness	4,600	4,600	9,380	4,780
Town Aid Road	115,808	115,808	115,486	(322)
Total disabled	109	109	125	16
Elderly property	2,815	2,815	3,214	399
Enterprise zone	16,821	16,821	14,241	(2,580)
Municipal grants in aid	154,839	154,839	154,839	-
Telephone access line	12,848	12,848	12,489	(359)
Miscellaneous grants	180,742	180,742	99,572	(81,170)
State nitrogen credits	-	-	1,474	1,474
Total intergovernmental revenue	4,951,892	4,951,892	4,757,324	(194,568)
Charges for Services and Facilities				
Municipal building rental:				
Electric Department	111,495	111,495	111,492	(3)
Water Department	33,555	33,555	33,552	(3)
Finance Department services:				
Electric Department	179,700	179,700	179,700	-
Water Department	96,761	96,761	96,756	(5)
Human Resources Department Services:				
Electric Department	101,739	101,739	114,792	13,053
Water Department	54,783	54,783	76,224	21,441
Highway Department sales	3,000	3,000	15,876	12,876
Sewer use	21,800	21,800	29,687	7,887
Public beach receipts	98,000	98,000	101,912	3,912
Recreation receipts	23,000	23,000	41,166	18,166
Parks receipts	10,000	10,000	26,951	16,951
Recycling	2,000	2,000	1,062	(938)

(Continued)

City of Groton, Connecticut

Schedule of Revenues and Other Financing Sources - Budgetary Basis - Budget and Actual -
 General Fund (Continued)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Changes for Service and Facilities, Continued				
Fire protection:				
West Pleasant Valley Fire District	284,560	284,560	288,918	4,358
Outside services - police	15,218	15,218	74,310	59,092
Rent	16,912	16,912	11,695	(5,217)
Fines and forfeits	10,000	10,000	19,567	9,567
Licenses and permits	320,000	320,000	292,587	(27,413)
Total	1,382,523	1,382,523	1,516,247	133,724
Miscellaneous Revenues				
Investment income	200,000	200,000	1,037	(198,963)
Other revenue	53,900	53,900	208,344	154,444
Total miscellaneous revenues	253,900	253,900	209,381	(44,519)
Total revenues	12,812,004	12,812,004	12,723,153	(88,851)
Other Financing Sources				
Transfer in	3,119,490	3,119,490	3,119,496	6
Appropriation of fund balance	658,750	658,750	-	(658,750)
Total other financing sources	3,778,240	3,778,240	3,119,496	(658,744)
Total revenues and other financing sources	\$ 16,590,244	\$ 16,590,244	\$ 15,842,649	\$ (747,595)

City of Groton, Connecticut

Schedule of Expenditures and Other Financing Uses - Budgetary Basis -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget
General Government				
Mayor's office	\$ 101,337	\$ 101,337	\$ 113,604	\$ (12,267)
City Clerk's office	256,525	256,525	250,752	5,773
Human Resources	182,006	182,006	184,112	(2,106)
Finance Department	610,737	610,737	591,868	18,869
Planning and Zoning	613,621	613,621	523,946	89,675
Health services	67,943	67,943	67,943	-
Municipal building operation	322,890	322,890	265,749	57,141
Civil preparedness	13,134	13,134	35,988	(22,854)
Unallocated	57,468	57,468	39,813	17,655
Total general government	2,225,661	2,225,661	2,073,775	151,886
Public Safety				
Police Department:				
Supervision	105,965	105,965	108,319	(2,354)
Criminal investigation	331,334	331,334	344,850	(13,516)
Uniformed patrol	4,035,575	4,035,575	3,840,857	194,718
Harbor patrol	9,859	9,859	6,556	3,303
Traffic control	24,730	24,730	15,593	9,137
Police training	90,400	90,400	89,755	645
DWI project	10,765	10,765	(1,883)	12,648
Outside charges	-	-	72,312	(72,312)
Total police department	4,608,628	4,608,628	4,476,359	132,269
Fire Department	2,593,375	2,593,375	2,830,315	(236,940)
Total public safety	7,202,003	7,202,003	7,306,674	(104,671)
Public Works				
Highway Department:				
Highway maintenance	2,027,770	2,027,770	1,994,325	33,445
Sanitation	1,007,017	1,007,017	992,969	14,048
Snow removal	97,317	97,317	171,453	(74,136)
Total highway department	3,132,104	3,132,104	3,158,747	(26,643)
Pollution Abatement Facility	1,762,123	1,762,123	1,747,881	14,242
Total public works	4,894,227	4,894,227	4,906,628	(12,401)

(Continued)

City of Groton, Connecticut

Schedule of Expenditures and Other Financing Uses - Budgetary Basis -
 Budget and Actual - General Fund (Continued)
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget
	Original	Final		
Parks and Recreation				
Supervision and general expenditures	68,762	68,762	85,855	(17,093)
Summer recreation	171,826	171,826	161,201	10,625
Beach activities	123,843	123,843	125,573	(1,730)
Winter recreation	30,275	30,275	43,540	(13,265)
Beach and park maintenance	770,584	770,584	806,321	(35,737)
Total parks and recreation	1,165,290	1,165,290	1,222,490	(57,200)
Non-Departmental				
General insurance	61,000	61,000	77,644	(16,644)
Pay adjustment	112,377	112,377	62,377	50,000
Total non-departmental	173,377	173,377	140,021	33,356
Contingency	115,000	115,000	-	115,000
Debt Service				
Bonded principal:				
Public improvements	455,000	455,000	455,000	-
Sewer Authority	140,000	140,000	135,000	5,000
Total bonded principal	595,000	595,000	590,000	5,000
Bond and Note Interest:				
Public improvements	194,481	194,481	172,056	22,425
Sewer Authority	25,205	25,205	22,853	2,352
Total bond and note interest	219,686	219,686	194,909	24,777
Total debt service	814,686	814,686	784,909	29,777
Total expenditures and other financing uses	\$ 16,590,244	\$ 16,590,244	\$ 16,434,497	\$ 155,747

City of Groton, Connecticut

Schedule of Property Taxes Levied, Collected and Outstanding - General Fund
For the Year Ended June 30, 2015

Grand List Year	Uncollected Taxes	Current Levy	Lawful Corrections		Suspense Transfers and Adjustments	Adjusted Uncollected Taxes	Collections			Uncollected Taxes June 30, 2015	
	July 1, 2014		Additions	Deletions			Taxes	Interest, Liens and Other Fees	Suspense Taxes Collected		Total
2013	\$ -	\$ 6,223,649	\$ 13,765	\$ 10,851	\$ 9,670	\$ 6,216,893	\$ 6,160,646	\$ 12,954	\$ -	\$ 6,173,600	\$ 56,247
2012	36,973	-	9,973	833	1,642	44,471	34,350	7,919	4,403	46,672	10,121
2011	6,504	-	18	101	338	6,083	2,340	2,119	2,201	6,660	3,743
2010	1,117	-	-	9	139	969	327	735	742	1,804	642
2009	716	-	-	9	-	707	-	444	498	942	707
2008	-	-	-	-	-	-	-	577	551	1,128	-
2007	-	-	-	-	-	-	-	541	421	962	-
2006	-	-	-	-	-	-	-	528	361	889	-
2005	-	-	-	-	-	-	-	295	160	455	-
2004	-	-	-	-	-	-	-	383	193	576	-
2003	-	-	-	-	-	-	-	403	189	592	-
2002	-	-	-	-	-	-	-	191	79	270	-
2001	-	-	-	-	-	-	-	125	46	171	-
2000	-	-	-	-	-	-	-	151	62	213	-
1999	-	-	16	-	-	16	16	102	39	157	-
Subtotal	\$ 45,310	\$ 6,223,649	\$ 23,772	\$ 11,803	\$ 11,789	\$ 6,269,139	\$ 6,197,679	\$ 27,467	\$ 9,945	\$ 6,235,091	\$ 71,460

Nonmajor Governmental Funds

Special Revenue Funds

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

State Aid Road

This fund is used to account for State grants to maintain roads.

Bridge Street

This fund is used to account for Federal grants to maintain roads.

Forfeiture Grant

This fund is used to account for a State grant dealing with drug investigations.

Miscellaneous Grants

This fund is used to account for various grants and donations principally for drug awareness and drunk driving.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Equipment Replacement Fund

This fund is used to account for capital assets acquisition and construction from general government resources.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Submarine Memorial Fund

This fund will be used to maintain the Wall of Honor for Submarine Veterans of World War II.

