

**Town of Chaplin, Connecticut**

**Financial Statements  
Internal Control Reports  
and Compliance Reports**

**For the Year Ended June 30, 2010**

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CERTIFIED PUBLIC ACCOUNTANTS + ADVISORS

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

- Governmental activities—The Town's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

**Reporting the Town's Most Significant Funds**

Our analysis of the Town's major funds begins in the section titled "The Town's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

**The Town as Trustee**

The Town is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Town. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets in Exhibit 5. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**THE TOWN AS A WHOLE**

The Town's *combined* net assets increased by \$108,843 from a year ago—*increasing* from \$6,027,446 to \$6,136,289. Last year net assets *decreased* by \$85,124. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town.

**Town of Chaplin, Connecticut  
For the Year Ended June 30, 2010**

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## Independent Auditors' Report

Board of Finance  
Town of Chaplin, Connecticut  
Chaplin, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chaplin, Connecticut as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Chaplin, Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chaplin, Connecticut as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

As described in Note 1, the Town has implemented authoritative accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB) *Statement 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*; *Statement 51, Accounting and Financial Reporting for Intangible Assets*; and *Statement 53, Accounting and Financial Reporting for Derivative Instruments*, of June 30, 2010.

The Town has also made a prior period adjustment to account for depreciation on capital assets. This is described more fully in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 08, 2010 on our consideration of the Town of Chaplin, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis immediately following this report and budgetary comparison information included in Required Supplementary Information (RSI) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chaplin, Connecticut's basic financial statements. The combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such combining and individual fund financial statements and supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Marion + Company*

September 08, 2010

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

Our discussion and analysis of the Town of Chaplin, Connecticut's financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

**FINANCIAL HIGHLIGHTS**

- The Town's net assets increased by \$108,843 as a result of this year's operations.
- The Town's fund balance increased. The increase for all fund's totaled \$46,761.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the Government as a Whole**

Our analysis of the Town as a whole begins with Exhibit 1. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net assets* and changes in them. You can think of the Town's net assets—the difference between assets and liabilities—as one way to measure the Town's financial health, or *financial position*. Over time, *increases or decreases* in the Town's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Statement of Net Assets and the Statement of Activities, the Town shows the following activity:

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

**Table 1  
Change in Net Assets (on Exhibit 1)**

	2010	Change During Year		2009
		Dollars	Percent	
Current and other assets	\$ 1,494,222	\$ (240,681)	-13.87%	\$ 1,734,903
Capital assets	5,691,825	107,637	1.93%	5,584,188
Total assets	<u>7,186,047</u>	<u>(133,044)</u>	-1.82%	<u>7,319,091</u>
Long-term debt outstanding	719,390	(188,138)	-20.73%	907,528
Other liabilities	330,368	(53,750)	-13.99%	384,118
Total liabilities	<u>1,049,758</u>	<u>(241,888)</u>	-18.73%	<u>1,291,646</u>
Net assets:				
Invested in capital assets, net of related debt	5,245,967	389,100	8.01%	4,856,867
Restricted	49,281	37,094	304.37%	12,187
Unrestricted	841,041	(317,351)	-27.40%	1,158,392
Total net assets	<u>\$ 6,136,289</u>	<u>\$ 108,843</u>	1.81%	<u>\$ 6,027,446</u>

**Table 2  
Change in Net Assets (on Exhibit 2)**

	2010	Change During Year		2009
		Dollars	Percent	
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 137,983	\$ (18,914)	-12.06%	\$ 156,897
Operating grants and contributions	2,590,735	8,172	0.32%	2,582,563
Capital grants and contributions	26,383	(13,815)	-34.37%	40,198
General revenues:				
Property taxes	5,232,887	313,951	6.38%	4,918,936
Grants and contributions	81,201	(44,753)	-35.53%	125,954
Interest and investment earnings	3,509	(12,645)	-78.28%	16,154
Other general revenues	4,629	(8,445)	-64.59%	13,074
Total revenues	<u>8,077,327</u>	<u>223,551</u>	2.85%	<u>7,853,776</u>
<b>Program expenses</b>				
General government	904,100	90,347	11.10%	813,753
Public safety	234,931	7,488	3.29%	227,443
Public works	426,681	(85,438)	-16.68%	512,119
Education	6,365,050	34,533	0.55%	6,330,517
Interest on long-term debt	37,722	(17,346)	-31.50%	55,068
Total expenses	<u>7,968,484</u>	<u>29,584</u>	0.37%	<u>7,938,900</u>
Increase (decrease) in net assets	<u>\$ 108,843</u>	<u>\$ 193,967</u>	-227.86%	<u>\$ (85,124)</u>

Property taxes comprise 65% of the total government-wide revenues. As a percentage of total revenue, this is up from 62% last year. Property tax revenue increased by \$313,951 from \$4,918,936 in 2009 to \$5,232,887 in 2010. This increase was offset primarily by decreases in capital grants and contributions, grants and contributions, and interest and investment

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

earnings. Capital grants and contributions decreased by \$13,815 from \$40,198 in 2009 to \$26,383 in 2010 while grants and contributions decreased \$44,753 from \$125,954 in 2009 to \$81,201 in 2010 due to a reduction in state grants awarded. Interest and investment earnings decreased by \$12,645 from \$16,154 in 2009 to \$3,509 in 2010 as a result of declining interest rates.

The Town's total revenue only increased 2.85% (\$223,551) this year over last year. Most of this was due to a 6.38% (\$313,951) increase in tax revenue as a result of the reassessment for the October 2008 grand list. The mill rate decreased from 36.75 mills to 29.85 (18.78%) in order to compensate for the increase in the grand list due to the reassessment.

Total expenses increased by a net amount of \$29,584 or .37%. Increases in general government spending of \$90,347 (11.10%) were offset primarily by decreases in public works spending of \$85,438 (16.68%).

**Governmental Activities**

Table 3 presents the cost of each of the Town's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Table 3  
Governmental Type Activities**

	Total Cost of Services		Incr. Decr.	Net Cost of Services		Incr. Decr.
	2010	2009		2010	2009	
<b>Governmental Activities</b>						
General government	\$ 904,100	\$ 813,753	11.10%	\$ 818,481	\$ 709,649	15.34%
Public safety	234,931	227,443	3.29%	229,829	222,425	3.33%
Public works	426,681	512,119	-16.68%	323,859	399,394	-18.91%
Education	6,365,050	6,330,517	0.55%	3,803,492	3,772,706	0.82%
Interest on debt	37,722	55,068	-31.50%	37,722	55,068	-31.50%
<b>Totals</b>	<b>\$ 7,968,484</b>	<b>\$ 7,938,900</b>	<b>0.37%</b>	<b>\$ 5,213,383</b>	<b>\$ 5,159,242</b>	<b>1.05%</b>

The total cost of public works decreased from last year due to a decrease in sanitation costs. The Town began single stream recycling with curbside pickup which reduced the trash tonnage and increased the recycling tonnage therefore reducing the costs and increasing recycling credits.

**THE TOWN'S FUNDS**

The year showed an increase in net assets of \$108,843 in the government-wide statements (Exhibits 1 and 2) on the full accrual basis measuring long-term health. The town showed an increase in the governmental funds of \$46,761 as presented in Exhibits 3 and 4. These statements are on the modified accrual basis and are more a measure of short-term health.



**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
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In the fund financial statements principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net assets on the government-wide statements. Likewise, purchases of capital assets are a reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net assets on the government-wide statements.

In addition, these other changes in fund balances should be noted:

- The General Fund's fund balance increased by \$38,391. There was a planned reduction in equity in order to offset taxes of \$45,384 and during the year the town appropriated \$5,660 more for a total reduction in equity of \$51,044. However there were fewer general government and elementary education expenditures than expected.
- The Capital Improvement Program continued to be used for capital and nonrecurring projects. A summary of the year's transactions, by project can be found in Schedule 2 of the Supplementary Schedules to the financial statements.

**General Fund Budgetary Highlights**

Over the course of the year, the Board of Finance can revise the Town budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriations up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting.

Below is a summarized view of the final budget and actual results for the General Fund:

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

**Table 4  
General Fund - Budget Summary**

<b>Revenues</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Property Taxes	\$ 5,132,596	\$ 5,173,448	\$ 40,852
Reimbursements In Lieu of taxes	172,031	170,909	(1,122)
Intergovernmental - Operations	143,489	136,454	(7,035)
Intergovernmental - Education	2,183,201	2,168,583	(14,618)
Receipts for Town Services	45,970	35,424	(10,546)
Other Funds	23,220	16,935	(6,285)
<b>Total Revenues</b>	<u>7,700,507</u>	<u>7,701,753</u>	<u>1,246</u>
<b>Expenditures</b>			
General Government	1,460,784	1,411,192	49,592
Education	5,734,839	5,724,840	9,999
Debt Service	324,728	323,728	1,000
Transfer to Capital Improvement Program	231,200	231,200	-
	<u>7,751,551</u>	<u>7,690,960</u>	<u>60,591</u>
<b>Excess (Deficiencies) of Revenues Over Expenditures</b>	<u>\$ (51,044)</u>	<u>\$ 10,793</u>	<u>\$ 61,837</u>

Significant variances are summarized as follows:

- Tax Collections in the fund financial statements do not include monies collected from the State of Connecticut. Instead they are included in as intergovernmental revenues where they are budgeted. These State payments are included in total property taxes in the Government-wide statements because they are directly related to the assessments of taxes on the property.

Tax collections are generally analyzed by percentages. The most common is the percentage of taxes collected in the current year compared to the current year levy. This would indicate what percentage of taxpayers paid their taxes in the year in which they were due. The Town collected 98.16% of the current year tax levy during the year. This is slightly more than the budgeted collection rate of 97.5% (the average collection rate over the last four years). The Town increased budgeted tax collections by \$16,738 which resulted in \$14,915 lower collections than budgeted. Strong back tax collections of \$36,484 over budget and interest and lien fees of \$24,533 over budget contributed to the total property taxes being \$40,852 over budget.

- General Government expenditures were \$49,592 under budget. This can be attributed to a combination of many expenditure line items. The Education expenditures were \$9,999 under budget. This is attributable to the Elementary School. For further details see the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.

