
ANNUAL FINANCIAL REPORT

OF THE

TOWN OF GRISWOLD, CONNECTICUT

FOR THE YEAR ENDED
JUNE 30, 2011

TOWN OF GRISWOLD, CONNECTICUT

ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011
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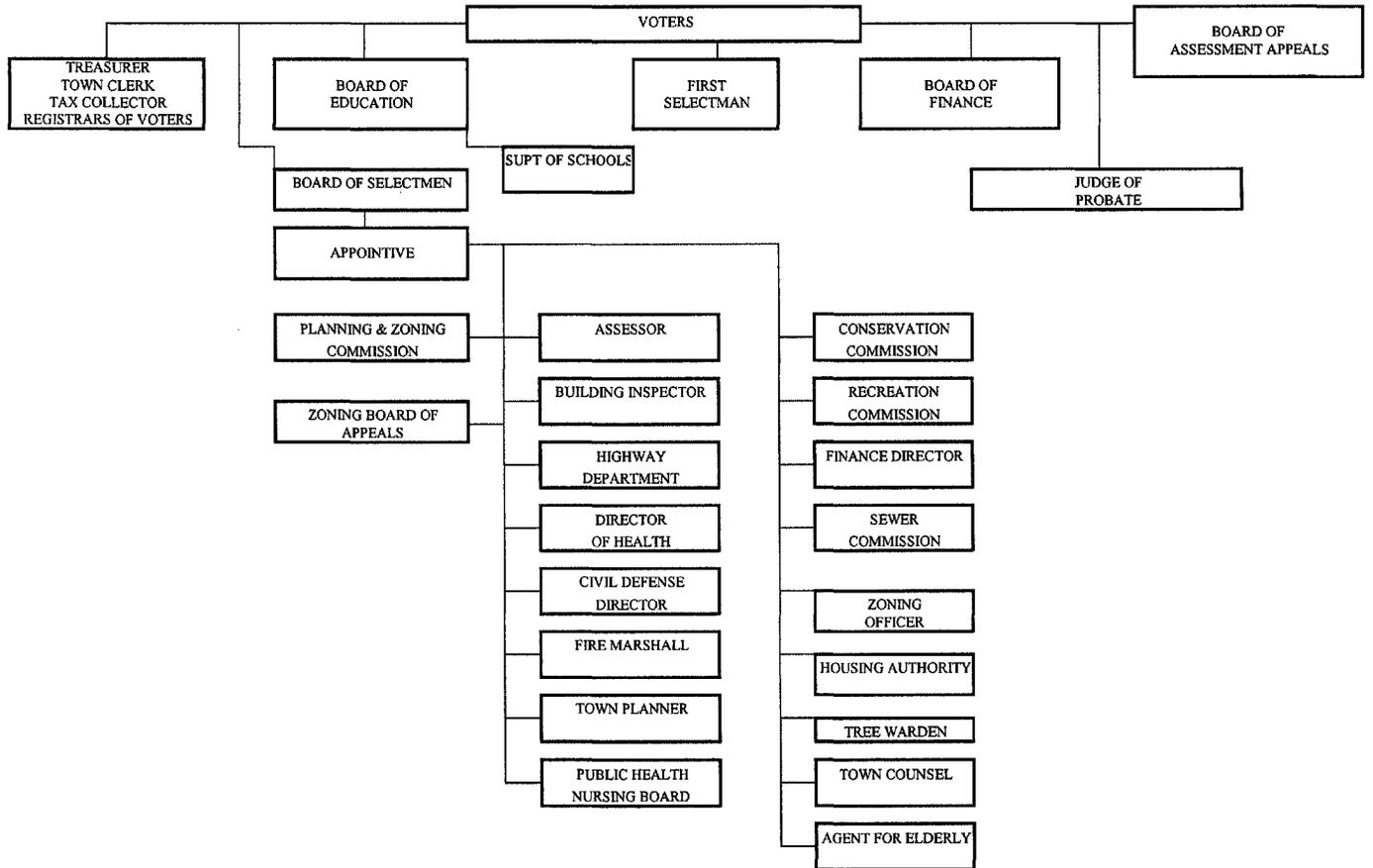
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Introductory Section

TOWN OF GRISWOLD, CONNECTICUT
ORGANIZATIONAL CHART



Financial Section

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Finance
Town of Griswold, 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 Griswold, Connecticut, as of and for the year ended June 30, 2011, 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'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Griswold, Connecticut, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2011, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions – Griswold Other Post-Employment Benefit Plan on Pages 4 through 10 and Page 43, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Town of Griswold, Connecticut
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Griswold, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and the schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and the State Single Audit Act and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Griswold, Connecticut's basic financial statements. The introductory section and trend information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

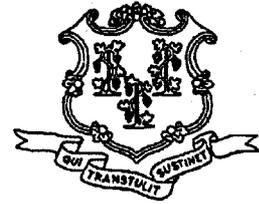
JH Cohn, LLP

New London, Connecticut
December 20, 2011



Town of Griswold

Finance Department
28 Main Street
Griswold, CT 06351
Phone: 860-376-7060, Fax: 860-376-7109



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2011

Management of the Town of Griswold, Connecticut, offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$82,980,269 (*net assets*).
- The Town's total net assets increased by \$10,340,495. The increase is attributable to continued construction in progress on the Griswold Elementary and Middle Schools.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$7,056,697, a decrease of \$2,910,134 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,012,749, or 6.6% of total general fund budgetary expenditures and transfers out.
- The Town's total bonded debt decreased by \$1,150,000 (5.4%) during the current fiscal year. The decrease is due to principal payments of \$1,150,000 made during the year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Griswold's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information as well as the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. They provide both long-term and short-term information about the Town's overall financial status.

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

Overview of the Basic Financial Statements (Continued)

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues since the Town does not operate any business-type activities. The governmental activities of the Town include general government, public safety, public works, human services, civic and cultural, development and planning, and education.

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

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

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

The Town maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Capital Projects Fund, which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation under the caption nonmajor governmental funds. Individual fund data for each of these nonmajor governmental funds is provided on Schedules 4 and 5 of this report.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary type funds.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$82,980,269 at the close of the most recent fiscal year.

By far, the largest portion of the Town's net assets (94.9%) reflects its investment in capital assets (e.g. land, buildings and improvements, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Griswold, Connecticut
Net Assets**

	2011	2010
Current and other assets.....	\$ 11,732,114	\$ 17,734,659
Capital assets (net).....	96,856,800	84,115,216
Total Assets.....	108,588,914	101,849,875
Current liabilities.....	4,851,193	7,837,894
Noncurrent liabilities.....	20,757,452	21,372,207
Total Liabilities.....	25,608,645	29,210,101
Net assets:		
Invested in capital assets, net of related debt.....	78,723,664	62,695,216
Restricted.....	325,201	323,380
Unrestricted.....	3,931,404	9,621,178
Total Net Assets.....	\$ 82,980,269	\$ 72,639,774

A portion of the Town's net assets (0.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (4.7 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report a positive balance in all the categories of net assets. The same situation held true for the prior fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Governmental Activities. Governmental activities increased the Town's net assets by \$10,340,495 due to continued construction in progress on the Griswold Middle and Elementary Schools.

**Town of Griswold, Connecticut
Change in Net Assets**

	2011	2010
REVENUES:		
Program revenues:		
Charges for services.....	\$ 3,216,667	\$ 3,341,221
Operating grants and contributions.....	14,976,597	14,974,923
Capital grants and contributions.....	11,759,746	15,069,252
General revenues:		
Property taxes.....	15,560,406	13,808,507
Grants and contributions not restricted to specific programs.....	334,926	356,873
Investment income.....	96,153	64,287
TOTAL REVENUES.....	45,944,495	47,615,063
EXPENSES:		
General government.....	1,493,276	729,535
Public safety.....	481,342	524,784
Public works.....	2,421,351	1,897,742
Human services.....	327,436	462,444
Civic and cultural.....	226,484	175,978
Development and planning.....	142,658	183,564
Education.....	29,740,423	29,189,521
Interest expense.....	771,030	643,578
TOTAL EXPENSES.....	35,604,000	33,807,146
INCREASE (DECREASE) IN NET ASSETS..	10,340,495	13,807,917
NET ASSETS - JULY 1 (AS RESTATED).....	72,639,774	58,831,857
NET ASSETS - JUNE 30.....	\$ 82,980,269	\$ 72,639,774

Major revenue factors included:

- Capital grants and contributions decreased by \$3,309,506 primarily due to a reduction in school construction progress payments pertaining to the Griswold Middle School projects as it was substantially completed.
- Property taxes increased by \$1,751,899 due to a 1.98 mill increase in the mill rate over the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In some cases, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were exceptions as noted below:

- General government expenses increased by \$763,741. The increase was due to an accrued legal settlement liability in fiscal year 2009 that was relieved in fiscal year 2010 against, and thereby reduced, general government expenses in that year.
- Public works expenses increased \$523,609 primarily due to the accrual of an environmental remediation liability for property located at 226 East Main Street.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$7,056,697, a decrease of \$2,910,134 in comparison with the prior year.

General Fund

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,012,749, while total fund balance reached \$3,078,210. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 6.6% of total general fund budgetary expenditures and transfers out, while total fund balance represents 10.1% of that same amount.

The fund balance of the Town's general fund decreased by \$1,241,364 during the current fiscal year. The decrease was primarily due to overall revenues falling short of budgeted estimates by \$1,300,809.

Capital Projects Fund

Capital project expenditures exceeded revenues and transfers in by \$1,683,138. This is primarily attributable to ongoing construction of the Griswold Middle and Elementary Schools. Much of the project revenues were received in the prior year through bonding.

General Fund Budgetary Highlights

During the year there was \$5,000 of additional appropriations from fund balance. Revenues fell short of budgetary estimates by \$1,300,809. Taxes, interest and lien fees were \$720,212 below estimated revenues due to over budgeting of current year tax revenues. Intergovernmental revenues were \$287,644 below estimated revenues due to State revenues being lower than projected during the budget process. Charges for services were \$237,847 below budgetary estimates due in part to tuition revenue being less than anticipated as fewer out of district students enrolled at the high school. Revenue from the use of town money was \$55,106 below budgetary estimates which was due to market conditions related to interest rates and a decrease in available cash for investment. Expenditures were \$701,178 less than budgetary estimates, most notably public works due to decreases in waste disposal fees and debt service due to the budgeting of a short term note that was already expensed in the prior year. The combination of these variances coupled with the Town's budgeted use of fund balance led to the need to draw upon the Town's existing fund balance in the amount of \$1,034,174.

Capital Assets and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$96,856,800 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, and infrastructure.

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

- Continued construction in progress of \$12,498,725 pertaining to the Griswold Elementary School construction project.
- Bridge construction in progress of \$422,875.
- Conversion of \$28,932,639 of Griswold Middle School construction in progress to completed buildings.
- Infrastructure (roads) additions of \$351,003.

Additional information on the Town's capital assets can be found in Note III.C.

**Town of Griswold, Connecticut
Capital Assets - Net**

	2011	2010
Land.....	\$ 1,121,218	\$ 1,121,218
Construction in progress.....	27,300,116	43,311,155
Building and improvements.....	50,979,099	22,120,715
Machinery and equipment.....	1,746,322	1,900,674
Infrastructure.....	15,710,045	15,661,454
TOTAL.....	\$ 96,856,800	\$ 84,115,216

Long-Term Debt. At the end of the current fiscal year, the Town had \$20,270,000 of long-term debt outstanding. All outstanding debt of the Town is general obligation debt and is backed by the full faith and credit of the Town.

**TOWN OF GRISWOLD OUTSTANDING DEBT
GENERAL OBLIGATION BONDS**

	<u>2011</u>	<u>2010</u>
School bonds	<u>\$20,270,000</u>	<u>\$21,420,000</u>

The Town maintains an "A1" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$110,666,269, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.F.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the Town as of June 2011 was 10.3%, which is an increase from a rate of 8.3% a year ago. In comparison, as of June 2011, the state's unemployment rate was 9.1% and the national average rate was 9.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2011/2012 fiscal year.

During the current fiscal year, fund balance in the general fund decreased to \$3,078,210. The Town has assigned \$999,894 of total fund balance for spending in the 2011/2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Office, Town of Griswold, 28 Main Street, Griswold, CT 06351.

