

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
of the
TOWN OF THOMASTON,
CONNECTICUT

FOR THE YEAR ENDED

JUNE 30, 2006

PREPARED BY:

THE FINANCE DEPARTMENT

SUSAN L. COSTA, FINANCE DIRECTOR

TOWN OF THOMASTON, CONNECTICUT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2006

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
ORGANIZATIONAL CHART	1
LETTER OF TRANSMITTAL	2
LIST OF PRINCIPAL OFFICIALS	6
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING FOR THE YEAR ENDED JUNE 30, 2005	7
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITORS' REPORT	8
MANAGEMENT'S DISCUSSION AND ANALYSIS	10
<u>BASIC FINANCIAL STATEMENTS</u>	
<u>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</u>	
<u>EXHIBITS</u>	
A STATEMENT OF NET ASSETS	24
B STATEMENT OF ACTIVITIES	26
<u>FUND FINANCIAL STATEMENTS:</u>	
C BALANCE SHEET AND RECONCILIATION OF FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES - GOVERNMENTAL FUNDS.....	27
D STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	29
E RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES	30
F STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND.....	32
G STATEMENT OF FIDUCIARY NET ASSETS	33
H STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS	34
I NOTES TO BASIC FINANCIAL STATEMENTS	35

TOWN OF THOMASTON, CONNECTICUT
TABLE OF CONTENTS (CONTINUED)

PAGE

REQUIRED SUPPLEMENTARY INFORMATION:

SCHEDULE OF FUNDING PROGRESS - THOMASTON RETIREMENT SYSTEM..... 58

SCHEDULES

SUPPLEMENTAL SCHEDULES

GENERAL FUND

1 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET
AND ACTUAL..... 59

2 SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET
AND ACTUAL..... 61

3 REPORT OF TAX COLLECTOR..... 63

NONMAJOR GOVERNMENTAL FUNDS

4 COMBINING BALANCE SHEET 64

5 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES 66

FIDUCIARY FUNDS

6 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - PRIVATE-
PURPOSE TRUST FUNDS..... 68

7 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
PRIVATE-PURPOSE TRUST FUNDS 69

8 AGENCY FUNDS - COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES 70

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

9 COMPARATIVE SCHEDULE BY SOURCE..... 71

10 SCHEDULE BY FUNCTION AND ACTIVITY 72

11 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY 73

STATISTICAL SECTION

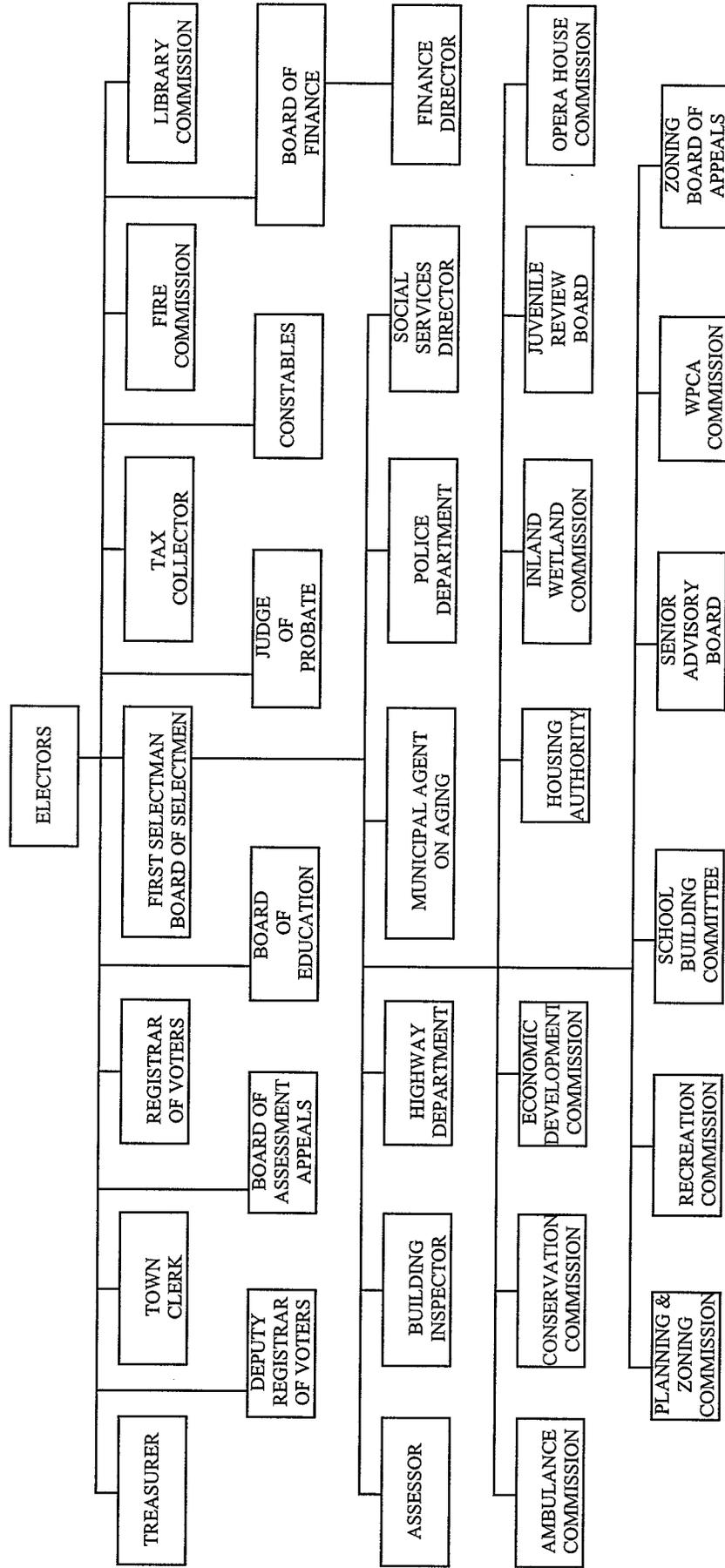
TABLE

1	NET ASSETS BY COMPONENT	74
2	CHANGES IN NET ASSETS.....	75
3	FUND BALANCES, GOVERNMENTAL FUNDS.....	76
4	CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	77
5	ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	78
6	PRINCIPAL TAXPAYERS.....	79
7	PROPERTY TAX RATES, LEVIES AND COLLECTIONS.....	80
8	RATIOS OF OUTSTANDING DEBT BY TYPE.....	81
9	RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA	82
10	SCHEDULE OF DEBT LIMITATION.....	83
11	LEGAL DEBT MARGIN INFORMATION.....	84
12	DEMOGRAPHIC STATISTICS	85
13	PRINCIPAL EMPLOYERS.....	86
14	FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM.....	87
15	OPERATING INDICATORS BY FUNCTION/PROGRAM.....	88
16	CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM.....	89

Introductory Section

TOWN OF THOMASTON, CONNECTICUT

ORGANIZATIONAL CHART





December 11, 2006

Board of Finance
Town of Thomaston
Thomaston, Connecticut 06787

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the Town of Thomaston, Connecticut, for the fiscal year ended June 30, 2006.

This report consists of management's representations concerning the finances of the Town of Thomaston. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of Thomaston has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Thomaston's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the Town of Thomaston's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Thomaston's financial statements have been audited by Kostin, Ruffkess & Company, LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Thomaston for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Thomaston's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Thomaston's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Thomaston is a suburb consisting of 12.0 square miles and located 10 miles south of Torrington, Connecticut, 23 miles west of Hartford, Connecticut, with a population of 7,938. The Town is easily accessible by an excellent highway system. Route 8, a four-lane State highway, provides north-south interstate connections from Bridgeport to Winsted, where it meets Route 44 and continues north to the Massachusetts border. Interstate 84, the major east-west highway through Connecticut, is located just 11 miles south of the Town. Intra-town traffic is served by U.S. Route 6 and State Routes 254, 109, and 262, which pass through the Town. Air transport is available at the Oxford Regional, New Haven-Tweed and Bradley International Airports.

Thomaston originated in 1674 as part of the Mattatuck Plantation, now the City of Waterbury. The Town operates under a Town Meeting form of government, with a Board of Selectmen consisting of three elected members and a Board of Finance made up of six elected members. The Town Meeting is the legislative body of the Town and must approve the annual budget and all bond and note authorizations, except for refunding bonds which only need to be approved by the Board of Selectmen. The First Selectman is the Chief Executive of the Town and is responsible for carrying out the policies and ordinances, overseeing the day-to-day operations of the Town, and for appointing the various department heads. The First Selectman presides over the Board of Selectmen, has full voting privileges, and is elected to a two-year term of office every odd-numbered year.

The Town of Thomaston provides a full range of services including police and fire protection, the construction and maintenance of streets and other infrastructure, health and welfare, education and recreational activities.

The annual budget serves as the foundation for the Town of Thomaston's financial planning and control. All agencies of the Town of Thomaston are required to submit requests for appropriations to the Board of Finance. The Board of Finance uses these requests as the starting point for developing a proposed budget for presentation to the public. The Board of Finance holds one or more public hearings on the budget not later than sixty days before the end of the fiscal year. The general fund is the only fund for which a legal budget is adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Town of Thomaston operates.

Local Economy. Thomaston is a residential community with a diversified manufacturing economic base. The Town's proximity to the Naugatuck River continues to be a major factor in its natural appeal to the development of certain types of industries. The Town continues to be home to many small and medium-sized manufacturers.

The Board of Selectmen reestablished the Economic Development Commission whose mission is to organize and promote sound economic growth in Thomaston by stimulating the expansion of existing business, attracting new enterprises and assuring a favorable community climate for new ideas and economic growth while respecting the character and history of the community. This nine member commission has been proactive in seeking business growth opportunities in Thomaston since its reestablishment.

The Town of Thomaston has made changes in its Plan of Development that will permit the creation of an industrial park which would be located on Reynolds Bridge Road adjacent to an area already zoned and in use by many small to medium size manufacturers. Five large lots are proposed for development in the 22.39-acre parcel. The area is contiguous to Route 8, a divided highway which permits easy access to freight transport. The developer also plans to construct a 50-unit senior housing complex near the industrial park.

Changes to the Zoning District Map are also intended to slow the pace of residential development, which in the past decade has been more than double the State average, by increasing lot sizes, particularly in those areas not served by municipal water and sewer service.

Thomaston's residential sector consists predominantly of single-family homes affordable across a broad range of income levels. Affordability and accessibility have been prime factors in the consistent levels of residential development.

The Small Town Economic Assistance Program (STEAP) funds economic development, community conservation and quality of life projects for localities that are ineligible to receive Urban Action (CGS Section 4-66c) bonds. Public Act 05-194 allows an Urban Act Town that is not designated as a regional center under the State Plan of Conservation and Development to opt out of the Urban Action program and become a STEAP town for a period of four years. The Town elected this option in 2006 and has since been awarded \$200,040 for sidewalk replacement and \$300,000 for the repair of Altair Avenue Bridge and culvert.

The Board of Selectmen established the Thomaston Historical Commission to manage and oversee the recently purchased Seth Thomas-Bradstreet House, grounds and furnishings at 237 Main Street, and such other historic properties or assets as the Town of Thomaston may acquire in the future. The home, which the Town purchased in November 2005, has stood on Main Street at least since 1838. A very well preserved two-story building, it has a long association with one of the most important families in Connecticut. Seth Thomas was the famed clockmaker whose company would attain an international reputation. It is the Town's intent to make this home into a museum, which will entice future economic development.

Long-term Financial Planning. Prepared as part of the annual budget process, a five year plan of capital improvement projects attempts to identify and provide a responsible funding/execution plan for public betterments to ensure a stable community infrastructure. The plan is designed to budget adequate reserves for replacement of obsolete equipment and vehicles and provide for the betterment of town-wide roads. The Town leans toward equipment financing arrangements for fleet replacement and ranks projects based on safety issues and the needs of the departments.

Additionally, the Town of Thomaston is in the process of completing recently approved bond project for renovations to the Center School. The Thomaston Center School project is primarily focused on updating existing infrastructure and does not include new classrooms.

Cash Management. Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury and the State Treasurer's investment fund. The pension trust fund's investment portfolio also includes equities, commercial paper and mutual funds. The rates of interest earned on investments range from 1.3% to 10.0%. The highest yields being part of the pension plans due to the long-term character of some of its investment holdings. Investment income includes appreciation of the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the Town intends to hold to maturity. The Town is limited, except for the pension trust fund, to existing State of Connecticut Statutes as to the investment instruments it can purchase. Therefore, the Town investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio within the State's guidelines.