**Town of Chaplin, Connecticut  
Management's Discussion and Analysis  
June 30, 2010**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2010, the Town had \$5,691,825 in capital assets (net of accumulated depreciation). This amount represents a net increase (including additions and deductions) of \$107,637 from last year. In total there were additional assets of \$302,236. The additions consist of \$41,486 for buildings and improvements, \$54,235 for equipment and \$206,515 for infrastructure. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

**Debt**

At year end, the Town had \$445,858 in bonds and notes outstanding. This is an decrease of \$281,464 from last year. The Town's general obligation bond rating continues to carry an A3 rating. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

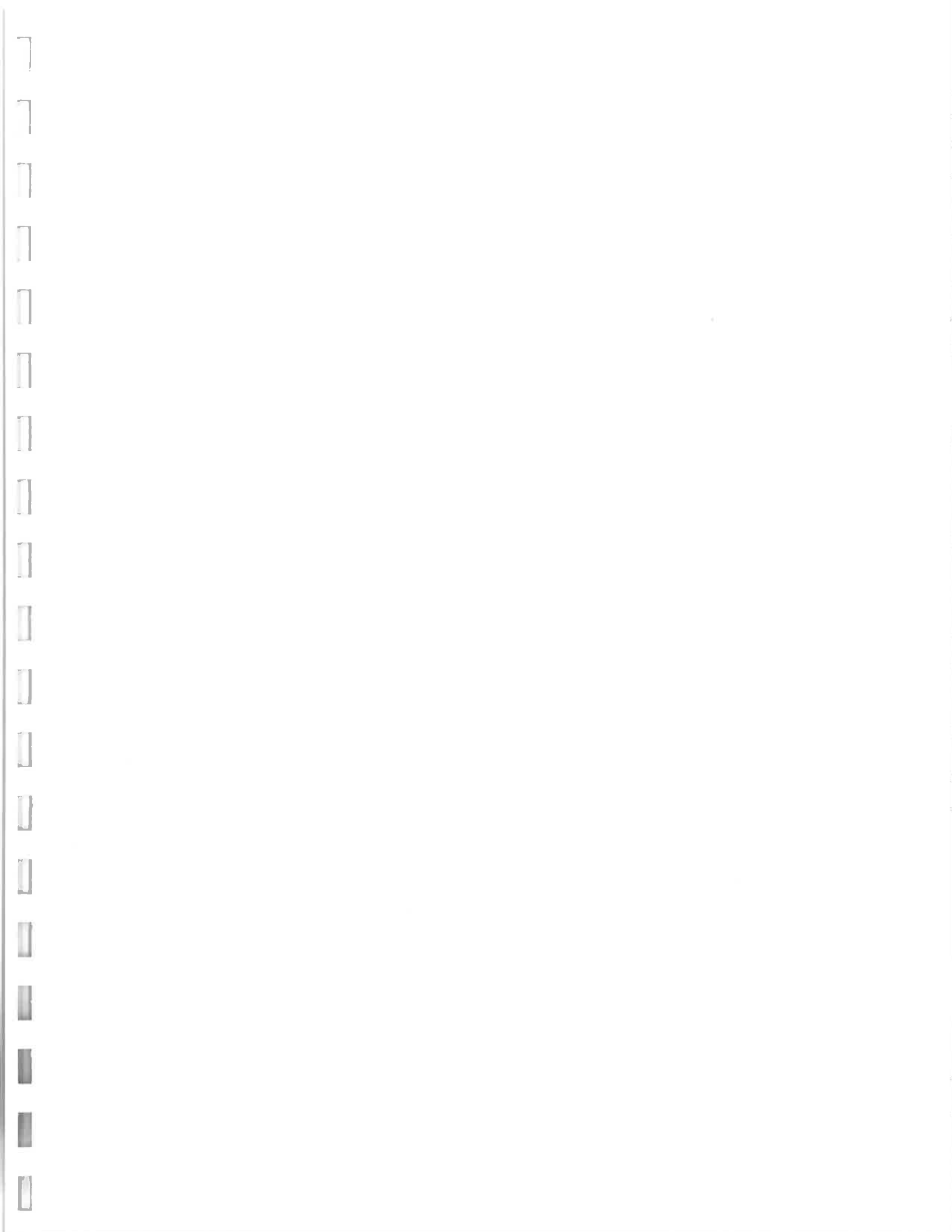
**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

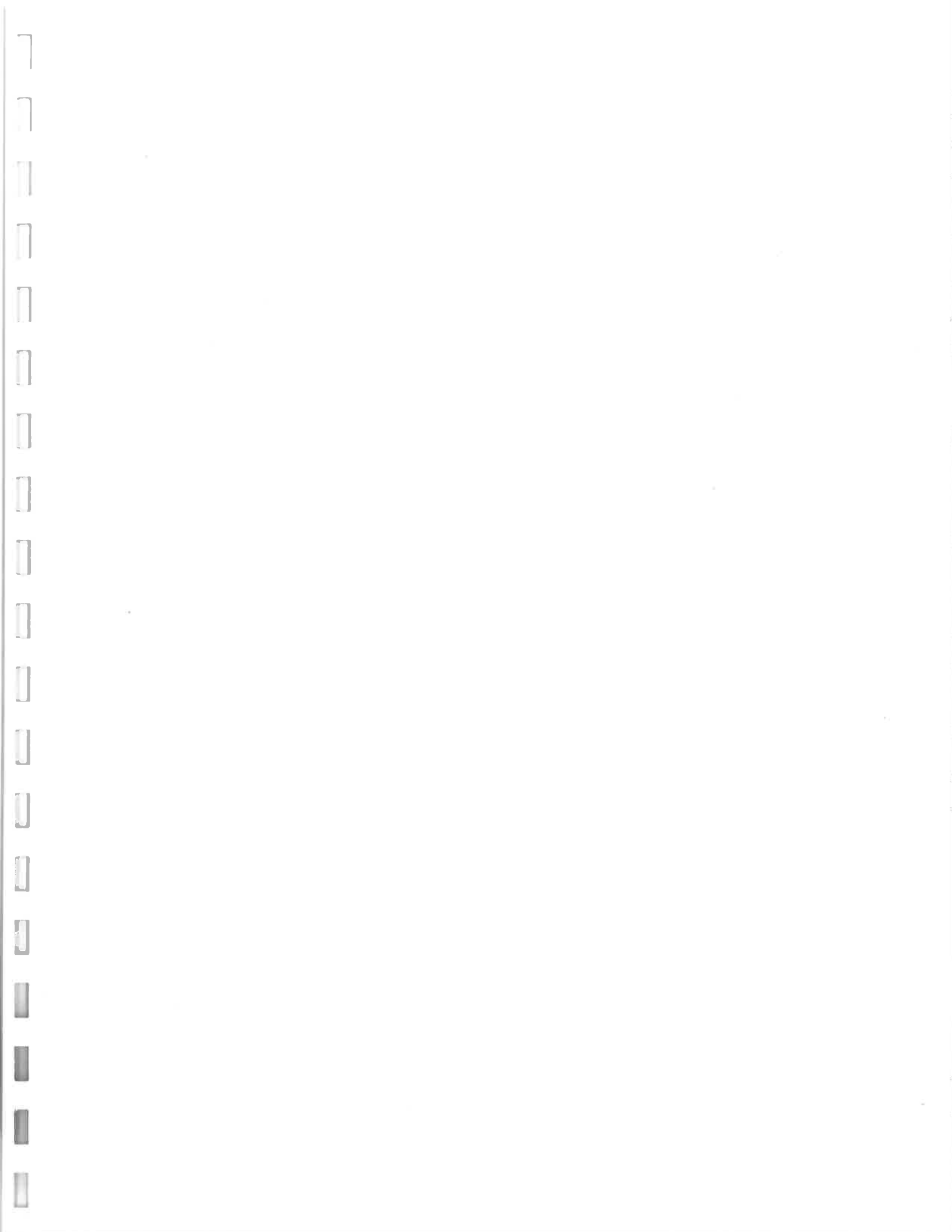
The Town's elected and appointed officials considered many factors when setting the fiscal-year 2010 budget and tax rates. The economy is still in a recession, unemployment and foreclosures are high and the real estate market has not bounced back. Interest rates continue to be at an all time low. This has slowed the market and therefore slowed tax collections as people must be current on their taxes to sell or refinance. This also reduces the income from building permits, conveyance taxes, refinancing and recording fees. The State provides most of the intergovernmental revenues. The State has level funded in some areas and reduced funding in other areas to the municipalities.

These indicators were taken into account when adopting the General Fund budget for 2011. The Board of Finance elected to keep the increase in the mill rate to a minimum (.3 mills).

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Chaplin, Connecticut, P.O. Box 286, Chaplin, CT 06235.





**Town of Chaplin, Connecticut**  
**Statement of Net Assets**  
**June 30, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,161,873
Receivables, net of allowance for collection losses	302,199
Due from related parties	26,195
Prepaid expenses	653
Inventory	3,302
Capital assets:	
Not being depreciated	342,762
Depreciable capital assets, net of accumulated depreciation	<u>5,349,063</u>
Total assets	<u>7,186,047</u>
<b>LIABILITIES</b>	
Accounts payable	84,541
Accrued wages and benefits	185,189
Accrued interest	8,855
Deferred revenue	51,783
Noncurrent liabilities:	
Due within one year	273,528
Due in more than one year	<u>445,862</u>
Total liabilities	<u>1,049,758</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	5,245,967
Restricted net assets:	
Expendable	43,356
Nonexpendable	5,925
Unrestricted net assets	<u>841,041</u>
Total net assets	<u>\$ 6,136,289</u>

The notes to the financial statements are an Integral part of this statement.