Basic Financial Statements

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

		GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>		
Current assets:		
Cash.....	\$	2,716,359
Investments.....		7,228,531
Receivables:		
Property taxes.....		299,477
Intergovernmental.....		401,611
Other.....		160,776
Other.....		72,099
		10,878,853
Total current assets.....		
Noncurrent assets:		
Restricted assets:		
Temporarily restricted:		
Cash.....		2,286
Permanently restricted:		
Cash.....		18,000
		20,286
Total Restricted assets.....		
Receivables (net):		
Property taxes.....		694,553
		138,422
Other noncurrent assets.....		
Capital assets (net of accumulated depreciation):		
Land.....		1,121,218
Construction in progress.....		27,300,116
Buildings and improvements.....		50,979,099
Machinery and equipment.....		1,746,322
Infrastructure.....		15,710,045
		96,856,800
Total net capital assets (net of accumulated depreciation).....		
Total noncurrent assets.....		97,710,061
TOTAL ASSETS.....		108,588,914

(Continued)

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

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2011

		GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>		
LIABILITIES:		
Current liabilities:		
Accounts payable.....	\$	1,522,118
Accrued liabilities.....		1,366,865
Accrued interest payable.....		256,126
Unearned revenue.....		134,133
Performance bonds.....		142,323
Bond anticipation notes.....		230,000
Bonds and notes payable.....		1,115,000
MIRMA assessment.....		36,028
Compensated absences.....		48,600
		4,851,193
Total current liabilities.....		4,851,193
Noncurrent liabilities:		
Bonds and notes payable.....		19,155,000
Net OPEB obligation.....		697,585
Environmental remediation obligation		563,000
School construction grant overpayment		71,238
MIRMA assessment.....		76,230
Compensated absences.....		194,399
		20,757,452
Total noncurrent liabilities.....		20,757,452
TOTAL LIABILITIES.....		25,608,645
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt.....		78,723,664
Restricted for:		
Endowments:		
Nonexpendable.....		18,000
Expendable.....		2,623
Public works.....		214,605
Education.....		69,000
Other.....		20,973
Unrestricted.....		3,931,404
		3,931,404
TOTAL NET ASSETS.....	\$	82,980,269

(Concluded)

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

EXHIBIT B

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 1,493,276	\$ 440,146	\$ 112,648	\$	\$ (940,482)
Public safety.....	481,342	14,999			(466,343)
Public works.....	2,421,351	413,468	362,687		(1,645,196)
Human services.....	327,436				(327,436)
Civic and cultural.....	226,484	33,691	47,361		(145,432)
Development and planning.....	142,658	15,118			(127,540)
Education.....	29,740,423	2,299,245	14,453,901	11,759,746	(1,227,531)
Interest expense.....	771,030				(771,030)
TOTAL.....	\$ 35,604,000	\$ 3,216,667	\$ 14,976,597	\$ 11,759,746	\$ (5,650,990)
GENERAL REVENUES:					
Property taxes.....				\$	\$ 15,560,406
Grants and contributions not restricted to specific programs.....					334,926
Income from investments.....					96,153
TOTAL GENERAL REVENUES					15,991,485
CHANGE IN NET ASSETS.....					10,340,495
NET ASSETS - JULY 1, 2010 (AS RESTATED).....					72,639,774
NET ASSETS - JUNE 30, 2011.....				\$	82,980,269

TOWN OF GRISWOLD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash.....	\$ 2,663,342	\$	\$ 73,303	\$ 2,736,645
Investments.....	7,228,531			7,228,531
Receivables:				
Property taxes.....	734,140			734,140
Intergovernmental.....	97,375		103,252	200,627
Other.....	147,886		12,890	160,776
Due from other funds.....	1,296,491	5,011,554	1,175,204	7,483,249
Other.....	65,567		6,532	72,099
TOTAL ASSETS.....	\$ 12,233,332	\$ 5,011,554	\$ 1,371,181	\$ 18,616,067
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable.....	\$ 544,494	\$ 596,567	\$ 381,057	\$ 1,522,118
Accrued liabilities.....	1,366,865			1,366,865
Due to other funds.....	6,186,758	1,224,864	71,627	7,483,249
Deferred revenue.....	680,682			680,682
Unearned revenue.....	4,000		130,133	134,133
Bond anticipation notes.....	230,000			230,000
Performance bonds.....	142,323			142,323
Total Liabilities.....	9,155,122	1,821,431	582,817	11,559,370
Fund Balances:				
Nonspendable.....	65,567		18,000	83,567
Restricted.....			307,201	307,201
Committed.....		3,190,123	430,108	3,620,231
Assigned.....	999,894		79,775	1,079,669
Unassigned.....	2,012,749		(46,720)	1,966,029
Total Fund Balances.....	3,078,210	3,190,123	788,364	7,056,697
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 12,233,332	\$ 5,011,554	\$ 1,371,181	\$ 18,616,067

(Continued)

TOWN OF GRISWOLD, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS (EXHIBIT A) ARE DIFFERENT FROM THE GOVERNMENTAL FUND BALANCE SHEET. THE DETAILS OF THIS DIFFERENCE ARE AS FOLLOWS:

TOTAL FUND BALANCE (EXHIBIT C, PAGE 1).....	\$ 7,056,697
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning net capital assets.....	84,115,216
Current capital asset additions.....	14,479,704
Depreciation expense.....	(1,736,120)
Disposal of capital assets.....	(2,000)

OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES AND, THEREFORE, ARE DEFERRED IN THE FUNDS:

Property tax, interest and lien accrual.....	366,890
Property tax receivable - accrual basis change.....	680,682
School building grant receivable.....	200,984
Allowance for doubtful accounts.....	(107,000)
Other assets.....	138,422

SOME LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Bonds and notes payable.....	(20,270,000)
Net OPEB obligation.....	(697,585)
Environmental remediation obligation.....	(563,000)
MIRMA assessment	(112,258)
School construction grant overpayment	(71,238)
Compensated absences.....	(242,999)
Accrued interest payable.....	(256,126)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 82,980,269</u>
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(Concluded)

TOWN OF GRISWOLD, CONNECTICUTSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL	CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes.....	\$ 15,466,469	\$	\$	\$ 15,466,469
Intergovernmental.....	13,450,251	11,869,394	1,991,127	27,310,772
Charges for services.....	2,497,469	1,728	717,470	3,216,667
Income from investments.....	94,894		1,259	96,153
Contributions.....			699	699
TOTAL REVENUES.....	31,509,083	11,871,122	2,710,555	46,090,760
EXPENDITURES:				
Current:				
General government.....	1,099,950		150,322	1,250,272
Public safety.....	422,540			422,540
Public works.....	1,002,505		400,151	1,402,656
Human services.....	281,304			281,304
Civic and cultural.....	84,822		78,619	163,441
Development and planning.....	117,556			117,556
Sundry.....	709,096			709,096
Education.....	26,324,931		2,206,945	28,531,876
Capital outlay.....	12,581	14,184,260		14,196,841
Debt service.....	1,925,312			1,925,312
TOTAL EXPENDITURES.....	31,980,597	14,184,260	2,836,037	49,000,894
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(471,514)	(2,313,138)	(125,482)	(2,910,134)
OTHER FINANCING SOURCES (USES):				
Transfers in.....		630,000	242,036	872,036
Transfers out.....	(769,850)		(102,186)	(872,036)
NET OTHER FINANCING SOURCES (USES).....	(769,850)	630,000	139,850	-
NET CHANGE IN FUND BALANCES.....	(1,241,364)	(1,683,138)	14,368	(2,910,134)
FUND BALANCES - JULY 1, 2010 (AS RESTATED).....	4,319,574	4,873,261	773,996	9,966,831
FUND BALANCES - JUNE 30, 2011.....	\$ 3,078,210	\$ 3,190,123	\$ 788,364	\$ 7,056,697

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

TOWN OF GRISWOLD, CONNECTICUT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES
(EXHIBIT B) ARE DUE TO:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (EXHIBIT D)..... \$ (2,910,134)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay.....	14,479,704
Depreciation expense.....	<u>(1,736,120)</u>
Total	<u>12,743,584</u>

The net effect of various miscellaneous transactions involving capital assets (i. e., sales, trade-ins and donations) is to increase net assets. In the Statement of Activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold..... (2,000)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds and revenues recognized in the funds are not reported in the Statement of Activities:

School building grant receipts.....	(240,202)
Change in property tax receivable - accrual basis change.....	64,418
Change in property tax interest and lien revenue.....	29,519
Other.....	<u>(7,488)</u>
Total	<u>(153,753)</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Net OPEB obligation.....	(46,245)
Environmental remediation obligation.....	<u>(563,000)</u>
Principal repayments:	
General obligation bonds.....	1,150,000
MIRMA Assessment.....	<u>103,908</u>
Total	<u>644,663</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued interest payable.....	11,770
Compensated absences.....	<u>6,365</u>
Total	<u>18,135</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B) \$ 10,340,495

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Taxes, interest and lien fees.....	\$ 16,186,681	\$ 16,186,681	\$ 15,466,469	\$ (720,212)
Intergovernmental.....	11,808,895	11,808,895	11,521,251	(287,644)
Charges for services.....	2,735,316	2,735,316	2,497,469	(237,847)
Use of Town money	150,000	150,000	94,894	(55,106)
TOTAL REVENUES.....	30,880,892	30,880,892	29,580,083	(1,300,809)
EXPENDITURES:				
Current:				
General government.....	1,136,480	1,162,197	1,080,910	81,287
Public safety.....	438,937	438,937	422,886	16,051
Public works.....	1,205,238	1,212,486	1,008,060	204,426
Human services.....	305,435	305,435	281,304	24,131
Civic and cultural.....	91,105	96,105	84,822	11,283
Development and planning.....	124,397	124,397	119,556	4,841
Sundry.....	803,479	770,514	673,068	97,446
Education.....	24,296,700	24,296,700	24,258,947	37,753
Debt service.....	2,149,272	2,149,272	1,925,312	223,960
TOTAL EXPENDITURES.....	30,551,043	30,556,043	29,854,865	701,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	329,849	324,849	(274,782)	(599,631)
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	450,001	455,001		(455,001)
Cancellation of prior year encumbrances.....			10,458	10,458
Transfers out.....	(779,850)	(779,850)	(769,850)	10,000
NET OTHER FINANCING SOURCES (USES).....	(329,849)	(324,849)	(759,392)	(434,543)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(1,034,174)	\$ (1,034,174)
FUND BALANCE - JULY 1, 2010 (AS RESTATED)			3,717,490	
FUND BALANCE - JUNE 30, 2011.....			\$ 2,683,316	

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

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
<hr/>		
<u>ASSET</u>		
Cash.....	\$ 180,050	\$ 307,583
<hr/>		
<u>LIABILITY</u>		
Accounts payable.....		307,583
<hr/>		
<u>NET ASSETS</u>		
Net assets held in trust.....	\$ 180,050	\$ -
<hr/> <hr/>		

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

EXHIBIT H

TOWN OF GRISWOLD, CONNECTICUT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	PRIVATE PURPOSE TRUST FUNDS
<hr/>	
ADDITIONS:	
Contributions:	
Private contributions.....	\$ 1,023
Investment income:	
Interest and dividends.....	<u>2,631</u>
TOTAL ADDITIONS.....	3,654
DEDUCTIONS:	
Scholarships awarded.....	<u>6,518</u>
CHANGES IN NET ASSETS.....	(2,864)
NET ASSETS - JULY 1, 2010.....	<u>182,914</u>
NET ASSETS - JUNE 30, 2011.....	<u><u>\$ 180,050</u></u>

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

TOWN OF GRISWOLD, CONNECTICUT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

HISTORY AND ORGANIZATION

The Town of Griswold, Connecticut (the "Town"), was incorporated in 1815. The Town covers 37 square miles located in Southeastern Connecticut.

The Town operates under a Town Meeting form of government; the First Selectman serves as the Chief Executive Officer. The Town provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning, zoning, and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies used by the Town.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

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

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

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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 Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases funded substantially by grants and general fund appropriations.

Additionally, the Town reports the following fund types:

The *Private Purpose Trust Funds* are used to account for resources legally held in trust for the benefit of individuals, private organizations or other governments. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Funds* account for monies held on behalf of students and performance bonds.

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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are changes between the Town's sewer operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

Investments - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Investment income is recorded in the fund in which it was earned.

Investments for the Town are reported at fair value. State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares. The balance of the pooled fixed income investments was invested in a 2a-7 like pool which operates under State Statutes. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

a. Interfunds

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

b. Property Taxes and Other Receivables

In the government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 9% to 14% of outstanding balances, and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable which have not been collected within 60 days of June 30, have been recorded as deferred revenue, since they are not considered to be available to finance expenditures of the current fiscal year. Taxes collected during the 60 day period have been recorded as revenue.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

2. Receivables and Payables (Continued)

b. Property Taxes and Other Receivables (Continued)

Property taxes are assessed on property as of October 1 and are billed the following July 1. Real estate and personal property taxes are payable in two installments, July 1 and January 1. Motor vehicle taxes are payable on July 1, and supplemental motor vehicle taxes are payable on January 1. Certificates of continuing lien are filed against delinquent real estate taxes within the first year after the first installment of the tax.

3. 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 columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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.

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

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

4. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. The vesting method, using historical data, was used to calculate the liability.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

6. Fund Equity and Net Assets

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

Invested in Capital Assets, Net of Related Debt

This category presents the net assets that reflect capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Assets

This category presents the net assets restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Assets

This category presents the net assets of the Town, which are not restricted.

In the **fund financial statements**, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**C. Assets, Liabilities, and Net Assets or Equity (Continued)****6. Fund Equity and Net Assets (Continued)**Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Finance and Town Meeting if necessary.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the governing body (Board of Finance) or by an official (Finance Director).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

7. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

8. Comparative Data/Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town establishes its general fund budget in accordance with provisions of the Connecticut General Statutes.