Pension Trust Fund Operations. The Town of Thomaston offers a single employer defined benefit pension plan. Each year an independent actuary calculates the amount of the annual contribution that the Town of Thomaston must make to the pension plan to ensure that the plan will be able to fully meet their obligations to retired employees on a timely basis. As a matter of policy, the Town of Thomaston fully funds each year's annual required contribution to the pension plan as determined by the actuary.

The operations of the pension trust fund were strong in 2006, based on the improving economic condition and the investment markets. The net assets held in trust increased \$419,605 to \$7,598,268 at June 30, 2006, as a result of current year activity. The funding of the actuarially accrued liability has increased from 62.8% in the prior year to 67.8%.

Additional information on the Town of Thomaston's pension plan can be found in Note IV.C. in the notes to the basic financial statements.

Risk Management. The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage is purchased from the commercial insurance market with the exception of workers' compensation and heart and hypertension. To provide workers' compensation coverage, the Town participates in the Connecticut Interlocal Risk Management Agency (CIRMA), a risk sharing pool created by a Special Act of the Connecticut General Assembly. Coverage for heart and hypertension and post-employment health benefits is funded through an annual appropriation for actual payments.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Thomaston for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This was the second consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Finance Department continuously strives to enhance the quality and ensure the integrity of the financial information provided to elected officials and staff, as well as to the citizens of the Town of Thomaston. The Finance Department will continue pursuit of its goals: to provide the highest degree of public credibility and confidence in its operations; working to foster and maintain a local government environment which demonstrates fiscal accountability, efficiency, integrity, and stability; and of course, the overall strive towards excellence.

The preparation of this report would not have been possible without the dedicated service of the finance staff and the cooperation of Town departments. My sincerest appreciation is extended to all of the contributing staff members.

Respectfully submitted,

A handwritten signature in cursive script that reads "Susan L. Costa".

Susan L. Costa, C.P.A.
Finance Director

TOWN OF THOMASTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2006

BOARD OF SELECTMEN

Maura E. Martin, First Selectman
Jeremiah J. Scully, Selectman
Kenneth Hopkins, Selectman

BOARD OF FINANCE

Michael E. Burr, Chairman
John S. Scheppard
Edmond V. Mone
George Counter
Kristin Mosimann O'Sullivan
Marie Galbraith

TOWN DEPARTMENTS

Michael Bruscano, Treasurer
Susan L. Costa, Finance Director
Susan Laone, School Business Manager
Patricia Delbuono, Tax Assessor
Sandra R. Bruscano, Tax Collector
Lynda Mitchell, Superintendent of Schools
Paul Pronovost, Superintendent of Highway
Richard Tingle, Superintendent of W.P.C.A.
Catherine P. Dupont, Town Clerk
Eugene Torrence, Chief of Police
Henry McGee Jr., Fire Chief
Robert Norton, Fire Marshall
William Fuhrman, Building Inspector
Sam Barto, Town Planner & Land Use Officer
Martin Egan, Park and Recreation Director
Elizabeth Dobos, Social Services Director

AUDITORS

Kostin, Ruffkess & Company, LLC

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Thomaston
Connecticut

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



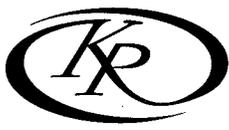
Carla E. Perry

President

Jeffrey R. Emer

Executive Director

**Financial
Section**



**KOSTIN,
RUFFKESS
& COMPANY, LLC**

Business Advisors and Certified Public Accountants

Farmington • New London
Springfield, MA

Pond View Corporate Center
76 Batterson Park Road
Farmington, CT 06032

Main Line: (860) 678-6000
Toll Free: (800) 286-KRCCO
Fax: (860) 678-6110
Web: www.kostin.com

INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Thomaston, 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 Thomaston, Connecticut, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 Thomaston, Connecticut, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2006, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Schedule of Funding Progress - Thomaston Retirement System on pages 10 through 23 and page 58, respectively, are not a required part of the basic financial statements but are supplemental information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



Town of Thomaston, Connecticut
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Thomaston, Connecticut's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other schedules as listed in the table of contents have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied to the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kostin, Ruffkess & Company, LLC

Farmington, Connecticut
December 11, 2006



**Town of Thomaston
Treasurer's Office
TOWN HALL
158 Main Street
Thomaston, Connecticut 06787**

Phone: 860-283-9678

Fax: 860-283-1378

**Management's Discussion and Analysis
For the Year Ended June 30, 2006**

As management of the Town of Thomaston, we offer readers of the Town of Thomaston's financial statements this narrative overview and analysis of the financial activities of the Town of Thomaston for the fiscal year ended June 30, 2006.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$34,108,690 (*net assets*). Of this amount, \$10,530,832 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets increased by \$332,251 from the prior year, due primarily to general fund operating surplus. Restrictions for capital projects decreased as a result of completing the high school project.
- The Town's total net assets increased by \$2,180,429. Approximately 95% of this increase is due to the increase in capital assets as a result of the High School and Center School Projects, as these costs are not expensed, but capitalized.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,773,328, a decrease of \$798,972 in comparison with the prior year. \$2,408,603 of fund balance is reserved for a specific purpose, leaving an *unreserved fund balance* in the amount of \$7,364,725.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,972,137, an increase of \$560,443 in comparison with the prior year. This represents 12.8 percent of total general fund expenditures and other financing uses.

Overview of the Basic Financial Statements

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

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

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* health, or position of the Town is improving or deteriorating.

Management's Discussion and Analysis (continued)

You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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 the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, culture and recreation, housing and development and education.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds; not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town establishes many other funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. 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 a 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 22 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, small cities, capital projects and the capital or nonrecurring funds, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Schedules 4 and 5 in 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. The Town is the trustee, or fiduciary, for its employees' pension plan. It is also responsible for other assets that, because of a trust agreement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets (Exhibits G and H). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary 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. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Schedules 4 through 7 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. The Town's combined net assets increased by 6.8 percent from a year ago – increasing from \$31,928,261 to \$34,108,690.

By far the largest portion of the Town's net assets (67 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The 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 Thomaston		
Net Assets		
	2006	2005
Current and other assets.....	\$ 15,267,731	\$ 16,126,261
Capital assets (net).....	47,004,134	44,553,637
Total assets.....	62,271,865	60,679,898
Long-term liabilities outstanding.....	26,610,774	27,374,590
Other liabilities.....	1,552,401	1,377,047
Total liabilities.....	28,163,175	28,751,637
Net assets:		
Invested in capital assets, net of related debt.....	22,865,552	19,449,596
Restricted.....	712,306	2,280,084
Unrestricted.....	10,530,832	10,198,581
TOTAL NET ASSETS.....	\$ 34,108,690	\$ 31,928,261

An additional portion of the Town's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (31 percent) may be used to meet the Town's ongoing obligations to citizens and creditors.

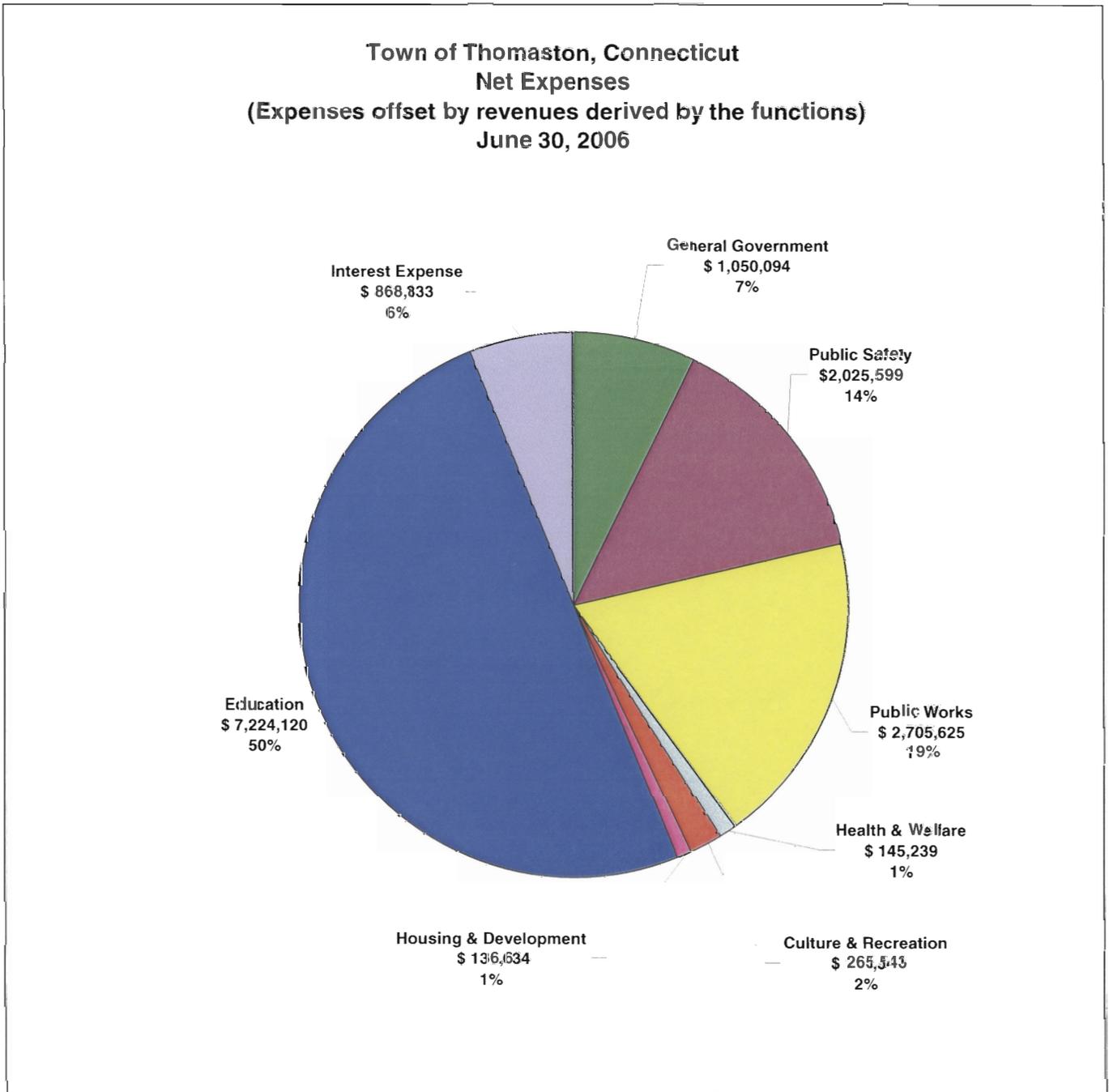
At the end of the current fiscal year, the Town is able to report a positive balance in all the categories of net assets. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town's net assets by \$2,180,429. Key elements of this increase are as follows:

TOWN OF THOMASTON'S CHANGES IN NET ASSETS		
	2006	2005
REVENUES:		
Program revenues:		
Charges for services.....	\$ 1,881,030	\$ 2,065,613
Operating grants and contributions.....	6,590,309	6,156,094
Capital grants and contributions.....	1,863,703	3,743,257
GENERAL REVENUES:		
Property taxes.....	15,368,327	14,065,657
Grants and contributions not restricted to specific programs.....	742,520	748,179
Investment income.....	438,209	200,395
Other.....	53,060	64,753
TOTAL REVENUES.....	26,937,158	27,043,948
EXPENSES:		
General government.....	1,318,822	1,659,892
Public safety.....	2,313,428	1,943,257
Public works.....	3,695,376	3,346,625
Health and welfare.....	151,226	196,049
Culture and recreation.....	1,250,946	1,243,253
Housing and development.....	221,051	204,261
Education.....	14,937,047	13,624,717
Interest on long-term debt.....	868,833	713,760
TOTAL EXPENSES.....	24,756,729	22,931,814
INCREASE IN NET ASSETS.....	\$ 2,180,429	\$ 4,112,134