**Town of Chaplin, Connecticut**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

	Program Specific Revenues				Net (Expense) Revenue Total
	Charges for		Grants and Contributions		
	Expenses	Services	Operating	Capital	
<b>Functions/Programs</b>					
Governmental activities:					
General government	\$ (904,100)	\$ 44,918	\$ 40,701	\$ -	\$ (818,481)
Public safety	(234,931)	2,290	2,812	-	(229,829)
Public works	(426,681)	4,699	96,956	1,167	(323,859)
Education	(6,365,050)	86,076	2,450,266	25,216	(3,803,492)
Interest on long-term debt	(37,722)	-	-	-	(37,722)
	<u>\$ (7,968,484)</u>	<u>\$ 137,983</u>	<u>\$ 2,590,735</u>	<u>\$ 26,383</u>	<u>(5,213,383)</u>
General revenues:					
Property taxes, payments in lieu of taxes, interest and liens					5,232,887
Grants and contributions					81,201
Interest and investment earnings					3,509
Miscellaneous					4,629
					<u>5,322,226</u>
Changes in net assets					108,843
Net assets, beginning of the year					<u>6,027,446</u>
Net assets, end of the year					<u>\$ 6,136,289</u>

The notes to the financial statements are an integral part of this statement.

**Town of Chaplin, Connecticut  
Balance Sheet  
Governmental Funds  
June 30, 2010**

	General Fund	Capital Improvement Program	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 957,690	\$ 114,492	\$ 89,691	\$ 1,161,873
Receivables	298,918	-	3,281	302,199
Inventory	-	-	3,302	3,302
Due from other governmental funds	10,092	625	10,481	21,198
Due from related parties	26,195	-	-	26,195
Prepaid expenditures	653	-	-	653
<b>Total assets</b>	<b>\$ 1,293,548</b>	<b>\$ 115,117</b>	<b>\$ 106,755</b>	<b>\$ 1,515,420</b>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 83,316	\$ -	\$ 1,225	\$ 84,541
Accrued expenses	176,743	-	8,446	185,189
Deferred revenue	325,168	-	15,862	341,030
Due to other governmental funds	11,106	-	10,092	21,198
<b>Total liabilities</b>	<b>596,333</b>	<b>-</b>	<b>35,625</b>	<b>631,958</b>
<b>Fund balance</b>				
Reserved	59,103	-	43,508	102,611
Unreserved, reported in:				
General Fund - Undesignated	598,112	-	-	598,112
General Fund - Designated	40,000	-	-	40,000
Special Revenue Fund	-	-	27,860	27,860
Capital Projects Fund - Undesignated	-	89,457	-	89,457
Capital Projects Fund - Designated	-	25,660	-	25,660
Permanent Funds	-	-	(238)	(238)
<b>Total fund balance</b>	<b>697,215</b>	<b>115,117</b>	<b>71,130</b>	<b>883,462</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,293,548</b>	<b>\$ 115,117</b>	<b>\$ 106,755</b>	

**Reconciliation of net assets to fund balances - total governmental funds:**

Less: Long-term liabilities not due and payable in current period:	
Bonds, notes, capital leases payable and unamortized premiums on bond costs	(445,858)
Compensated absences and special termination benefits	(186,216)
Claims and judgments	(26,775)
Accrued interest payable	(8,855)
Other post employment benefits	(60,541)
Plus:	
Deferred charges on bond costs (to be amortized over the life of the bond)	
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	5,691,825
Other long-term assets not available to pay for current period expenditures, recorded as deferred revenue in the funds	289,247
<b>Net assets reported on the government-wide financial statements (Exhibit 1)</b>	<b>\$ 6,136,289</b>

The notes to the financial statements are an integral part of this statement.



**Town of Chaplin, Connecticut**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2010**

	General Fund	Capital Improvement Program	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes, interest and lien fees	\$ 5,173,448	\$ -	\$ -	\$ 5,173,448
Intergovernmental revenues	2,722,137	-	267,994	2,990,131
Local revenues	54,464	-	107,599	162,063
	<u>7,950,049</u>	<u>-</u>	<u>375,593</u>	<u>8,325,642</u>
<b>Expenditures</b>				
Current expenditures:				
General government	795,349	-	21,462	816,811
Public safety	180,330	-	-	180,330
Public works	435,104	-	-	435,104
Education	5,945,322	-	335,749	6,281,071
Capital outlay	-	241,837	-	241,837
Debt service	323,728	-	-	323,728
	<u>7,679,833</u>	<u>241,837</u>	<u>357,211</u>	<u>8,278,881</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>270,216</u>	<u>(241,837)</u>	<u>18,382</u>	<u>46,761</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	231,825	-	231,825
Operating transfers out	(231,825)	-	-	(231,825)
	<u>(231,825)</u>	<u>231,825</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<u>38,391</u>	<u>(10,012)</u>	<u>18,382</u>	<u>46,761</u>
<b>Fund balance, beginning of the year</b>	<u>658,824</u>	<u>125,129</u>	<u>52,748</u>	<u>836,701</u>
<b>Fund balance, end of the year</b>	<u>\$ 697,215</u>	<u>\$ 115,117</u>	<u>\$ 71,130</u>	<u>\$ 883,462</u>

**Reconciliation of the statement of revenues, expenditures and changes in fund balance (above) to the statement of activities (Exhibit 2)**

<b>Net change in fund balances - total governmental funds (above)</b>	\$ 46,761
Transactions involving the treatment of capital outlays:	
Plus: Capital outlays treated as expenditures here, but capitalized on Exhibit 2	302,236
Less: Depreciation expense recorded in Exhibit 2, but not considered in the fund statements	(194,599)
Transactions involving the treatment of long-term debt:	
Plus: Principal repayments:	
General obligation bonds	281,464
Changes in other items not requiring the use of current financial resources:	
Compensated absences and special termination benefits	(6,010)
Accrued interest payable	4,542
Claims and judgments	(26,775)
Other post employment benefit cost	(60,541)
Revenue in the Statement of Activities (Exhibit 2) that is deferred in this statement	
State reimbursement of bond principal	(209,733)
Taxes, interest and lien fees	(30,269)
Other	1,767
<b>Changes In net assets of governmental activities (Exhibit 2)</b>	<u>\$ 108,843</u>

The notes to the financial statements are an integral part of this statement.

Town of Chaplin, Connecticut  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2010

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 8,171</u>
<b>Liabilities</b>	
Due to students	<u>8,171</u>
<b>Net assets</b>	<u><u>\$ -</u></u>

The notes to the financial statements are an Integral part of this statement.

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting entity**

The Town of Chaplin, Connecticut (Town) is a municipal corporation governed by a selectmen–town meeting form of government. Under this form of government the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public school system. An elected board of finance is the budget making authority and supervises the town financial matters.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criterion, provided by the Government Accounting Standards Board (GASB), has been considered and there are no agencies or entities which should be presented with this government.

**B. Government-wide and fund financial statements**

The *government-wide financial statements* (Exhibits 1 and 2) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate *fund financial statements* are provided for governmental funds and fiduciary funds (Exhibits 3, 4 and 5). *Governmental activities*, activities which normally are supported by taxes and intergovernmental revenues, are reported in the governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the governments own programs.

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**C. Measurement focus, accounting basis, and financial statement presentation**

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

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

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

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

The Town reports the following major governmental funds:

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

The *Capital Improvement Program* accounts for the accumulation of assets for expenditures against the five year capital improvement plan.

Additionally, the Town reports the following fiduciary fund types:

*Agency Funds* account for monies held as a custodian for outside groups and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**D. Assets, liabilities, and net assets**

***1) Deposits and investments***

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are reported at fair value.

*Custodial Credit Risk* - Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America and obligations of any State or political subdivision, which is tax exempt. Certain Fiduciary Funds are allowed more flexibility in investing.

*Credit Risk* - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

*Interest Rate Risk* - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

*Concentration of Credit Risk* - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

***2) Receivables***

Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into two billings; the following July 1<sup>st</sup> and January 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup> and February 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is calculated using a two tier formula based on prior experience and current knowledge.

***3) Activity between funds***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "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). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

***4) Inventories and prepaid items***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

***5) 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 activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type 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.

Land is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

<b>Assets</b>	<b>Years</b>	<b>Capitalization Threshold</b>
Land	N/A	\$ 5,000
Buildings and Improvements	50	\$ 5,000
Equipment	10	\$ 5,000
Board of Education Equipment	10	\$ 5,000
Vehicles	10	\$ 5,000
Infrastructure	40	\$ 5,000

**6) *Compensated absences***

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave since the Town has a policy to pay any amounts when employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**7) *Long-term obligations***

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8) *Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**E. Subsequent Events**

Subsequent events have been evaluated through the date of this report, September 08, 2010.

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**F. Changes in Financial Statements**

The Town implemented Governmental Accounting Standards Board (GASB) Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions*, as of June 30, 2010. This statement requires actuarial calculations for other post employment benefits (OPEB) such as health insurance.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 51, *Accounting and Financial Reporting for Intangible Assets*, as of June 30, 2010. This statement establishes accounting and financial reporting requirements for intangible assets (including easements, water rights, timber rights, patents, trademarks, and computer software) to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, of June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments, if applicable.

The Town made a prior period adjustment to the depreciation on capital assets. This increased the beginning accumulated depreciation and decreased Net Assets by \$140,796.

Lastly, the Town combined its two Permanent Funds into one Permanent Fund.

**Note 2 - Budgeting**

**A. Budget Basis**

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teacher's Retirement** - The Town does not recognize as income or expenditures payments made for the teacher's retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures. On the statements prepared under Generally Accepted Accounting Principles, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities.



**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** – Payroll in the general government portion of the budget is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

**B. Budget Calendar**

The Boards of Selectmen and Education submit requests for appropriations to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

**C. Budget Control**

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. During the year \$28,333 in additional appropriations were made.

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

**Note 3 – Deposits and Investments**

**A. Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at year end:

Governmental Funds	\$ 1,161,873
Agency Funds	<u>8,171</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,170,044</u></u>

**B. Custodial Credit Risk on Deposits**

As of June 30, 2010, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 576,348
Plus: External Investment Pools treated as cash and cash equivalents	<u>593,696</u>
Total Cash and Cash Equivalents	<u><u>\$ 1,170,044</u></u>

The bank balance of the deposits of \$571,705 was entirely covered by Federal Depository Insurance because of special FDIC rules through December 31, 2010.

**C. External Investment Pools Treated as Cash and Cash Equivalents**

The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The pool, Short-Term Investment Fund (STIF), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is rated AAAm by Standard & Poor. This is the highest rating for money market funds and investment pools.