City of Groton, Connecticut

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2015

	Special Revenue Funds				Capital	Permanent	Totals
	State	Bridge	Forfeiture	Miscellaneous	Project Fund	Fund	
	Aid Road	Street	Grant	Grants	Equipment Replacement Fund	Submarine Memorial Fund	
Assets							
Cash	\$ 312,839	\$ -	9,164	\$ 491,910	\$ 1,058,365	\$ 518	\$ 1,872,796
Investments	-	-	-	-	507,720	-	507,720
Restricted cash	-	-	-	-	-	60,000	60,000
Due from other funds	275,159	835,342	13,240	12,102	2,328,165	-	3,464,008
Total assets	\$ 587,998	\$ 835,342	\$ 22,404	\$ 504,012	\$ 3,894,250	\$ 60,518	\$ 5,904,524
Liabilities and Fund Balances (Deficits)							
Liabilities:							
Accounts payable	\$ 7,400	\$ -	\$ 1,112	\$ 23,800	\$ 164,153	\$ -	\$ 196,465
Due to other funds	-	858,995	-	-	19,933	-	878,928
Unearned revenue - performance	58,799	-	-	-	-	-	58,799
Total liabilities	66,199	858,995	1,112	23,800	184,086	-	1,134,192
Fund Balances (Deficits):							
Restricted	521,799	-	21,292	480,212	-	60,000	1,083,303
Committed	-	-	-	-	3,710,164	518	3,710,682
Unassigned (deficits)	-	(23,653)	-	-	-	-	(23,653)
Total fund balances (deficits)	521,799	(23,653)	21,292	480,212	3,710,164	60,518	4,770,332
Total liabilities and fund balances (deficits)	\$ 587,998	\$ 835,342	\$ 22,404	\$ 504,012	\$ 3,894,250	\$ 60,518	\$ 5,904,524

City of Groton, Connecticut

**Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Deficits)
Nonmajor Governmental Funds
For the Year Ended June 30, 2015**

	Special Revenue Funds				Capital Projects Fund	Permanent Fund	Totals
	State Aid Road	Bridge Street	Forfeiture Grant	Miscellaneous Grants	Equipment Replacement Fund	Submarine Memorial Fund	
Revenues							
Income from investments	\$ -	\$ -	\$ -	\$ 400	\$ 27,724	\$ 91	\$ 28,215
Intergovernmental	-	-	-	-	1,898,374	-	1,898,374
Other	-	-	-	124,596	-	-	124,596
Total revenues	-	-	-	124,996	1,926,098	91	2,051,185
Expenditures							
Current:							
General government	-	-	-	14,969	-	-	14,969
Public Safety	-	-	12,503	12,818	-	-	25,321
Capital outlay	-	-	-	-	3,119,487	-	3,119,487
Public works	18,197	-	-	-	-	-	18,197
Total expenditures	18,197	-	12,503	27,787	3,119,487	-	3,177,974
Excess (deficiency) of expenditures	(18,197)	-	(12,503)	97,209	(1,193,389)	91	(1,126,789)
Other Financing Sources (Uses)							
Bond premiums	-	-	-	-	23,888	-	23,888
Refunding bond proceeds	-	-	-	-	190,000	-	190,000
Refunding payment to escrow	-	-	-	-	(210,251)	-	(210,251)
	-	-	-	-	3,637	-	3,637
Net change in fund balances	(18,197)	-	(12,503)	97,209	(1,189,752)	91	(1,123,152)
Fund Balances (Deficits),							
Beginning	539,996	(23,653)	33,795	383,003	4,899,916	60,427	5,893,484
Fund Balances, Ending	\$ 521,799	\$ (23,653)	\$ 21,292	\$ 480,212	\$ 3,710,164	\$ 60,518	\$ 4,770,332

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City’s Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City’s council has decided that periodic determination of net income is appropriate for accountability purposes.

Electric Department

This fund is used to account for the activities of the City’s electric system.

Water System

This fund is used to account for the activities of the City’s water system.

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City of Groton, Connecticut

Comparative Statements of Net Position - Electric Department - Enterprise Funds
June 30, 2015 and 2014

Assets	2015	2014
Current Assets		
Cash	\$ 16,311,920	\$ 9,347,017
Receivables:		
Use charges (net of allowance for uncollectibles of \$75,000 and \$75,000, respectively)	4,206,533	7,970,704
Accrued utility revenue	1,166,954	1,226,646
Due from other funds	40,028	303,277
Prepaid expenses	175,426	88,561
Inventory	1,312,315	1,804,900
Total current assets	23,213,176	20,741,105
Noncurrent Assets:		
Amount held at CMEEC	2,615,463	838,233
Equity in joint venture investments	7,716,132	7,503,586
Due from component unit	3,198,400	3,398,800
Total noncurrent assets	13,529,995	11,740,619
Capital Assets (net of accumulated depreciation):		
Land and land rights	707,176	707,176
Construction in progress	3,463,653	2,239,499
Buildings and improvements	248,040	277,471
Station equipment	7,766,178	8,023,131
Electric distribution system	18,422,718	18,410,203
Machinery and equipment	574,871	559,851
Vehicles	477,385	652,245
Total capital assets (net of accumulated depreciation)	31,660,021	30,869,576
Total noncurrent assets	45,190,016	42,610,195
Total assets	\$ 68,403,192	\$ 63,351,300
Deferred outflows of resources		
Deferred pension expense	1,300,147	-
Deferred amount on bond refunding	1,010,801	-
Total deferred outflows of resources	2,310,948	-

Liabilities	2015	2014
Current Liabilities		
Accounts payable	\$ 7,101,591	\$ 7,010,317
Accrued payroll and compensated absences	323,100	298,685
Accrued taxes	328,402	343,314
Accrued interest payable	465,672	589,821
General obligation bonds payable - current portion	3,355,000	2,840,000
Customer deposits payable	4,565,954	4,812,230
Due to other funds	3,358,331	2,223,708
Total current liabilities	19,498,050	18,118,075
Noncurrent Liabilities		
Rate stabilization	2,181,217	301,688
General obligation bonds and notes payable - net of premium and deferred amount on refunding	37,123,400	40,531,840
Unamortized premium	2,541,674	1,759,402
Net pension liability	216,581	248,025
Net OPEB obligation	748,263	759,420
Total non-current liabilities	42,811,135	43,600,375
Total liabilities	62,309,185	61,718,450
Deferred inflows of resources		
Deferred pension credit	855	-
Net Position		
Net investment in capital assets	9,265,748	9,723,334
Unrestricted (deficit)	(861,648)	(8,090,484)
Total net position	\$ 8,404,100	\$ 1,632,850

City of Groton, Connecticut

Comparative Statements of Revenues, Expenses and Changes in Fund Net Position -
 Electric Department - Enterprise Fund
 For the Years Ended June 30, 2015 and 2014

	2015	2014
Operating Revenues	\$ 61,853,220	\$ 63,494,427
Operating Expenses		
Direct expenses:		
Purchased power	40,647,878	41,500,346
Other	2,368,464	2,271,892
Overhead expenses:		
Customer account	1,581,125	1,623,372
Administrative and general	4,801,221	5,469,550
Taxes	1,654,763	1,665,099
Depreciation	1,714,547	1,742,881
Total operating expenses	52,767,998	54,273,140
Operating income	9,085,222	9,221,287
Nonoperating Revenues (Expenses)		
Investment income	373,346	373,784
Interest expense	(1,164,855)	(2,025,801)
Equity earnings in investments	212,546	234,359
Total nonoperating revenues (expenses)	(578,963)	(1,417,658)
Income before transfers out	8,506,259	7,803,629
Transfers Out	(3,119,496)	(3,119,496)
Changes in net position (deficit)	5,386,763	4,684,133
Net Position (Deficit), Beginning, as restated (Note 15)	3,017,337	(3,051,283)
Net Position, Ending	\$ 8,404,100	\$ 1,632,850

City of Groton, Connecticut

Comparative Statements of Cash Flows - Electric Department - Enterprise Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Cash received from customers	\$ 67,556,612	\$ 59,461,355
Cash payments to suppliers for goods and services	(41,367,752)	(41,913,657)
Cash payments to employees for services	(7,985,012)	(8,414,550)
Net cash provided by operating activities	18,203,848	9,133,148
Cash Flows From Noncapital and Related Financing Activities		
Transfers to other funds	(3,119,496)	(3,119,496)
Advances to Thames Valley Communications, Inc.	-	(208,567)
Amount held at CMEEC	(1,777,230)	1,472,939
Net cash used in noncapital and related financing activities	(4,896,726)	(1,855,124)
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,504,992)	(583,434)
Proceeds from Bozrah Light and Power	200,400	200,400
Repayment from CMEEC loan	(200,400)	(200,400)
Debt refunding	158,194	-
Principal paid on general obligation bond maturities and equipment contracts	(3,079,763)	(2,976,694)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(1,289,004)	(1,954,739)
Net cash (used in) capital and related financing activities	(6,715,565)	(5,514,867)
Cash Flows From Investing Activities		
Interest and dividends on investments	373,346	373,784
Net cash provided by investing activities	373,346	373,784
Net increase in cash and cash equivalents	6,964,903	2,136,941
Cash and Cash Equivalents, Beginning	9,347,017	7,210,076
Cash and Cash Equivalents, Ending	\$ 16,311,920	\$ 9,347,017
Schedule of Non-Cash, Non-Capital and Related Financing Activities		
Equity earnings/loss in joint venture investments	\$ 212,546	\$ 442,926