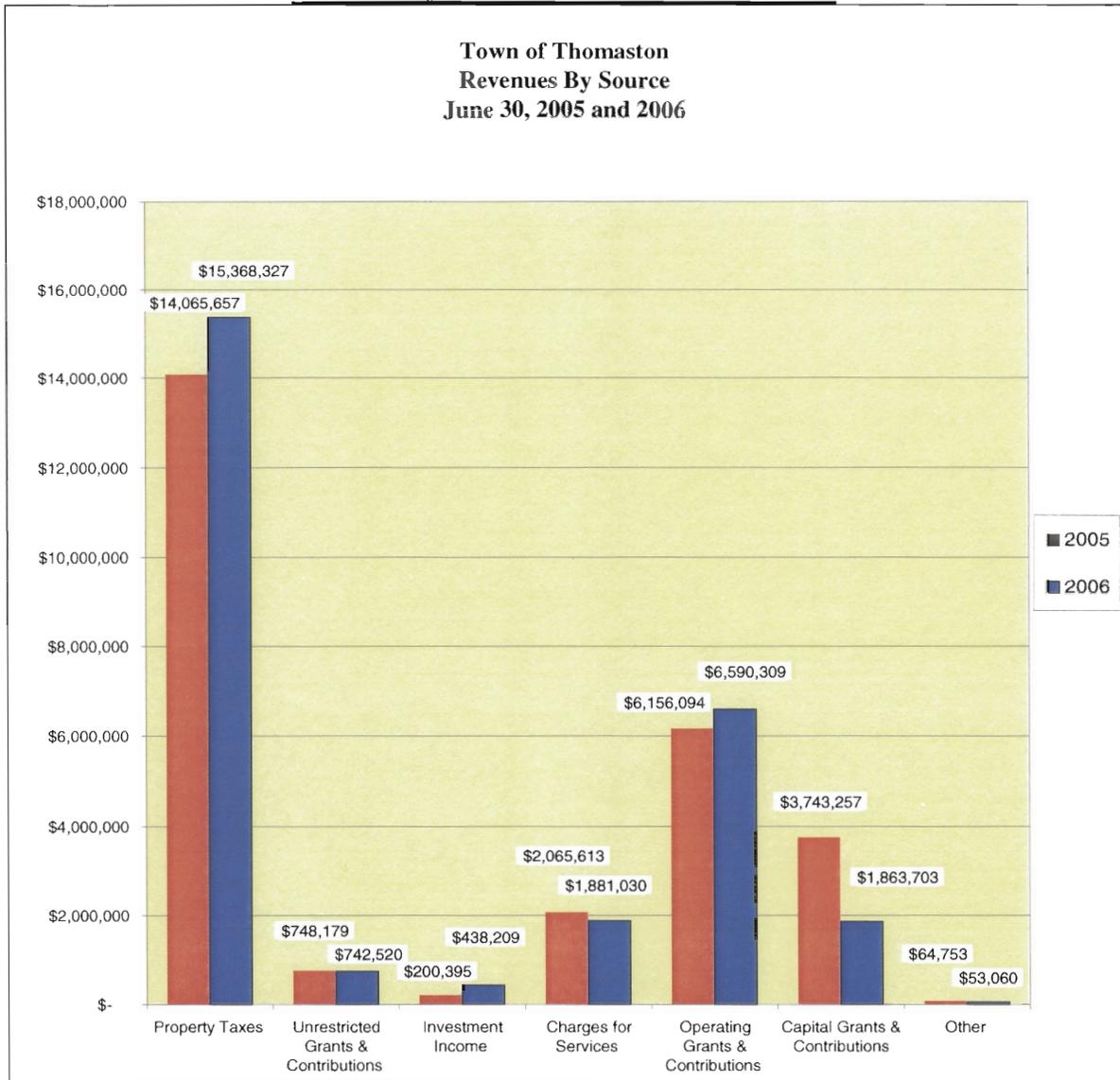
- Capital grants and contributions decreased by \$1,879,554 (50.0 percent) mostly as a result of reduction in school construction grants associated with the high school. This was partially offset with a capital grant of \$500,000 to purchase the historic Seth Thomas Bradstreet House.
- Operating grants related to Education increased in areas of special education, education cost sharing and on behalf payments for the State Teacher's Retirement fund. Grants from the State Department of Education account for approximately 85% of the Town's intergovernmental revenue.
- Government-wide expenses increased by \$1,824,915 (7.96%) compared to \$417,294 (1.85%) in the prior year due to the increases in salaries of \$374,443 (3.5%), interest expense of \$155,073 (22%), pension expense of \$62,593 (10.2%) and rising fuel oil, gas and diesel costs. Health and dental costs stayed flat from the prior year (excluding Board of Education) due to union contract negotiations. Be advised that employee benefits, pension, social security and insurances are originally budgeted under the general government function. These costs were reallocated to the correct departmental functions displayed above.
- Public safety and public works increases were due to increases in salaries, related social security costs and rising fuel oil, gas and diesel costs. Increases in Town Aid Road and additional funding for repaving roads increased public works spending by approximately \$126,000. Allocations of pension, insurance and benefits also drove up the cost of these three departmental functions.

Expenses and Program Revenues (Net) - Governmental Activities



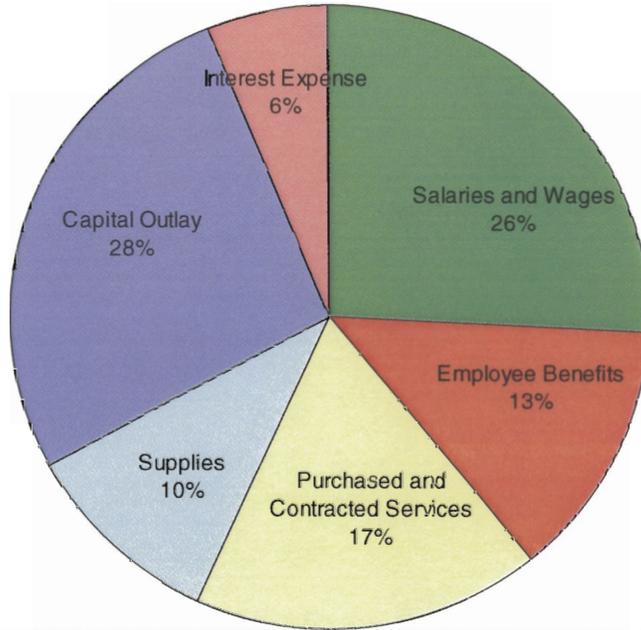
The statement of changes in net assets shows the net cost by function. In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education \$7,224,120 includes expenses of \$14,937,047 offset by charges for services of \$332,542, operating grants and contributions (including the Education Cost sharing grant) of \$6,406,675 and capital grants and contributions of \$973,710. However, the capital grants ultimately offset capital outlay and not operating expenditures. Therefore, in this particular case, capital grants tend to distort the net costs. Based on capital grants received in 2006, the net costs above are understated by \$973,710 in Education for construction grants, \$198,261 in Public Safety for homeland security grants and donated assets and \$536,752 in Culture and Recreation for Opera House grants and the Seth Thomas Bradstreet House purchase.

Revenues by Source - Governmental Activities



The chart above reflects the sources of revenue for 2005 and 2006, which provide the services the taxpayers of Thomaston receive. Property taxes of \$15,368,327 (57.1 percent) are the major source of revenue, followed by operating grants and contributions of \$6,590,309 (24.5 percent), charges for services of \$1,881,030 (7 percent) and capital grants and contributions of \$1,863,703 (6.9 percent). The remaining \$1,233,789 (4.5 percent) is made up of unrestricted grants and contributions, investment income, and miscellaneous income.

Expenses by Classification
June 30, 2006
(Excludes Board of Education Operating Budget)



The chart above is derived directly from the classification of expenditures in the Town's chart of accounts on a government wide basis excluding the Board of Education operating budget. Salaries, wages and employee benefits make up 39 percent of total expenditures. Capital outlay at 28 percent includes construction, building improvements, improvements to roads and other infrastructure assets, vehicles, and machinery & equipment purchases. Purchased and contracted services at 17 percent include professional and technical services such as data processing, legal fees, repairs and maintenance, water, telephone, advertising, dues and rental of equipment. Supplies at 10 percent include general supplies, postage, electricity, heating fuel, gas, diesel and oil, sand and salt, and other infrastructure materials.

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, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

Management's Discussion and Analysis (continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,773,328. The Town has reserved \$2,408,603 to indicate that it is not available for new spending because it has already been committed 1) as loans to residents and commercial businesses under the federal Small Cities economic development program (\$1,244,369), 2) to liquidate contracts and purchase orders of the prior period on school construction (\$229,879), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$324,339), and 4) for compensated absences (\$610,016).

GAAP requires us to reserve fund balance for the total amount of contractual obligations even though the Town has not spent the money. Commitments in the amount of \$229,879 for the center school project were recorded in the Capital Projects Fund, which is a decrease of \$1,570,428 from the prior year. This change in reserves results in an unreserved fund balance of \$7,364,725.

The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,972,137. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 13.7 percent of total general fund expenditures; however, \$587,800 of unreserved fund balance has been designated for the subsequent year's budget. The balance of unreserved and undesignated fund balance of \$2,384,337 lowers the percentage to 10.9 percent of total general fund expenditures.

The fund balance of the Town's general fund increased by \$560,443 during the current fiscal year. The Town had budgeted the use of prior year fund balance of \$670,000 to balance the fiscal 2005-2006 budget, but these key factors defrayed the use of this fund balance:

- Tax collections exceeded budgetary estimates by \$446,518. The actual collection rate was 97.8% while only 96.5% was budgeted, accounting for \$210,837. The percentage of uncollected taxes of the current adjusted levy at the end of the fiscal year has dropped to 2.16% (\$323,653) from 4.00% (\$555,970) two years ago.
- Grant revenue exceeded budgetary estimates by \$248,241.
- Income from investments exceeded budgetary estimates due to higher cash balances related to the issuance of bonds and the rise in interest rates.
- Budgetary overruns were funded between departmental budgets requiring no further appropriations from fund balance. See General Fund Budgetary Highlights below.

Management's Discussion and Analysis (continued)

A comparative analysis of the general fund (GAAP basis) is shown below.

TOWN OF THOMASTON'S GENERAL FUND			
	2006	2005	Increase (Decrease)
REVENUES:			
Property taxes.....	\$ 15,353,444	\$ 13,980,389	\$ 1,373,055
Charges for services.....	359,074	381,122	(22,048)
Intergovernmental.....	6,783,992	6,255,374	528,618
Income from investments.....	340,916	143,934	196,982
Other.....	100,668	65,576	35,092
TOTAL REVENUES.....	22,938,094	20,826,395	2,111,699
EXPENDITURES:			
General government.....	3,000,678	2,896,223	104,455
Public safety.....	1,287,603	1,309,546	(21,943)
Public works.....	1,238,889	1,290,409	(51,520)
Health and welfare.....	110,860	135,114	(24,254)
Culture and recreation.....	442,360	468,696	(26,336)
Housing and development.....	152,832	100,988	51,844
Education.....	13,181,956	12,286,857	895,099
Debt service.....	2,212,389	1,899,272	313,117
Capital outlay.....	119,314	-	119,314
TOTAL EXPENDITURES.....	21,746,881	20,387,105	1,359,776
EXCESS OF REVENUES OVER EXPENDITURES.....	1,191,213	439,290	751,923
OTHER FINANCING SOURCES (USES):			
Transfers in.....	1,267,090	1,158,069	109,021
Transfers out.....	(1,897,860)	(1,585,667)	(312,193)
NET OTHER FINANCING SOURCES (USES).....	(630,770)	(427,598)	(203,172)
NET CHANGE IN FUND BALANCES.....	\$ 560,443	\$ 11,692	\$ 548,751

Small Cities Fund. The Small Cities fund provides residential loan assistance and commercial economic development loans to qualifying citizens and town businesses. The Town started receiving federal funds for this program in 1985. The Small Cities funded activities must meet one of three national objectives: (1) benefit low and moderate income persons; (2) aid in the prevention or elimination of slums or blight; or (3) meet community development needs having a particular urgency. The Town provided \$129,843 in new residential loans and received back \$150,621 in loan repayments. The total loan balance at June 30, 2006 was \$1,244,369. An unreserved fund balance of \$544,862 is available for future loan assistance.

Capital Projects Fund. This fund accounts for financial resources to be used for the acquisition of major equipment or construction of facilities including the Thomaston High School and Center School addition and renovations, the purchase of the Seth Thomas Bradstreet House and a sinking fund for the sewer department. The capital projects fund's expenditures and transfers out exceeded its revenues by \$56,077 as a result of various projects funded in prior years.

Capital or Nonrecurring Fund. This fund accounts for the financial revenues to be used for major capital asset construction and/or purchases and items, which are reserved for special purposes. There are approximately forty separate projects, a summary of which can be found in Section II E of the notes to the financial statements. The capital projects fund's expenditures and transfers out exceeded its revenues by \$303,858 as a result of various projects funded in prior years.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$118,962. The increase in budget can be briefly summarized as follows:

Revised revenue appropriations of \$118,962:

- Additional money collected for the Thomaston Opera House of \$32,493.
- Additional monies of \$66,077 was transferred from the WPCA Repair and Replacement Fund to offset Sewer Commission usage fund operating deficit.
- Additional money collected from the Sewer Commission usage fund was \$20,392.

Additional appropriations from contingency of \$185,578 were made during the year as follows:

- \$10,007 for 10% grant match on fire department air-pacs.
- \$30,000 for library roof replacement.
- \$102,611 for unanticipated retirees (cost of accrued sick time, vacation and retiree fringe benefits).
- \$4,500 for assessor's software support fees.
- \$38,460 for various other items.