- A budget for the general fund is authorized annually by the Board of Finance. The Board of Finance follows these procedures in establishing the budgetary data reflected in the financial statements:
 - Department heads submit to the Board of Finance detailed estimates of expenditures.
 - The Board of Finance acts upon the department requests and approves the departmental budgets to be forwarded to the Town Meeting.
 - The citizens of the Town vote on the recommended budget.
 - The Board of Finance sets the tax rate for the fiscal year.
- During the year, additional appropriation requests are submitted by the department heads to the Board of Finance. The Board of Finance acts on the requests.
- All budget transfers must be approved by the Board of Finance. The Board of Finance may transfer unexpended balances between departments.
- The Board of Education may transfer unexpended balances between accounts within its total line appropriation.
- Additional appropriations during the year by resolution of the Board of Finance were \$5,000.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all unencumbered appropriations lapse at year end, except those for the Capital Projects Funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

B. Budget - GAAP Reconciliation

A reconciliation of revenues, expenditures, and fund balance between the accounting treatment required by GAAP (Exhibit D), and budgetary requirements (Exhibit F), is as follows:

	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>FUND BALANCE</u>
BALANCE, BUDGETARY BASIS, EXHIBIT F	\$ 29,580,083	\$ 29,854,865	\$ 2,683,316
Encumbrances outstanding at June 30, 2010 liquidated during the year ended June 30, 2011		591,626	
Encumbrances outstanding at June 30, 2011 charged to budgetary expenditures.....		(394,894)	394,894
State Teachers' Retirement on-behalf payment	1,929,000	1,929,000	
BALANCE, GAAP BASIS, EXHIBIT D.....	<u>\$ 31,509,083</u>	<u>\$ 31,980,597</u>	<u>\$ 3,078,210</u>

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Capital Projects Authorizations

The following is a summary of certain Capital Projects at June 30, 2011:

<u>CAPITAL PROJECT FUND</u>	<u>AUTHORIZATION</u>	<u>CUMULATIVE EXPENDITURES</u>	<u>BALANCE JUNE 30, 2011</u>
School Building Project	\$ 70,000,000	\$ 57,116,779	\$ 12,883,221
PWC Project.....	675,000	569,536	105,464
Bridge Restoration Project.....	1,014,000	885,170	128,830
TOTAL	\$ 71,689,000	\$ 58,571,485	\$ 13,117,515

D. Donor Restricted Endowments

The Town has received certain endowments to provide aid to local families in need. The amount is reflected in net assets as restricted for endowments. Investment income is approved for disbursement by the applicable Trustee and is included in restricted fund balance. There is no appreciation available for appropriation.

E. Deficit Fund Balances

At June 30, 2011, the Town had a deficit fund balance in the following funds:

<u>Nonmajor Governmental Funds</u>	
CT Special Act Recreation	\$ 8,498
Ashland Park Fund.....	456
Municipal Energy & Conservation.....	31,710
Main Street Phase I	6,056

The deficits will be eliminated by future grant proceeds.

III. DETAILED NOTES

A. Cash and Investments

Deposits - 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 does not have a deposit policy for custodial credit risk. As of June 30, 2011, \$1,047,430 of the Town's bank balance of \$9,136,158 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,046,710
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	720
Total amount subject to custodial credit risk	<u>\$ 1,047,430</u>

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act permanently increased the insurance coverage offered by the Federal Deposit Insurance Corporation (FDIC) to \$250,000 per depositor. Additionally, amounts held in non-interest bearing transaction accounts are fully guaranteed by the FDIC from December 31, 2010 through December 31, 2012. The Town had amounts in excess of \$250,000 in a single bank during the year. Amounts over \$250,000 are not insured by the FDIC. These balances fluctuate during the year and can exceed this \$250,000 limit. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum.

At June 30, 2011, the Town's investments consisted of the following types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)	
		LESS THAN 1	1 - 5 YEARS
Certificates of Deposit	\$ 5,414,316	\$ 3,106,127	\$ 2,308,189
Municipal Bonds.....	557,636	100,185	457,451
Bond Mutual Funds	907,238	907,238	
Pooled Fixed Income.....	349,341	349,341	
TOTAL	<u>\$ 7,228,531</u>	<u>\$ 4,462,891</u>	<u>\$ 2,765,640</u>

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

Credit risk - The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

AVERAGE RATING	POOLED FIXED INCOME	BOND MUTUAL FUNDS	MUNICIPAL BONDS
AAA	\$ 349,341	\$ 907,238	\$
AA.....			557,636
	<u>\$ 349,341</u>	<u>\$ 907,238</u>	<u>\$ 557,636</u>

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Custodial credit risk - The Town has no formal policy regarding custodial credit risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation (SIPC) up to \$500,000, including \$100,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds.

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk as follows:

	<u>TOTAL</u>	<u>LESS INSURED AMOUNTS</u>	<u>AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK</u>
Municipal Bonds.....	\$ 557,636	\$ 500,000	\$ 57,636

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts as of June 30, 2011, including the applicable allowances for uncollectible accounts, are presented below.

	<u>PROPERTY TAXES</u>		
	<u>TAXES</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>
Current Portion.....	\$ 234,899	\$ 64,578	\$ 299,477
Long-term Portion	\$ 499,241	\$ 302,312	\$ 801,553
Less Allowance for Uncollectibles.....	(63,000)	(44,000)	(107,000)
Net Long-term Portion	\$ 436,241	\$ 258,312	\$ 694,553

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:

DEFERRED REVENUE:

Delinquent property taxes receivable (general fund)..... \$ 680,682

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements..... \$ 134,133

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	BALANCE JULY 1, 2010 (AS RESTATED)	INCREASES	DECREASES	BALANCE JUNE 30, 2011
<u>Governmental Activities:</u>				
<u>Capital Assets, not being Depreciated:</u>				
Land	\$ 1,121,218	\$	\$	\$ 1,121,218
Construction in progress.....	43,311,155	12,921,600	28,932,639	27,300,116
Total Capital Assets, not being depreciated.....	44,432,373	12,921,600	28,932,639	28,421,334
<u>Capital Assets, being Depreciated:</u>				
Buildings and improvements.....	35,005,976	30,061,528		65,067,504
Machinery and equipment.....	3,767,058	78,212	22,500	3,822,770
Infrastructure.....	23,333,997	351,003		23,685,000
Total Capital Assets being depreciated.....	62,107,031	30,490,743	22,500	92,575,274
Total Capital Assets.....	106,539,404	43,412,343	28,955,139	120,996,608
<u>Less Accumulated Depreciation for:</u>				
Buildings and improvements.....	12,885,261	1,203,144		14,088,405
Machinery and equipment.....	1,866,384	230,564	20,500	2,076,448
Infrastructure.....	7,672,543	302,412		7,974,955
Total Accumulated Depreciation	22,424,188	1,736,120	20,500	24,139,808
Total Capital Assets, being depreciated, net	39,682,843	28,754,623	2,000	68,435,466
Governmental Activities Capital Assets, net	\$ 84,115,216	\$ 41,676,223	\$ 28,934,639	\$ 96,856,800

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

<u>Governmental Activities:</u>	
General government	\$ 47,504
Public safety.....	56,988
Public works	357,715
Human services.....	15,738
Civic and cultural.....	2,400
Education	1,255,775
Total Depreciation Expense - Governmental Activities.....	<u>\$ 1,736,120</u>

Construction Commitments

The Town has active construction projects as of June 30, 2011. At year end, the Town's commitments with contractors are as follows:

Various capital projects.....	<u>\$11,650,644</u>
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TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances at June 30, 2011, is presented below:

	CORRESPONDING <u>FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>DUE FROM/TO OTHER FUNDS:</u>			
<u>MAJOR FUNDS:</u>			
<u>GENERAL FUND:</u>			
Capital projects	N/A	\$ 1,224,864	\$ 5,011,554
Town aid road fund	N/A		258,094
School cafeteria fund	N/A	23,653	
Special education grant fund.....	N/A		281,107
Board of education child care fund	N/A		17,994
GVFD EMS equipment grant fund	N/A		500
Sewer authority fund	N/A	1,644	
CT special act recreation.....	N/A	8,498	
Records preservation fund.....	N/A		8,474
Ashland park fund	N/A	66	
Sheldon road park	N/A		106,641
Open space	N/A		56,566
Dog fund.....	N/A		23,969
Board of education miscellaneous	N/A		925
Board of education youth grant.....	N/A		2,571
Recreation fund	N/A		24,760
Plan of conservation and development .	N/A		12,000
Municipal energy and conservation	N/A	31,710	
Main street phase I	N/A	6,056	
Anthony trust fund	N/A		337
Capital nonrecurring fund	N/A		381,266
		<hr/>	<hr/>
TOTAL GENERAL FUND.....		1,296,491	6,186,758

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

1. Interfund Payables and Receivables (Continued)

	<u>CORRESPONDING FUND</u>	<u>DUE FROM</u>	<u>DUE TO</u>
<u>CAPITAL PROJECTS</u>	General Fund	\$ 5,011,554	\$ 1,224,864
<u>NONMAJOR FUNDS:</u>			
<u>SPECIAL REVENUE:</u>			
Town aid road fund	General Fund	258,094	
School cafeteria fund	General Fund		23,653
Special education grant fund	General Fund	281,107	
Board of education child care	General Fund	17,994	
GVFD EMS equipment grant fund	General Fund	500	
Sewer authority fund	General Fund		1,644
CT special act recreation	General Fund		8,498
Records preservation fund	General Fund	8,474	
Ashland park fund	General Fund		66
Sheldon road park	General Fund	106,641	
Open space	General Fund	56,566	
Dog fund	General Fund	23,969	
Board of education miscellaneous	General Fund	925	
Board of education youth grant	General Fund	2,571	
Recreation fund	General Fund	24,760	
Plan of conservation and development	General Fund	12,000	
Municipal energy and conservation	General Fund		31,710
Main street phase I	General Fund		6,056
<u>TOTAL SPECIAL REVENUE</u>		<u>793,601</u>	<u>71,627</u>
<u>PERMANENT:</u>			
Anthony trust fund	General Fund	337	
<u>CAPITAL PROJECTS:</u>			
Capital nonrecurring fund	General Fund	381,266	
<u>TOTAL NONMAJOR FUNDS</u>		<u>1,175,204</u>	<u>71,627</u>
<u>GRAND TOTAL</u>		<u>\$ 7,483,249</u>	<u>\$ 7,483,249</u>

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

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts (Continued)

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2011 is as follows:

	CORRESPONDING FUND	TRANSFERS IN	TRANSFERS OUT
GENERAL FUND:			
Capital projects.....	N/A	\$	\$ 630,000
Ashland park fund	N/A		1,750
Recreation fund	N/A		21,100
Capital nonrecurring fund.....	N/A		<u>117,000</u>
TOTAL GENERAL FUND.....			<u>769,850</u>
MAJOR FUND:			
Capital projects.....	General Fund	<u>630,000</u>	
NONMAJOR FUNDS:			
Town aid road fund	2010 Disaster fund	102,186	
Ashland park fund	General Fund	1,750	
Recreation fund	General Fund	21,100	
2010 Disaster fund	Town aid road fund		102,186
Capital nonrecurring fund.....	General Fund	<u>117,000</u>	
TOTAL NONMAJOR FUNDS.....		<u>242,036</u>	<u>102,186</u>
GRAND TOTAL		<u>\$ 872,036</u>	<u>\$ 872,036</u>

Transfers are used to account for the financing by the general fund of various program and activities in other funds.

E. Short-Term Obligations - Bond Anticipation Notes

The Town used bond anticipation notes to fund the legal settlement due a former employee.

Short-term obligation activity for the year ended June 30, 2011 was as follows:

TYPE OF OBLIGATION	BALANCE JULY 1, 2010	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2011
General Purpose	\$ 460,000	\$ 230,000	\$ 460,000	\$ 230,000

The bond anticipation notes carry an interest rate of 2.0% and mature in December 2011.

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations

1. Summary of Changes

The following is a summary of changes in long-term obligations during the fiscal year:

DESCRIPTION	ORIGINAL PRINCIPAL	DATE OF ISSUE	FINAL MATURITY	INTEREST RATES	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011	CURRENT PORTION
BONDS/NOTES									
Schools:									
Refunding bond	\$ 9,175,000	08/15/91	4/16/02	3.25% - 5.00%	\$ 650,000	\$	\$ 350,000	\$ 300,000	\$ 300,000
Improvement bond	350,000	01/29/01	01/15/16	4.90% - 4.90%	125,000		25,000	100,000	20,000
Improvement bond	10,000,000	09/15/08	09/15/28	3.00% - 4.25%	9,645,000		365,000	9,280,000	375,000
Improvement bond	11,000,000	02/01/10	02/01/30	2.00% - 4.00%	11,000,000		410,000	10,590,000	420,000
TOTAL BONDS					21,420,000	-	1,150,000	20,270,000	1,115,000
NET OPEB OBLIGATION.....					651,340	317,378	271,133	697,585	
ENVIRONMENTAL REMEDIATION OBLIGATION.....						563,000		563,000	
MIRMA ASSESSMENT					216,166		103,908	112,258	36,028
SCHOOL CONSTRUCTION DUE TO STATE.....					71,238			71,238	
COMPENSATED ABSENCES					249,364	44,558	50,923	242,999	48,600
TOTAL LONG-TERM OBLIGATIONS.....					\$ 22,608,108	\$ 924,936	\$ 1,575,964	\$ 21,957,080	\$ 1,199,628

All long-term liabilities are generally liquidated by the General Fund.