City of Groton, Connecticut

Comparative Statements of Cash Flows - Electric Department - Enterprise Fund, (Continued)
For the Years Ended June 30, 2014 and 2013

	2015	2014
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 9,085,222	\$ 9,221,287
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,714,547	1,742,881
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	3,764,171	(2,963,486)
Accrued utility revenue	59,692	119,573
Inventory	492,585	(160,246)
Prepaid expenses	(86,865)	(41,722)
Due from other funds	263,249	391,161
Bond issue costs	-	291,680
Pension asset	-	137,774
Deferred outflows/inflows related to pension	(1,299,292)	-
Increase (decrease) in:		
Accounts payable	(155,002)	867,014
Accrued payroll and compensated absences	24,415	13,206
Accrued taxes	(14,912)	(33,403)
Due to other funds	1,134,623	510,694
Rate stabilization/Amount held by CMECC	1,879,529	(1,189,159)
Net pension liability	1,353,043	248,025
Net OPEB obligation	(11,157)	(22,131)
Net cash provided by operating activities	\$ 18,203,848	\$ 9,133,148

City of Groton, Connecticut

Comparative Schedules of Revenues
Electric Department
For the Years Ended June 30, 2015 and 2014

	2015	2014
Electric Service Revenues		
Residential	\$ 16,607,283	\$ 17,224,368
Commercial	15,063,085	15,464,015
Industrial	27,248,710	27,209,277
Private street lighting	207,602	208,937
Public street lighting	322,556	328,855
Unbilled revenue adjustment	(59,692)	(119,573)
Total electric service revenues	59,389,544	60,315,879
Other Electric Revenue		
Miscellaneous - rents, scrap, jobbing sales, etc.	2,463,676	3,178,548
Total operating revenues	\$ 61,853,220	\$ 63,494,427

City of Groton, Connecticut

Comparative Schedules of Expenses -
Electric Department
For the Years Ended June 30, 2015 and 2014

	2015	2014
Direct Expenses		
Purchased power	\$ 40,647,878	\$ 41,500,346
Other Expenses		
Transmission expenses:		
Station expenses	\$ 4,658	\$ 1,849
Maintenance:		
Station equipment	42,899	55,233
Overhead conductors and devices	8,244	3,066
Total transmission expenses	55,801	60,148
Distribution expenses:		
Supervision and engineering	567,675	574,677
Station expenses	79,973	35,807
Line expenses	82,408	101,029
Street lighting and signal system expenses	56,875	56,139
Meter expenses	133,266	164,334
Customer installation expenses	49,549	46,467
Miscellaneous	57,502	72,099
Maintenance:		
Supervision and engineering	54,528	47,658
Station expenses	430,398	404,127
Overhead lines	691,288	554,273
Services	36,501	59,227
Underground lines	1,858	842
Line transformers	504	4,948
Signal lights and fire alarms	20,731	37,445
Meters	49,607	52,672
Total distribution expenses	2,312,663	2,211,744
Total other expenses	\$ 2,368,464	\$ 2,271,892
Customer Account Expenses		
Meter reading	\$ 155,293	\$ 140,947
Customer records and collection	429,543	398,851
Uncollectible accounts	46,917	53,366
Miscellaneous	949,372	1,030,208
Total customer account expenses	\$ 1,581,125	\$ 1,623,372
Administrative and General Expenses		
Administrative and general salaries	\$ 1,132,349	\$ 1,250,588
General office supplies and expenses	208,618	254,106
Outside services employed	757,243	560,118
Insurance	67,372	76,028
Injuries and damages	392,737	357,719
Employee welfare and benefits	1,731,120	2,389,268
Regulatory authority expense	7,678	6,276
Miscellaneous general expenses	88,088	73,242
Rent	111,492	111,492
Maintenance:		
General plant	723,782	684,710
Miscellaneous	179,308	179,915
	5,399,787	5,943,462
Deduct: Expenses transferred for transportation and administrative	(598,566)	(473,912)
Total administrative and general expenses	\$ 4,801,221	\$ 5,469,550

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City of Groton, Connecticut

Comparative Statements of Net Position - Water Department - Enterprise Funds
June 30, 2015 and 2014

Assets	2015	2014
Current Assets		
Cash	\$ 844,979	\$ 2,635,081
Receivables (net of allowance for uncollectibles of \$2,453 and \$2,453, respectively)	913,064	1,183,260
Due from other funds	3,378,133	2,223,711
Prepaid expenses	123,904	91,461
Inventory	112,499	107,317
Total current assets	5,372,579	6,240,830
Other Noncurrent Assets		
Notes receivable	20,552	141,768
Total other noncurrent assets	20,552	141,768
Capital Assets (Net of Accumulated Depreciation)		
Land and land rights	2,135,643	2,135,643
Construction in progress	4,205,571	2,011,625
Buildings and improvements	3,747,212	3,891,549
Plant and pumping stations	3,815,027	4,059,110
Water distribution system	16,893,187	16,764,827
Machinery and equipment	307,269	190,679
Vehicles	59,562	79,812
Total capital assets (net of accumulated depreciation)	31,163,471	29,133,245
Total noncurrent assets	31,184,023	29,275,013
Total assets	\$ 36,556,602	\$ 35,515,843
Deferred outflows of resources		
Deferred pension expense	547,430	-
Deferred amounts on bond refunding	124,275	-
Total deferred outflows of resources	671,705	-

Liabilities	2015	2014
Current Liabilities		
Accounts payable	\$ 755,218	\$ 498,397
Accrued payroll and compensated absences	237,567	239,588
Accrued taxes	38,349	38,349
Accrued interest payable	68,360	80,000
General obligation bonds payable - current portion	730,000	737,330
Customer deposits payable	29,400	29,500
Total current liabilities	1,858,894	1,623,164
Noncurrent Liabilities		
General obligation bonds and notes payable - net of premium and deferred amount on refunding	4,590,000	5,299,630
Unamortized premium	341,714	245,014
Pension Obligation	91,192	63,206
Net OPEB obligation	560,036	565,004
Total non-current liabilities	5,582,942	6,172,854
Total liabilities	7,441,836	7,796,018
Deferred inflows of resources		
Deferred pension credit	360	-
Net Position		
Net investment in capital assets	25,626,032	22,851,271
Unrestricted	4,160,079	4,868,554
Total net position	\$ 29,786,111	\$ 27,719,825

City of Groton, Connecticut

**Comparative Statements of Revenues, Expenses and Changes in Fund Net Position -
Water Department - Enterprise Fund
For the Years Ended June 30, 2015 and 2014**

	2015	2014
Operating Revenues	\$ 9,743,591	\$ 9,858,947
Operating Expenses		
Direct Expenses:		
Other	3,470,105	3,573,225
Overhead Expenses:		
Customer account	391,015	390,760
Administrative and general	3,065,825	3,314,247
Taxes	300,679	305,807
Depreciation	829,778	813,612
Total operating expenses	8,057,402	8,397,651
Operating income	1,686,189	1,461,296
Nonoperating Revenues (Expenses)		
Investment income	7,466	13,427
Interest expense	(169,085)	(296,576)
Net nonoperating expenses	(161,619)	(283,149)
Changes in net position	1,524,570	1,178,147
Net Position, Beginning, as restated (Note 15)	28,261,541	26,541,678
Net Position, Ending	\$ 29,786,111	\$ 27,719,825

City of Groton, Connecticut

Comparative Statements of Cash Flows - Water Department - Enterprise Fund
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows From Operating Activities		
Cash received from customers	\$ 10,013,787	\$ 9,793,733
Cash payments to suppliers for goods and services	(4,405,431)	(4,148,003)
Cash payments to employees for services	(3,741,876)	(3,869,728)
Net cash provided by operating activities	1,866,480	1,776,002
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(2,860,004)	(1,486,172)
Debt refunding	20,002	-
Principal paid on general obligation bond maturities and equipment contracts	(764,537)	(685,184)
Interest paid on general obligation bonds, bond anticipation notes and equipment contracts	(180,725)	(287,230)
Net cash (used in) capital and related financing activities	(3,785,264)	(2,458,586)
Cash Flows From Investing Activities		
Payments on note receivable	121,216	115,297
Interest and dividends	7,466	13,427
Net cash provided by investing activities	128,682	128,724
Net (decrease) increase in cash and cash equivalents	(1,790,102)	(553,860)
Cash and Cash Equivalents, Beginning	2,635,081	3,188,941
Cash and Cash Equivalents, Ending	\$ 844,979	\$ 2,635,081