During the year, revenues exceeded budgetary estimates and some expenditures were less than budgetary estimates, thus reducing the need to draw upon existing fund balance. Of the \$670,000 of budgeted use of fund balance, none was required. Departments which exceeded the original appropriations totaled \$426,205. When looking at these overages, one should take note that no increases in wages or overtime costs were budgeted due to contract negotiations. An additional amount was added to contingency for retroactive wage adjustments pending the settlement of union contracts, which took place mid year.

Overruns between \$2,001 and \$20,000 are summarized below:

- Assessor wages and overtime costs - \$18,040
- Pension – Volunteer Fire & Ambulance actuary fees - \$2,808
- Inmate supervision salaries for accrued vacation and holiday payout - \$5,058
- Communication and dispatch wages and overtime costs - \$10,027
- Fire Department training, repairs & maintenance and utilities - \$12,119
- Ambulance Department repairs & maintenance, supplies and utilities - \$7,837
- Snow & Ice removal materials - \$19,065
- Solid Waste and Recycling bulky waste tonnage - \$4,505
- Recreation wages and repairs to vehicles - \$2,756
- Public Library utilities - \$3,620

Overruns which exceeded \$20,000 are summarized below:

- Treasurer's Office retroactive wages and the elimination of sharing the Finance Director with the Board of Education budget totaled \$39,444.
- Legal fees were associated with the Town negotiating four union contracts as well as defending the Town in other lawsuits, past and present - \$33,221.
- Town Hall Operation and Maintenance - Custodian retired causing an overage in accrued sick pay and vacation pay. Utilities for electric and heating fuel made up the bulk of the overage - \$36,348.
- Police department retroactive wage adjustments, overtime and fuel for vehicles - \$60,761.
- Public works retroactive wage adjustments and diesel costs - \$41,312.
- Planning and Zoning retroactive wage adjustments and retiree payout for accrued sick and vacation time - \$32,845.
- Capital or Nonrecurring Fund - When the budget was passed, we included in debt service payments of principal and interest of \$40,222 (Sweep vac truck lease) and \$51,957 (Fire truck lease). By the time the equipment was ordered and received, the scheduled debt payment had already gone by; therefore, the scheduled debt payment was used as a down payment on the vehicles, thus, reducing the amount of the borrowing. A transfer was made from Debt Service to the CNR fund to cover this.

These overruns were funded by underruns in fringe benefits, insurance, property tax rebates, contingency and debt service. The largest surplus of \$250,661 was in fringe benefits, due to changes in health benefits mid-year as a result of union contract negotiations. This one budget helped defray 58.8% of total overruns of \$426,205. Other large fund balances were found in Board of Selectman (\$11,403), Property Tax Rebates (\$12,104), Insurance (\$12,638), Contingency (\$38,461), and Debt Service (\$95,249).

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2006, amounts to \$47,004,134 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, vehicles, machinery and equipment, sewer lines, roads, bridges, sidewalks and system storm drains. The total increase in the Town's investment in capital assets for the current fiscal year was \$2,450,497 (5.5%). This increase is largely due to the addition and renovation to the high school. Only those assets which cost \$5,000 or more with a useful life exceeding one year are capitalized. Assets costing less than \$5,000 are expensed.

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

- The initial design stage of the Thomaston High School renovation began in February 2003. Construction in progress was recorded throughout the life of the project, until fiscal year end 2006, at which time the project was completed and recorded as a capital asset. All furniture and machinery & equipment was capitalized at the time of purchase. Total capitalized expenditures of this project since its inception total \$11,171,915 inclusive of computers, furniture, and equipment purchases of \$705,016.
- The initial design stage of the Center School renovation began in November 2004; construction in progress as of the close of the fiscal year had reached \$248,375.
- A new restroom/storage and concession facility is being built at Nystrom's pond. Construction in progress at fiscal year end totaled \$19,428. A State grant is providing \$65,000 towards this project.
- Homeland Security money provided the police with a new Livescan AFIS system (\$45,700) and a portable generator with light tower (\$7,845).
- The fire department secured grants for air-pacs (\$100,070), the cost of which was 90% federally funded.
- A variety of street and sewer construction projects were completed during the year, including rebuilding 117,220 square feet of Cedar Mountain Road (\$119,314).
- The Opera House purchased a new audio system (\$57,682) with DECD grant revenue and a projector/screen (\$13,027) with a Thomaston Savings Bank grant.

Management's Discussion and Analysis (continued)

- The Seth Thomas Bradstreet House and its contents were purchased (\$446,616) using State grant money and a new roof was built on the public library (\$65,770).
- Other miscellaneous equipment purchased included an upgrade to the voicemail system (\$5,755) and a waste oil furnace for the Town garage (\$7,595)
- New heavy equipment and vehicles purchased during the year are as follows:
 1. 2005 Sweep-vac truck for the highway department - (\$189,929)
 2. 2006 Dump Truck with Plow for highway department – (\$126,500)
 3. Three 2006 Ford Crown Victorias and a Ford Taurus for the Police Department - (\$93,312)
 4. 2006 Fire Truck (\$295,000)
 5. 2005 Ford Expedition E-Car – (\$38,653)

Various older and unsafe vehicles were retired as a result of these new purchases.

TOWN OF THOMASTON'S		
CAPITAL ASSETS		
(NET OF ACCUMULATED DEPRECIATION)		
	2006	2005
Land	\$ 1,315,620	\$ 1,315,620
Construction in progress	267,803	9,052,848
Buildings	30,472,488	19,927,820
Land improvements	686,826	714,946
Machinery and equipment	3,678,949	3,186,151
Vehicles	1,102,653	726,981
Infrastructure	9,479,795	9,629,271
Total	\$ 47,004,134	\$ 44,553,637

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

Long-term debt. At the end of the current fiscal year, the Town had total bonded debt outstanding of \$16,115,000. All debt is backed by the full faith and credit of the government. The remainder of the Town's debt represents notes totaling \$7,557,306 funded by the State of Connecticut Clean Water Fund, capital lease obligations for the dump truck, sweep vac truck, fire truck and police cruisers totaling \$455,555, and unamortized bond premium of \$164,827.

TOWN OF THOMASTON'S OUTSTANDING DEBT
LONG-TERM OBLIGATIONS

	2006	2005
General obligation bonds	\$ 16,115,000	\$ 16,940,000
Notes	7,557,306	8,012,793
Capital lease obligations	455,555	139,868
Bond premium	164,827	174,978
Total	\$ 24,292,688	\$ 25,267,639

In April 2005, the Town issued the remaining \$7,700,000, of which \$4,000,000 has been allocated for the Center School Renovation Project. The first scheduled principal payment of \$410,000 has been deferred to fiscal year 2006-2007.

The Town maintains an "A2" 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 \$106,550,374, 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. E.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 4.2%, which is a decrease from a rate of 5.2% a year ago. This is comparable to the state's average unemployment rate of 4.1% but favorable to the Waterbury Labor Market rate of 6.2%.
- Devastation from Hurricanes Katrina and Rita have had a material impact on the Gulf Coast, but the national impact has been muted. Resultant higher energy prices hurt everyone, including New England. If the US economy surges or falters, the region will likely follow. A prolonged international crisis accompanied by already high energy prices is the greatest risk to the national economy. Housing prices, though leveling off, are still lifted by sustained demand and low inventories. Favorable mortgage rates are still a plus.
- Thomaston is facing increasing economic burdens based on its own fiscal limitations, such as increasing municipal expenditures and debt service associated with the high school and center school renovations.
- Capital improvements and vehicle replacement continue to be a strain on the Town's tax rate increases. Currently there are \$778,000 in requests for a fire truck, police vehicles, K9 vehicle, and highway trucks by fiscal 2008/2009. Even though the high school received a new wing and renovations, the school district requested \$155,000 a year for 06/07 and 07/08 for capital improvements. The Town was only able to fund \$36,000 in 06/07 of those requests: therefore, the amount unfunded will be carried over to the following year.
- In 1989, the Town's underground storage tank spilled gasoline into the soil and ground water at Reynolds Bridge Road and contaminated the CT Water Company's water supply. Cumulative cleanup expenditures for this project totaled \$1,704,652 in a study performed in April of 2006. The project has reached a stage where the current wells and technologies cannot achieve closure. If the Town chooses the consultant's recommended plan of action, the total remediation over the next five years is estimated to cost \$415,000 - \$580,000, of which \$200,000 - \$300,000 would be needed in year 1.
- Thomaston's tax base is predominantly residential, forcing more of the tax burden on the homeowner rather than on the commercial sectors. History of Mill rate increases:

6/30/07	39.62	2.48% tax increase (1 referendum)
6/30/06	38.66	3.99% tax increase (2 referendums)
6/30/05	37.18	4.70% tax increase (3 referendums)
6/30/04	35.50	5.00% tax increase (passed at Town Meeting)
6/30/03	33.80	4.97% tax increase (passed at Town Meeting)

All of these factors were considered in preparing the Town's budget for the 2006-07 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,972,137. The Town has appropriated \$587,800 of this amount for spending in the 2006-07 fiscal year budget. It is intended that this use of available fund balance will lessen the need to raise taxes or service charges.

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 Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Susan L. Costa, C.P.A., Town of Thomaston, CT 158 Main Street, Thomaston, CT 06787.

Basic Financial Statements

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2006

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 852,988
Investments.....	8,103,094
Receivables:	
Property taxes.....	487,319
Assessments/use charges.....	97,592
Loans.....	150,621
Intergovernmental.....	399,844
Notes.....	16,786
Other assets.....	108,521
Bond issue costs.....	<u>9,492</u>
Total Current assets.....	<u>10,226,257</u>
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	196,997
Permanently restricted:	
Investments.....	<u>324,339</u>
Total Restricted assets.....	<u>521,336</u>
Receivables (net):	
Property taxes.....	795,478
Assessments/use charges.....	92,793
Loans.....	1,068,861
Intergovernmental.....	2,290,071
Notes.....	<u>128,321</u>
Total Receivables (net).....	<u>4,375,524</u>
Bond issue costs.....	<u>144,614</u>
Capital assets (net of accumulated depreciation):	
Land.....	1,315,620
Construction in progress.....	267,803
Buildings.....	30,472,488
Land improvements.....	686,826
Machinery and equipment.....	3,678,949
Vehicles.....	1,102,653
Infrastructure.....	<u>9,479,795</u>
Total capital assets (net of accumulated depreciation).....	<u>47,004,134</u>
Total noncurrent assets.....	<u>52,045,608</u>
TOTAL ASSETS.....	<u>62,271,865</u>

(Continued)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 1,236,635
Accrued payroll.....	141,530
Accrued interest payable.....	173,091
Unearned revenue.....	<u>1,145</u>
Total Current liabilities.....	<u>1,552,401</u>
Noncurrent liabilities:	
Long-term liabilities due within one year.....	1,966,191
Long-term liabilities due in more than one year.....	<u>24,644,583</u>
Total Noncurrent liabilities.....	<u>26,610,774</u>
TOTAL LIABILITIES.....	<u>28,163,175</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	22,865,552
Restricted for:	
Capital projects.....	229,879
Endowments:	
Nonexpendable.....	120,200
Expendable.....	1,314
Perpetual care:	
Nonexpendable.....	204,139
Expendable.....	156,774
Unrestricted.....	<u>10,530,832</u>
TOTAL NET ASSETS.....	<u>\$ 34,108,690</u>

(Concluded)

EXHIBIT B

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET EXPENSES AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:					
General government.....	\$ 1,318,822	\$ 146,781	\$ 6,664	\$ 115,283	\$ (1,050,094)
Public safety.....	2,313,428	81,746	1,496	204,587	(2,025,599)
Public works.....	3,695,376	882,825	106,826	100	(2,705,625)
Health and welfare.....	151,226	2,289	3,698		(145,239)
Culture and recreation.....	1,250,946	350,430	64,950	570,023	(265,543)
Housing and development.....	221,051	84,417			(136,634)
Education.....	14,937,047	332,542	6,406,675	973,710	(7,224,120)
Interest expense.....	868,833				(868,833)
TOTAL.....	\$ 24,756,729	\$ 1,881,030	\$ 6,590,309	\$ 1,863,703	\$ (14,421,687)
GENERAL REVENUES:					
Property taxes.....					\$ 15,368,327
Grants and contributions not restricted to specific programs.....					742,520
Investment income.....					438,209
Miscellaneous.....					53,060
TOTAL GENERAL REVENUES.....					16,602,116
CHANGE IN NET ASSETS.....					2,180,429
NET ASSETS - JULY 1, 2005.....					31,928,261
NET ASSETS - JUNE 30, 2006.....					\$ 34,108,690