The following is a summary of amounts to be provided by the State of Connecticut for the retirement of school bonds and bond and note maturities:

FISCAL YEAR ENDED JUNE 30,	AMOUNT TO BE PROVIDED BY STATE PRINCIPAL	AMOUNT TO BE PROVIDED BY STATE INTEREST	BONDS	
			PRINCIPAL	INTEREST
2012	\$ 195,060	\$ 5,924	\$ 1,115,000	\$ 728,819
2013			835,000	693,189
2014			865,000	667,534
2015			885,000	645,248
2016			910,000	617,986
2017			915,000	589,732
2018			945,000	559,465
2019			975,000	525,337
2020			1,020,000	484,416
2021			1,055,000	448,837
2022			1,090,000	410,326
2023			1,135,000	369,725
2024			1,175,000	326,826
2025			1,220,000	282,325
2026			1,270,000	235,351
2027			1,315,000	185,256
2028			1,370,000	130,906
2029			1,425,000	73,781
2030			750,000	30,000
TOTALS	\$ 195,060	\$ 5,924	\$ 20,270,000	\$ 8,005,059

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

F. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitation

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 35,571,301	\$ 230,000	\$ 35,341,301
Schools	71,142,602	20,074,940	51,067,662
Sewers	59,285,501		59,285,501
Urban renewal	51,380,768		51,380,768
Pension deficit	47,428,401		47,428,401

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$110,666,269.

The indebtedness reflected above includes bonds outstanding, and Borough of Jewett City debt, in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding (if any). School building grant receivables of \$195,060 for bond principal are reflected as deductions in the computation of net indebtedness.

3. Environmental Remediation Obligation

The Town acquired property located at 226 East Main Street through foreclosure proceedings in March of 2009 from the former owner, Working Realty Ltd. The property has been identified as a brownfields site by the CT DEEP. Brownfields are real property, the expansion, development, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant. The Town estimates the cost of remediation, which includes but is not limited to hazardous materials abatement, demolition, soil cleanup and site restoration, to range from \$550,500 to \$575,500. A liability has been reported in the amount of \$563,000. The liability was determined based on information obtained from a consultant retained by the Town using the expected cash flow technique which measured the liability as the sum of probability-weighted amounts within the range of possible amounts. The estimate is subject to change due to price changes, technology changes, or other changes. The environmental remediation liability does not include any recovery of outlays that the Town may or may not recover from other parties. Additionally, the liability does not reflect a grant award from EPA in the amount of \$200,000 for site cleanup.

4. Authorized/Unissued Bonds

At June 30, 2011 the Town had the following authorized, unissued bonds:

<u>Project Name</u>	<u>Amount Unissued</u>
School Improvements	\$ 49,000,000

G. Restricted Net Assets

The amount of restricted net assets, which were restricted by enabling legislation, totaled \$307,201 at June 30, 2011.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

III. DETAILED NOTES (CONTINUED)

H. Fund Balance Classifications

As of June 30, 2011, fund balances are composed of the following:

FUND BALANCE COMPONENT	GENERAL FUND	CAPITAL PROJECTS	NONMAJOR FUNDS	TOTAL
<u>NONSPENDABLE:</u>				
Permanent fund principal	\$	\$	\$ 18,000	\$ 18,000
Inventory/Prepaid Items	65,567			65,567
TOTAL NONSPENDABLE	65,567	-	18,000	83,567
<u>RESTRICTED:</u>				
General Government			8,506	8,506
Public Safety			500	500
Public Works			214,605	214,605
Human Services			2,623	2,623
Civic and Cultural			11,967	11,967
Education			69,000	69,000
TOTAL RESTRICTED	-	-	307,201	307,201
<u>COMMITTED:</u>				
Public Safety			24,099	24,099
Civic and Cultural			24,647	24,647
Construction Contracts		2,617,752		2,617,752
Approved Projects		572,371	381,362	953,733
TOTAL COMMITTED	-	3,190,123	430,108	3,620,231
<u>ASSIGNED:</u>				
Subsequent Years Budget	605,000			605,000
General Government	7,485			7,485
Public Safety	346			346
Public Works	30,555			30,555
Civic and Cultural			56,566	56,566
Development and Planning	2,000			2,000
Education	354,508		23,209	377,717
TOTAL ASSIGNED	999,894	-	79,775	1,079,669
UNASSIGNED	2,012,749	-	(46,720)	1,966,029
TOTAL	\$ 3,078,210	\$ 3,190,123	\$ 788,364	\$ 7,056,697

IV. OTHER INFORMATION

A. Risk Management

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

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in insurance coverage from the amounts held in prior years.

B. Commitments and Litigation

The Town has been named as defendant in several claims and legal actions. The Town's management estimates that the potential claims against the Town, which are not covered by insurance, would not materially affect the financial condition of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowances, if any, will not be material.

C. Pension Plans

Municipal Employees' Retirement Fund

The Town makes contributions to one public employee retirement system covering substantially all municipal employees except teachers and firemen. Teachers are covered by the State Teachers' Retirement System, which does not require a municipal contribution.

1. Plan Description

All full-time employees of the Town, except for certified board of education personnel, participate in the Municipal Employees' Retirement System (MERS). MERS is a cost sharing multiple employer Public Employee Retirement System (PERS) defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State of Connecticut Retirement and Benefit Services Division, Office of the State Controller, 55 Elm Street, Hartford, CT 06106.

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plans (Continued)

Municipal Employees' Retirement Fund (Continued)

2. Plan Provisions

Plan provisions are set by Statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases between 3% and 5% are paid to disabled members and nondisabled retired members who have reached age 65. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 5 years of continuous service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life.

3. Funding Policy

Covered employees are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan.

The required and actual contributions for the years ended June 30, 2009, 2010 and 2011 were \$315,174, \$323,164 and \$449,326, respectively.

D. Other Post-Employment Benefits Plan

1. Plan Description

The Town administers one single-employer, post retirement healthcare plan for the Town and Board of Education, the Town of Griswold Other Post Employment Benefits Plan (OPEB). The plan provides medical, dental benefits and life insurance to eligible retirees and their spouses.

2. Benefit Provisions

a. Benefit Provisions

The Town plan provides for medical, dental and life insurance benefits for all eligible Town and Board of Education retirees. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from current operations.

b. Employer Contributions

The Town's contributions are actuarially determined on an annual basis using the projected unit credit method. The Town and Board of Education's total plan contribution was \$100,604.

c. Employee Contributions

There are no employee contributions to the plan.

TOWN OF GRISWOLD, CONNECTICUT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

3. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010 was as follows:

ACTUARIAL VALUATION DATE	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIALY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER/ (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	(C) COVERED PAYROLL	[(A-B)/C] OVER (UNDER) FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>TOWN</u>						
JULY 1, 2010	\$	\$ 2,034,080	\$(2,034,080)	0.0%	\$16,571,794	(12.3%)

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

4. Actuarial Methods and Assumptions

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

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

VALUATION DATE	July 1, 2010
ACTUARIAL COST METHOD	Projected Unit Credit
AMORTIZATION METHOD	Level Dollar
REMAINING AMORTIZATION PERIOD	30 years closed
ASSET VALUATION METHOD	Fair Value

ACTUARIAL ASSUMPTIONS:

Investment rate of return	4.0%
Healthcare inflation rate	3.5%

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

D. Other Post-Employment Benefits Plan (Continued)

5. Annual OPEB Cost and Net OPEB Obligation (NOO)

The changes in the NOO were as follows:

	<u>TOWN</u>
Annual required contribution.....	\$ 291,326
Interest on net OPEB obligation	26,052
Adjustment to annual required contribution.....	<u>(170,529)</u>
Annual OPEB cost.....	146,849
Contributions made	<u>100,604</u>
Change in net OPEB obligation.....	46,245
Net OPEB obligation - July 1, 2010	<u>651,340</u>
Net OPEB obligation - June 30, 2011.....	<u>\$ 697,585</u>

6. Three Year Trend Information

YEAR ENDING JUNE 30	ANNUAL OPEB COST (AOC)	PERCENTAGE OF AOC CONTRIBUTED	NET OPEB OBLIGATION
<hr/>			
TOWN			
2011	\$ 146,849	68.5%	\$ 697,585
2010	389,611	18.4	651,340
2009	405,127	17.7	333,428

E. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the state into the State Teachers Retirement System Pension Plan on-behalf of the Town's teachers was \$1,929,000.

TOWN OF GRISWOLD, CONNECTICUT
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

IV. OTHER INFORMATION (CONTINUED)

F. Restatement

The Town has determined that certain expenses were overstated in prior years and should have been recorded as construction in progress as noted below.

Beginning net assets of the Governmental Activities have been restated as follows:

Net assets - June 30, 2010, as previously reported.....	\$ 72,194,029
Understatement of construction in progress	<u>445,745</u>
Net assets - July 1, 2010, as restated	<u>\$ 72,639,774</u>

Beginning fund balance for the general fund, GAAP basis, has been restated as follows:

Fund balance - June 30, 2010, as previously reported.....	\$ 4,554,452
To comply with the provisions of GASB 54	<u>(234,878)</u>
Fund balance - July 1, 2010, as restated	<u>\$ 4,319,574</u>

Beginning fund balance for the general fund, budgetary basis, has been restated as follows:

Fund balance - June 30, 2010, as previously reported.....	\$ 3,952,368
To comply with the provisions of GASB 54	<u>(234,878)</u>
Fund balance - July 1, 2010, as restated.....	<u>\$ 3,717,490</u>

Beginning fund balance for other governmental funds has been restated as follows:

Fund balance - June 30, 2010, as previously reported.....	\$ 539,118
To comply with the provisions of GASB 54	<u>234,878</u>
Fund balance - July 1, 2010, as restated	<u>\$ 773,996</u>

**Required
Supplementary
Information**

TOWN OF GRISWOLD, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

GRISWOLD OPEB PLAN
SCHEDULE OF FUNDING PROGRESS

TOWN PLAN						
ACTUARIAL VALUATION DATE JULY 1	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) PROJECTED UNIT CREDIT	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(B-A)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
2008	\$ -	\$ 3,451,338	\$ (3,451,338)	0.0%	\$ 15,213,934	(22.7%)
2009	-	3,698,582	(3,698,582)	0.0%	15,518,213	(23.8%)
2010	-	2,034,080	(2,034,080)	0.0%	16,571,794	(12.3%)

SCHEDULE OF EMPLOYER CONTRIBUTIONS

ACTUARIAL VALUATION DATE JULY 1	ANNUAL REQUIRED CONTRIBUTIONS	ACTUAL CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
2008	\$ 405,127	\$ 71,699	17.7%
2009	396,193	71,699	18.1%
2010	291,326	100,604	34.5%

Supplemental Schedules

General Fund

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

TOWN OF GRISWOLD, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAXES, INTEREST AND LIEN FEES:				
General property taxes.....	\$ 16,016,681	\$ 16,016,681	\$ 15,285,441	\$ (731,240)
Interest and lien fees.....	125,000	125,000	147,500	22,500
Telephone access line tax.....	45,000	45,000	33,528	(11,472)
TOTAL TAXES, INTEREST AND LIEN FEES.....	16,186,681	16,186,681	15,466,469	(720,212)
INTERGOVERNMENTAL:				
STATE GRANTS FOR SCHOOL AID:				
ECS grant.....	10,735,024	10,735,024	10,716,880	(18,144)
Services for the blind.....	11,000	11,000		(11,000)
Transportation.....	295,299	295,299	210,243	(85,056)
TOTAL STATE GRANTS FOR SCHOOL AID.....	11,041,323	11,041,323	10,927,123	(114,200)
STATE GRANTS - UNSPECIFIED:				
PILOT - state property.....	42,371	42,371	42,517	146
In lieu of boat taxes.....	3,334	3,334	2,698	(636)
Mashantucket pequot fund.....	91,785	91,785	92,994	1,209
New school grant.....	402,909	402,909	240,202	(162,707)
Tax relief for elderly.....	51,215	51,215	47,277	(3,938)
Tax relief for veterans.....	10,165	10,165	9,521	(644)
Tax relief - totally disabled.....	838	838	974	136
New machinery and equipment.....	50,000	50,000	35,790	(14,210)
Local capital improvement.....	94,455	94,455	97,375	2,920
Judicial fine from State.....	3,500	3,500	5,780	2,280
Civil preparedness.....	3,000	3,000		(3,000)
Youth Services.....	14,000	14,000	19,000	5,000
TOTAL STATE GRANTS - UNSPECIFIED.....	767,572	767,572	594,128	(173,444)
TOTAL INTERGOVERNMENTAL.....	11,808,895	11,808,895	11,521,251	(287,644)
CHARGES FOR SERVICES:				
Finance department.....	32,450	32,450	50,965	18,515
Town clerk.....	120,000	120,000	114,909	(5,091)
Planning and development.....	14,100	14,100	15,118	1,018
Building official.....	150,000	150,000	130,401	(19,599)
Rental income.....	54,000	54,000	58,283	4,283
Education tuition.....	1,817,966	1,817,966	1,674,071	(143,895)
Selectman.....	300	300	20	(280)
Towers.....	5,000	5,000		(5,000)
Miscellaneous.....	159,000	159,000	172,363	13,363
Solid waste.....	382,500	382,500	281,339	(101,161)
TOTAL CHARGES FOR SERVICES.....	2,735,316	2,735,316	2,497,469	(237,847)

(Continued)