**Note 4 - Receivables and Deferred Revenues**

**A. Receivables**

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

	General Fund	Other Governmental Funds
Taxes	\$ 110,770	\$ -
Interest and fees on back receivables	19,553	-
Intergovernmental:		
Principal reimbursement on bonds	182,052	-
Other intergovernmental	2,812	3,114
Other receivables	-	1,693
Gross receivables	315,187	4,807
Less: allowance for uncollectibles	(16,269)	(1,526)
	\$ 298,918	\$ 3,281

**B. Deferred Revenues**

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

	Unavailable	Unearned
Reimbursements on school bond payments	\$ 182,052	\$ -
Delinquent net property taxes, interest and liens receivable	104,383	-
Advance tax collections	-	35,921
Other receivables	2,812	60
Grant drawdowns prior to meeting all eligibility requirements	-	15,802
Total deferred/unearned revenue for governmental funds	\$ 289,247	\$ 51,783

**Note 5 - Capital Assets**

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 30,100
Public safety	19,814
Public works	17,659
Education	127,026
Total depreciation expense - governmental activities	\$ 194,599

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

Capital asset activity for the year was as follows:

	Beginning	Increases	Decreases	Ending
Capital assets not being depreciated:				
Land	\$ 342,762	\$ -	\$ -	\$ 342,762
	<u>342,762</u>	<u>-</u>	<u>-</u>	<u>342,762</u>
Capital assets being depreciated:				
Buildings and improvements	7,142,727	41,486	-	7,184,213
Vehicles	383,000	-	-	383,000
Equipment	196,442	54,235	-	250,677
Infrastructure	426,448	206,515	-	632,963
	<u>8,148,617</u>	<u>302,236</u>	<u>-</u>	<u>8,450,853</u>
Less: Accumulated depreciation:	<u>(2,907,191)</u>	<u>(194,599)</u>	<u>-</u>	<u>(3,101,790)</u>
	<u>5,241,426</u>	<u>107,637</u>	<u>-</u>	<u>5,349,063</u>
Total capital assets, net	<u>\$ 5,584,188</u>	<u>\$ 107,637</u>	<u>\$ -</u>	<u>\$ 5,691,825</u>

**Note 6 - Interfund Activities**

**A. Interfund transfers:**

Interfund transfers are primarily used to move revenue earned in the General Fund to other funds. During the year \$231,825 was transferred from the General Fund to the Capital Improvement Program.

**B. Advance to/from other funds**

There are no long-term loan agreements on the interfund balances.

**C. Due to/from other funds**

The following are temporary borrowings between funds. These are either expected to be paid off within one year or have no agreed payment terms:

Receivable Fund	Payable Fund	Amount
General Fund	Child Nutrition Fund	\$ 10,092
Capital Projects Fund	General Fund	625
Cemetery Fund	General Fund	5,687
Library Restoration Fund	General Fund	4,794
		<u>\$ 21,198</u>

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**Note 7 - Long-Term Debt**

**A. Changes in long-term liabilities**

Long-term liability activity for the year June 30, 2010 was as follows:

	Opening Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
Elementary School	\$ 495,000	\$ -	\$ (265,000)	\$ 230,000	\$ 230,000
Town	232,322	-	(16,464)	215,858	17,627
Total Bonds Payable	727,322	-	(281,464)	445,858	247,627
Compensated Absences	180,206	6,010	-	186,216	18,622
Claims and Judgments - MIRMA	-	26,775	-	26,775	7,279
Other Post Employment Benefits	-	60,541	-	60,541	-
	<u>\$ 907,528</u>	<u>\$ 93,326</u>	<u>\$ (281,464)</u>	<u>\$ 719,390</u>	<u>\$ 273,528</u>

**B. General obligation bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as 20 year serial bonds with equal amounts of principal maturing each year. Payments on these bonds have been made out of the General Fund and are all charged to expenditures.

General obligation bonds currently outstanding are as follows:

Purpose	Original Amount	Matures in Year Ending	Interest Rates	Amount
Elementary School Renovations	\$ 5,000,000	2011	6.25%	\$ 230,000
Library	\$ 350,000	2020	4.88%	215,858
				<u>\$ 445,858</u>

Annual debt service requirements to maturity for general obligation bonds are as shown in the following schedule.

Year Ending	Principal	Interest	Year Ending	Principal	Interest
2011	247,627	24,898	2016	21,907	5,883
2012	18,109	9,681	2017	22,975	4,815
2013	18,992	8,798	2018	24,095	3,695
2014	19,917	7,873	2019	25,269	2,521
2015	20,888	6,902	2020	26,079	1,351
			Total	<u>\$ 445,858</u>	<u>\$ 76,417</u>

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

**C. Claims and Judgments**

The Town has a structured settlement to pay a supplemental premium assessment to the Municipal Interlocal Risk Management Agency (MIRMA). Annual payments in the amount of \$7,279 are due on July 1<sup>st</sup> through 2013. This liability is recorded at the present value of the future payments.

**D. Debt Limitations under Connecticut State Statutes**

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town of Chaplin, Connecticut are as follows:

Total tax collections (including interest and lien fees) for the year	\$ 5,169,786
Reimbursements for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	15,211
Debt limitation base	<u>\$ 5,184,997</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 11,666,243	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	23,332,487	-	-	-
3 3/4 times base	-	-	19,443,739	-	-
3 1/4 times base	-	-	-	16,851,240	-
3 times base	-	-	-	-	15,554,991
Total debt limitation	11,666,243	23,332,487	19,443,739	16,851,240	15,554,991

Indebtedness:					
Bonds and notes payable	215,858	230,000	-	-	-
Amount to be provided by CT	-	(182,052)	-	-	-
Regional School District 11	-	-	-	-	-
Total indebtedness	215,858	47,948	-	-	-

Debt limitation in excess of debt outstanding and authorized	\$ 11,450,385	\$ 23,284,539	\$ 19,443,739	\$ 16,851,240	\$ 15,554,991
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In no case shall total indebtedness exceed seven times annual receipts from taxation \$ 36,294,979

**Note 8 - Equity**

**A. Restricted Net Assets**

Restricted Net Assets are reported in Exhibit 1 when constraints placed on net assets are either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation of the Town.

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

	Nonexpendable	Expendable
General Fund	\$ -	\$ 6,825
Preschool Program	-	34,281
Cemetery Maintenance Fund	5,925	-
	<u>\$ 5,925</u>	<u>\$ 41,106</u>

**B. Reserved Fund Balances**

Fund Balances are reported in the Fund Financial Statements. Reserved Fund Balances represent those portions of the fund equity not available for appropriation for expenditures or legally segregated for a specific future use. At June 30, 2010 this consisted of:

	General Fund	Other Governmental Funds
Local Capital Improvement Program Fees	\$ 7,794	\$ -
Discovery Day Donations	5,427	-
Land Preservation Fees	2,597	-
Historic Document Preservation Fees	1,103	-
Connecticut State Library Grant	1,293	-
William Ross Library Grant	2,250	-
ARRA Jag Grant	6,825	-
Encumbrances	31,814	-
Preschool Program	-	34,281
Principal Balance of Trust Funds	-	5,925
Inventory	-	3,302
	<u>\$ 59,103</u>	<u>\$ 43,508</u>

**C. Designated Fund Balances**

Designated Fund Balances represent those portions of fund balance in the fund financial statements for which the Town has tentative plans for future uses of these financial resources. At June 30, 2010 this consisted of:

	Nonexpendable	Expendable
Capital Improvement Program Specific Projects	\$ -	\$ 25,660
General Fund for Future Parish Hill Expenses	-	40,000
	<u>\$ -</u>	<u>\$ 65,660</u>

**D. Deficit Fund Balances**

The Child Nutrition Fund had a deficit Fund Balance of \$1,997.

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

**Note 9 - Employee Retirement Systems and Pension Plans**

**A. Teachers' Retirement System**

Teachers and certain other certified personnel in the Town are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a. The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty five years of credited service, at least twenty five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers' Retirement Board.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

The funding of the system is provided by required member contributions (7 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2010, the State contributed \$248,296 into the pension plan on behalf of the Town of Chaplin, Connecticut. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for the fiscal year ending June 30, 2010 was \$2,304,184 of which \$1,605,153 was covered under this pension plan.

**B. Deferred Compensation Plan**

The Town has established a deferred compensation plan under Section 457 of the Internal Revenue Service Code for employees of the general government. Employees may elect to defer a portion of their gross pay up to the maximum allowed in the Code. The Town is not the trustee of this plan.

**Note 10 – Other Post Employment Benefit (OPEB)**

**A. Plan Description**

The Chaplin Public Schools Other Post Employment Benefit Program is a single-employer defined benefit plan administered by the Town of Chaplin, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.



**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

Eligibility	Teachers and Certified Administrators - A Teacher or Certified Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.
Cost Sharing	All retirees pay 100% of the premiums less the amount paid to the Town by the Teachers' Retirement Board.
Plan of Coverage	Various medical, dental and pharmaceutical plans depending on whether retirement is prior to age 65 or after 65.

**B. Actuarial Assumptions and Methods**

The Town of Chaplin, Connecticut has qualified for the Alternative Measurement Method (AMM). The calculation of the actuarial accrued liability and annual required contribution under this method are completed without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted per GASB guidelines.

Latest Actuarial Date	June 30, 2010
Actuarial Cost Method	Entry Age
Discount Rate	3.50%
Payroll Growth Rate	3.00%
Medical Inflation	Initial rate of 8% grading down to an ultimate inflation rate of 3% in 2020 and later.
Amortization Method	Level percentage of payroll
Remaining amortization	30 years, closed
Mortality	RP2000 Mortality Table for Males and Females projected 10 years
Turnover	Standard turnover assumptions – GASB 45 paragraph 35b
Retirement	Average retirement age of 56
Future Retiree Coverage	67% are assumed to elect coverage at retirement

**C. Schedule of Funding Progress**

There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time.

Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.)