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

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash.....	\$ 117,893	\$ 544,862	\$ 7,918	\$ 1,393	\$ 180,922	\$ 852,988
Investments.....	6,635,550		176,874	1,053,400	758,606	8,624,430
Due from other funds.....	215,852		3,787,396			4,003,248
Receivables, net:						
Property taxes.....	1,162,141		10,517		124,499	1,162,141
Assessments/use charges.....		1,244,369				135,016
Loans.....				3,823	47,633	1,244,369
Intergovernmental.....	112,472					163,928
Other.....	15,682				1,104	16,786
Other assets.....	100,817				7,704	108,521
TOTAL ASSETS.....	\$ 8,360,407	\$ 1,789,231	\$ 3,982,705	\$ 1,058,616	\$ 1,120,468	\$ 16,311,427
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 431,547		\$ 537,275	\$ 175,395	\$ 92,418	\$ 1,236,635
Accrued payroll.....	132,877				8,653	141,530
Due to other funds.....	3,787,396		66,077	51,843	97,932	4,003,248
Unearned revenue.....	1,036,450		10,517		109,719	1,156,686
Total Liabilities.....	5,388,270		613,869	227,238	308,722	6,538,099
Fund Balances:						
Reserved for:						
Receivables.....		1,244,369	229,879	610,016		1,244,369
Commitments.....						229,879
Compensated absences.....					120,200	610,016
Endowments.....					204,139	204,139
Perpetual care.....						
Unreserved, reported in:						
Designated for subsequent year's budget.....	587,800					587,800
Designated for improvements (special revenue funds).....	2,384,337				91,701	91,701
General fund.....		544,862	3,138,957	221,362	214,405	2,384,337
Special revenue funds.....						759,267
Capital projects funds.....						3,360,319
Permanent funds.....					181,301	181,301
Total Fund Balances.....	2,972,137	1,789,231	3,368,836	831,378	811,746	9,773,328
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 8,360,407	\$ 1,789,231	\$ 3,982,705	\$ 1,058,616	\$ 1,120,468	\$ 16,311,427

(Continued)

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

TOWN OF THOMASTON, CONNECTICUT

RECONCILIATION OF FUND BALANCE
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

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).....	\$ 9,773,328
---	--------------

CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED IN THE FUNDS:

Beginning capital assets and current additions.....	48,172,472
Depreciation expense.....	(1,125,550)
Disposal of assets.....	(42,788)

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

Property tax, sewer use and sewer assessment interest and lien accrual.....	405,676
Property tax, sewer use and sewer assessment receivable - accrual basis change.....	1,155,541
School building grant receivable.....	2,525,987
Notes receivable.....	128,321
Allowance for doubtful accounts.....	(254,538)
Bond issue costs.....	154,106

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

Beginning long-term liabilities and current year additions.....	(28,156,646)
Long-term liability payments.....	1,545,872
Accrued interest payable.....	(173,091)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 34,108,690</u>
--	----------------------

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 15,353,444	\$	\$	\$	\$	\$ 15,353,444
Charges for services.....	359,074	3,780	14,012	4,551	1,452,725	1,834,142
Intergovernmental.....	6,783,992		1,420,326	149,934	929,153	9,283,405
Contributions.....				55,418	99,537	154,955
Income from investments.....	340,916	6,859	4,160	49,905	36,369	438,209
Other.....	100,668				4,535	105,203
TOTAL REVENUES.....	22,938,094	10,639	1,438,498	259,808	2,522,319	27,169,358
EXPENDITURES:						
Current:						
General government.....	3,000,678			109,571	7,854	3,118,103
Public safety.....	1,287,603			36,319	55,598	1,379,520
Public works.....	1,238,889		979	238,927	895,685	2,374,480
Health and welfare.....	110,860			6,777	5,645	116,505
Culture and recreation.....	442,360				552,978	1,002,115
Housing and development.....	152,832	18,938				171,770
Education.....	13,181,956			104,981	1,129,702	14,416,639
Debt service.....	2,212,389					2,212,389
Capital outlay.....	119,314		2,417,255	1,011,557		3,548,126
TOTAL EXPENDITURES.....	21,746,881	18,938	2,418,234	1,508,132	2,647,462	28,339,647
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	1,191,213	(8,299)	(979,736)	(1,248,324)	(125,143)	(1,170,289)
OTHER FINANCING SOURCES (USES):						
Capital lease - equipment financing.....				371,317		371,317
Transfers in.....	1,267,090		10,000	584,008	1,305,274	3,166,372
Transfers out.....	(1,897,860)		(66,077)	(10,859)	(1,191,576)	(3,166,372)
NET OTHER FINANCING SOURCES (USES).....	(630,770)	-	(56,077)	944,466	113,698	371,317
NET CHANGE IN FUND BALANCES.....	560,443	(8,299)	(1,035,813)	(303,858)	(11,445)	(798,972)
FUND BALANCES - JULY 1, 2005.....	2,411,694	1,797,530	4,404,649	1,135,236	823,191	10,572,300
FUND BALANCES - JUNE 30, 2006.....	\$ 2,972,137	\$ 1,789,231	\$ 3,368,836	\$ 831,378	\$ 811,746	\$ 9,773,328

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

TOWN OF THOMASTON, 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, 2006

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)..... \$ (798,972)

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.....	3,618,835
Depreciation expense.....	<u>(1,125,550)</u>
Total	<u>2,493,285</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..... (42,788)

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

School building grant receipts.....	(241,829)
Notes receivable.....	(8,868)
Increase in property tax, sewer use and sewer assessment receivable - accrual basis change.....	(98,967)
Increase in property tax, sewer use and sewer assessment interest and lien revenue.....	84,421
Increase in property tax and sewer use allowance for doubtful accounts.....	<u>33,043</u>
Total	<u>(232,200)</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:	
Capital lease proceeds.....	(371,317)
Principal repayments:	
General obligation bonds.....	825,000
Notes payable.....	455,487
Capital lease.....	<u>55,630</u>
Total	<u>964,800</u>

(Continued)

TOWN OF THOMASTON, 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, 2006**

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:

Compensated absences.....	\$ (23,000)
Net pension obligation.....	(61,936)
Severance.....	(126,199)
Accrued interest payable.....	6,780
Amortization of bond premium.....	10,151
Amortization of bond issue costs.....	<u>(9,492)</u>
Total	<u>(203,696)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 2,180,429</u>
	(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 14,906,926	\$ 14,906,926	\$ 15,353,444	\$ 446,518
Charges for services.....	307,658	307,658	359,074	51,416
Intergovernmental.....	5,983,326	5,983,326	6,231,567	248,241
Income from investments.....	100,000	100,000	340,916	240,916
Other.....	46,853	46,853	100,668	53,815
TOTAL REVENUES.....	21,344,763	21,344,763	22,385,669	1,040,906
EXPENDITURES:				
Current:				
General government.....	3,333,243	3,042,610	3,028,188	14,422
Public safety.....	1,227,740	1,324,944	1,323,701	1,243
Public works.....	1,309,261	1,374,143	1,367,036	7,107
Health and welfare.....	127,262	148,977	131,250	17,727
Culture and recreation.....	442,366	479,416	479,416	-
Housing and development.....	138,659	171,504	154,486	17,018
Education.....	12,629,787	12,629,787	12,629,787	-
Debt service.....	2,307,638	2,212,389	2,212,389	-
TOTAL EXPENDITURES.....	21,515,956	21,383,770	21,326,253	57,517
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(171,193)	(39,007)	1,059,416	1,098,423
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	670,000	670,000		(670,000)
Transfers in.....	1,151,269	1,270,231	1,267,090	(3,141)
Transfers out.....	(1,650,076)	(1,901,224)	(1,897,860)	3,364
NET OTHER FINANCING SOURCES (USES).....	171,193	39,007	(630,770)	(669,777)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	428,646	\$ 428,646
FUND BALANCE - JULY 1, 2005.....			2,543,491	
FUND BALANCE - JUNE 30, 2006.....			\$ 2,972,137	

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 1,824	\$ 179,472
Investments:			
Money Market Funds.....	413,026	6,119	3,303
US Government Obligations.....	388,241		
US Government Agency Obligations.....	388,665		
Corporate Bonds.....	1,283,718		
Mutual Funds.....	2,313,068		
Common Stock.....	2,778,844		
Total investments.....	7,565,562	6,119	3,303
Interest receivable.....	32,706		
TOTAL ASSETS.....	7,598,268	7,943	182,775
<u>LIABILITY</u>			
Accounts payable.....			182,775
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 7,598,268	\$ 7,943	\$ -

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

TOWN OF THOMASTON, CONNECTICUTSTATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 642,000	\$
Employees.....	83,383	
Other.....	13,078	
Total contributions.....	738,461	-
Investment income:		
Net appreciation in fair value of investments.....	92,782	
Interest and dividends.....	192,868	185
Total investment income.....	285,650	185
TOTAL ADDITIONS.....	1,024,111	185
DEDUCTIONS:		
Benefits.....	604,366	
Administration/awards.....	140	150
TOTAL DEDUCTIONS.....	604,506	150
CHANGES IN NET ASSETS.....	419,605	35
NET ASSETS - JULY 1, 2005.....	7,178,663	7,908
NET ASSETS - JUNE 30, 2006.....	\$ 7,598,268	\$ 7,943

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

TOWN OF THOMASTON, CONNECTICUTNOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006**HISTORY AND ORGANIZATION**

The Town of Thomaston, Connecticut (the "Town") was incorporated July 6, 1875, and operates under the provisions of the General Statutes of the State of Connecticut. The legislative power of the Town is vested in a Board of Selectmen and the Town Meeting. The Town provides the following services: Public Safety (police and fire), Public Works (streets and highways), Public Health and Social Services, and Education encompassing grades PreK-12.

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 normally 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 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 reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

TOWN OF THOMASTON, 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)

Property taxes, expenditure reimbursement type grants, certain intergovernmental revenues, transfers, 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 *Small Cities Fund* accounts for the revolving loans for commercial and residential use under the federal program administered by the Department of Economic and Community Development.

The *Capital Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases, including the Thomaston High School and Center School Renovation, the Seth Thomas House Museum, the Humiston Hill Water Assessment project and the WPCA Repair and Replacements.

The *Capital or Nonrecurring Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases and items which are reserved for special purposes.

Additionally, the Town reports the following fund types:

The *Pension Trust Fund* accounts for the activities of the Town's Employees' Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The Leander Smith, Peppie Wagner and Seth Thomas funds are *Private-Purpose Trust Funds*, used to account for resources legally held in trust for educational purposes.

The *Agency Funds* account for monies held on-behalf of students and various community committees and amounts held for performance bonds.

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

TOWN OF THOMASTON, 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)

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.

C. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Deposits - The Town considers cash equivalents as 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 other than the Capital or Nonrecurring Fund whose interest is recorded in the General Fund.

Investments for the Town are reported at fair value. The 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.

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, property tax, sewer use, sewer assessment, and loan receivables, are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 38 percent of outstanding receivable balances at June 30, 2006, and are calculated based upon prior collections.

TOWN OF THOMASTON, 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)

Loan receivables consist of low interest bearing loans to Town residents and businesses primarily for residential rehabilitation and economic development. The loans were provided through the State Department of Economic and Community Development Small Cities grant program.

In the fund financial statements, all property taxes receivable at June 30 have been recorded as deferred revenue since they are not considered to be available to finance expenditures of the current year. Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date. For fund financials, all property taxes receivable at June 30, which have not been collected within sixty 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 sixty day period have been recorded as revenue.

3. Restricted Assets

The restricted assets of the Town are restricted for endowment purposes determined by the donor requests.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	100
Land improvements	20-50
Machinery and equipment	3-40
Vehicles	8-15
Infrastructure:	
Roads	50-75
Sewer lines	65
Storm drains	65

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Compensated Absences

All employees are granted vacation and sick time based upon contractual provisions. Employees are not permitted to carry vacation days from one calendar year to the next without prior approval. The Board of Education employees are paid vacation on a fiscal year basis and, therefore, unused vacation lapses at June 30. The Town employees are paid vacation on an anniversary date basis and, therefore, a liability for unused vacation has been recorded. Certified employees at the Board of Education may accumulate up to 165 days of unused sick time or 150 days for employees hired after June 30, 1998. Employees are one-third vested with 20 - 24 years of service and two-thirds vested with 25 or more years of service. Unused sick time does not accumulate for certified employees hired after July 1, 1992. A liability in the amount of \$410,398 has been accrued for certified teachers.

For employees other than certified teachers, sick leave accrues at the rate of 1¼ days per month, cumulative to a maximum of one hundred days. Upon the death or pension retirement of an employee, the estate of, or such employee, shall receive a sum of money equal to the accumulated sick days times the rate of pay per day of such employee at the time of such death or retirement. Employees who resign or are terminated are not entitled to their unused sick days. A liability in the amount of \$71,110 has been accrued for non-certified Board of Education employees and \$591,861 for Town employees.