City of Groton, Connecticut

Comparative Statements of Cash Flows - Water Department - Enterprise Fund, (Continued)
For the Years Ended June 30, 2015 and 2014

	2015	2014
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 1,686,189	\$ 1,461,296
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	829,778	813,612
Change in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	270,196	(65,214)
Inventory	(5,182)	46,995
Prepaid expenses	(32,443)	(91,461)
Due from other funds	(1,154,422)	(518,520)
Pension asset	569,702	99,236
Deferred outflows/inflows related to pension	(547,070)	-
Increase (decrease) in:		
Accounts payable	256,721	(9,300)
Accrued payroll and compensated absences	(2,021)	(12,038)
Due to other funds	-	(2,492)
Net pension liability	-	63,206
Net OPEB obligation	(4,968)	(9,318)
Net cash provided by operating activities	\$ 1,866,480	\$ 1,776,002

City of Groton, Connecticut

Comparative Schedules of Revenues

Water System

For the Years Ended June 30, 2015 and 2014

	2015		2014
Water Service Revenues			
Residential	\$ 2,646,407	\$	2,602,472
Commercial	1,590,185		1,558,535
Industrial	2,805,762		2,843,522
Private fire protection	105,670		105,569
Public fire protection	285,232		286,988
Other sales to public authorities	1,772,107		1,893,796
Total water service revenues	9,205,363		9,290,882
Other Water Revenue			
Miscellaneous - rents, lien fees, scrap sales, etc.	538,228		568,065
Total operating revenues	\$ 9,743,591	\$	9,858,947

City of Groton, Connecticut

Comparative Schedules of Expenses -
Water System
For the Years Ended June 30, 2015 and 2014

	2015	2014
Direct Expenses		
Source of Water Supply Expenses:		
Operation labor	\$ 96,003	\$ 102,522
Supplies and expenses	55,418	75,644
Rent	9,996	9,996
Maintenance - structure and improvement	199,144	355,059
Total source of water supply expenses	360,561	543,221
Pumping Expenses:		
Fuel for power production	7,370	21,489
Power purchased	556,439	619,494
Operation labor	192,785	216,440
Maintenance - structure and equipment	93,022	119,055
Total pumping expenses	849,616	976,478
Water Treatment Expenses		
Chemicals	225,753	210,593
Operation labor	944,229	1,007,380
Supplies and expenses	73,326	78,896
Maintenance - structure and equipment	179,725	120,312
Total water treatment expenses	1,423,033	1,417,181
Transmission and Distribution Expenses		
Supervision and engineering	85,206	82,954
Storage facilities	412	3,344
Operation of lines	-	-
Supplies and expenses	186,277	160,867
Maintenance:		
Structures and improvements	216,278	128,321
Mains	148,864	144,749
Services	190,820	180,607
Meters	(1,595)	2,425
Hydrants	10,633	6,172
Total transmission and distribution expenses	836,895	709,439
Total other expenses	\$ 3,470,105	\$ 3,646,319
Customer Account Expenses		
Meter reading	\$ 64,941	\$ 65,821
Customer records and collection	186,059	183,433
Uncollectible accounts	5,484	5,884
Miscellaneous	134,531	134,712
Total customer account expenses	\$ 391,015	\$ 389,850
Administrative and General Expenses		
Administrative and general salaries	\$ 671,455	\$ 729,380
General office supplies and expenses	124,075	157,912
Outside services employed	276,592	165,194
Insurance	65,161	64,952
Injuries and damages	286,029	241,176
Employee welfare and benefits	1,145,836	1,577,476
Miscellaneous general expenses	69,665	9,553
Rent	23,556	23,556
Maintenance:		
Office furniture and equipment	6,547	7,920
Communication equipment	-	730
Miscellaneous general property	396,909	336,398
Total administrative and general expenses	\$ 3,065,825	\$ 3,314,247

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency of the City to other departments or agencies of the City and to other government units, on a cost reimbursement basis.

Self-Insurance

This fund is used to account for losses arising from property and general liability claims.

Health Plan

This fund is used to account for losses arising from medical claims of the City's employees.

City of Groton, Connecticut

**Combining Schedule of Net Position - Internal Service Funds
June 30, 2015 (With Comparative Totals at June 30, 2014)**

	Self-Insurance	Health Plan	2015	2014
Assets				
Cash	\$ 713,881	\$ 1,619,676	\$ 2,333,557	\$ 2,889,156
Accounts/claims receivables	-	42,435	42,435	28,590
Total current assets	713,881	1,662,111	2,375,992	2,917,746
Liabilities				
Liabilities:				
Accounts/claims payable	-	322,000	322,000	290,842
Total liabilities	-	322,000	322,000	290,842
Net Position				
Unrestricted	\$ 713,881	\$ 1,340,111	\$ 2,053,992	\$ 2,626,904

City of Groton, Connecticut

**Combining Schedule of Revenues, Expenses and Changes in Net Position - Internal Service Funds
For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)**

	Self-Insurance	Health Plan	2015	2014
Operating Revenues				
Premiums	\$ 1,725	\$ 4,036,955	\$ 4,038,680	\$ 4,120,644
Operating Expenses				
Claims Paid:				
Public Safety	2,860	-	2,860	6,523
Public Works	-	-	-	1,111
General government	2,701	-	2,701	7,870
Electric Department	-	-	-	14,169
Health Plan	-	3,882,114	3,882,114	4,255,388
Administration:				
Health Plan	-	726,461	726,461	212,532
Total operating expenses	5,561	4,608,575	4,614,136	4,497,593
Operating income (loss)	(3,836)	(571,620)	(575,456)	(376,949)
Nonoperating Revenue				
Interest income	62	2,482	2,544	2,659
Total nonoperating revenue	62	2,482	2,544	2,659
Change in net position	(3,774)	(569,138)	(572,912)	(374,290)
Net Position, Beginning	717,655	1,909,249	2,626,904	3,001,194
Net Position, Ending	\$ 713,881	\$ 1,340,111	\$ 2,053,992	\$ 2,626,904

City of Groton, Connecticut

Combining Statement of Cash Flows - Internal Service Funds

For the Year Ended June 30, 2015 (With Comparative Totals for the Year Ended June 30, 2014)

	Self-Insurance	Health Plan	2015	2014
Cash Flows From Operating Activities				
Cash received for premiums	\$ 1,725	\$ 4,036,955	\$ 4,038,680	\$ 4,120,644
Cash paid to claimants	(9,403)	(3,860,959)	(3,870,362)	(4,235,466)
Cash paid for administration	-	(726,461)	(726,461)	(212,532)
Net cash used in operating activities	(7,678)	(550,465)	(558,143)	(327,354)
Cash Flows Provided by Investing Activities				
Interest income	62	2,482	2,544	2,659
Net decrease in cash and cash equivalents	(7,616)	(547,983)	(555,599)	(324,695)
Cash and Cash Equivalents, Beginning	721,497	2,167,659	2,889,156	3,213,851
Cash and Cash Equivalents, Ending	\$ 713,881	\$ 1,619,676	\$ 2,333,557	\$ 2,889,156
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities:				
Operating (loss)	\$ (3,836)	\$ (571,620)	\$ (575,456)	\$ (376,949)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used in) Operating Activities:				
Change in assets and liabilities:				
Increase in accounts receivable	-	(13,845)	(13,845)	(28,590)
Increase (decrease) in accrued liabilities	(3,842)	35,000	31,158	78,185
Net cash used in operating activities	(7,678)	(550,465)	(558,143)	(327,354)

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Statistical Section - Unaudited

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

CONTENTS

Financial Trends (Tables 1-4)

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5-8)

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity (Tables 9-13)

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 14-15)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 16-18)