SCHEDULE 1
(2 of 2)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONCLUDED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUE FROM USE OF TOWN MONEY:				
Investment interest.....	\$ 150,000	\$ 150,000	\$ 94,894	\$ (55,106)
TOTAL REVENUES.....	30,880,892	30,880,892	29,580,083	(1,300,809)
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	450,001	455,001		(455,001)
Cancellation of prior year encumbrances.....			10,458	10,458
TOTAL OTHER FINANCING SOURCES.....	450,001	455,001	10,458	(444,543)
TOTAL REVENUES AND OTHER FINANCING SOURCES.	\$ 31,330,893	\$ 31,335,893	\$ 29,590,541	\$ (1,745,352)

(Concluded)

TOWN OF GRISWOLD, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
BOARD OF FINANCE:				
Financial director - regular full-time.....	\$ 70,000	\$ 70,000	\$ 65,138	\$ 4,862
Bookkeeper and clerk.....	38,385	38,385	37,563	822
Assistant bookkeeper.....	28,720	28,720	28,720	-
Central - contractual,temporary.....	3,900	3,900	3,846	54
Meetings and dues.....	575	575	422	153
Education and training.....	600	600	524	76
Advertising.....	500	500	500	-
Annual report.....	500	500	393	107
Finance and accounting.....	35,000	35,000	33,700	1,300
Contracted services.....	10,000	10,000	9,774	226
TOTAL BOARD OF FINANCE.....	188,180	188,180	180,580	7,600
BOARD OF SELECTMEN:				
Regular full-time payroll.....	35,538	35,538	34,365	1,173
Overtime payroll.....	9,000	9,000	5,630	3,370
First selectman - elected official.....	50,625	50,625	50,625	-
Second selectman - elected official.....	11,008	11,008	10,981	27
Third selectman - elected official.....	11,008	11,008	11,008	-
First selectman - meetings.....	1,500	1,500	938	562
Second selectman - meetings.....	300	300	192	108
Third selectman - meetings.....	300	300	125	175
Advertising.....	6,000	6,000	5,750	250
Office supplies/central purchasing.....	22,500	22,500	21,018	1,482
Postage.....	17,000	17,000	5,507	11,493
School building committee expenses.....	275	275	275	-
Health & safety committee expenses.....	100	100		100
Town Historian.....	100	100		100
Liability insurance - municipal.....	100,343	100,343	78,217	22,126
Workers' compensation - municipal insurance.....	78,904	73,466	64,572	8,894
Service contracts.....	48,000	53,438	53,438	-
Technology maintenance.....	15,000	15,000	10,368	4,632
Connecticut Conference of Municipalities.....	7,110	7,110	7,039	71
S.E. CT Council of Government.....	5,404	5,404	5,404	-
TOTAL BOARD OF SELECTMEN.....	420,015	420,015	365,452	54,563
TREASURER:				
Elected officials.....	7,350	7,350	7,350	-
Travel.....	25	25	25	-
Meetings and dues.....	25	25	25	-
TOTAL TREASURER.....	7,400	7,400	7,400	-
TAX COLLECTOR:				
Regular full-time payroll.....	29,232	29,232	29,232	-
DMV collection fee.....	2,088	2,088	2,088	-
Elected officials.....	54,525	54,525	54,525	-
Travel.....	500	500	475	25
Meetings and dues.....	500	500	333	167
Advertising.....	1,500	1,500	1,159	341
Data processing.....	950	950	950	-
Tax refunds.....	8,000	11,839	11,839	-
TOTAL TAX COLLECTOR.....	97,295	101,134	100,601	533

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
TAX ASSESSMENT:				
Assessor.....	\$ 49,256	\$ 49,256	\$ 49,100	\$ 156
Assistant assessor.....	15,314	15,314	15,219	95
Elected officials.....	3,000	3,000	3,000	-
Assessor - travel.....	500	500	21	479
Assessor - meetings.....	800	800	395	405
Assessor - advertising.....	300	300	192	108
Board tax review - advertising.....	350	350	181	169
Update maps - data processing.....	7,489	7,489	7,485	4
Motor vehicle - data processing.....	700	700	465	235
Personal Property Forms.....	250	250	113	137
TOTAL TAX ASSESSMENT.....	77,959	77,959	76,171	1,788
ELECTIONS AND REGISTRATIONS:				
Contractual temporary and occasional.....	27,000	27,000	26,495	505
Registrars - elected officials.....	18,215	18,215	18,214	1
Registrars - travel.....	400	400	31	369
Meetings and dues.....	1,000	1,000	762	238
Advertising.....	250	250	67	183
Registrars annual canvas.....	200	200	120	80
Office/Election Supplies.....	7,000	7,000	5,550	1,450
TOTAL ELECTIONS AND REGISTRATIONS.....	54,065	54,065	51,239	2,826
TOWN CLERK:				
Regular full-time payroll.....	30,394	30,394	30,394	-
Elected officials.....	51,505	51,505	51,505	-
Travel.....	100	100		100
Meetings and dues.....	1,200	1,200	390	810
Advertising.....	3,500	3,500	3,467	33
Indexing and recording.....	24,000	24,000	20,918	3,082
Vital statistics.....	1,000	1,000	318	682
Update town codes.....	4,000	4,000	2,910	1,090
TOTAL TOWN CLERK.....	115,699	115,699	109,902	5,797
LEGAL:				
Legal Matters Labor.....	19,000	59,219	59,219	-
Probate court.....	6,000	7,167	7,167	-
Town counsel.....	49,000	29,492	29,492	-
TOTAL LEGAL.....	74,000	95,878	95,878	-
MAINTENANCE OF TOWN BUILDING - 28 MAIN:				
Regular full-time payroll.....	39,107	33,454	30,672	2,782
Telephone.....	10,000	12,566	12,566	-
Electricity.....	20,000	23,087	23,087	-
Heating fuel.....	7,500	7,500	6,048	1,452
Water.....	1,600	1,600	703	897
Building repairs.....	3,500	3,946	3,946	-
Maintenance.....	6,000	5,554	4,902	652
TOTAL MAINTENANCE OF TOWN BUILDING - 28 MAIN.....	87,707	87,707	81,924	5,783

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
MAINTENANCE OF TOWN BUILDING - PACHAUG:				
Telephone.....	\$ 1,300	\$ 1,442	\$ 1,442	\$ -
Electricity.....	800	986	986	-
Heating fuel.....	1,200	1,014	940	74
Building repairs.....	10	10		10
Maintenance.....	500	358	140	218
TOTAL MAINTENANCE OF TOWN BUILDING - PACHAUG.....	3,810	3,810	3,508	302
MAINTENANCE OF TOWN BUILDING - HIGHWAY:				
Electricity.....	8,400	8,400	6,305	2,095
Heating fuel.....	250	250	250	-
Building repairs.....	500	500	500	-
Maintenance.....	1,200	1,200	1,200	-
TOTAL MAINTENANCE OF TOWN BUILDING - HIGHWAY.....	10,350	10,350	8,255	2,095
TOTAL GENERAL GOVERNMENT.....	1,136,480	1,162,197	1,080,910	81,287
PUBLIC SAFETY:				
EMERGENCY SERVICES:				
Contractual temporary and occasional.....	14,000	14,000	12,786	1,214
Other purchased supplies.....	1,600	1,600	1,526	74
Finance and accounting.....	400	400	400	-
Municipal insurance GVFD.....	20,444	20,444	19,560	884
AA young municipal insurance.....	21,416	21,416	19,560	1,856
OSHA physicals and testing.....	10,000	10,000	9,310	690
Office of civil preparedness.....	4,200	4,200		4,200
Griswold Volunteer Fire Department.....	89,750	89,750	89,333	417
Dispatch service.....	22,702	22,702	22,701	1
Ambulance exchange and hydrants.....	20,000	20,000	20,000	-
AA Young Volunteer Fire Department.....	89,750	92,084	92,084	-
Retention and recruitment.....	70,000	67,666	63,350	4,316
Paramedic Bundle Billing.....	35,000	35,000	35,000	-
Hydrants - Town of Griswold.....	21,000	21,000	20,470	530
TOTAL EMERGENCY SERVICES.....	420,262	420,262	406,080	14,182
ANIMAL CONTROL:				
Regular part-time payroll.....	8,515	8,515	8,492	23
Travel.....	5,000	5,000	5,000	-
Advertising.....	150	150		150
Postage.....	10	10		10
Other purchased supplies.....	400	400	294	106
Telephone.....	600	914	914	-
Electricity.....	750	750	482	268
Heating fuel.....	1,000	1,000	967	33
Building repairs.....	500	500	50	450
Maintenance.....	500	186		186
Other professional services.....	400	400	67	333
Food.....	850	850	540	310
TOTAL ANIMAL CONTROL.....	18,675	18,675	16,806	1,869
TOTAL PUBLIC SAFETY.....	438,937	438,937	422,886	16,051

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PUBLIC WORKS:				
HIGHWAY DEPARTMENT:				
Regular full-time payroll.....	\$ 307,710	\$ 289,508	\$ 261,624	\$ 27,884
Director of public works.....	64,500	64,500	64,158	342
Overtime payroll.....	13,000	22,001	7,664	14,337
Overtime bulky waste.....	6,500	6,601	6,601	-
Overtime snow.....	25,000	25,000	25,000	-
Tree warden - contractual, temporary.....	850	850	850	-
Safety training.....	5,000	3,925	3,827	98
Tree maintenance.....	4,000	5,075	5,075	-
Other purchased supplies.....	14,000	14,007	14,007	-
JCDPU - street lighting.....	18,000	16,548	15,801	747
CL&P - street lighting.....	15,500	16,952	16,952	-
Gasoline fuel and fluids.....	40,000	49,101	49,101	-
Architects and engineers.....	6,000	6,000	5,997	3
Snow removal meals.....	1,000	1,000	997	3
Cemeteries.....	1,500	1,500	1,500	-
Equipment repairs and purchase.....	40,000	39,993	39,704	289
Snow removal.....	50,000	50,000	50,000	-
Contractual Road repairs.....	60,000	60,000	60,000	-
Road Signage.....	5,000	5,000	5,000	-
TOTAL HIGHWAY DEPARTMENT.....	677,560	677,561	633,858	43,703
WASTE DISPOSAL:				
Meetings and dues.....	100	100	-	100
Advertising.....	250	250	-	250
Office supplies/central purchasing.....	700	766	766	-
Contracted services.....	2,500	2,434	714	1,720
Resource Recovery Authority.....	375,000	375,000	246,382	128,618
Recycling.....	500	500	440	60
Bulky Waste Tipping fees.....	50,000	50,000	27,765	22,235
Maintenance transfer station.....	500	500	-	500
Fuel.....	6,000	6,000	451	5,549
Electricity - transfer station.....	1,000	1,000	687	313
TOTAL WASTE DISPOSAL.....	436,550	436,550	277,205	159,345
BUILDING OFFICIAL:				
Regular full-time payroll.....	67,621	68,120	68,120	-
Secretary.....	18,307	25,554	25,554	-
Contractual temp and occasional.....	4,000	3,157	1,979	1,178
Demolition.....	200	200	-	200
Meetings and dues.....	500	509	509	-
Gasoline fuel and fluids.....	500	835	835	-
TOTAL BUILDING OFFICIAL.....	91,128	98,375	96,997	1,378
TOTAL PUBLIC WORKS.....	1,205,238	1,212,486	1,008,060	204,426
HUMAN SERVICES:				
SENIOR CITIZENS:				
Senior center director.....	29,541	29,541	29,451	90
Senior center driver.....	23,404	23,404	23,157	247
Part time payroll.....	9,200	8,953	7,978	975
Contractual temp and occasional.....	1,010	1,257	1,257	-
Postage.....	250	250	158	92
Recreation supplies/subcontractors.....	6,000	6,000	5,874	126
Telephone.....	1,000	1,142	1,142	-
Electricity.....	7,920	7,482	6,829	653
Heating fuel.....	4,000	4,000	1,763	2,237
Water.....	1,000	1,296	1,296	-
Maintenance.....	6,000	6,000	5,401	599
Gasoline, fuel and fluids.....	7,000	7,000	5,953	1,047
Vehicle maintenance.....	2,000	2,000	1,359	641
Transportation.....	1,500	1,500	460	1,040
Meals on wheels.....	11,210	11,210	10,092	1,118
TOTAL SENIOR CITIZENS.....	111,035	111,035	102,170	8,865