The accrued sick time varies for Board of Education administrators. A liability in the amount of \$127,664 has been accrued.

6. 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.

7. Fund Equity and Net Assets

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Fund Equity and Net Assets (Continued)

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 purpose is excluded.

Restricted Net Assets

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

Unrestricted Net Assets

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

8. 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.

9. 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. The general fund is the only fund for which a legal budget is adopted.

- The Board of Finance submits a proposed operating budget for the fiscal year commencing July 1 to the annual Town Meeting at which taxpayer comments are obtained. The operating budget includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally adopted by vote at the annual Town budget meeting.
- The Board of Selectmen and the Board of Education are authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgets and Budgetary Accounting (Continued)

- The Board of Finance can approve additional appropriations for a department, provided such additional appropriations do not exceed \$20,000. Appropriations in excess of \$20,000 must be approved by vote of a Town Meeting. There were additional appropriations of \$118,962 made during the year from revised revenue (transfers in) appropriations.
- Formal budgetary integration is employed as a management control device during the year.
- Except for encumbrance accounting and the on-behalf payment, the budget is prepared on the modified accrual basis of accounting.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.
- Budgeted amounts reported are as amended at a Board of Finance and/or Town Meeting during the course of the year.
- The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Board of Finance approval and, if over \$20,000, Town Meeting approval.
- 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 or Nonrecurring Fund. Appropriations for capital or nonrecurring 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 - JUNE 30, 2006	\$ 22,385,669	\$ 21,326,253	\$ 2,972,137
Accrued Payroll		(131,797)	
State Teachers' Retirement on-behalf payment	<u>552,425</u>	<u>552,425</u>	
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2006	<u>\$ 22,938,094</u>	<u>\$ 21,746,881</u>	<u>\$ 2,972,137</u>

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

C. Donor Restricted Endowments

The Town has received certain endowments for the maintenance of the Hillside Cemetery and fire department operation purposes. The amounts are reflected in net assets as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by the individual Boards. At June 30, 2006, the amount of appreciation included in unreserved fund balance was as follows:

Hillside Cemetery Trust \$ 3,099

D. Deficit Fund Balance

The following individual funds had a deficit fund balance at June 30, 2006:

Special Revenue Funds

Sewer Commission Usage Fund \$ 26,114
 Thomaston Opera House..... 47,646
 Dog Fund 6,852

Future charges for services will be used to fund the deficits in these funds.

E. Capital Project Authorizations

The following is a summary of certain capital projects at June 30, 2006:

Project	Project Authorization	Current Year Expenditures	Cumulative Expenditures	Balance June 30, 2006
Thomaston High School and Center School	\$ 16,280,000	\$ 1,970,639	\$11,558,743	\$ 4,721,257

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

F. Capital or Nonrecurring Project Authorizations

The following is a summary of Capital or Nonrecurring projects at June 30, 2006:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2006
Ambulance Reserve	\$ 123,059	\$	\$ 118,059	\$ 5,000
Assessors' Revaluation	325,900	16,200	275,670	50,230
Beautification: Seth Thomas Park Sign	100			100
BOE Textbooks	360,000	47,586	360,773	(773)
BOE THS Rubber Roof	35,000			35,000
BOE THS Roof Flashing	40,000		34,400	5,600
BOE THS/TCS Computers	92,500		92,500	-
BOE TCS Sidewalks	32,000			32,000
Cemetery New Road Section	5,000			5,000
Communication Radio Upgrade	58,955		58,955	-
Christmas Lights Operating	10,000		10,000	-
Christmas Lights-Reserve	12,000			12,000
DEP Town Garage	1,696,664	89,324	1,726,612	(29,948)
DEP Storm Water Tracking	30,000	4,827	26,175	3,825
Donated Assets: E Car and Trailers	54,653	54,653	54,653	-
Fire Dept: Fed Grant Airpacs	100,070	100,070	100,070	-
Fire Dept: Hepatitis	8,408		3,919	4,489
Fire Dept: Truck Reserve	152,000	295,000	295,000	(143,000)
Fire Dept: Repair Engine 3	11,000	11,000	11,000	-
Highway Dump Trucks	343,000	126,500	343,000	-
Highway Waste Oil Furnace	8,000	7,595	7,595	405
Highway Road Work	622,976	234,101	497,427	125,549
Highway Sand Shed	10,000		6,800	3,200
Highway Sweep Vac - Lease Purchase	189,929	189,929	189,929	-
Interoffice Equipment	20,000		19,241	759
K-9 Donation Reserves	4,151	394	1,883	2,268
Library: Roof	66,000	65,770	65,770	230
LOCIP: PA 05/228	4,551			4,551
PD: Homeland Security	56,045	56,045	56,045	-
PD: Vehicle Replacement Program	114,990	93,312	114,835	155
PD: Bullet Proof Vests	3,633	2,925	5,095	(1,462)
PD: LEB Taser Grant	2,500	2,500	2,500	-
Rec: Highwood / Nystroms Project	267,000	22,549	213,329	53,671
Retirement: Police & Highway	77,726	17,000	77,726	-
Skate Park Proceeds	1,090			1,090
Teachers' Sick Pay Reserve	815,725	57,395	208,359	607,366
Tennis Courts	25,000	3,656	22,935	2,065
Town Hall Technology	52,000	4,046	51,046	954
Town Hall Roof Repair	20,000		1,583	18,417
Town Hall Building Repair Fund	105,611	5,755	97,560	8,051
TOTALS	\$ 5,957,236	\$ 1,508,132	* \$ 5,150,444	\$ 806,792

* Excludes \$10,859 of interest income transferred to the General Fund.

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

III. DETAILED NOTES

A. Cash and Investments

1. Deposits – Custodial Credit Risk – Custodial credit risk is 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, 2006, \$8,879,920 of the Town's bank balance of \$9,306,740 (including certificate of deposits and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 7,951,928
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>927,992</u>
Total amount subject to custodial credit risk.....	<u>\$ 8,879,920</u>

2. The 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.

At June 30, 2006, the Town's investments (including restricted investments) consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

TYPE OF INVESTMENT	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)				
		N/A	LESS THAN 1	1-5 YEARS	5-10 YEARS	OVER 10
Mutual Funds:						
Equity Mutual Funds	\$ 2,513,791	\$ 2,513,791	\$	\$	\$	\$
Money Market Mutual Funds.....	413,026		413,026			
Corporate Bonds	1,283,718		229,013	1,029,001		25,704
Certificates of Deposit.....	26,820		26,820			
Money Market Funds.....	8,213,123		8,213,123			
Pooled Fixed Income	64,539		64,539			
U.S. Government Obligations.....	408,241		80,023	48,147		280,071
U.S. Government Agency Obligations	388,665		98,925	175,507	76,008	38,225
Common Stock.....	<u>2,887,491</u>	<u>2,887,491</u>				
TOTAL.....	<u>\$16,199,414</u>	<u>\$ 5,401,282</u>	<u>\$9,125,469</u>	<u>\$1,252,655</u>	<u>\$ 76,008</u>	<u>\$ 344,000</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 Statues governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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

III. DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

2. Investments (Continued)

The Town's investments in pooled fixed income, U.S. Government agency obligations, money market mutual funds and bond mutual funds had average ratings as follows by Standard & Poor's:

<u>AVERAGE RATING</u>	<u>POOLED FIXED INCOME</u>	<u>U.S. GOV'T AGENCY OBLIGATIONS</u>	<u>MONEY MARKET MUTUAL FUNDS</u>	<u>CORPORATE BONDS</u>
AAA.....	\$ 64,539	\$ 319,687	\$ 413,026	\$
AA.....		34,991		651,497
A.....				421,325
BAA.....				75,653
BBB.....				135,243
Unrated / U.S. Government..		33,987		
TOTAL	\$ 64,539	\$ 388,665	\$ 413,026	\$ 1,283,718

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. 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 credit risk.

	<u>TOTAL</u>	<u>LESS INSURED AMOUNTS & SECURITIES IN TOWN'S NAME</u>	<u>AMOUNT SUBJECT TO CUSTODIAL CREDIT RISK</u>
Corporate bonds.....	\$1,283,718	\$ 500,000	\$ 783,718
U.S. Government obligations.....	408,241		408,241
U.S. Government Agency obligations ..	388,665		388,665
Common stock.....	2,887,491	108,647	2,778,844
TOTAL	\$4,968,115	\$ 608,647	\$4,359,468

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

III. DETAILED NOTES (CONTINUED)

B. Receivables

Receivables as of year end for the Town's government-wide financial statements by type, including the applicable allowances for uncollectibles, are as follows:

	<u>PROPERTY TAXES</u>			
	<u>TAXES</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>	
Current Portion.....	\$ 401,153	\$ 86,166	\$ 487,319	
Long-term Portion.....	\$ 760,988	\$ 260,256	\$1,021,244	
Less Allowance for Uncollectibles	(92,971)	(132,795)	(225,766)	
Net Long-term Portion.....	\$ 668,017	\$ 127,461	\$ 795,478	
	<u>SEWER/WATER USE AND ASSESSMENTS</u>			
	<u>ASSESSMENTS</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>	<u>CDBG LOANS</u>
Current Portion	\$ 67,861	\$ 29,731	\$ 97,592	\$ 150,621
Long-term Portion.....	\$ 67,155	\$ 29,523	\$ 96,678	\$1,093,748
Less Allowance for Uncollectibles	(2,700)	(1,185)	(3,885)	(24,887)
Net Long-term Portion.....	\$ 64,455	\$ 28,338	\$ 92,793	\$1,068,861

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).....	\$1,036,450
Sewer usage fees not yet due (special revenue fund).....	108,574
Delinquent assessments (capital projects fund).....	10,517

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements	1,145
---	-------

TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS \$1,156,686

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	BALANCE			BALANCE
	JULY 1, 2005	INCREASES	DECREASES	JUNE 30, 2006
Governmental Activities				
Capital Assets, not being Depreciated:				
Land.....	\$ 1,315,620	\$	\$	\$ 1,315,620
Construction in progress.....	9,052,848	153,427	8,938,472	267,803
Total Capital Assets, not being Depreciated.....	10,368,468	153,427	8,938,472	1,583,423
Capital Assets, being Depreciated:				
Buildings.....	23,773,055	10,894,183		34,667,238
Land improvements.....	1,347,004			1,347,004
Machinery and equipment.....	5,529,737	820,918	9,408	6,341,247
Vehicles.....	2,289,195	569,465	179,580	2,679,080
Infrastructure.....	15,824,795	119,314	99,317	15,844,792
Total Capital Assets, being Depreciated.....	48,763,786	12,403,880	288,305	60,879,361
Total Capital Assets.....	59,132,254	12,557,307	9,226,777	62,462,784
Less Accumulated Depreciation for:				
Buildings.....	3,845,235	349,515		4,194,750
Land improvements.....	632,058	28,120		660,178
Machinery and equipment.....	2,343,586	322,841	4,129	2,662,298
Vehicles.....	1,562,214	156,284	142,071	1,576,427
Infrastructure.....	6,195,524	268,790	99,317	6,364,997
Total Accumulated Depreciation.....	14,578,617	1,125,550	245,517	15,458,650
Total Capital Assets, being Depreciated, net.....	34,185,169	11,278,330	42,788	45,420,711
Governmental Activities Capital Assets, net.....	\$ 44,553,637	\$ 11,431,757	\$ 8,981,260	\$ 47,004,134

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

General government.....	\$ 45,068
Public safety.....	135,992
Public works.....	694,168
Health and welfare.....	5,460
Culture and recreation.....	23,249
Education.....	221,613
Total Depreciation Expense.....	<u>\$ 1,125,550</u>

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

III. DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Construction Commitments

The Town has active construction projects as of June 30, 2006. The projects include renovations and/or alterations to the Thomaston High School and Center School. At year end the Town's commitments with contractors are as follows:

<u>Project Description</u>	<u>Commitment</u>
Thomaston Center School	\$ <u>229,879</u>

D. Interfund Accounts

1. Interfund Payables and Receivables

At June 30, 2006, the amounts due from and due to other funds were as follows:

INTERFUND PAYABLE FUND	INTERFUND RECEIVABLE FUND	
	GENERAL FUND	CAPITAL PROJECT FUND
GENERAL FUND.....	\$	\$ 3,787,396
CAPITAL PROJECTS FUND.....	66,077	
CAPITAL OR NONRECURRING FUND.....	51,843	
NONMAJOR FUNDS:		
SPECIAL REVENUE FUNDS:		
Edith Kenea Park Fund.....	808	
Thomaston Opera House.....	82,237	
TOTAL SPECIAL REVENUE FUNDS	83,045	-
PERMANENT FUND:		
Hillside Cemetery Trust Fund.....	14,887	
TOTAL NONMAJOR FUNDS.....	97,932	-
TOTAL.....	\$ 215,852	\$ 3,787,396

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

TOWN OF THOMASTON, 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, 2006 is as follows:

	TRANSFERS OUT				TOTAL
	GENERAL FUND	CAPITAL OR NONRECURRING	CAPITAL PROJECTS	SPECIAL REVENUE	
TRANSFERS IN:					
GENERAL FUND.....	\$ -	\$ 10,859	\$ 66,077	\$ 1,190,154	\$ 1,267,090
CAPITAL PROJECTS FUND.....	10,000				10,000
CAPITAL OR NONRECURRING FUND.....	582,586			1,422	584,008
NONMAJOR FUNDS:					
SPECIAL REVENUE FUNDS:					
Sewer Commission Usage Fund	806,170				806,170
Thomaston Opera House	440,061				440,061
Dog Fund	42,543				42,543
TOTAL SPECIAL REVENUE FUNDS	1,288,774				1,288,774
PERMANENT FUNDS.....	16,500				16,500
TOTAL NONMAJOR FUNDS.....	1,305,274				1,305,274
TOTAL.....	\$ 1,897,860	\$ 10,859	\$ 66,077	\$ 1,191,576	\$ 3,166,372

Transfers are used to account for the financing by the general fund of various program and activities in the Sewer Use, Opera House, Hillside Cemetery, Capital Projects and Dog Funds. Deficits, which may occur in the sewer use fund, are funded by reserves in the WPCA Repair and Replacement Fund. Cumulative investment income earned in the Capital or Nonrecurring Fund is transferred annually to the General Fund.