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

**Net Position by Component
Last Ten Years
(Unaudited)**

	FISCAL YEAR ENDED									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 20,466,258	\$ 18,001,407	\$ 20,912,472	\$ 20,566,312	\$ 20,204,792	\$ 18,698,216	\$ 17,940,109	\$ 17,644,455	\$ 17,258,682	\$ 15,174,745
Restricted for:										
Endowment - expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds - expendable	-	427	246	246	12,398	12,196	11,431	10,588	7,767	4,258
Special revenue funds	543,091	633,791	668,551	677,811	580,192	-	-	-	-	-
Unrestricted	9,179,006	9,456,594	6,514,415	6,256,564	7,194,347	9,406,900	8,961,352	8,604,464	7,997,580	9,217,898
Total governmental activities	30,248,355	28,152,219	28,155,684	27,560,933	28,051,729	28,177,312	26,972,892	26,319,507	25,324,029	24,456,901
Business-Type Activities										
Net investment in capital assets	34,891,780	32,574,605	34,198,112	38,646,385	34,724,535	31,679,508	32,193,110	31,548,632	22,765,060	23,958,301
Restricted for:										
Debt service	-	-	-	-	-	-	9,662,286	10,501,840	8,046,297	8,640,866
Economic development	-	-	-	-	-	-	4,422	626,017	34,201	34,201
Energy and efficiency	-	-	-	-	-	-	413,457	359,730	810,850	236,407
Unrestricted	3,604,247	(2,830,813)	(10,260,873)	(26,243,049)	3,709,903	5,192,868	6,350,066	3,301,448	14,324,794	12,837,386
Total business-type activities	38,496,027	29,743,792	23,937,239	12,403,336	38,434,438	36,872,376	48,623,341	46,337,667	45,981,202	45,707,161
City Net Position										
Net investment in capital assets	55,358,038	50,576,012	55,110,584	59,212,697	54,929,327	46,977,724	50,133,219	49,193,087	40,023,742	39,133,046
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	780,496	-
Endowment-expendable	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Permanent funds-expendable	-	427	246	246	12,398	12,196	11,431	10,588	7,767	4,258
Public Works	543,091	633,791	668,551	677,811	580,192	-	-	-	-	-
Debt service	-	-	-	-	-	-	9,662,286	10,501,840	8,046,297	8,640,866
Economic development	-	-	-	-	-	-	4,422	626,017	34,201	34,201
Energy and efficiency	-	-	-	-	-	-	413,457	359,730	810,850	236,407
Unrestricted	12,783,253	6,625,781	(3,746,458)	(19,986,485)	10,904,250	17,999,768	15,311,418	11,905,912	21,541,878	22,055,284
Total City net position	\$ 68,744,382	\$ 57,896,011	\$ 52,092,923	\$ 39,964,269	\$ 66,486,167	\$ 65,049,688	\$ 75,596,233	\$ 72,657,174	\$ 71,305,231	\$ 70,164,062

**Changes in Net Position
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 2,353,876	\$ 2,471,659	\$ 2,070,702	\$ 2,103,355	\$ 1,905,884	\$ 1,883,687	\$ 1,862,419	\$ 1,596,959	\$ 1,528,470	\$ 1,330,894
Public Safety	8,107,091	7,926,207	7,462,297	7,921,386	8,236,685	8,135,137	7,491,823	7,035,055	7,044,463	6,269,841
Public Works	5,744,427	5,363,235	5,730,214	5,084,289	5,869,143	4,948,692	4,786,325	4,842,439	4,259,599	4,325,419
Recreation	1,323,902	1,357,588	1,330,321	1,148,723	1,230,512	1,087,662	1,069,777	831,869	898,307	805,702
Interest expense	172,874	219,652	106,801	125,814	137,112	207,406	188,952	233,053	223,433	231,050
Total governmental expenses	17,702,170	17,338,341	16,700,335	16,383,567	17,379,336	16,262,584	15,399,296	14,539,375	13,954,272	12,962,906
Business-type activities:										
Electric Department	54,018,154	56,354,668	59,384,748	86,423,334	61,548,644	66,672,893	68,840,133	70,271,183	70,349,760	63,265,662
Water Department	8,226,487	8,694,227	8,235,438	7,984,553	8,140,017	8,178,970	8,516,675	7,626,088	7,282,315	6,480,608
Total business-type expenses	62,244,641	65,048,895	67,620,186	94,407,887	69,688,661	74,851,863	77,356,808	77,897,271	77,632,075	69,746,270
Total expenses	79,946,811	82,387,236	84,320,521	110,791,454	87,067,997	91,114,447	92,756,104	92,436,646	91,586,347	82,709,176
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,029,699	1,196,809	313,397	1,179,037	1,009,264	924,262	1,033,369	1,325,812	821,134	734,574
Public Safety	394,490	358,433	328,811	508,484	259,705	384,644	310,747	277,838	272,215	321,844
Public Works	45,563	39,364	59,995	60,212	55,799	43,234	79,352	54,898	76,876	181,106
Recreation	171,091	172,502	146,755	130,635	113,709	131,648	104,780	95,672	104,293	105,408
Operating grants and contributions	4,278,561	4,639,990	5,131,028	4,273,734	4,388,296	4,860,134	5,135,871	4,901,814	4,968,635	5,243,944
Capital grants and contributions	2,127,673	1,316,601	759,986	519,122	1,712,368	1,094,709	-	-	-	-
Total governmental activities	8,047,077	7,723,699	6,739,972	6,671,224	7,539,141	7,438,631	6,664,119	6,656,034	6,243,153	6,586,876
Business-type activities:										
Electric Department	61,853,220	63,494,427	64,892,454	60,553,199	63,134,404	66,675,238	72,497,383	71,747,273	71,478,540	65,864,885
Water Department	9,743,591	9,858,947	9,603,898	9,708,205	9,893,954	8,233,088	7,946,755	7,582,363	6,679,385	6,570,471
Total business-type activities	71,596,811	73,353,374	74,496,352	70,261,404	73,028,358	74,908,326	80,444,138	79,329,636	78,157,925	72,435,356
Total program revenues	79,643,888	81,077,073	81,236,324	76,932,628	80,567,499	82,346,957	87,108,257	85,985,670	84,401,078	79,022,232
Net (expense)/revenue										
Governmental activities	(9,655,093)	(9,614,642)	(9,960,363)	(9,712,343)	(9,840,195)	(8,823,953)	(8,735,177)	(7,883,341)	(7,711,119)	(6,376,030)
Business-type activities	9,352,170	8,304,479	6,876,166	(24,146,483)	3,339,697	56,463	3,087,330	1,432,365	525,850	2,689,086
Total net expenses	(302,923)	(1,310,163)	(3,084,197)	(33,858,826)	(6,500,498)	(8,767,490)	(5,647,847)	(6,450,976)	(7,185,269)	(3,686,944)

(Continued)

Changes in Net Position (Continued)
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 6,261,303	\$ 6,143,075	\$ 6,419,394	\$ 5,615,381	\$ 6,144,038	\$ 5,901,139	\$ 5,803,801	\$ 5,229,254	\$ 5,253,697	\$ 4,747,176
Grants and contributions not restricted to specific purposes	249,464	130,053	132,174	19,088	77,264	408,771	111,351	168,660	122,268	213,730
Investment income	31,911	218,553	230,423	383,372	305,794	294,327	240,744	518,553	685,033	405,262
Miscellaneous	170,215	-	53,627	102,082	85,892	322,512	113,176	126,452	52,215	148,666
Transfers	3,119,496	3,119,496	3,119,496	3,101,624	3,101,624	3,101,624	3,119,490	2,835,900	2,465,034	2,143,508
Total governmental activities	9,832,389	9,611,177	9,955,114	9,221,547	9,714,612	10,028,373	9,388,562	8,878,819	8,578,247	7,658,342
Business-type activities:										
Investment income	593,358	621,570	893,174	1,217,005	1,323,989	1,629,491	2,317,834	2,396,799	2,138,106	1,254,629
Transfers	(3,119,496)	(3,119,496)	(3,119,496)	(3,101,624)	(3,101,624)	(3,101,624)	(3,119,490)	(2,835,900)	(2,465,034)	(2,143,508)
Total business-type activities	(2,526,138)	(2,497,926)	(2,226,322)	(1,884,619)	(1,777,635)	(1,472,133)	(801,656)	(439,101)	(326,928)	(888,879)
Total general revenues	7,306,251	7,113,251	7,728,792	7,336,928	7,936,977	8,556,240	8,586,906	8,439,718	8,251,319	6,769,463
Change in Net Position										
Governmental activities	177,296	(3,465)	(5,249)	(490,796)	(125,583)	1,204,420	653,385	995,478	867,128	1,282,312
Business-type activities	6,826,032	5,806,553	4,649,844	(26,031,102)	1,562,062	(1,415,670)	2,285,674	993,264	198,922	1,800,207
Change in net position	\$ 7,003,328	\$ 5,803,088	\$ 4,644,595	\$ (26,521,898)	\$ 1,436,479	\$ (211,250)	\$ 2,939,059	\$ 1,988,742	\$ 1,066,050	\$ 3,082,519