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CONTRIBUTIONS:				
SEAT.....	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
TVCCA.....	3,000	3,000	3,000	-
Slater Library.....	86,000	86,000	86,000	-
Day Kimball Nursing.....	15,000	15,000		15,000
Eastern Connecticut Enterprise Region.....	1,500	1,500	1,500	-
Womens Center.....	1,500	1,500	1,500	-
Local Veterans Council.....	2,500	2,500	2,500	-
Legion Baseball.....	600	600	600	-
Youth Football.....	100	100	100	-
Baseball/Soccer/Softball.....	3,000	3,000	3,000	-
Sexual Assault Crisis Center.....	200	200	200	-
TOTAL CONTRIBUTIONS.....	116,400	116,400	101,400	15,000
HEALTH DEPARTMENT:				
Contractual temporary and occasional.....	78,000	78,000	77,734	266
TOTAL HUMAN SERVICES.....	305,435	305,435	281,304	24,131
CIVIC AND CULTURAL:				
RECREATION AND YOUTH:				
Recreation director.....	34,785	34,785	34,632	153
Program development.....	44,750	49,750	42,802	6,948
Contractual and temp.....	2,500	2,500	1,675	825
Travel.....	600	600	600	-
Rental fees to school for gym.....	1,000	1,000	1,000	-
Advertising.....	200	114		114
Education & Training.....	600	600	600	-
Electricity.....	4,970	5,056	3,203	1,853
Water.....	1,700	1,700	310	1,390
TOTAL RECREATION AND YOUTH.....	91,105	96,105	84,822	11,283
TOTAL CIVIC AND CULTURAL.....	91,105	96,105	84,822	11,283
DEVELOPMENT AND PLANNING:				
PLANNING AND COMMUNITY DEVELOPMENT:				
Regular full-time payroll.....	67,489	67,489	67,489	-
Secretary.....	30,511	30,511	30,511	-
Professional services - contractual.....	1,500	2,627	2,627	-
Hearing officer - contractual.....	10	10		10
Economic development coordinator.....	10	10		10
Travel.....	300	318	318	-
Planner - meetings.....	400	400	400	-
Planning and zoning - meetings.....	200	200	90	110
ZBA - meetings.....	100	100	70	30
CC - meetings.....	200	200	85	115
Economic Development Commission.....	600	600	566	34
Education and training.....	480	462	224	238
Planner - advertising.....	10	10		10
Planning and zoning - advertising.....	8,000	6,952	5,085	1,867
ZBA - advertising.....	4,000	5,048	5,048	-
CC - advertising.....	5,000	3,873	2,605	1,268
Plan of Conservation and Development.....	200	200		200
State of Connecticut - MS4 Program.....	5,387	5,387	4,438	949
TOTAL PLANNING AND COMMUNITY DEVELOPMENT.....	124,397	124,397	119,556	4,841
TOTAL DEVELOPMENT AND PLANNING.....	124,397	124,397	119,556	4,841

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONTINUED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
SUNDRY:				
EMERGENCY AND CONTINGENCY:				
Exchanges.....	\$ 75,000	\$ 42,036		\$ 42,036
FRINGE BENEFITS:				
Longevity.....	8,000	8,100	8,100	-
Accumulated sick time.....	30,000	30,000	21,547	8,453
Health insurance.....	466,586	454,856	415,059	39,797
FICA.....	115,029	115,029	107,876	7,153
Pension.....	99,115	107,004	107,004	-
MERF - amortization.....	1,349	1,349	1,342	7
MERF - administrative assessor.....	5,900	5,900	5,900	-
Unemployment compensation.....	2,500	6,240	6,240	-
TOTAL FRINGE BENEFITS.....	728,479	728,478	673,068	55,410
TOTAL SUNDRY.....	803,479	770,514	673,068	97,446
BOARD OF EDUCATION:				
Board of Education.....	24,296,700	24,296,700	24,258,947	37,753
DEBT SERVICE:				
Bond and loan retirement.....	1,380,000	1,380,000	1,156,040	223,960
Interest - bonds and loans.....	769,272	769,272	769,272	-
TOTAL DEBT SERVICE.....	2,149,272	2,149,272	1,925,312	223,960
TOTAL EXPENDITURES.....	30,551,043	30,556,043	29,854,865	701,178
OTHER FINANCING USES:				
Transfers out - Ashland Park fund.....	1,750	1,750	1,750	-
Transfers out - public health nursing.....	10,000	10,000		10,000
Transfers out - recreation fund.....	21,100	21,100	21,100	-
Transfers out - revaluation.....	117,000	117,000	117,000	-
Transfers out - capital projects.....	630,000	630,000	630,000	-
TOTAL OTHER FINANCING USES.....	779,850	779,850	769,850	10,000
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 31,330,893	\$ 31,335,893	\$ 30,624,715	\$ 711,178

(Concluded)

TOWN OF GRISWOLD, CONNECTICUT

REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2011

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2010	CURRENT YEAR LEVY	LAWFUL CORRECTIONS		TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2011
			ADDITIONS	DEDUCTIONS			TAXES	INTEREST & LIEN FEES	TOTAL	
1994	\$ 791	\$	\$	\$ 791	\$	\$ -	\$	\$	\$ -	\$ -
1995	774					774			-	774
1996	963					963	172	392	564	791
1997	1,179					1,179			-	1,179
1998	3,519		126			3,645	126	2,000	2,126	3,519
1999	29,317		165			29,482	202	375	577	29,280
2000	10,433		147			10,580			-	10,580
2001	14,288					14,288			-	14,288
2002	15,407		133			15,540			-	15,540
2003	18,454					18,454			-	18,454
2004	21,433					21,433	1,066	600	1,666	20,367
2005	86,190				57,826	28,364	5,869	3,277	9,146	22,495
2006	78,396		8	2,659		75,745	16,009	7,926	23,935	59,736
2007	124,360		1,599	3,937		122,022	43,591	17,770	61,361	78,431
2008	282,560		3,673	6,985		279,248	151,973	34,587	186,560	127,275
TOTAL PRIOR YEARS	688,064	-	5,851	14,372	57,826	621,717	219,008	66,927	285,935	402,709
2009		15,418,679	8,791	32,826		15,394,644	15,063,213	70,590	15,133,803	331,431
TOTAL	\$ 688,064	\$ 15,418,679	\$ 14,642	\$ 47,198	\$ 57,826	\$ 16,016,361	\$ 15,282,221	\$ 137,517	15,419,738	\$ 734,140

Property taxes considered available:

Overpayment of taxes and suspense collections	31,545
June 30, 2010 - 60 day	(71,800)
June 30, 2011 - 60 day	<u>53,458</u>
Total property tax revenues	<u>\$ 15,432,941</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

Permanent Funds

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

Capital Project Funds

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

TOWN OF GRISWOLD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

	SPECIAL REVENUE							
	TOWN AID ROAD FUND	SCHOOL CAFETERIA FUND	SPECIAL EDUCATION GRANT FUND	BOARD OF EDUCATION CHILD CARE	GVFD EMS EQUIPMENT GRANT FUND	SEWER AUTHORITY FUND	CT SPECIAL ACT RECREATION	RECORDS PRESERVATION FUND
<u>ASSETS</u>								
Cash.....	\$	\$	\$	\$	\$	\$	53,017	\$
Receivables:								
Intergovernmental.....		79,164	24,088					
Other.....		6,345	1,308	4,290		720		
Due from other funds.....	258,094		281,107	17,994	500			8,474
Other.....		6,500						32
TOTAL ASSETS.....	\$ 258,094	\$ 92,009	\$ 306,503	\$ 22,284	\$ 500	\$ 53,737	\$ -	\$ 8,506
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES:</u>								
Accounts payable.....	\$ 95,078	\$ 1,843	\$ 283,473	\$	\$	\$	\$	\$
Due to other funds.....		23,653				1,644	8,498	
Unearned revenue.....			23,030			504		
TOTAL LIABILITIES.....	95,078	25,496	306,503	-	-	2,148	8,498	-
<u>FUND BALANCES:</u>								
Restricted.....	163,016	66,513			500	51,589		8,506
Assigned.....				22,284				
Unassigned.....							(8,498)	
TOTAL FUND BALANCES.....	163,016	66,513	-	22,284	500	51,589	(8,498)	8,506
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 258,094	\$ 92,009	\$ 306,503	\$ 22,284	\$ 500	\$ 53,737	\$ -	\$ 8,506

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(Continued)

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

	SPECIAL REVENUE							
	ASHLAND PARK FUND	SHELDON ROAD PARK	OPEN SPACE	DOG FUND	BOARD OF EDUCATION MISC	BOARD OF EDUCATION YOUTH GRANT	RECREATION FUND	
<u>ASSETS</u>								
Cash.....	\$	\$	\$	\$	\$		\$	
Receivables:								
Other.....				131				
Due from other funds.....		106,641	56,566	23,969	925	2,571	24,760	
TOTAL ASSETS.....	\$	-	\$ 106,641	\$ 56,566	\$ 24,100	\$ 925	\$ 2,571	\$ 24,760
<u>LIABILITIES AND FUND BALANCES</u>								
LIABILITIES:								
Accounts payable.....	\$	390	\$ 75	\$	1	\$	84	\$ 113
Due to other funds.....		66						
Unearned revenue.....			94,599					
TOTAL LIABILITIES.....		456	94,674	-	1	-	84	113
FUND BALANCES:								
Restricted.....			11,967			2,487		
Committed.....				24,099			24,647	
Assigned.....			56,566		925			
Unassigned.....		(456)						
TOTAL FUND BALANCES.....		(456)	11,967	56,566	24,099	925	2,487	24,647
TOTAL LIABILITIES AND FUND BALANCES.....	\$	-	\$ 106,641	\$ 56,566	\$ 24,100	\$ 925	\$ 2,571	\$ 24,760

(Continued)

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TOWN OF GRISWOLD, CONNECTICUT
COMBINING BALANCE SHEET (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE					TOTAL	PERMANENT	CAPITAL PROJECT	TOTAL NONMAJOR FUNDS
	PLAN OF CONSERVATION & DEVELOPMENT	2010 DISASTER FUND	MUNICIPAL ENERGY & CONSERVATION	MAIN ST PHASE I	ANTHONY TRUST FUND		CAPITAL NONRECURRING FUND		
<u>ASSETS</u>									
Cash.....	\$		\$		\$	53,017	\$ 20,286		\$ 73,303
Receivables:									
Intergovernmental.....						103,252			103,252
Other.....						12,794		96	12,890
Due from other funds.....		12,000				793,601	337	381,266	1,175,204
Other.....						6,532			6,532
TOTAL ASSETS.....	\$	12,000	\$ -	\$ -	\$ -	\$ 969,196	\$ 20,623	\$ 381,362	\$ 1,371,181
<u>LIABILITIES AND FUND BALANCES</u>									
<u>LIABILITIES:</u>									
Accounts payable.....	\$		\$		\$	381,057		\$	381,057
Due to other funds.....				31,710	6,056	71,627			71,627
Unearned revenue.....		12,000				130,133			130,133
TOTAL LIABILITIES.....		12,000	-	31,710	6,056	582,817	-	-	582,817
<u>FUND BALANCES:</u>									
Nonspendable.....						-	18,000		18,000
Restricted.....						304,578	2,623		307,201
Committed.....						48,746		381,362	430,108
Assigned.....						79,775			79,775
Unassigned.....				(31,710)	(6,056)	(46,720)			(46,720)
TOTAL FUND BALANCES.....		-	-	(31,710)	(6,056)	386,379	20,623	381,362	788,364
TOTAL LIABILITIES AND FUND BALANCES.....	\$	12,000	\$ -	\$ -	\$ -	\$ 969,196	\$ 20,623	\$ 381,362	\$ 1,371,181

(Concluded)

TOWN OF GRISWOLD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE							
	TOWN AID ROAD FUND	SCHOOL CAFETERIA FUND	SPECIAL EDUCATION GRANT FUND	BOARD OF EDUCATION CHILD CARE	GVFD EMS EQUIPMENT GRANT FUND	SEWER AUTHORITY FUND	CT SPECIAL ACT RECREATION	RECORDS PRESERVATION FUND
REVENUES:								
Intergovernmental.....	\$ 125,418	\$ 355,720	\$ 1,242,058	\$	\$	\$	\$	\$ 3,000
Charges for services.....	35,094	517,300		61,238		1,944		2,191
Contributions.....								
Interest income.....						1,084		
TOTAL REVENUES.....	160,512	873,020	1,242,058	61,238	-	3,028	-	5,191
EXPENDITURES:								
Current:								
General government.....							483	3,000
Public works.....	263,167					1,901		
Education.....		886,740	1,242,058	45,113				
TOTAL EXPENDITURES.....	263,167	886,740	1,242,058	45,113	-	1,901	483	3,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(102,655)	(13,720)	-	16,125	-	1,127	(483)	2,191
OTHER FINANCING SOURCES (USES):								
Transfers in	102,186							
NET CHANGE IN FUND BALANCES.....	(469)	(13,720)	-	16,125	-	1,127	(483)	2,191
FUND BALANCES - JULY 1, 2010.....	163,485	80,233		6,159	500	50,462	(8,015)	6,315
FUND BALANCES - JUNE 30, 2011.....	\$ 163,016	\$ 66,513	\$ -	\$ 22,284	\$ 500	\$ 51,589	\$ (8,498)	\$ 8,506

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE						
	ASHLAND PARK FUND	SHELDON ROAD PARK	OPEN SPACE	DOG FUND	BOARD OF EDUCATION MISC	BOARD OF EDUCATION YOUTH GRANT	RECREATION FUND
REVENUES:							
Intergovernmental.....	\$	\$ 27,662	\$	\$	\$	\$	\$
Charges for services.....	280			14,999	46,636		31,467
Contributions.....	199	500					
Interest income.....							
TOTAL REVENUES.....	479	28,162	-	14,999	46,636	-	31,467
EXPENDITURES:							
Current:							
Education.....					33,034		
Civic and cultural.....	2,200	27,662				5,983	42,774
TOTAL EXPENDITURES.....	2,200	27,662	-	-	33,034	5,983	42,774
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,721)	500	-	14,999	13,602	(5,983)	(11,307)
OTHER FINANCING SOURCES (USES):							
Transfers in	1,750						21,100
NET CHANGE IN FUND BALANCES.....	29	500	-	14,999	13,602	(5,983)	9,793
FUND BALANCES - JULY 1, 2010.....	(485)	11,467	56,566	9,100	(12,677)	8,470	14,854
FUND BALANCES - JUNE 30, 2011.....	\$ (456)	\$ 11,967	\$ 56,566	\$ 24,099	\$ 925	\$ 2,487	\$ 24,647