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

III. DETAILED NOTES (CONTINUED)

E. 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 AMOUNT	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006	CURRENT PORTION
BONDS/NOTES									
General Purpose:									
Improvement bond	\$ 4,329,000	08/01/89	08/01/09	6.40-6.50	\$ 916,422	\$	\$ 183,284	\$ 733,138	\$ 183,284
Improvement bond	980,000	09/15/98	09/15/18	3.70-5.70	587,602		43,157	544,445	43,157
Refunding bond ...	323,000	09/01/03	09/01/20	3.80-4.60	321,000		31,000	290,000	31,000
Total General Purpose					1,825,024	-	257,441	1,567,583	257,441
Schools:									
Improvement bond	631,000	08/01/89	08/01/09	6.40-6.50	133,578		26,716	106,862	26,716
Improvement bond	6,400,000	09/15/98	09/15/18	3.70-5.70	3,837,398		281,843	3,555,555	281,843
Improvement bond	2,300,000	09/01/03	09/01/20	3.80-4.60	2,160,000		135,000	2,025,000	135,000
Improvement bond	7,700,000	04/15/05	04/15/25	3.75-4.50	7,700,000			7,700,000	410,000
Total Schools					13,830,976	-	443,559	13,387,417	853,559
Sewer:									
Clean water	1,077,413	04/30/97	04/30/16	2.00	630,658		52,665	577,993	53,728
Clean water	9,091,656	02/28/02	03/31/21	2.00	7,382,135		402,822	6,979,313	410,952
Refunding bond ...	1,292,000	09/01/03	09/01/20	3.80-4.60	1,284,000		124,000	1,160,000	124,000
Total Sewer					9,296,793	-	579,487	8,717,306	588,680
TOTAL BONDS/NOTES					24,952,793	-	1,280,487	23,672,306	1,699,680
Bond premium	107,273	09/01/03	09/01/20	N/A	95,353		5,960	89,393	
Bond premium	83,816	04/15/05	04/15/25	N/A	79,625		4,191	75,434	
TOTAL BOND PREMIUMS					174,978	-	10,151	164,827	
TOTAL BOND/NOTES AND RELATED LIABILITIES					25,127,771	-	1,290,638	23,837,133	1,699,680
CAPITAL LEASE OBLIGATIONS					139,868	371,317	55,630	455,555	143,050
CLAIMS AND JUDGEMENTS					100,000			100,000	20,000
COMPENSATED ABSENCES					1,178,033	165,209	142,209	1,201,033	20,603
NET PENSION OBLIGATION					561,620	61,936		623,556	
SEVERANCE PAYMENTS					267,298	183,594	57,395	393,497	82,858
TOTAL GENERAL LONG-TERM OBLIGATIONS					\$ 27,374,590	\$ 782,056	\$ 1,545,872	\$ 26,610,774	\$ 1,966,191

Claims and judgments represent heart and hypertension claims. All long-term liabilities are generally liquidated by the General Fund.

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

1. Summary of Changes (Continued)

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

FISCAL YEAR	BONDS		NOTES		STATE REIMBURSEMENT	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2007	\$ 1,235,000	\$ 676,956	\$ 464,680	\$ 146,897	\$ 158,661	\$ 77,255
2008	1,235,000	620,919	474,059	137,518	158,661	71,267
2009	1,235,000	564,802	483,628	127,949	158,661	65,243
2010	1,235,000	508,520	493,389	118,188	158,661	59,143
2011	1,005,000	459,312	503,348	108,229	158,661	52,968
2012	1,005,000	417,181	513,508	98,069	158,661	46,719
2013	990,000	375,611	523,873	87,704	158,661	40,395
2014	990,000	336,526	534,447	77,130	158,661	33,996
2015	950,000	297,623	545,234	66,343	146,457	27,755
2016	950,000	258,630	545,430	55,347	146,457	21,693
2017	875,000	220,077	501,854	44,926	146,457	15,544
2018	875,000	182,565	511,984	34,796	146,457	9,327
2019	845,000	145,352	522,318	24,462	146,459	3,107
2020	545,000	115,205	532,861	13,919		
2021	545,000	91,335	406,693	3,397		
2022	400,000	70,800				
2023	400,000	53,400				
2024	400,000	35,800				
2025	400,000	18,000				
Totals	\$ 16,115,000	\$ 5,448,614	\$ 7,557,306	\$ 1,144,874	\$ 2,001,575	\$ 524,412

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

2. Statutory Debt Limitations

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

CATEGORY	DEBT LIMIT	NET INDEBTEDNESS	BALANCE
General purpose	\$ 34,248,335	\$ 1,567,583	\$ 32,680,752
Schools	68,496,669	11,385,842	57,110,827
Sewers	57,080,558	1,160,000	55,920,558
Urban renewal	49,469,817		49,469,817
Pension deficit	45,664,446		45,664,446

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$106,550,374.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding. School building grants receivable of \$2,001,575 for bond principal is reflected as deductions in the computation of net indebtedness.

3. Termination Benefits

The Board of Education provides early retirement incentive benefits to 12 former employees. Benefits are paid annually based on the retirement agreement for each employee and are payable through 2010. Benefits paid during the year were made from general fund appropriations and totaled \$57,395.

4. Capital Leases

At June 30, 2006, the Town is committed under various capital leases for three dump trucks, a sweep vac truck, a fire truck, and police cruisers. These lease agreements qualify as a capital lease for accounting purposes (title transfers at the end of the lease term) and; therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

Vehicles totaling \$537,817 are recorded under capital leases as of June 30, 2006.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments as of June 30, 2006:

YEAR ENDING JUNE 30,	
2007	\$ 155,007
2008	157,310
2009	88,794
2010	<u>87,481</u>
Total minimum lease payments	488,592
Less: amount representing interest	<u>(33,037)</u>
Present value of minimum lease payments	<u>\$ 455,555</u>

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

III. DETAILED NOTES (CONTINUED)

E. Changes in Long-Term Obligations (Continued)

5 Authorized/Unissued Bonds

The amount of authorized, unissued bonds is \$304,145 as follows:

Project	Bonding Authorization	Previously Bonded	Authorized But Unissued
Wastewater treatment plant/system upgrade.....	\$ 13,291,607	\$ 13,117,462	\$ 174,145
Black Rock School Renovation.....	6,530,000	6,400,000	130,000
High School/Center school renovations.....	10,000,000	10,000,000	-
Total.....	\$ 29,821,607	\$ 29,517,462	\$ 304,145

The Wastewater Treatment plant and Black School Renovations are completed, and the Town does not intend to issue any bonds for the amounts authorized and unissued.

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

The Town of Thomaston is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities (CCM) for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. seq. of the Connecticut General Statutes.

The Town is a member of CIRMA's workers' compensation pool, a risk sharing pool, which began on July 1, 1980. The workers' compensation pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in coverage period will be evaluated at 18, 30, and 42 months after the effective date of coverage. CIRMA's workers' compensation pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence. Settled claims have not exceeded commercial coverage in any of the past three years and there has not been any significant reductions in insurance coverage from amounts held in prior years.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act. Claims arising during the fiscal year, for which an amount of settlement has not been determined, remain as a contingency at year end, pending final settlement.

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

IV. OTHER INFORMATION (CONTINUED)

B. Commitments and Litigation

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

In 1998 the Town settled a claim relating to contamination resulting from use of underground storage tanks. The Town is working with the State on a plan of remediation that it filed with the State of Connecticut Department of Environmental Protection. Under terms of the remediation plan, the Town will be responsible for annual operation and maintenance costs relating to the remediation system, which is estimated to cost approximately \$100,000 per year and be completed within 10 years.

C. Pension Plan

1. Plan Description

Summary

The Town administers one single employer, defined benefit pension plan (Town of Thomaston Retirement Plan). The plan was established through ordinance at a Town Meeting and may be amended by the Board of Selectman and through union contract negotiation. The Pension Commission makes recommendations for plan provisions which are approved by the Board of Finance. The pension plan is included in the financial statements as a single pension trust fund since the assets may be used to pay benefits or refunds of any plan member or beneficiary. Separate, stand-alone reports are not issued.

2. Summary of Significant Accounting Policies and Plan Asset Matters

a. Basis of Accounting

The Town's pension trust fund's financial statement is prepared on the accrual basis of accounting. Revenues (contributions and investment income) are recognized when they are earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan. Administration costs are budgeted and paid for by the general fund.

b. Valuation of Investments

Investments are valued at fair value. Securities traded on a national exchange are valued at June 30, 2006, reported sales price. There are no investments of 5% or greater in any one organization.

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

3. Classes of Employees Covered

Plan Participants (January 1, 2005)

Retirees and beneficiaries currently receiving benefits.....	54
Terminated employees entitled to benefits but not yet receiving them.	6
Active plan members	<u>87</u>
Total Plan Participants.....	<u>147</u>

4. Benefit Provisions

a. Benefit Provisions

The plan's membership is open to substantially all Town employees with the exception of certified teachers. Employees are eligible for pension benefits after one year of service with a minimum of 1,250 hours.

b. Employer Contributions

Recommended contributions to the plan are determined each year as part of the actuarial valuation using the entry age normal method.

The Town's contributions for the plan can be found in IV.C.5. - Schedule of Employer Contributions and Net Pension Obligation.

c. Employee Contributions

The following table details the employee contribution requirement as a percentage of annual compensation:

General Town, highway and sewer employees	2%
Police	5%
Board of Education noncertified	2%

5. Schedule of Employer Contributions and Net Pension Obligation

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
2001	\$ 332,165	\$ 336,475	101.3%
2002	410,022	314,727	76.8%
2003	518,514	401,303	77.4%
2004	622,473	518,514	83.3%
2005	741,234	610,922	82.4%
2006	713,064	642,000	90.0%

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

IV. OTHER INFORMATION (CONTINUED)

C. Pension Plan (Continued)

6. Actuarial Assumptions

The information presented as historical trend information was determined as part of the actuarial valuation as of the date indicated in the tabulation. Additional information as of the latest valuation is as follows:

Actuarial Valuation Date	January 1, 2005
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Investment Rate of Return	7%
Projected Salary Increases:	
Merit	2.5%
Inflation	2.5%
Cost of Living Adjustments	None
Amortization Method	Level amount closed
Remaining Amortization Period	21 Years

7. Annual Pension Cost and Net Pension Obligation (NPO)

The changes in the NPO were as follows:

Annual required contribution.....	\$ 713,064
Interest on net pension obligation.....	39,313
Adjustment to annual required contribution	(48,441)
Annual pension cost	703,936
Contributions made	<u>642,000</u>
Increase in net pension obligation	61,936
Net pension obligation - July 1, 2005.....	<u>561,620</u>
Net pension obligation - June 30, 2006	<u>\$ 623,556</u>

Three Year Trend Information

YEAR ENDING JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
2006	\$ 703,936	91.2%	\$ 623,556
2005	734,892	83.1%	561,620
2004	618,109	83.9%	437,650

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefits

In addition to pension benefits, certain health care benefits for retired employees and their spouses are provided by the Town. Substantially all Town employees may become eligible for those benefits, if they reach normal retirement age while working for the Town. The Town recognizes the cost of providing those benefits on a pay-as-you-go basis. Expenditures totaled \$380,395 for health care for the year ended June 30, 2006, for the 46 retired participants.