**Changes in Fund Balances, Governmental Funds
Last Ten Years (Modified Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Property taxes	\$ 6,240,201	\$ 6,166,362	\$ 6,417,756	\$ 5,628,575	\$ 6,137,303	\$ 5,913,531	\$ 5,812,388	\$ 5,220,845	\$ 5,253,193	\$ 4,762,481
Intergovernmental	6,655,698	6,086,644	6,055,232	4,830,557	6,177,928	6,363,614	5,245,422	5,067,286	5,088,128	5,455,684
Charges for services	1,516,247	1,478,824	1,356,688	1,740,471	1,438,477	1,483,788	1,528,248	1,754,220	1,274,518	1,342,932
Income from investments	29,252	215,894	227,439	369,356	291,858	276,820	191,014	348,587	493,709	280,371
Contributions	-	-	-	-	-	-	1,800	3,188	2,775	1,990
Other	294,811	288,284	125,030	230,674	85,892	322,512	118,439	126,452	52,215	148,666
Total revenues	14,736,209	14,236,008	14,182,145	12,799,633	14,131,458	14,360,265	12,897,311	12,520,578	12,164,538	11,992,124
Expenditures										
Current:										
General government	2,141,306	2,090,838	1,676,925	1,813,522	1,706,352	1,605,410	1,789,364	1,433,598	1,448,768	1,258,889
Public Safety	7,331,992	7,208,553	7,166,333	7,224,753	7,229,895	7,306,685	6,987,176	6,820,956	6,948,625	6,231,187
Public Works	4,924,827	4,666,194	5,264,004	4,450,747	5,163,704	4,256,569	4,266,753	3,880,959	3,936,897	3,770,474
Parks and Recreation	1,222,490	1,290,576	1,323,722	1,085,185	1,123,010	1,029,072	1,029,690	861,109	826,327	777,313
Non-departmental and other	140,021	84,429	62,407	64,922	148,211	148,473	36,386	54,665	64,105	38,697
Capital outlay	3,119,487	1,012,139	872,963	606,560	1,432,761	3,092,237	407,667	981,788	2,899,161	1,051,058
Debt service:										
Bond principal	590,000	793,000	640,000	676,000	905,500	953,585	930,500	841,017	860,738	740,500
Bond and note interest	194,909	196,185	114,103	125,259	152,616	188,286	195,161	233,355	229,668	227,268
Total expenditures	19,665,032	17,341,914	17,120,457	16,046,948	17,862,049	18,580,317	15,642,697	15,107,447	17,214,289	14,095,386
Deficiency of revenues over expenditures	(4,928,823)	(3,105,906)	(2,938,312)	(3,247,315)	(3,730,591)	(4,220,052)	(2,745,386)	(2,586,869)	(5,049,751)	(2,103,262)
Other Financing Sources (Uses)										
Bond proceeds	-	-	3,575,000	-	-	1,725,000	-	880,000	-	1,140,000
Refunding bond proceeds	190,000	-	-	-	-	1,614,200	-	-	-	-
Payment to refunding bond escrow	(210,251)	-	-	-	-	(1,713,838)	-	-	-	-
Premium on bond sale	23,888	-	295,000	-	-	124,602	-	7,048	-	7,962
Transfers in	3,119,496	3,584,029	3,119,496	3,277,456	3,101,624	3,101,624	3,421,852	3,450,400	2,621,720	2,620,580
Transfers out	-	(464,533)	-	(175,832)	-	-	(302,362)	(614,500)	(156,686)	(477,072)
Net other financing sources (uses)	3,123,133	3,119,496	6,989,496	3,101,624	3,101,624	4,851,588	3,119,490	3,722,948	2,465,034	3,291,470
Net changes in fund balances	\$ (1,805,690)	\$ 13,590	\$ 4,051,184	\$ (145,691)	\$ (628,967)	\$ 631,536	\$ 374,104	\$ 1,136,079	\$ (2,584,717)	\$ 1,188,208
Debt Service as a Percentage of Noncapital Expenditures	4.98%	6.45%	4.87%	5.47%	6.44%	7.00%	7.00%	8.00%	8.00%	7.00%

**Fund Balances, Governmental Funds
Last Ten Years (Modified Accrual Basis of Accounting)
(Unaudited)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Fund										
Nonspendable	\$ 33,017	\$ 9,750	\$ 49,908	\$ 17,138	\$ 16,768	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	720,172	819,652	703,263	704,798	1,115,054	-	-	-	-	-
Unassigned	2,718,163	3,324,488	3,899,210	3,484,919	3,070,485	-	-	-	-	-
Reserved	-	-	-	-	-	91,645	75,056	122,172	33,609	52,003
Unreserved:										
Designated	-	-	-	-	-	973,606	808,410	690,208	659,538	574,897
Undesignated	-	-	-	-	-	3,874,650	3,553,401	3,150,154	2,769,282	2,808,146
Total unreserved	-	-	-	-	-	4,848,256	4,361,811	3,840,362	3,428,820	3,383,043
Total general fund	3,471,352	4,153,890	4,652,381	4,206,855	4,202,307	4,939,901	4,436,867	3,962,534	3,462,429	3,435,046
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,083,303	633,791	6,084,045	737,811	640,192	-	-	-	-	-
Committed	3,710,682	5,283,346	246	1,505,291	1,596,000	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(23,653)	(23,653)	(702,888)	(467,357)	(310,208)	-	-	-	-	-
Endowment	-	-	-	-	-	60,000	60,000	60,000	60,000	60,000
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	497,845	367,679	358,993	304,847	366,770
Capital Funds	-	-	-	-	-	1,247,316	1,249,745	1,359,503	780,496	3,334,182
Permanent Funds	-	-	-	-	-	12,196	11,431	10,588	7,767	4,258
Total all other governmental funds	4,770,332	5,893,484	5,381,403	1,775,745	1,925,984	1,817,357	1,688,855	1,789,084	1,153,110	3,765,210
Total all Governmental Funds	\$ 8,241,684	\$ 10,047,374	\$ 10,033,784	\$ 5,982,600	\$ 6,128,291	\$ 6,757,258	\$ 6,125,722	\$ 5,751,618	\$ 4,615,539	\$ 7,200,256

**Assessed and Estimated Actual Value of Taxable Property⁽¹⁾
Last Ten Years
(Unaudited)**

Year Ended June 30,	Grand List of October 1,	Real Property		Personal Property		Total		Ratio of Total Assessed Value To Total Estimated Actual Value	Total Direct City Rate
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2006	2004	\$ 695,411,928	\$ 993,445,611	\$ 256,958,321	\$ 367,083,316	\$ 952,370,249	\$ 1,360,528,927	70.00%	4.90
2007	2005	832,292,222	1,188,988,889	336,672,532	480,960,760	1,168,964,754	1,669,949,649	70.00%	4.90
2008	2006	951,406,061	1,359,151,516	353,958,567	505,655,096	1,305,364,628	1,864,806,612	70.00%	4.40
2009	2007	1,049,560,390	1,499,371,986	308,965,716	441,379,594	1,358,526,106	1,940,751,580	70.00%	4.14
2010	2008	1,049,470,816	1,499,244,023	282,742,288	403,917,554	1,332,213,104	1,903,161,577	70.00%	4.14
2011	2009	1,049,648,005	1,499,497,150	264,971,922	378,531,317	1,314,619,927	1,878,028,467	70.00%	4.14
2012	2010	1,016,705,163	1,452,435,947	316,240,195	451,771,707	1,332,945,358	1,904,207,654	70.00%	4.60
2013	2011	1,011,029,157	1,444,327,361	247,047,195	352,952,564	1,258,076,348	1,797,251,925	70.00%	4.60
2014	2012	1,043,066,050	1,490,094,357	254,071,365	362,959,093	1,297,137,415	1,853,053,450	70.00%	4.60
2015	2013	1,043,075,570	1,490,107,957	254,071,365	362,959,093	1,297,146,935	1,853,067,050	70.00%	4.82

⁽¹⁾ Total assessed value based on 70 percent of estimated actual value.

City of Groton, Connecticut

Table 6

Property Tax Rates - Direct and Overlapping Governments
Last Ten Years
(Unaudited)

Year Ended June 30,	Grand List of October 1,	City of Groton			Town of Groton			Total Mill Rate
		Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total Town Millage	
2006	2004	4.59	0.31	4.90	22.01	0.94	22.95	27.85
2007	2005	4.59	0.31	4.90	23.06	0.99	24.05	28.95
2008	2006	4.12	0.28	4.40	20.34	0.87	21.21	25.61
2009	2007	3.88	0.26	4.14	18.48	0.79	19.27	23.41
2010	2008	3.88	0.26	4.14	17.22	0.73	17.95	22.09
2011	2009	3.88	0.26	4.14	18.12	0.77	18.89	23.03
2012	2010	4.36	0.24	4.60	19.51	0.71	20.22	24.82
2013	2011	4.37	0.21	4.60	19.60	1.09	20.72	25.32
2014	2012	4.32	0.28	4.60	19.95	0.77	20.72	25.32
2015	2013	4.59	0.23	4.82	19.27	0.86	20.13	24.95

Note: Data supplied by Town and City of Groton Tax Collector.