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 995,690	\$ 995,690	0.00%	\$ 1,612,222	61.76%

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

**D. Schedule of Employer Contributions**

The schedule of employer contributions is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30	Annual Required Contributions	Actual Contributions Made	Percentage Contributed
2010	\$ 89,755	\$ 29,214	32.55%

**E. Annual Required Contribution (ARC)**

The Annual Required Contribution (ARC) for the OPEB program consists of two pieces:

**Past Service Cost** (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2009. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution, plus

**Normal Cost** is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The annual calculation of Annual OPEB cost (AOC) and Net OPEB Obligation (NOO) is as follows. (Data in the table below is only presented since the year of transition):

Past Service Cost	\$ 36,818
Normal Cost	52,937
<b>Annual Required Contribution (ARC)</b>	<b>89,755</b>
Expected Benefit Payouts	(29,214)
Increase in Net OPEB Obligation	<u>\$ 60,541</u>

**F. Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation (asset):

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

Annual required contribution (ARC)	\$ 89,755
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>89,755</u>
Contributions made	<u>(29,214)</u>
Increase (decrease) in net OPEB obligation	60,541
Net OPEB obligation (asset), beginning of year	-
Net OPEB obligation (asset), end of year	<u>\$ 60,541</u>

The Net OPEB Obligation history is as follows. (Data in the table below is only presented since the year of transition):

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution Made	Percentage of APC Contributed	Net OPEB Obligation (Asset)
6/30/2010	\$ 89,755	\$ 29,214	32.5%	\$ 60,541

**G. Other Disclosures**

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Note 11 - Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

**Note 12 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**Town of Chaplin, Connecticut  
Notes to the Financial Statements  
For the Year Ended June 30, 2010**

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

**Note 13 – Related Parties**

**A. Regional School District #11-Central Office Committee**

Regional School District #11-Central Office Committee (Central Office Committee) was established as a joint venture by a compact to provide supervisory services between the Boards of Education of Chaplin, Hampton, Scotland, and Regional School District #11-Parish Hill High School. Balances due to or from the Central Office Committee are referred to as due to or due from a related party.

Although the Town had no responsibility for funding deficits and had no privileges to surpluses, the compact ended as of June 30, 2007, at year end 2010 an agreement had been worked out with the other parties involved in the compact. This agreement will allow the Central Office Committee to pay the Town of Chaplin the full balance of the \$26,195 owed as of June 30, 2010.

**B. Regional School District #11-Parish Hill High School**

As of July 1, 2007, the Town has made an unwritten agreement with Regional School District #11 – Parish Hill High School to provide supervisory services for the Chaplin Board of Education.

**C. Amounts Owed Between Related Parties**

As of June 30, 2010 the amounts owed between these related parties was as follows:

	General Fund	Governmental Funds	Total
Due From:			
Central Office Committee	\$ 26,195	\$ -	\$ 26,195
Parish Hill High School	-	-	-
	<u>\$ 26,195</u>	<u>\$ -</u>	<u>\$ 26,195</u>
Due To:			
Central Office Committee	\$ -	\$ -	\$ -
Parish Hill High School	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Chaplin, Connecticut**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2010**

**Note 14 – GASB Pronouncements Issued, But Not Yet Effective**

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB #54 – *Fund Balance Reporting and Governmental Fund Type Definitions* – This statement provides clearer fund balance classifications that can be more consistently applied. This is effective for the year ending June 30, 2011.
- GASB #59 – *Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This is effective for the year ending June 30, 2011.

**Town of Chaplin, Connecticut**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Year Ended June 30, 2010**

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual Budgetary Basis	Variance
<b>REVENUES</b>					
<b>Property Taxes:</b>					
Property Taxes	4,997,858	\$ 16,738	\$ 5,014,596	\$ 4,999,681	\$ (14,915)
Interest, Liens and Fees	35,000	-	35,000	59,533	24,533
Payment in Lieu of Taxes	7,000	-	7,000	7,000	-
Telecommunications Property Tax CGS 12-80a	16,000	-	16,000	10,750	(5,250)
Prior Year Taxes	60,000	-	60,000	96,484	36,484
	<u>5,115,858</u>	<u>16,738</u>	<u>5,132,596</u>	<u>5,173,448</u>	<u>40,852</u>
<b>Reimbursements in Lieu of Taxes:</b>					
Boat Tax Reimbursement	581	-	581	298	(283)
Disability Exemption	330	-	330	328	(2)
Elderly Tax Reimbursement	14,000	-	14,000	15,211	1,211
Machinery Equipment Reimbursement	550	-	550	626	76
Pequot State Property	85,356	(2,237)	83,119	81,201	(1,918)
State and Federal Property Reimbursements	73,026	124	73,150	73,150	-
Veterans Exemption	301	-	301	95	(206)
	<u>174,144</u>	<u>(2,113)</u>	<u>172,031</u>	<u>170,909</u>	<u>(1,122)</u>
<b>State and Federal Funding for Operations:</b>					
Circuit Court	1,280	-	1,280	2,230	950
Historic Document Preservation	5,000	-	5,000	5,000	-
Grants to Public Libraries CGS 11-24b	1,300	-	1,300	1,293	(7)
Miscellaneous Grants	20,000	18,100	38,100	30,975	(7,125)
Town Aid Road (TARM)	88,529	9,280	97,809	96,956	(853)
	<u>116,109</u>	<u>27,380</u>	<u>143,489</u>	<u>136,454</u>	<u>(7,035)</u>
<b>State Educational Funding:</b>					
Adult Education/Student Improvement	3,132	-	3,132	3,282	150
Education Cost Sharing: (K-12)	1,880,888	(11,332)	1,869,556	1,601,219	(268,337)
American Recovery and Reinvestment Act	-	-	-	268,337	268,337
Elementary School Construction State Grant	234,950	-	234,950	234,949	(1)
Special Education	9,000	-	9,000	24,262	15,262
Transportation	66,563	-	66,563	36,534	(30,029)
	<u>2,194,533</u>	<u>(11,332)</u>	<u>2,183,201</u>	<u>2,168,583</u>	<u>(14,618)</u>
<b>Receipts for Town Services:</b>					
Conveyance Tax	15,000	-	15,000	10,573	(4,427)
Building Permits	12,500	-	12,500	3,131	(9,369)
Recording Fees	12,000	-	12,000	6,955	(5,045)
Transfer Station Fees	4,500	-	4,500	4,699	199
Planning and Zoning	1,500	-	1,500	5,547	4,047
Animal Adoption Program	270	-	270	(95)	(365)
Pistol Permits	200	-	200	522	322
Animal Shelter - Hampton	-	-	-	2,540	2,540
Inland Wetland - Permits and Regs	-	-	-	654	654
Zoning Board of Appeals	-	-	-	280	280
Dog License and Surcharges	-	-	-	265	265
Animal Redemption	-	-	-	245	245
DEP - Sportsperson Licenses	-	-	-	58	58
Historic Commission	-	-	-	50	50
	<u>45,970</u>	<u>-</u>	<u>45,970</u>	<u>35,424</u>	<u>(10,546)</u>
<b>Town Clerk Revenues:</b>					
Copies	2,500	-	2,500	3,221	721
Recording Fees - LOCIP CGS 7-34a(e)	1,250	-	1,250	1,167	(83)
Recording Fees - Historic Document Preservation C	450	-	450	389	(61)
Recording Fees - Land Preservation CGS 7-34a(e)	400	-	400	389	(11)
	<u>4,600</u>	<u>-</u>	<u>4,600</u>	<u>5,166</u>	<u>566</u>

(Continued)

**Town of Chaplin, Connecticut**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Year Ended June 30, 2010**

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual Budgetary Basis	Variance
<b>Other Funds:</b>					
Investment Interest	16,000	-	16,000	3,469	(12,531)
Recycling	8,000	(8,000)	-	-	-
Firehouse Hall Rental	2,500	-	2,500	2,025	(475)
Vital Statistics and Copies	120	-	120	88	(32)
Elementary School Refunds/ Reimb	-	-	-	1,387	1,387
Miscellaneous Receipts	-	-	-	4,800	4,800
	<u>26,620</u>	<u>(8,000)</u>	<u>18,620</u>	<u>11,769</u>	<u>(6,851)</u>
<b>TOTAL REVENUES</b>	<u>7,677,834</u>	<u>22,673</u>	<u>7,700,507</u>	<u>7,701,753</u>	<u>1,246</u>
<b>EXPENDITURES</b>					
<b>General Government:</b>					
General Government	124,752	39,807	164,559	147,179	17,380
Accountant	36,349	895	37,244	37,244	-
Animal Control Officer	7,925	-	7,925	7,756	169
Assessor	36,115	(1,708)	34,407	33,388	1,019
Board of Assessment Appeals	125	-	125	118	7
Board of Finance	35,575	-	35,575	34,864	711
Board of Selectmen	70,094	-	70,094	68,433	1,661
Building, Grounds Maintenance	66,440	(3,178)	63,262	63,079	183
Building Inspector	18,528	-	18,528	17,610	918
Burning Official	1,433	-	1,433	1,288	145
Conservation Commission	700	-	700	50	650
Emergency Preparedness	1,700	-	1,700	838	862
Employee Benefits and Costs	172,238	18,542	190,780	190,780	-
Fire Marshal	10,168	-	10,168	9,723	445
Historic District Commission	350	-	350	244	106
Inland/Wetlands	14,920	-	14,920	13,215	1,705
Chaplin Library	62,393	-	62,393	54,087	8,306
Planning and Zoning Commission	15,911	4,473	20,384	20,384	-
Police Protection	100,793	(8,514)	92,279	92,100	179
Public Works	198,700	8,516	207,216	207,216	-
Recreation	9,550	-	9,550	9,481	69
Registrars, Elections and Primaries	9,900	-	9,900	6,361	3,539
Sanitation	159,708	(16,699)	143,009	143,009	-
Senior Center	56,835	-	56,835	53,542	3,293
Tax Collector	40,843	863	41,706	39,523	2,183
Town Clerk	35,974	2,437	38,411	37,954	457
Town Memberships	13,290	-	13,290	13,010	280
Town Treasurer	11,161	-	11,161	11,090	71
Transfer Station	29,836	-	29,836	26,425	3,411
Vital Statistics	486	-	486	474	12
Volunteer Fire Department	69,400	513	69,913	69,913	-
Zoning Board of Appeals	2,645	-	2,645	814	1,831
	<u>1,414,837</u>	<u>45,947</u>	<u>1,460,784</u>	<u>1,411,192</u>	<u>49,592</u>