(Continued)

TOWN OF GRISWOLD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONCLUDED)
NONMAJOR GOVERNMENTAL FUNDS

	SPECIAL REVENUE				TOTAL	PERMANENT	CAPITAL PROJECT	TOTAL NONMAJOR FUNDS
	PLAN OF CONSERVATION & DEVELOPMENT	2010 DISASTER FUND	MUNICIPAL ENERGY & CONSERVATION	MAIN ST PHASE I		ANTHONY TRUST FUND	CAPITAL NONRECURRING FUND	
REVENUES:								
Intergovernmental.....	\$	\$ 237,269	\$	\$	\$ 1,991,127	\$	\$	\$ 1,991,127
Charges for services.....					711,149		6,321	717,470
Contributions.....					699			699
Interest income.....					1,084	175		1,259
TOTAL REVENUES.....	-	237,269	-	-	2,704,059	175	6,321	2,710,555
EXPENDITURES:								
Current:								
General government.....			31,710	6,056	41,249		109,073	150,322
Public works.....		135,083			400,151			400,151
Civic and cultural.....					78,619			78,619
Education.....					2,206,945			2,206,945
TOTAL EXPENDITURES.....	-	135,083	31,710	6,056	2,726,964	-	109,073	2,836,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	-	102,186	(31,710)	(6,056)	(22,905)	175	(102,752)	(125,482)
OTHER FINANCING SOURCES (USES):								
Transfers in.....					125,036		117,000	242,036
Transfers out.....		(102,186)			(102,186)			(102,186)
NET OTHER FINANCING SOURCES (USES)...	-	(102,186)	-	-	22,850	-	117,000	139,850
NET CHANGE IN FUND BALANCES.....	-	-	(31,710)	(6,056)	(55)	175	14,248	14,368
FUND BALANCES - JULY 1, 2010 (AS RESTATED)					386,434	20,448	367,114	773,996
FUND BALANCES - JUNE 30, 2011.....	\$ -	\$ -	\$ (31,710)	\$ (6,056)	\$ 386,379	\$ 20,623	\$ 381,362	\$ 788,364

(Concluded)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations or other governments.

Private-Purpose Trust Funds

A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

TOWN OF GRISWOLD, CONNECTICUT
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSET AND LIABILITY
 FOR THE YEAR ENDED JUNE 30, 2011

	BALANCE JULY 1, 2010	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2011
<u>ASSET</u>				
CASH:				
Student activity fund.....	\$ 283,729	\$ 472,414	\$ 448,560	\$ 307,583
<u>LIABILITY</u>				
ACCOUNTS PAYABLE:				
Student activity fund.....	\$ 283,729	\$ 472,414	\$ 448,560	\$ 307,583

Trend Information

TABLE 1

TOWN OF GRISWOLD, CONNECTICUT

NET ASSETS BY COMPONENT
LAST EIGHT YEARS
(UNAUDITED)

	FISCAL YEAR							
	2011	(1) 2010 (AS RESTATED)	2009 (AS RESTATED)	2008	2007	2006	2005	2004
Governmental activities:								
Invested in capital assets, net of related debt.....	\$ 78,723,664	\$ 62,695,216	\$ 48,068,215	\$ 39,272,870	\$ 35,770,841	\$ 32,628,621	\$ 32,017,962	\$ 30,884,601
Restricted.....	325,201	323,380	15,383,777	2,683,683	162,433	704,700	900,803	
Unrestricted.....	3,931,404	9,621,178	(4,620,135)	7,334,833	13,354,293	12,482,306	10,980,171	11,778,037
Total Net Assets.....	\$ 82,980,269	\$ 72,639,774	\$ 58,831,857	\$ 49,291,386	\$ 49,287,567	\$ 45,815,627	\$ 43,898,936	\$ 42,662,638

Note: Less than ten years of data due to the implementation date of GASB 34.

(1) Net asset components restated in accordance with the provisions of GASB 54

TOWN OF GRISWOLD, CONNECTICUT

CHANGES IN NET ASSETS
LAST EIGHT YEARS
(UNAUDITED)

	FISCAL YEAR ENDED							
	2011	2010 (AS RESTATED)	2009 (AS RESTATED)	2008	2007	2006	2005	2004
Expenses:								
Governmental activities:								
General government.....	\$ 1,493,276	\$ 729,535	\$ 1,973,224	\$ 2,239,463	\$ 1,791,238	\$ 1,379,861	\$ 1,346,892	\$ 1,158,240
Public safety.....	481,342	524,784	632,731	610,383	543,983	551,140	479,410	454,026
Public works.....	2,421,351	1,897,742	2,451,508	3,110,081	2,836,369	2,977,278	1,798,145	1,598,034
Human services.....	327,436	462,444	826,134	1,583,022	1,609,594	1,442,873	1,340,364	1,283,376
Civic and cultural.....	226,484	175,978	177,548	162,441	168,496	119,163	88,622	145,385
Development and planning.....	142,658	183,564	228,632	361,753	322,921	196,072	152,672	82,875
Sundry.....								454,407
Education.....	29,740,423	29,189,521	29,142,673	30,478,582	25,454,758	25,213,460	23,031,811	22,718,609
Interest expense.....	771,030	643,578	470,327	255,833	337,347	418,213	514,068	546,225
Total expenses.....	35,604,000	33,807,146	35,902,777	38,801,558	33,064,706	32,298,060	28,751,984	28,441,177
Program Revenues:								
Governmental activities:								
Charges for services:								
General government.....	440,146	396,724	363,611	821,724	1,739,951	799,485	428,037	406,675
Public safety.....	14,999	781	811	856	721	4,766		
Public works.....	413,468	501,600	517,993	188,837	241,622	112,298	423,583	436,779
Human services.....		56,104	96,644	1,002,973	1,102,360	1,030,544	1,051,130	928,845
Civic and cultural.....	33,691	26,557	15,358	27,036	20,153	21,525		32,372
Development and planning.....	15,118	14,478	13,868	52,306	39,911	61,841	12,365	24,429
Education.....	2,299,245	2,344,977	2,411,338	2,620,222	2,666,023	2,566,893	2,194,911	2,132,253
Operating grants and contributions.....	14,976,597	14,974,923	15,079,614	17,745,091	11,784,858	12,476,351	10,964,044	10,463,840
Capital grants and contributions.....	11,759,746	15,069,252	12,334,797	1,207,554	3,724,566	1,326,644	1,382,744	424,033
Total Program revenues.....	29,953,010	33,385,396	30,834,034	23,666,599	21,320,165	18,400,347	16,456,814	14,849,226
Net (Expense) Revenue.....	(5,650,990)	(421,750)	(5,068,743)	(15,134,959)	(11,744,541)	(13,897,713)	(12,295,170)	(13,591,951)
General Revenues:								
Governmental activities:								
Property taxes.....	15,560,406	13,808,507	13,808,461	13,564,837	14,471,434	13,757,906	12,731,371	11,891,708
Grants and contributions not restricted to specific programs.....	334,926	356,873	520,628	381,922	510,746	759,148	659,486	2,054,729
Investment income.....	96,153	64,287	260,288	320,734	234,301	375,645	170,611	79,098
Total Governmental activities.....	15,991,485	14,229,667	14,589,377	14,267,493	15,216,481	14,892,699	13,561,468	14,025,535
Change in Net Assets.....	\$ 10,340,495	\$ 13,807,917	\$ 9,520,634	\$ (867,466)	\$ 3,471,940	\$ 994,986	\$ 1,266,298	\$ 433,584

Note: Less than ten years of data due to the implementation date of GASB 34.

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)

TOTAL TAX COLLECTIONS (including interest and lien fees) for the year ended June 30, 2010:	
Town of Griswold.....	\$ 15,419,738
Borough of Jewett City.....	389,729
TOTAL TAX COLLECTIONS (including interest and lien fees) - BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 15,809,467</u>

	GENERAL PURPOSE	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
DEBT LIMITATION:					
2 1/4 times base.....	\$ 35,571,301	\$	\$	\$	\$
4 1/2 times base.....		71,142,602			
3 3/4 times base.....			59,285,501		
3 1/4 times base.....				51,380,768	
3 times base.....					47,428,401
TOTAL DEBT LIMITATION.....	<u>35,571,301</u>	<u>71,142,602</u>	<u>59,285,501</u>	<u>51,380,768</u>	<u>47,428,401</u>
INDEBTEDNESS:					
Bonds payable.....		20,270,000			
BANs payable.....	230,000				
Borough of Jewett City.....			5,089,269		
Less self-supporting debt of the Borough of Jewett City.....			(5,089,269)		
Less amount to be provided by the State.....		(195,060)			
TOTAL INDEBTEDNESS.....	<u>230,000</u>	<u>20,074,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING DEBT.....	<u>\$ 35,341,301</u>	<u>\$ 51,067,662</u>	<u>\$ 59,285,501</u>	<u>\$ 51,380,768</u>	<u>\$ 47,428,401</u>

NOTES: (1) The total of the above indebtedness amounts to: \$ 20,304,940

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 110,666,269

TABLE 4

TOWN OF GRISWOLD, CONNECTICUT

CURRENT DEBT SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
(UNAUDITED)

BONDED DEBT	
Schools.....	\$ 20,270,000
General Purpose.....	<u>-</u>
Total bonded debt.....	20,270,000
Short-Term Debt.....	<u>230,000</u>
Direct Debt.....	20,500,000
Less School Construction Grants.....	<u>(195,060)</u>
	<u>\$ 20,304,940</u>
Population July 1, 2010 (CT Dept. of Health)	<u>11,977</u>
Equalized Net Grand List 2009 (CT - O.P.M.)	<u>\$ 1,100,295,985</u>

CURRENT DEBT RATIOS

	<u>Direct Debt</u>	<u>Net Direct Debt</u>	<u>Overall Net Debt</u>
Debt per Capita	\$ 1,712	\$ 1,695	\$ 1,695
Percent of Equalized Net Grant List	1.86%	1.85%	1.85%

TABLE 5**TOWN OF GRISWOLD, CONNECTICUT**TEN YEAR HISTORY
PROPERTY TAX LEVIES AND COLLECTIONS
(UNAUDITED)

FISCAL YEAR ENDED	ADJUSTED PROPERTY TAX LEVY	TOTAL COLLECTIONS	PERCENTAGE ANNUAL LEVY COLLECTED	UNCOLLECTED	PERCENTAGE ANNUAL LEVY UNCOLLECTED
2011	\$ 15,394,644	\$ 15,063,213	97.85%	\$ 331,431	2.15%
2010	13,640,640	13,358,080	97.93%	282,560	2.07%
2009	13,613,843	13,292,677	97.64%	321,166	2.36%
2008	13,360,704	13,051,472	97.69%	309,232	2.31%
2007	14,245,111	13,820,113	97.02%	424,998	2.98%
2006	13,620,267	13,237,894	97.19%	382,373	2.81%
2005	12,553,802	12,167,511	96.92%	386,291	3.08%
2004	11,738,527	11,300,784	96.27%	437,743	3.73%
2003	10,538,820	10,089,593	95.74%	449,227	4.26%
2002	9,612,797	9,102,747	94.69%	510,050	5.31%

TABLE 6**TOWN OF GRISWOLD, CONNECTICUT**

TOP TEN TAXPAYERS
 GRAND LIST OCTOBER 1, 2009
 FOR THE YEAR ENDED JUNE 30, 2011
 (UNAUDITED)

NAME	NATURE OF BUSINESS	TAXABLE VALUATION	PERCENT NET TAXABLE GRAND LIST
CONNECTICUT LIGHT AND POWER	UTILITY	\$ 4,325,970	0.53%
INTERNATIONAL WIRE GROUP	MANUFACTURING	3,796,130	0.46%
OSJ OF GRISWOLD	DEPARTMENT STORE	3,558,240	0.43%
395 ASSOCIATES LLC	HOTEL	2,249,310	0.27%
HARVEY POLINSKY	BUILDING LOTS	2,107,740	0.26%
JEWETT CITY SAVINGS BANK	BANKING	2,049,450	0.25%
JEWETT CITY LLC	REAL ESTATE	2,041,620	0.25%
PA RESIDENTIONAL LLC	APARTMENT COMPLEX	1,916,110	0.23%
GREEN SEA LLC	GOLF COURSE	1,738,400	0.21%
PACHAUG MARINA & CAMPGROUND	RECREATION	1,646,260	0.20%
NET TAXABLE GRAND LIST		\$ 820,349,075	

TABLE 7

TOWN OF GRISWOLD, CONNECTICUT

TEN YEAR HISTORY
COMPARATIVE ASSESSED VALUATIONS
(THOUSANDS)
(UNAUDITED)

<u>GRAND LIST YEAR</u>	<u>GROSS TAXABLE GRAND LIST</u>	<u>NET TAXABLE GRAND LIST</u>	<u>NET % INCREASE</u>
2009	\$ 903,319	\$ 820,349	1.11%
2008	823,217	811,218	0.63%
2007	889,032	806,092	1.97%
2006 *	875,050	790,531	61.62%
2005	561,188	489,133	2.78%
2004	547,695	475,881	4.88%
2003	526,095	453,717	1.16%
2002	506,973	448,526	2.34%
2001 *	492,502	438,284	18.29%
2000	379,318	370,529	N/A