**Principal Property Taxpayers
Current Year and Ten Years Ago**

Name	Nature of Business	Current Year			Ten Years Ago		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chas. Pfizer Company, Inc.	Pharmaceuticals	\$ 498,150,280	1	38.40%	\$ 369,916,878	1	40.97%
General Dynamics Corporation	Submarine	254,711,570	2	19.64%	162,041,785	2	17.95%
Groton Estates Colonial Manor, Inc.	Apartments	12,186,670	3	0.94%	8,416,160	5	0.93%
Branford Manor, Inc.	Apartments	10,932,390	4	0.84%	9,061,090	4	1.00%
CSC Dynamics	Equipment Leasing	9,771,810	5	0.75%	9,804,010	3	1.09%
The North/South Harbor Ltd.	Apartments	5,968,340	6	0.46%	5,650,912	6	0.63%
Ansonia Acquisitions, LLC	Apartments	5,532,360	7	0.44%	3,140,970	8	0.35%
Groton Townhouse Apts., LLC	Apartments	4,822,470	8	0.37%	3,057,410	9	0.34%
Avery Heights Limited STSHP	Apartments	4,633,160	9	0.36%	3,027,290	10	0.34%
Amerada Hess Corp.	Oil Terminal	4,079,280	10	0.31%	-	N/A	0.00%
Total		\$ 810,788,330		62.51%	\$ 574,116,505		63.60%

Source: Town of Groton Assessor's Department

The total net assessment of the top ten taxpayers for the City of Groton constitutes 62.51% of the total 10/1/2013 net taxable Grand List for the City of Groton after the BAA deliberations.

**Property Tax Levies and Collection
Last Ten Years
(Unaudited)**

Year Ended June 30,	Tax Rate in Mills	Grand List of October 1	Total Adjusted Tax Levy	Net Current Collections	Percent of Levy Collected	Net Delinquent Taxes Collected	Net Total Tax Collections	Percentage of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2006	4.90	2004	\$ 4,680,780	\$ 4,647,368	99.29%	33,139	\$ 4,680,507	99.99%	\$ 273	0.01%
2007	4.90	2005	5,148,126	5,101,085	99.09%	44,106	5,145,191	99.94%	2,935	0.06%
2008	4.40	2006	5,192,653	5,146,799	99.12%	35,057	5,181,856	99.79%	10,797	0.21%
2009	4.14	2007	5,678,591	5,629,826	99.14%	46,819	5,676,645	99.97%	48,765	0.86%
2010	4.14	2008	5,634,676	5,608,587	99.54%	31,133	5,608,587	99.54%	46,819	0.83%
2011	4.14	2009	5,719,007	5,658,026	98.93%	423,274	5,658,026	98.93%	76,656	1.34%
2012	4.14	2010	5,597,114	5,443,915	98.76%	79,711	5,523,626	98.69%	73,488	1.33%
2013	4.60	2011	6,453,438	6,296,266	99.10%	90,119	6,376,385	98.81%	77,052	1.23%
2014	4.60	2012	6,185,972	5,905,522	95.47%	235,140	6,140,662	99.27%	45,310	0.73%
2015	4.82	2013	6,223,649	6,160,646	98.99%	37,033	6,197,679	99.58%	71,460	1.15%

Source: Town of Groton Tax Collector's Department.

**Ratios of Outstanding Debt Type
Last Ten Years
(Unaudited)**

Year Ended June 30,	Governmental Activities			Business-Type Activities			Grand Total	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	General Obligations Bonds			General Obligation Bonds					
	City	Sewer	Total	Electric ⁽³⁾	Water	Total			
2006	\$ 1,936,500	\$ 4,054,000	\$ 5,990,500	\$ 6,550,000	\$ 9,485,280	\$ 16,035,280	\$ 22,025,780	9.9%	2,200
2007	1,709,000	3,421,000	5,130,000	19,496,630	8,498,370	27,995,000	33,125,000	14.9%	3,309
2008	2,366,500	2,803,000	5,169,500	31,660,300	9,000,200	40,660,500	45,830,000	20.6%	4,578
2009	2,054,000	2,185,000	4,239,000	29,663,970	7,942,030	37,606,000	41,845,000	18.8%	4,180
2010	3,501,000	1,573,500	5,074,500	33,563,885	6,851,615	40,415,500	45,490,000	26.6%	5,926
2011	3,098,000	1,071,000	4,169,000	31,383,930	5,867,070	37,251,000	41,420,000	13.9%	4,138
2012	2,737,000	756,000	3,493,000	29,226,980	5,095,020	34,322,000	37,815,000	12.5%	3,733
2013	5,492,000	940,000	6,432,000	42,794,310	6,787,690	49,582,000	56,014,000	18.1%	5,391
2014	4,980,000	655,000	5,635,000	39,973,040	6,036,960	46,010,000	51,645,000	16.7%	4,971
2015	4,525,000	515,000	5,040,000	37,280,000	5,320,000	42,600,000	47,640,000	15.4%	4,586

Note: ⁽¹⁾ Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽²⁾ Electric and Water general obligation bonds are paid by the rate payers. Only a portion of the rate payers are property owners.

**Ratio of Net General Bonded Debt to Assessed Value and
Net General Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)**

Year Ended June 30,	Population	Assessed Value	Bonded Debt	Percentage of Net Long-Term Debt to Assessed Value	Net Long-Term Debt Per Capita	
2006	***	10,010	952,370,249	5,990,500	0.63%	598
2007	***	10,010	1,168,964,754	5,130,000	0.44%	512
2008	***	10,010	1,305,364,628	5,169,500	0.40%	516
2009	***	10,010	1,358,526,106	4,239,000	0.31%	423
2010	***	10,010	1,332,213,104	5,074,500	0.38%	507
2011	**	10,389	1,314,619,927	4,169,000	0.32%	401
2012	**	10,389	1,332,945,358	3,493,000	0.26%	366
2013	**	10,389	1,258,076,348	6,432,000	0.51%	619
2014	**	10,389	1,297,137,415	5,635,000	0.43%	542
2015	**	10,389	1,297,146,935	5,040,000	0.39%	485

*** Based on 2000 Bureau of Census figure.

** Based on 2010 Bureau of Census figure.

**Computation of Direct and Overlapping Bonded Debt
June 30, 2015
(Unaudited)**

Jurisdiction	Net Bonded Debt Outstanding	Percentage Application to City	Amount Applicable to City
Direct			
City of Groton	\$ 5,040,000	100.00%	\$ 5,040,000
Overlapping			
Town of Groton	<u>45,610,000</u>	33.27%	<u>15,174,447</u>
Total	<u><u>\$ 50,650,000</u></u>		<u><u>\$ 20,214,447</u></u>

Note: The percentage of overlapping debt is provided by the Town of Groton.

**Schedule of Statutory Debt Limitation
For the Year Ended June 30, 2015
(Unaudited)**

Total Tax Collections (including interest and lien fees)	\$	6,235,091		
Reimbursement for revenue loss on:				
Tax relief for elderly freeze		-		
Total Base	\$	<u>6,235,091</u>		
			General	Sewer
			Purpose	
Debt Limitation				
2-1/4 times base	\$	14,028,955	\$	-
3-3/4 times base		-		23,381,591
Total debt limitation		<u>14,028,955</u>		<u>23,381,591</u>
Indebtedness:				
Bonds payable		4,525,000		515,000
Authorized, but unissued debt		854,189		6,104,000
Total Indebtedness		<u>5,379,189</u>		<u>6,619,000</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$	<u>8,649,766</u>	\$	<u>16,762,591</u>

Notes: (A) The above total indebtedness amounts to: \$ 11,998,189

(B) In no case shall total indebtedness exceed seven times annual receipts from taxation \$ 43,645,637

(C) A "Schools" column is not provided in the above schedule since an educational system is provided by the Town of Groton.

(D) There are authorized and existing bonds of both the Electric and Water Departments. Although this debt is also a general obligation of the City, repayment is expected to come from the respective utility's operational income. Therefore, the amounts are not reflected in the schedule.

(E) The bond anticipation notes above are recorded in the Electric Department's major fund, but are shown here due to the ruling of the DPUC that the amount must be shown against the City's borrowing limitation.