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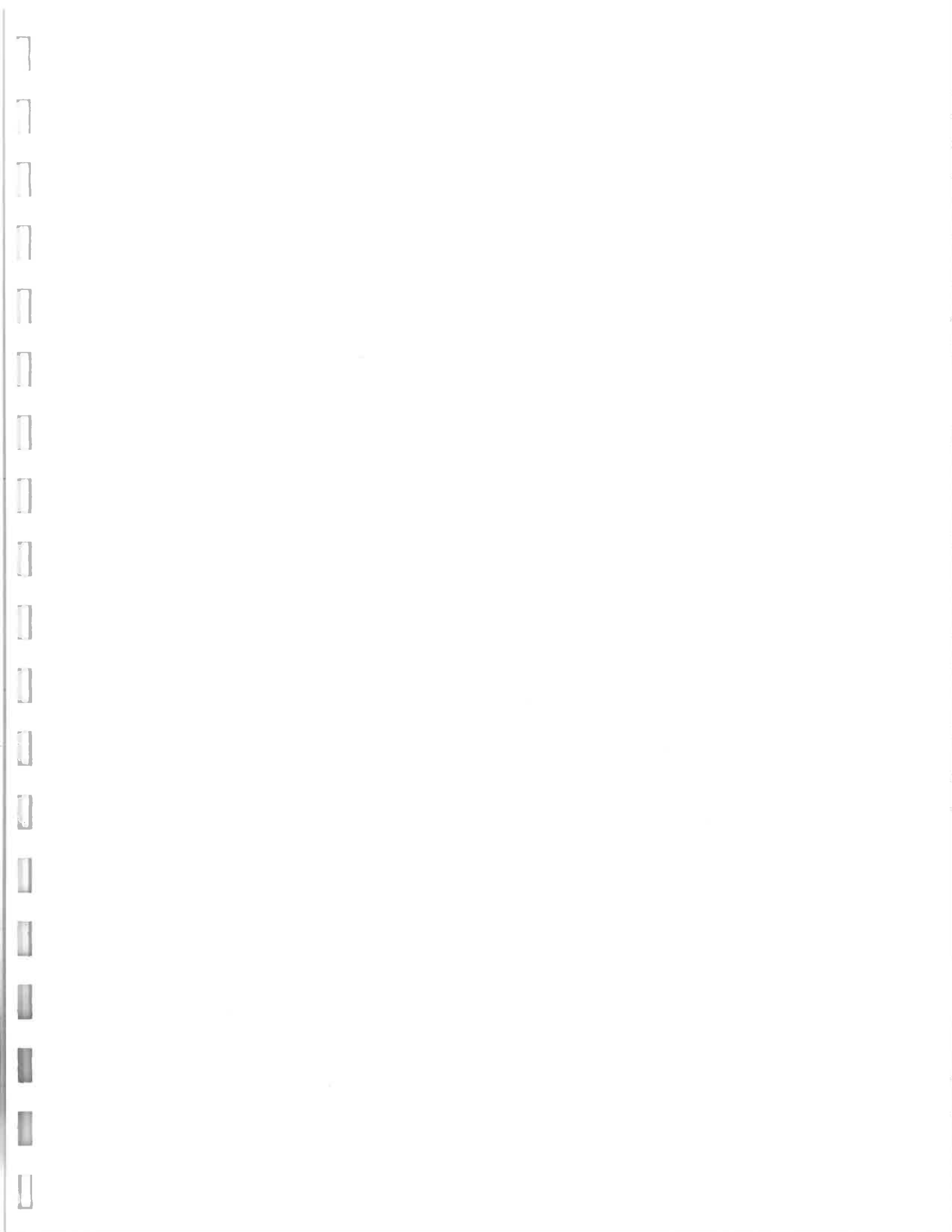
**Town of Chaplin, Connecticut**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Year Ended June 30, 2010**

	Original Budget	Transfers and Additional Appropriations	Final Budget	Actual Budgetary Basis	Variance
<b>Capital Improvement:</b>					
CIP: Capital Improvement Program	231,200	-	231,200	231,200	-
	<u>231,200</u>	<u>-</u>	<u>231,200</u>	<u>231,200</u>	<u>-</u>
<b>Debt Service:</b>					
Debt Service: Elementary School	296,938	-	296,938	295,938	1,000
Debt Service: USDA Library	27,790	-	27,790	27,790	-
	<u>324,728</u>	<u>-</u>	<u>324,728</u>	<u>323,728</u>	<u>1,000</u>
<b>Total Town Government</b>	<u>1,970,765</u>	<u>45,947</u>	<u>2,016,712</u>	<u>1,966,120</u>	<u>50,592</u>
<b>Education Expenditures:</b>					
Elementary School	3,114,234	-	3,114,234	3,104,235	9,999
Regional School	2,638,219	(17,614)	2,620,605	2,620,605	-
<b>Total Education</b>	<u>5,752,453</u>	<u>(17,614)</u>	<u>5,734,839</u>	<u>5,724,840</u>	<u>9,999</u>
<b>TOTAL EXPENDITURES</b>	<u>7,723,218</u>	<u>28,333</u>	<u>7,751,551</u>	<u>7,690,960</u>	<u>60,591</u>
<b>Excess (Deficiency) of Revenues Over Expenditures, Budgetary Basis</b>	<u>\$ (45,384)</u>	<u>\$ (5,660)</u>	<u>\$ (51,044)</u>	<u>\$ 10,793</u>	<u>\$ 61,837</u>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>					
On Behalf Revenues from Teachers' Retirement not Included in budget				(248,296)	
On Behalf Expenditures from Teachers' Retirement not Included in budget				248,296	
Change In Accrued Payroll				(4,216)	
Change In Encumbrances Payable				<u>31,814</u>	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis</b>				<u>\$ 38,391</u>	

**Notes to Required Supplementary Information:** A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: (1) the Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf; (2) encumbrances are recorded against the budget when the commitment is made; (3) the Town offsets educational expenses with the Special Education Excess Cost Grant from the State; (4) the General Government budgets for payroll on a cash basis; and (5) revenues and expenditures from refunding or renewing long-term debt and obtaining new capital lease financing are recorded net in the budget.

\* These accounts were over budget by the amount indicated.





**Town of Chaplin, Connecticut  
Fund Descriptions**

**Special Revenue Funds:**

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

**Permanent Funds:**

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.

Town of Chaplin, Connecticut  
 Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2010

	Special Revenue Funds										Total Other Governmental Funds
	General Government				Education				Permanent Funds		
	William Ross Library Restoration Fund	Chaplin Library Fund	Senior Center Fund	Recreation Commission	Special Education Grants	Child Nutrition	Preschool Program	Cemetery Maintenance Fund			
<b>Assets</b>											
Cash and cash equivalents	\$ -	\$ 11,339	\$ 14,457	\$ 2,610	\$ 19,905	\$ 6,138	\$ 35,242	\$ -	\$ -	\$ 89,691	
Receivables	-	-	-	-	-	3,114	167	-	-	3,281	
Inventory	-	-	-	-	-	3,302	-	-	-	3,302	
Due from other governmental funds	4,794	-	-	-	-	-	-	5,687	-	10,481	
<b>Total Assets</b>	\$ 4,794	\$ 11,339	\$ 14,457	\$ 2,610	\$ 19,905	\$ 12,554	\$ 35,409	\$ 5,687	\$ -	\$ 106,755	
<b>Liabilities and Fund Balance</b>											
<b>Liabilities</b>											
Accounts payable	\$ -	\$ -	\$ 149	\$ -	\$ 62	\$ -	\$ 1,014	\$ -	\$ -	\$ 1,225	
Accrued expenses	-	-	-	-	3,933	4,459	54	-	-	8,446	
Deferred revenue	-	-	-	-	15,802	-	60	-	-	15,862	
Due to other governmental funds	-	-	-	-	-	10,092	-	-	-	10,092	
<b>Total Liabilities</b>	-	-	149	-	19,797	14,551	1,128	-	-	35,625	
<b>Fund Balance</b>											
Reserved	-	-	-	-	-	3,302	34,281	5,925	-	43,508	
Unreserved, undesignated	4,794	11,339	14,308	2,610	108	(5,299)	-	(238)	-	27,622	
<b>Total Fund Balance</b>	4,794	11,339	14,308	2,610	108	(1,997)	34,281	5,687	-	71,130	
<b>Total Liabilities and Fund Balance</b>	\$ 4,794	\$ 11,339	\$ 14,457	\$ 2,610	\$ 19,905	\$ 12,554	\$ 35,409	\$ 5,687	\$ -	\$ 106,755	