* Revaluation year

**Federal
Single
Audit**

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed through State Department of Education:			
National School Breakfast Program.....	10.553		\$ 52,930
National School Lunch Program - Cash.....	10.555		249,658
National School Lunch Program - Commodities.....	10.555		36,528
Special Milk Program for Children.....	10.556		1,844
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			<u>340,960</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>			
Passed through State Department of Transportation:			
Highway Planning & Construction.....	20.205		<u>61,280</u>
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Passed through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies.....		12060-20679-82070-2011-17002	148,625
Title I Grants to Local Educational Agencies.....		12060-20679-82070-2010-17002	<u>48,949</u>
Total Title I Grants to Local Educational Agencies.....	84.010		197,574
Title I Grants to Local Educational Agencies, Recovery Act.....	84.389	12060-29010-82070-2009-170002	<u>52,468</u>
Total Title I Cluster.....			<u>250,042</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA Part B).....		12060-20977-82032-2011-170002	321,547
Special Education - Grants to States (IDEA Part B).....		12060-20977-82032-2010-170002	<u>72,411</u>
Total Special Education - Grants to States (IDEA Part B).....	84.027		<u>393,958</u>
Special Education Preschool Grants (IDEA Part B).....		12060-20983-82032-2011-170002	6,253
Special Education Preschool Grants (IDEA Part B).....		12060-20983-82032-2010-170002	<u>14,789</u>
Total Special Education - Preschool Grants (IDEA, Preschool).....	84.173		<u>21,042</u>
ARRA - Special Education Grants to States, Recovery Act.....	84.391	12060-29011-82032-2009-170002	<u>209,636</u>
ARRA - Special Education - Preschool Grants, Recovery Act.....	84.392	12060-29012-82032-2009-170002	<u>6,153</u>
Total Special Education Cluster.....			<u>630,789</u>
Vocational Education - Basic Grants to States.....	84.048	12060-20742-84010-2011-170002	<u>19,671</u>
Improving Teacher Quality State Grants.....		12060-20858-84131-2011-170002	137
Improving Teacher Quality State Grants.....		12060-20858-84131-2010-170002	<u>70,311</u>
Total Improving Teacher Quality State Grants.....	84.367		<u>70,448</u>
ARRA - Education Technology State Grants, Recovery Act (Ed Tech).....	84.386	12060-29063-82079-2009-170002	<u>1,189</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act.....	84.394	12060-29054-82010-2009-170002	<u>1,531,512</u>
Education Jobs Fund (Ed Jobs).....	84.410	12060-22405-82010-2011-170002	<u>63,564</u>
TOTAL U.S. DEPARTMENT OF EDUCATION.....			<u>2,567,215</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Department of Emergency Management and Homeland Security:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036		<u>263,641</u>
GRAND TOTAL FEDERAL AWARDS.....			<u>\$ 3,233,096</u>

See notes to Schedule of Expenditures of Federal Awards

TOWN OF GRISWOLD, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. SIGNIFICANT ACCOUNTING POLICY

The accounting policies of the Town of Griswold, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to Federal awards:

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2. NONCASH FEDERAL AWARDS

The Town received and expended \$36,528 of USDA donated commodities under the National School Lunch Program.

TOWN OF GRISWOLD, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING 2010-1

Condition

The Board of Education does not maintain a full general ledger for the Special Education grants fund.

Current Status

The finding has been corrected.

FINDING 2010-2

Condition

The disbursement checking account at the Town was not reconciled at year end.

Current Status

The finding has been corrected.

FINDING 2010-3

Condition

For the non-standard journal entries tested, there were instances in which there was no supporting documentation maintained and/or evidence of approval by the Finance Director.

Current Status

The finding has been corrected.

FINDING 2010-4

Condition

Excess monies were drawn down by the Board of Education for the Special Education Cluster during the year.

Current Status

The finding has been corrected.

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified yes x no

Significant deficiency(ies) identified? x 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
Circular A-133, Section .510(a)? x yes no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
10.553/10.555/10.556	Child Nutrition Cluster
84.027/84.173	Special Education - Grants to States (IDEA, Part B)/(IDEA, Preschool) Cluster
84.394	ARRA - State Fiscal Stabilization Fund Cluster (SFSF)

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? yes x no

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2011-1

Grantor: Department of Education
Federal Program Name: Special Education - Grants to States (IDEA Part B)
Pass-through Entity: State Department of Education
Federal Grant Program Number: 12060-20977-82032-2011-170002

Criteria

Invoices for goods and services should be reviewed and approved prior to payment.

Condition

Invoices selected for testing showed no evidence of approval by the Director of Special Education.

Questioned Cost

There were no questioned costs.

Context

The finding occurred in 64% of vendor invoices selected for testing.

Effect

By not properly reviewing and approving the invoices charged to the grant, there is a risk that unallowable costs may be charged to the grant.

Cause

The cause is unknown.

Recommendation

We recommend that all invoices that apply to disbursement of State education grant monies be reviewed and approved for payment by the Director of Special Education.

Response

The Director of Special Education will, moving forward, be responsible for review and approving all state and federal grant expenditures for payment.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 Griswold, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Griswold, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 20, 2011. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 and correct 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.

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Town of Griswold, Connecticut
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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.

We noted certain matters that we reported to management of the Town in a separate letter dated December 20, 2011.

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

A handwritten signature in blue ink that reads "J. H. Cohn, LLP". The signature is written in a cursive style with a large, looped initial "J".

New London, Connecticut
December 20, 2011

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 OMB CIRCULAR A-133

Board of Finance
Town of Griswold, Connecticut

Compliance

We have audited the Town of Griswold, Connecticut's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal 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 federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town'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 OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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's compliance with those requirements.

In our opinion, the Town 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 federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal 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 OMB Circular A-133, 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's internal control over compliance.

Town of Griswold, Connecticut
Page Two

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 federal 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 federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

J. H. Cohn, LLP

New London, Connecticut
December 20, 2011

**State
Single
Audit**

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>OFFICE OF POLICY AND MANAGEMENT</u>			
Property Tax Relief for Manufacturing Machinery and Equipment.....	11000-OPM20600-17031		\$ 35,790
Property Tax Relief for Elderly and Disabled.....	11000-OPM20600-17018		47,277
Property Tax Relief for Veterans.....	11000-OPM20600-17024		9,521
Property Tax Relief for Disabled.....	11000-OPM20600-17011		974
Local Capital Improvement.....	12050-OPM20600-40254		97,375
<u>CONNECTICUT STATE LIBRARY:</u>			
Historical Document Preservation.....	12060-CSL66094-35150		3,000
<u>DEPARTMENT OF EDUCATION:</u>			
School Readiness and Child Care in Competitive Grant Municipalities.....	11000-SDE64000-12113	11000-12113-2011-82079-170003	99,934
Child Nutrition Program - School Lunch State Match.....	11000-SDE64000-16072	11000-16072-2011-82051-170005	7,978
School Breakfast.....	11000-SDE64000-17046	11000-17046-2011-82057	6,782
Youth Service Bureau.....	11000-SDE64000-17052	11000-17052-2011-82079-170002	14,000
Youth Service Bureau - Enhancement.....	11000-SDE64000-16201	11000-16201-2011-82079-170002	5,000
Adult Education.....	11000-SDE64000-17030	11000-17030-2011-84003-170013	51,974
Primary Mental Health.....	11000-SDE64000-12198	11000-12198-2011-82079-170036	24,491
Young Parents Program.....	11000-SDE64000-17044	11000-17044-2011-82079-170003	29,956
<u>DEPARTMENT OF TRANSPORTATION:</u>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		99,046
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</u>			
Contaminant Removal.....	12052-DEP43750-40509		48,368
Griswold Recreation Fields.....	11000-DEP43153-12392		27,662
Boat Grant.....	12060-DEP44434-35403		2,698
<u>OFFICE OF STATE COMPTROLLER:</u>			
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004		42,517
Total State Financial Assistance Before Exempt Programs.....			<u>654,343</u>
<u>EXEMPT PROGRAMS:</u>			
<u>DEPARTMENT OF EDUCATION:</u>			
Transportation of School Children.....	1100-SDE64000-17027	11000-17027-2011-82011-17005	210,243
Educational Cost Sharing.....	1100-SDE64000-17041	11000-17041-2011-82011-17002	9,185,368
Special Education - Agency Placements.....	1100-SDE64000-17047	11000-17047-2011-82016	112,297
Special Education - Excess Cost.....	1100-SDE64000-17047	11000-17047-2011-82018	123,508
Special Education - Excess Cost - Student Based Supplement.....	1100-SDE64000-17047	11000-17047-2011-82163	124,737
School Construction - Progress Payments.....	13010-SDE64000-40901	13010-40901-2011-82006-17001	11,759,746
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-2011-82003-17001	227,570
School Construction Projects - Interest.....	13010-SDE64000-40896	13009-40896-2011-82004-17063	12,632
<u>OFFICE OF THE STATE COMPTROLLER:</u>			
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		92,994
Total Exempt Programs.....			<u>21,849,095</u>
TOTAL STATE FINANCIAL ASSISTANCE.....			<u>\$ 22,503,438</u>

TOWN OF GRISWOLD, CONNECTICUT

NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Griswold, Connecticut, conform to accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to State financial assistance:

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

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 GRISWOLD, CONNECTICUT

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

FINDING 2010-1

Condition

The Board of Education does not maintain a full general ledger for the Special Education grants fund.

Current Status

The finding has been corrected.

FINDING 2010-2

Condition

The disbursement checking account at the Town was not reconciled at year end.

Current Status

The finding has been corrected.

FINDING 2010-3

Condition

For the non-standard journal entries tested, there were instances in which there was no supporting documentation maintained and/or evidence of approval by the Finance Director..

Current Status

The finding has been corrected.

FINDING 2010-4

Condition

Invoices selected for testing within the School Readiness program showed no evidence of approval for payment.

Current Status

The finding has been repeated.

TOWN OF GRISWOLD, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

FINDING 2010-5

Condition

Several invoices selected for testing pertaining to the Connecticut Special Act Grant showed no evidence of approval by the Finance Director.

Current Status

The finding has been corrected.

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no
Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified yes x no
Significant deficiency(ies) identified? x 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 of the
State Single Audit Act? x yes no

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

Dollar threshold used to distinguish between type A and type B programs: \$100,000

<u>State Grantor and Program</u>	<u>Core CT Number</u>	<u>Expenditures</u>
<u>OFFICE OF POLICY AND MANAGEMENT:</u>		
Local Capital Improvement	12050-OPM20600-40254	\$ 97,375
<u>OFFICE OF STATE COMPTRROLLER:</u>		
Payment in Lieu of Taxes (PILOT) On State Owned Property	11000-OSC15910-17004	\$ 42,517
<u>DEPARTMENT OF EDUCATION:</u>		
School Readiness and Child Care in Competitive Grant Municipalities	11000-SDE64000-12113	\$ 99,934
<u>DEPARTMENT OF TRANSPORTATION:</u>		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	\$ 99,046

TOWN OF GRISWOLD, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

II. FINANCIAL STATEMENT FINDINGS

There were no findings reported relating to the Town's financial statements.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

FINDING 2010-4

Grantor: Department of Education
Federal Program Name: School Readiness and Child Care in Competitive Grant Municipalities
Pass-through Entity: None
State Grant Program CORE-CT Number: 1100-SDE64000-12113

Criteria

Invoices for goods and services should be reviewed and approved prior to payment.

Condition

Invoices selected for testing showed no evidence of approval by the Director of Special Education.

Questioned Cost

There were no questioned costs.

Context

The finding occurred in 25% of accounts payable invoices selected for testing.

Effect

By not properly reviewing and approving the invoices charged to the grant, there is a risk that unallowable costs may be expensed incorrectly through the grant.

Cause

The cause is unknown.

Recommendation

We recommend that all invoices that apply to disbursement of State education grant monies be reviewed and approved for payment by the Director of Special Education.

Response

The Director of Special Education will, moving forward, be responsible for review and approving all state and federal grant expenditures for payment.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 Griswold, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Griswold, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 20, 2011. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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 and correct 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.

Our consideration of 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Town of Griswold, Connecticut
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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.

We noted certain matters that we reported to management of the Town in a separate letter dated December 20, 2011.

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Office of Policy and Management, 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.

A handwritten signature in blue ink that reads "J.H. Cho, LLP". The signature is written in a cursive style.

New London, Connecticut
December 20, 2011

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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

Board of Finance
Town of Griswold, Connecticut

Compliance

We have audited the Town of Griswold, 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's major state programs for the year ended June 30, 2011. 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's management. Our responsibility is to express an opinion on the Town'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'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's compliance with those requirements.

In our opinion, the Town 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, 2011.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town's internal control over compliance with the 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's internal control over compliance.

Town of Griswold, Connecticut
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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 basis.

Our consideration of 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. However, we identified certain a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as Finding 2010-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of management, the Board of Finance, others within the entity, Office of Policy and Management, 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.

A handwritten signature in blue ink that reads "J.H. Cohn, LLP". The signature is written in a cursive, flowing style.

New London, Connecticut
December 20, 2011