**Schedule of Statutory Debt Limitation
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total tax collections, including interest and lien fees	\$ 6,235,091	\$ 6,187,324	\$ 6,412,585	\$ 5,624,204	\$ 6,117,086	\$ 5,879,707	\$ 5,789,797	\$ 5,201,200	\$ 5,214,744	\$ 4,756,093
Reimbursement for revenue loss on:										
Tax relief for elderly freeze	-	-	-	-	-	2,902	-	306	599	598
Total Base	\$ 6,235,091	\$ 6,187,324	\$ 6,412,585	\$ 5,624,204	\$ 6,117,086	\$ 5,882,609	\$ 5,789,797	\$ 5,201,506	\$ 5,215,343	\$ 4,756,691
Debt Limit										
General purpose 2 1/4 times base	\$ 14,028,955	\$ 13,921,479	\$ 14,428,316	\$ 12,654,459	\$ 13,763,444	\$ 13,235,870	\$ 13,027,043	\$ 11,703,389	\$ 11,734,522	\$ 10,702,555
Sewer 3 3/4 times base	23,381,591	23,202,465	24,047,194	21,090,765	22,939,073	22,059,784	21,711,739	19,505,648	19,557,536	17,837,591
Total Debt Limit	37,410,546	37,123,944	38,475,510	33,745,224	36,702,517	35,295,654	34,738,782	31,209,036	31,292,058	28,540,146
Net debt applicable to limit:										
General purpose:										
Bonds payable	4,525,000	4,980,000	5,492,000	2,737,000	3,098,000	3,501,000	2,054,000	2,366,500	1,709,000	1,936,500
Bond anticipation notes	-	-	-	-	-	-	-	-	-	-
Sewer:										
Bonds payable	515,000	655,000	936,000	756,000	1,071,000	1,573,500	2,185,000	2,803,000	3,421,000	4,054,000
Bond anticipation notes	-	-	-	-	-	-	-	-	-	-
Total net debt applicable to limit	5,040,000	5,635,000	6,428,000	3,493,000	4,169,000	5,074,500	4,239,000	5,169,500	5,130,000	5,990,500
Legal Debt Limit	\$ 32,370,546	\$ 31,488,944	\$ 32,047,510	\$ 30,252,224	\$ 32,533,517	\$ 30,221,154	\$ 30,499,782	\$ 26,039,536	\$ 26,162,058	\$ 22,549,646
In no case shall total indebtedness exceed seven times annual receipts from taxation	\$ 43,645,637	\$ 43,311,268	\$ 44,888,095	\$ 39,369,428	\$ 42,819,602	\$ 41,178,263	\$ 40,528,579	\$ 36,410,542	\$ 36,507,401	\$ 33,296,837
Total net debt applicable to the limit as a percentage of debt limit	13.47%	15.18%	16.71%	10.35%	11.36%	14.38%	12.20%	16.56%	16.39%	20.99%

Notes: (A) A "Schools" column is not provided in the above schedule since an educational system is provided by the Town of Groton.
 (B) There are authorized and existing bonds of both the Electric and Water Departments. Although this debt is also a general obligation of the City, repayment is expected to come from the respective utility's operational income. Therefore, the amounts are not reflected in the schedule.

**Demographic and Economic Statistics
Last Ten Calendar Years
(unaudited)**

Calendar Year	Population ¹	Personal Income (Amounts Expressed in Thousands)	Per Capita Income ²	Median Age ³	Education Level in Years of Schooling ⁴	Unemployment Rate ¹
2006	*** 10,010	222,612	22,239	*** 31.6	N/A	4.40%
2007	*** 10,010	222,612	22,239	*** 31.6	N/A	4.40%
2008	*** 10,010	222,612	22,239	*** 31.6	N/A	5.80%
2009	*** 10,010	222,612	22,239	*** 31.6	N/A	7.70%
2010	*** 10,010	222,612	22,239	*** 31.6	N/A	9.10%
2011	** 10,389	309,125	29,755	*** 28.7	N/A	9.10%
2012	** 10,389	309,125	29,755	*** 28.7	N/A	8.10%
2013	** 10,389	309,125	29,755	*** 28.7	N/A	9.30%
2014	** 10,389	309,125	29,755	*** 28.7	N/A	7.30%
2015	** 10,389	309,125	29,755	*** 28.7	N/A	5.20%

*** Based on 2000 Bureau of Census figure.

** Based on 2010 Bureau of Census figure.

(1) Based on the Connecticut Labor Department employment data.

(2) Based on 2000 U.S. Department of Commerce, Bureau of Census data.

(3) Based on 2000 Bureau of Census data.

(4) Information not available from State Department of Education.

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
General Dynamics, Electric Boat Division	6,900	1	0.0%	N/A	1	N/A
Pfizer's	3,500	2	0.0%	N/A	2	N/A
City of Groton	261	3	0.0%	N/A	3	N/A
University of Connecticut	230	4	0.0%	N/A	4	N/A
Superintendent of Ships	220	5	0.0%	N/A	5	N/A
Groton Board of Education	135	6	0.0%	N/A	6	N/A
Coast Guard Research & Development	130	7	0.0%	N/A	7	N/A
Proto-Power	108	8	0.0%	N/A	8	N/A
Sacred Heart School	38	9	0.0%	N/A	9	N/A
Project Oceanology	36	10	0.0%	N/A	10	N/A
Total	11,558		0.0%			%

SOURCE: State Department of Labor.

N/A - Data for 2006 not available.

**Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Mayor	1	1	1	1	1	1	1	1	1	1
Finance	5	5	5	5	5	5	5	5	5	5
Planning	1	1	1	1	1	1	1	1	1	1
Parks and Recreation	5	5	5	5	5	5	5	5	5	5
City Clerk	1	1	1	1	1	1	1	1	1	1
Building and Zoning	3	3	3	3	3	3	3	3	3	3
Other	3	3	3	3	3	3	3	1	1	1
Police										
Officers	30	30	31	32	32	32	32	32	32	32
Civilians	12	12	12	13	13	13	13	13	7	5
Fire										
Firefighters and officers	17	17	17	17	17	17	17	17	17	17
Public Works										
Engineering	1	1	2	2	2	2	2	2	2	1
Highway	20	21	20	20	20	20	20	18	18	18
Water Department										
	34	34	34	34	34	34	34	31	33	35
Sewer Department										
	6	6	6	6	6	6	6	6	6	5
Electric Department										
	95	95	95	95	95	95	95	99	92	61
Total	234	235	236	238	238	238	238	235	224	191

Source: Various City Departments.

Note: Data for the previous ten years is unavailable.

**Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Public Safety:										
Physical arrests	621	532	496	514	616	732	721	721	719	775
Parking violations	889	1,019	785	1,896	2,274	3,488	3,242	3,242	3,790	2,604
Traffic violations	1,341	1,865	1,815	2,234	2,584	3,290	2,576	2,576	2,096	1,126
Fire:										
Emergency responses	1,055	1,085	1,332	1,270	1,058	745	776	776	804	693
Fires extinguished	12	23	51	64	34	44	55	55	50	50
Public Works										
Highways and Streets:										
Street resurfacing (miles)	7	9	2	-	-	1	-	-	3	1
Sidewalk repaired (feet)	175	1,901	1,250	430	580	687	1,128	1,128	2,596	1,217
Sanitation:										
Refuse collected (tons/day)	12	12	12	12	12	12	12	12	14	15
Recyclables collected (tons/day)	3	3	3	3	3	2	4	4	3	3
Water Pollution Authority:										
Average daily sewage treatment (millions of gallons)	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
Beach passes issued	2,092	2,052	2,008	1,952	1,864	1,671	1,718	1,718	1,687	2,477
Recreation:										
Summer program	426	392	326	282	270	275	189	189	167	110
Fall program	115	116	192	194	90	187	29	29	27	34
Winter program	170	145	126	159	73	205	53	53	98	148
Business-Type Activities										
Water Fund										
New connections	6	6	11	10	10	11	33	33	116	41
Water main breaks	13	13	6	11	11	11	16	16	16	20
Average daily consumption (millions of gallons)	5,900MGD	5,900MGD	5,900MGD	5,800MGD	5,800MGD	5,600MGD	5,900MGD	5,900MGD	6,163MGD	6,663MGD
Peak daily consumption (millions of gallons)	13,000MGD	13,000MGD	13,000MGD	9,597MGD	9,597MGD	9,120MGD	8,857MGD	8,857MGD	11,800MGD	9,376MGD

Source: Various City Departments.

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)**

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Parks and Recreation:										
Acreage	40	40	40	40	40	40	40	40	40	40
Playgrounds	6	6	6	6	6	6	6	6	6	6
Baseball/softball diamonds	5	5	5	5	5	5	5	5	5	5
Basketball courts	3	3	3	3	3	3	3	3	3	3
Tennis courts	6	6	6	6	6	6	6	6	6	6
Public Safety										
Fire Department	2	2	2	2	2	2	2	2	2	2
Police Department:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	24	24	24	24	24	24	24	24	24	24
Public Works										
Highway Department:										
Streets (miles)	29	29	29	29	29	29	29	29	29	29
Sidewalks (miles)	23	23	23	23	23	23	23	23	22	22
Water Fund										
Water mains (miles)	105	105	105	105	105	105	105	105	105	105
Fire hydrants	708	708	708	708	708	708	708	708	708	708
Storage capacity (thousands of gallons)	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000	2,789,000
Sewer Fund										
Sewer mains (miles)	35	35	35	35	35	35	35	35	35	35
Storm drainage (miles)	16	16	16	16	16	16	16	16	16	16
Treatment capacity (millions of gallons)	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1

Source: Various City Departments.