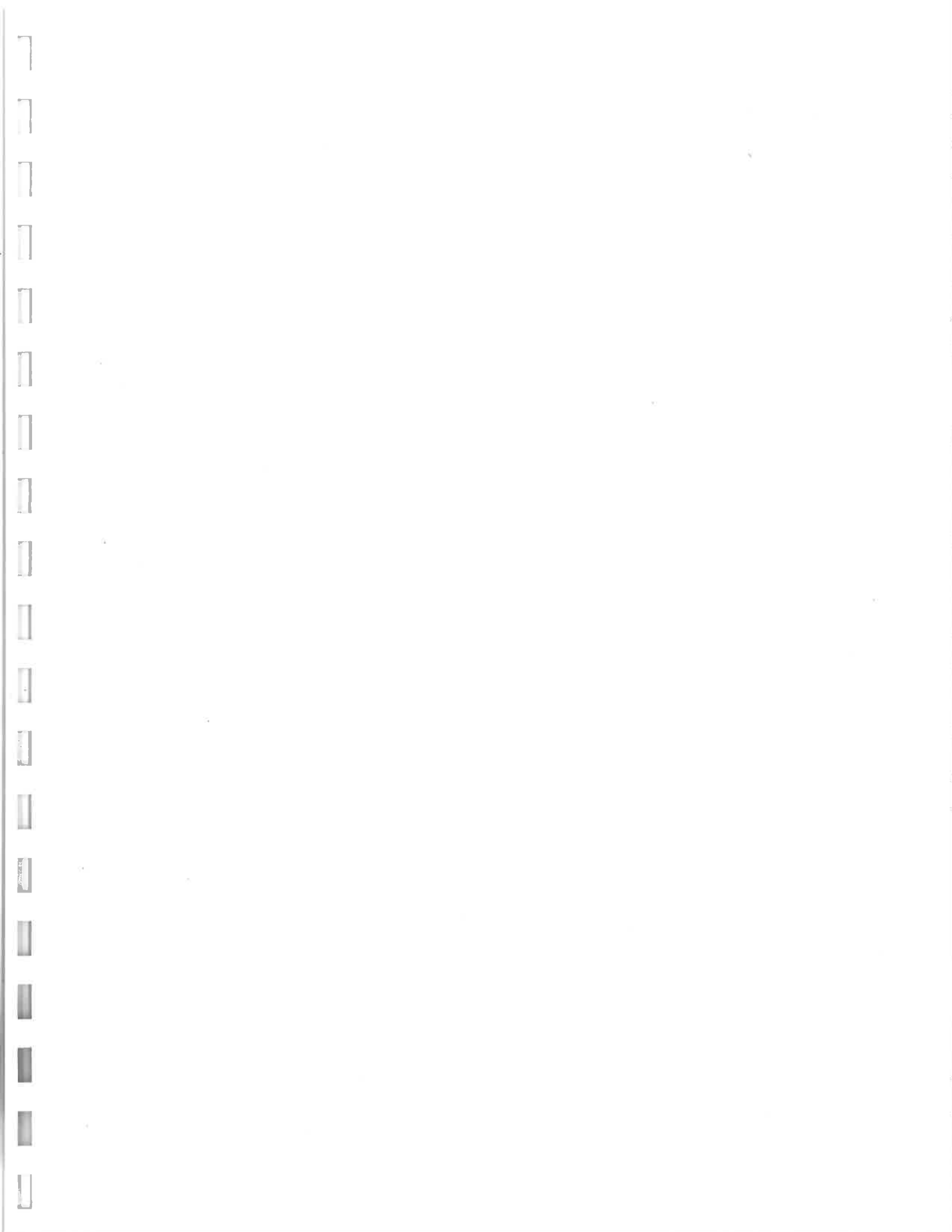
**Town of Chaplin, Connecticut**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the Year Ended June 30, 2010**

	Special Revenue Funds										Total Other Governmental Funds		
	General Government					Education						Permanent Funds	
William Ross Library Restoration Fund	Chaplin Library Fund	Senior Center Fund	Recreation Commission	Special Education Grants	Child Nutrition	Preschool Program	Cemetery Maintenance Fund	900	347	553	4,241	4,794	
Revenues													
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 244,851	\$ 23,143	\$ -	\$ -	\$ -	\$ 244,851	\$ 23,143	\$ -	\$ -	\$ 267,994
Local Revenues	900	1,294	15,662	2,955	28,680	57,436	672						107,599
<b>Total Revenues</b>	900	1,294	15,662	2,955	51,823	57,436	672						375,593
Expenditures													
Current Expenditures:													
General Government	347	3,701	13,832	2,522	-	-	1,060						21,462
Education	-	-	-	-	244,816	61,515	-						335,749
<b>Total Expenditures</b>	347	3,701	13,832	2,522	244,816	61,515	1,060						357,211
Excess (Deficiency) of Revenues Over Expenditures	553	(2,407)	1,830	433	35	28,018	(388)						18,382
<b>Fund Balance, Beginning of the Year</b>	4,241	13,746	12,478	2,177	73	6,263	6,075						52,748
<b>Fund Balance, End of the Year</b>	\$ 4,794	\$ 11,339	\$ 14,308	\$ 2,610	\$ 108	\$ 34,281	\$ 5,687						\$ 71,130

**Town of Chaplin, Connecticut**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Student Activity Funds**  
**For the Year Ended June 30, 2010**

	<b>Balance Beginning</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance Ending</b>
<b>Assets</b>				
Cash	\$ 6,265	\$ 33,033	\$ (31,127)	\$ 8,171
<b>Liabilities</b>				
Due to students	\$ 6,265	\$ 33,033	\$ (31,127)	\$ 8,171

See Accountants' Report



**Town of Chaplin, Connecticut  
Report of the Property Tax Collector  
For the Year Ended June 30, 2010**

Grand List	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year			Total	Transfer to Suspend	Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens			
2008	\$ -	\$5,098,629	\$13,643	\$20,925	\$5,091,344	\$5,004,852	\$31,576	\$1,006	\$5,037,434	\$6,274	80,218
2007	121,774	-	570	2,186	120,158	91,767	20,433	1,227	113,427	4,079	24,312
2006	23,618	-	22	910	22,730	13,933	4,902	228	19,063	3,519	5,278
2005	6,585	-	5	628	5,962	726	402	-	1,128	4,248	988
2004	1,222	-	3	-	1,225	(607)	-	-	(607)	1,858	(26)
2003	101	-	10	-	111	(5)	-	-	(5)	116	-
2002	(60)	-	-	-	(60)	(129)	-	-	(129)	69	-
2001	(1)	-	1	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-	-
1999	(81)	-	-	-	(81)	(81)	-	-	(81)	-	-
1998	(28)	-	-	-	(28)	(28)	-	-	(28)	-	-
1997	(149)	-	1	-	(148)	(148)	-	-	(148)	-	-
1996	(397)	-	-	-	(397)	(397)	-	-	(397)	-	-
1995	(4)	-	4	-	-	-	-	-	-	-	-
1994	-	-	-	-	-	-	-	-	-	-	-
1993	(4)	-	4	-	-	-	-	-	-	-	-
	\$ 152,576	\$ 5,098,629	\$ 14,260	\$ 24,649	\$ 5,240,816	\$ 5,109,883	\$ 57,313	\$ 2,461	\$ 5,169,657	\$ 20,163	\$ 110,770

**Town of Chaplin, Connecticut**  
**Statement of Changes in Fund Balance**  
**Capital Improvement Program**  
**For the Year Ended June 30, 2010**

	Beginning Fund Balance	Approved Budget Original	Approved Budget Additional	Total Available	Current Year Expenditures	Close-Outs	Ending Fund Balance
<b>DESIGNATED FUND BALANCE:</b>							
<b>General Government:</b>							
Comprehensive Plan of Development	\$ 11,165	\$ -	\$ -	\$ 11,165	\$ -	\$ -	\$ 11,165
Assessor - Phase II	7,107	-	-	7,107	-	-	7,107
Workforce One Building	(1,340)	5,000	-	3,660	-	-	3,660
Emergency Preparedness	3,174	-	-	3,174	-	-	3,174
Open Space Conservation	-	-	625	625	-	-	625
Grange Renovations	574	-	-	574	-	(574)	-
NEC Phone System	-	6,200	-	6,200	(6,130)	(70)	-
<b>Volunteer Fire Department:</b>							
SCBA Bottles	-	5,000	-	5,000	(5,040)	40	-
<b>Public Works/Highway:</b>							
Palmer Rd.	884	-	-	884	-	(884)	-
Mt. Laurel Lane	(2,000)	15,000	-	13,000	(11,800)	(1,200)	-
PW Roof	50,000	25,000	-	75,000	(41,486)	(33,514)	-
Roads	2,310	175,000	-	177,310	(177,381)	-	(71)
<b>Total Designated Fund Balance</b>	<b>71,874</b>	<b>231,200</b>	<b>625</b>	<b>303,699</b>	<b>(241,837)</b>	<b>(36,202)</b>	<b>25,660</b>
<b>UNDESIGNATED FUND BALANCE</b>							
Undesignated Fund Balance	53,255	-	-	53,255	-	36,202	89,457
<b>TOTAL FUND BALANCE</b>	<b>\$ 125,129</b>	<b>\$ 231,200</b>	<b>\$ 625</b>	<b>\$ 356,954</b>	<b>\$ (241,837)</b>	<b>\$ -</b>	<b>\$ 115,117</b>

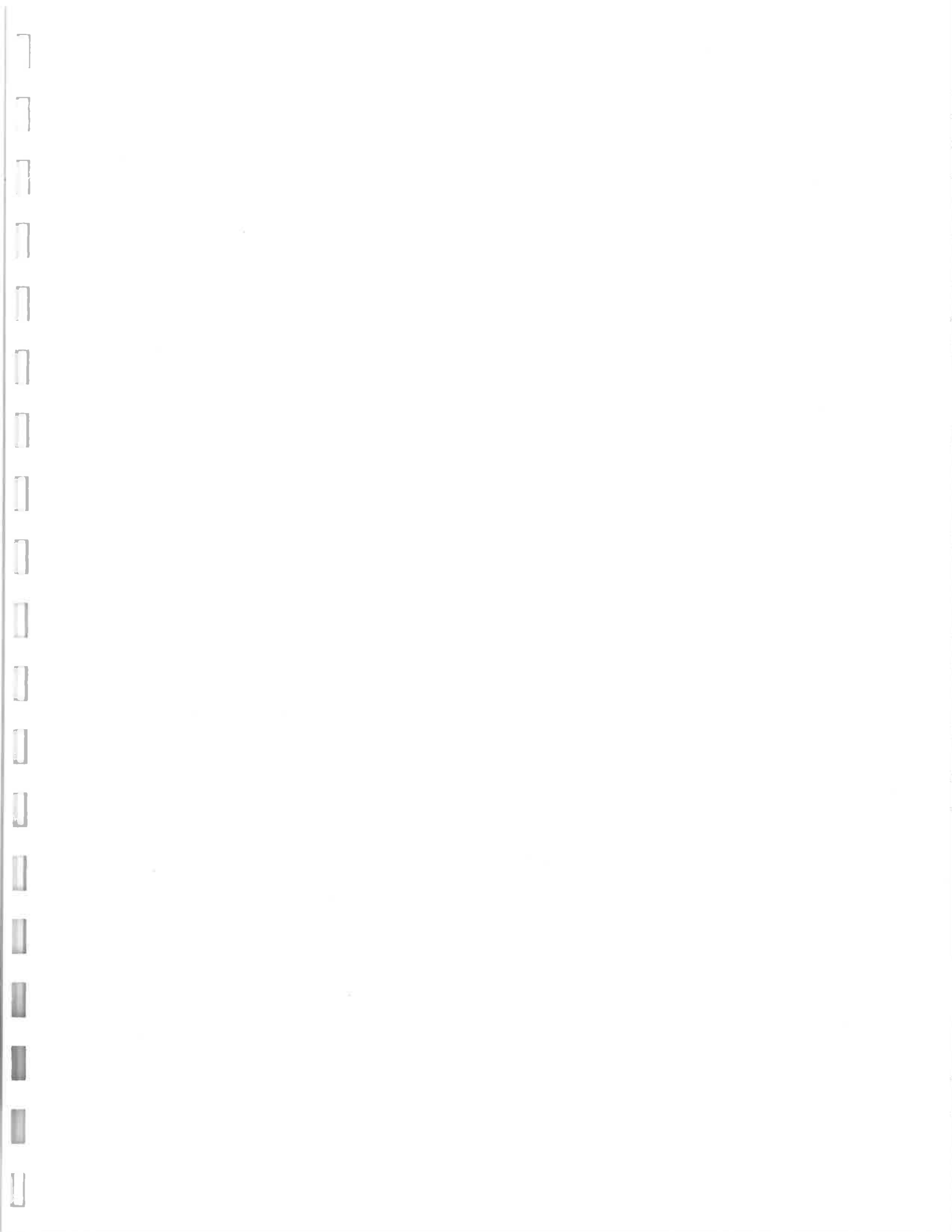
See Accountants' Report



**Town of Chaplin, Connecticut**  
**Detailed Schedule of Board of Education Expenditures**  
**Budget vs. Actual (Budgetary Basis)**  
**For the Year Ended June 30, 2010**

Account Name	Original Budget	Expenditures	Variance
Regular Instruction	\$ 1,690,595	\$ 1,716,405	\$ (25,810)
Spec Ed / Handicapped	199,768	196,725	3,043
Spec Ed / Talented and Gifted	61,037	63,418	(2,381)
Adult Education	3,000	5,730	(2,730)
Social Worker	66,047	65,568	479
Health Office	45,042	44,132	910
PPT Services	154,269	125,435	28,834
School Library	106,977	113,250	(6,273)
Board of Education	2,470	2,004	466
Superintendent's Office	42,416	42,416	-
General Administration	47,700	35,318	12,382
School Office	194,615	186,698	7,917
Business Office	45,716	42,092	3,624
Buildings and Grounds	250,177	256,467	(6,290)
Pupil Transportation	193,450	197,350	(3,900)
Professional Development	2,750	2,674	76
Central Office Computer Support	4,255	4,255	-
Activities	3,950	4,298	(348)
	<u>\$ 3,114,234</u>	<u>\$ 3,104,235</u>	<u>\$ 9,999</u>

See Accountants' Report



## **Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards**

Board of Finance  
Town of Chaplin, Connecticut  
Chaplin, Connecticut

We have audited the financial statements of the Town of Chaplin, Connecticut as of and for the year ended June 30, 2010 and have issued our report thereon dated September 08, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Town of Chaplin, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chaplin, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Chaplin, Connecticut's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items MW-07-1, MW-08-1 and MW-08-2 to be material weaknesses.

## Government Auditing Standards Report (Continued)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Chaplin, Connecticut's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Town of Chaplin, Connecticut's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Chaplin, Connecticut's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the management, Board of Finance, others within the Town of Chaplin, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Marsen + Company*

September 08, 2010

**Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With The State Single Audit Act, And On The Schedule Of Expenditures Of State Financial Assistance**

Board of Finance  
Town of Chaplin, Connecticut  
Chaplin, Connecticut

**Compliance**

We have audited the Town of Chaplin, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Chaplin, Connecticut's major state programs for the year ended June 30, 2010. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Chaplin, Connecticut's management. Our responsibility is to express an opinion on the Town of Chaplin, Connecticut's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Chaplin, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Chaplin, Connecticut's compliance with those requirements.

In our opinion, the Town of Chaplin, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

## **State Single Audit Report (Continued)**

### **Internal Control over Compliance**

Management of the Town of Chaplin, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Chaplin, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Chaplin, Connecticut's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely manner.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of State Financial Assistance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Chaplin, Connecticut as of and for the year ended June 30, 2010, and have issued our report thereon dated September 08, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chaplin, Connecticut's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**State Single Audit Report (Continued)**

This report is intended solely for the information and use of the management, Board of Finance, others within the entity, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Marsen + Company*

September 08, 2010

**Town of Chaplin, Connecticut**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2010**

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
<b>Commission on Culture and Tourism:</b>		
Historic Restoration Fund	12060-CAT45241-90455	\$ 5,000
<b>Connecticut State Library</b>		
State Aid to Public Libraries	11000-CSL66051-17003	1,293
<b>Department of Environmental Protection</b>		
Boat Grant	12060-DEP44434-35403	298
<b>Department of Transportation</b>		
Town Aid Roads	12052-DOT57131-43455	25,855
Town Aid Roads	13033-DOT57131-43459	71,101
<b>Office of Policy and Management</b>		
Reimbursement Property Tax - Disability Exemption	11000-OPM20600-17011	328
Property Tax Relief for Elderly and Totally Disabled	11000-OPM20600-17018	15,211
Property Tax Relief for Veterans	11000-OPM20600-17024	95
PILOT for Manufacturing and Commercial Vehicles	11000-OPM20600-17031	626
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	-
Prepare/Revise-Municipal Plans	12052-OPM20600-43129	20,000
<b>Office of the State Comptroller</b>		
PILOT on State Owned Property	11000-OSC15910-17004	73,150
<b>Department of Education</b>		
School Readiness and Child Care - Competitive Grant	11000-SDE64370-12113	107,000
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16072	2,808
Adult Education	11000-SDE64370-17030	3,282
		<u>326,047</u>
Total State Financial Assistance before Exempt Programs		<u>326,047</u>
<b>EXEMPT PROGRAMS</b>		
<b>Department of Education:</b>		
Education Cost Sharing	11000-SDE64000-17041	1,601,219
Public School Transportation	11000-SDE64000-17027	36,534
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	24,262
School Construction Grants	13009-SDE64000-40896	25,217
School Construction Grants	13009-SDE64000-40901	209,733
<b>Office of the State Comptroller</b>		
Mashantucket Pequot and Mohegan Fund Grant	12009-OSC15910-17005	81,201
		<u>1,978,166</u>
Total exempt programs		<u>1,978,166</u>
Total State Financial Assistance		<u><u>2,304,213</u></u>

See Accountants' Report



**Town of Chaplin, Connecticut**  
**Notes to the Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2010**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Chaplin, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including: education, general government, public works, and public safety.

**1. Summary Of Significant Accounting Policies**

The accounting policies of the Town of Chaplin, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**A. Basis of Accounting**

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

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

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**Town of Chaplin, Connecticut  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**I. Summary of Audit Results**

**A. Financial Statements:**

Type of auditors' report issued: Unqualified  
 Internal control over financial reporting:  
     • Material weakness(es) identified?  Yes  No  
     • Significant deficiency(ies) identified?  Yes  None reported  
 Noncompliance material to the financial statements noted?  Yes  No

**B. State Financial Assistance:**

Internal control over major programs:  
     • Material weakness(es) identified?  Yes  No  
     • Significant deficiency(ies) identified?  Yes  None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?  Yes  No

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation:		
Town Aid Road	13033-DOT57131-43459	\$71,101
Town Aid Road	12052-DOT57131-43455	\$25,855
Department of Education:		
School Readiness and Child Care	11000-SDE64370-12113	\$107,000
Dollar threshold used to distinguish between type A and type B programs:		<u>\$100,000</u>

**II. State Financial Assistance Findings And Questioned Costs**

No findings or questioned cost are reported relating to State financial assistance programs.

**III. Summary Schedule of Prior Audit Findings**

**MW-07-1 – Documentation of the Components of Internal Control over Processes**

**Condition:** The Town of Chaplin, Connecticut has numerous internal controls in place over significant processes and accounts. Not all of these controls are formally documented. It is possible for controls to change over time or not be completely understood by the individuals involved in the processes.

**Town of Chaplin, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2010**

**Current Status:** The Board of Finance has set up a committee to prepare an accounting manual. They have attended training, obtained examples and have started writing up the different departments' processes.

**MW-08-1 – Entity Level Controls**

**Condition:** Internal controls are a coordinated set of policies and procedures that management uses to achieve their objectives and meet their fundamental responsibilities for effectiveness, efficiency, compliance and financial reporting. The literature recognizes five sections of internal control published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Report) in Internal Control – Integrated Framework. These five interrelated components include:

- *Control Environment* – A favorable control environment exists when management is knowledgeable about controls (entity wide and specific), is committed to establishing controls and communicates its support for internal controls to all individuals involved.
- *Risk Assessment* – This involves management's continual identification and assessment of the potential risks that might prevent management from fulfilling its responsibilities and achieving its objectives.
- *Information and Communication Systems* – These are the systems used to assure that appropriate individuals have timely and accurate information to carry out their responsibilities.
- *Control Activities* – These are management's response to the risks identified. These are the specific policies and procedures that are put in place to alert management of undesired actions in a timely manner.
- *Monitoring* – There is a responsibility of management to follow up on the controls that have been put in place to assure that they continue to function and function properly, effectively and efficiently.

The Town of Chaplin, Connecticut does not have a framework established to deal with each of the interrelated entity level controls over and above the specific control policies and procedures that have been developed.

**Current Status:** Once the accounting manual has been completed, the Board of Finance will review it to assess risk, add control and monitoring activities, and it will be distributed to all.

**Town of Chaplin, Connecticut  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2010**

**MW-08-2 – Internal Control Weaknesses:**

**Condition:** The Town of Chaplin, Connecticut does not maintain an adequate segregation of duties for proper internal control over the financial transactions in the cash receipt areas. Proper internal control relies on the following three aspects of processing transactions being performed by separate individuals: authorizing transactions, custody of assets, and record keeping. This weakness in internal controls could lead to funds being expended in a manner not consistent with the intentions of management.

**Current Status:** The Tax Collector has made some changes. The Board of Finance will include this with the accounting manual and entity wide controls.

**SD-07-1 – Internal Control over Financial Reporting**

**Condition:** The Town of Chaplin, Connecticut presents financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The Town of Chaplin, Connecticut does not collectively possess the resources, skills and knowledge to prepare their own financial statements including footnote disclosures in accordance with GAAP.

**Current Status:** The finding has been corrected.