E. On-Behalf Payments

The amount recognized in the general fund intergovernmental revenues and education expenditures for contributions made by the State to the State Teachers' Retirement Plan was \$552,425.

TOWN OF THOMASTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

THOMASTON RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALY ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL	(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
<u>JANUARY 1,</u>						
2000	\$ 5,607,510	\$ 6,970,034	\$ (1,362,524)	80.5%	\$ 2,444,967	-(55.7)%
2001	5,870,771	7,842,702	(1,971,931)	74.9%	2,519,204	-(78.3)%
2002	5,716,405	8,523,461	(2,807,056)	67.1%	2,880,423	-(97.5)%
2003	5,398,441	9,171,244	(3,772,803)	58.9%	3,237,466	-(116.5)%
2004	6,118,485	9,739,103	(3,620,618)	62.8%	3,392,854	-(106.7)%
2005	7,432,057	10,954,377	(3,522,320)	67.8%	3,339,667	-(105.5)%

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 THOMASTON, CONNECTICUT

GENERAL FUND
 SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 14,517,726	\$ 14,517,726	\$ 14,743,210	\$ 225,484
Prior year taxes.....	210,000	210,000	360,982	150,982
Interest and lien fees.....	100,000	100,000	176,457	76,457
Housing authority in lieu of taxes.....	9,200	9,200	16,708	7,508
Telecommunications property tax.....	70,000	70,000	56,087	(13,913)
TOTAL PROPERTY TAXES.....	14,906,926	14,906,926	15,353,444	446,518
CHARGES FOR SERVICES:				
Conveyance tax.....	96,000	96,000	90,559	(5,441)
Zoning and land use fees.....	10,000	10,000	11,724	1,724
Gun permits.....	500	500	429	(71)
Parking tickets.....	2,000	2,000	1,202	(798)
Meter Money.....	5,500	5,500	5,774	274
Accident reports.....	500	500	742	242
Vendor permits.....	400	400	450	50
Fingerprinting.....	500	500		(500)
Special duty police reimbursements.....	7,200	7,200	52,446	45,246
Dam patrol.....	11,289	11,289	11,289	-
Transfer station fees.....	45,000	45,000	66,479	21,479
Building permits.....	80,000	80,000	68,914	(11,086)
Minibus fares.....	2,000	2,000	2,289	289
Recreation - programs.....	25,000	25,000	25,000	-
Recreation - Nystroms.....	5,200	5,200	5,200	-
False alarms.....	1,500	1,500		(1,500)
Other licenses, fees and permits.....	1,000	1,000	2,508	1,508
Town of Litchfield -Sewer upgrade.....	8,867	8,867	8,867	-
Nitrogen Credit.....	5,202	5,202	5,202	-
TOTAL CHARGES FOR SERVICES.....	307,658	307,658	359,074	51,416
INTERGOVERNMENTAL REVENUES:				
Property tax relief - state owned property.....	60,847	60,847	65,338	4,491
Property tax relief - elderly freeze.....	9,705	9,705	9,705	-
Property tax relief - circuit breaker.....	61,647	61,647	58,780	(2,867)
Property tax relief - Veteran's exemption.....	8,947	8,947	10,091	1,144
Property tax relief - Mfg's machinery & equipment.....	430,300	430,300	535,767	105,467
Property tax relief - totally disabled.....	1,560	1,560	1,583	23
Federal PILOT - land authorization.....	819	819	851	32
LOCIP.....	53,458	53,458	108,189	54,731
Education cost sharing.....	4,764,072	4,764,072	4,768,482	4,410
School construction grants.....	241,828	241,828	241,829	1
Special education grants.....			121,972	121,972
School transportation.....	188,117	188,117	136,219	(51,898)
Education of Handicapped Blind Children.....			6,400	6,400
Boating safety.....	1,131	1,131	1,131	-
Mashantucket Pequot.....	59,671	59,671	59,274	(397)
Town Aid Road.....	101,224	101,224	101,282	58
FEMA Assistance.....			4,544	4,544
Parking fines.....			130	130
TOTAL INTERGOVERNMENTAL REVENUES.....	5,983,326	5,983,326	6,231,567	248,241

(Continued)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
INCOME FROM INVESTMENTS.....	\$ 100,000	\$ 100,000	\$ 340,916	\$ 240,916
OTHER REVENUES:				
Blakeslee Settlement.....	6,200	6,200	6,200	-
Rent of Tower.....	40,653	40,653	45,943	5,290
Miscellaneous.....			48,525	48,525
TOTAL OTHER REVENUES.....	46,853	46,853	100,668	53,815
TOTAL REVENUES.....	21,344,763	21,344,763	22,385,669	1,040,906
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	670,000	670,000		(670,000)
Transfers in:				
Capital or nonrecurring fund.....	10,500	10,500	10,859	359
Sewer Commission usage fund.....	729,701	750,093	750,093	-
WPCA Repair and Replacement fund.....		66,077	66,077	-
Thomaston Opera House.....	407,568	440,061	440,061	-
Dog Fund.....	3,500	3,500		(3,500)
Total Transfers in.....	1,151,269	1,270,231	1,267,090	(3,141)
TOTAL OTHER FINANCING SOURCES.....	1,821,269	1,940,231	1,267,090	(673,141)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 23,166,032	\$ 23,284,994	\$ 23,652,759	\$ 367,765

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2006

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 95,721	\$ 100,099	\$ 100,099	\$ -
Elections.....	21,275	18,326	18,326	-
Board of Finance.....	2,400	1,520	1,520	-
Treasurer.....	136,000	175,444	175,444	-
Independent audit.....	37,000	37,000	37,000	-
Legal.....	56,000	89,221	89,221	-
Tax Collector.....	94,508	94,066	94,066	-
Property Tax Rebates.....	25,000	12,896	12,896	-
Tax Assessor.....	77,717	100,257	100,257	-
Board of Assessment Appeals.....	3,450	3,050	3,050	-
Insurance.....	415,688	403,049	403,049	-
Town Hall Operations & Maintenance.....	136,468	172,816	172,816	-
Town Clerk.....	48,750	50,526	50,526	-
Probate court.....	2,500	2,297	2,297	-
Social security.....	244,200	229,282	229,282	-
Pension - Town Employees.....	539,478	538,664	538,664	-
Pension - Volunteer Firefighters and Ambulance.....	136,300	139,108	139,108	-
Medical / Life insurance.....	684,490	472,385	472,385	-
Retirees Medical Insurance.....	368,511	380,395	380,395	-
Council of governments.....	3,276	3,276	3,276	-
CT Conference of Municipalities.....	4,511	4,511	4,511	-
Contingency.....	200,000	14,422	-	14,422
TOTAL GENERAL GOVERNMENT.....	3,333,243	3,042,610	3,028,188	14,422
PUBLIC SAFETY:				
Police.....	800,635	862,587	862,587	-
Inmate supervision.....	29,100	34,158	34,158	-
Parking meters.....	1,700	1,700	457	1,243
Communications & dispatch.....	196,225	206,252	206,252	-
Fire Protection.....	117,080	129,199	129,199	-
Fire Marshal.....	19,000	19,021	19,021	-
Ambulance.....	54,400	62,237	62,237	-
Tree Warden.....	9,600	9,790	9,790	-
TOTAL PUBLIC SAFETY.....	1,227,740	1,324,944	1,323,701	1,243
PUBLIC WORKS:				
Highways.....	459,414	500,726	500,726	-
Town Aid Road.....	101,224	101,224	101,224	-
Snow & ice removal.....	70,436	89,501	89,501	-
Street lighting.....	78,700	78,700	74,036	4,664
Fire hydrants.....	121,997	121,997	119,554	2,443
Solid Waste & Recycling.....	474,690	479,195	479,195	-
St Thomas Cemetery.....	2,800	2,800	2,800	-
TOTAL PUBLIC WORKS.....	1,309,261	1,374,143	1,367,036	7,107
HEALTH AND WELFARE:				
Vital statistics.....	1,000	1,000	643	357
Visiting nurse.....	16,000	16,000	16,000	-
Torrington Area Health District.....	30,249	30,249	30,249	-
Northwest Regional Mental Health Board.....	864	864	864	-
Social Services.....	60,415	81,162	63,992	17,170
Elderly Nutrition.....	1,371	1,371	1,371	-
Susan B Anthony Project.....	1,500	1,500	1,500	-
Senior Advisory Board.....	200	200	-	200
Minibus.....	14,663	15,631	15,631	-
Veterans' Administration.....	1,000	1,000	1,000	-
TOTAL HEALTH AND WELFARE.....	127,262	148,977	131,250	17,727

(Continued)

SCHEDULE 2

(2 of 2)

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

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
CULTURE AND RECREATION:				
Recreation programs.....	\$ 106,888	\$ 109,644	\$ 109,644	\$ -
Memorial Day.....	1,500	1,500	1,500	-
Nystroms Park.....	13,700	15,004	15,004	-
Police Explorers.....	2,500	2,500	2,500	-
Public Library.....	317,778	350,768	350,768	-
TOTAL CULTURE AND RECREATION.....	442,366	479,416	479,416	-
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,500	1,500	1,500	-
Inlands/Wetlands Commission.....	18,815	18,815	17,379	1,436
Building Inspector.....	62,521	62,521	50,362	12,159
Town Engineer.....	2,500	2,500		2,500
Planning & Zoning.....	33,353	66,198	66,198	-
Zoning Board of Appeals.....	19,970	19,970	19,047	923
TOTAL HOUSING AND DEVELOPMENT.....	138,659	171,504	154,486	17,018
EDUCATION.....	12,629,787	12,629,787	12,629,787	-
DEBT SERVICE.....	2,307,638	2,212,389	2,212,389	-
TOTAL EXPENDITURES.....	21,515,956	21,383,770	21,326,253	57,517
OTHER FINANCING USES:				
Transfers out:				
Animal Control Officer-Dog fund.....	45,907	45,907	42,543	3,364
WPCA - Sewer Use fund.....	719,701	806,170	806,170	-
WPCA - Repair & Replacement fund.....	10,000	10,000	10,000	-
Hillside Cemetery.....	16,500	16,500	16,500	-
Capital or Nonrecurring	450,400	582,586	582,586	-
Opera House.....	407,568	440,061	440,061	-
Total Transfers out.....	1,650,076	1,901,224	1,897,860	3,364
TOTAL OTHER FINANCING USES.....	1,650,076	1,901,224	1,897,860	3,364
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 23,166,032	\$ 23,284,994	\$ 23,224,113	\$ 60,881

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2006

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2005	CURRENT YEAR LEVY	LAWFUL CORRECTIONS			TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	TAXES	OVER-PAYMENTS & SUSPENSE	COLLECTIONS			TOTAL	UNCOLLECTED TAXES JUNE 30, 2006
			ADDITIONS	DEDUCTIONS	SUSPENSE					NET TAXES COLLECTED	INTEREST & LIENS			
1989	\$ 2,744	\$	\$ 2,711	\$	\$	\$ 33	\$ 33	\$	\$ 33	\$ 89	\$ 122	\$	\$	\$
1990	2,618				422	2,196				224	224			2,196
1991	2,976				311	2,665	37			184	221			2,628
1992	2,278				295	1,983				98	98			1,983
1993	7,747				251	7,496				1,309	1,309			7,496
1994	6,461				293	6,168	31			59	90			6,137
1995	6,335				238	6,097	46			446	492			6,051
1996	13,382				837	12,545	167			597	764			12,378
1997	13,728				681	13,047	33			42	75			13,014
1998	15,967		33		1,100	14,834	47			57	104			14,787
1999	18,389		183		890	17,316	1,785	449		879	2,215			15,980
2000	28,873		379		644	27,850	5,445			4,826	10,271			22,405
2001	193,739		193		296	193,250	84,405	374		18,766	102,797			109,219
2002	336,516		459		397	335,660	53,494	73		20,890	74,311			282,239
2003	555,970		1,687	5,400	183	552,074	213,840	3,741		44,694	254,793			341,975
Total Prior Years	1,207,723		1,687	9,358	6,838	1,193,214	359,363	4,637		93,160	447,886			838,488
2004		15,059,806	38,964	93,546	2,059	15,003,165	14,688,023	8,511		84,379	14,763,891			323,653
TOTAL	\$ 1,207,723	\$ 15,059,806	\$ 40,651	\$ 102,904	\$ 8,897	\$ 16,196,379	\$ 15,047,386	\$ 13,148	\$ 15,034,238	\$ 177,539	\$ 15,211,777	\$	\$	1,162,141

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.

Sewer Commission Usage Fund

To account for sewer use fees and expenditures of the sewer use fund which was established to pay for the sewer plant operations.

Sewer Commission Assessment & Appropriation Fund

To account for special sewer assessments for connections to the existing sewer lines.

School Lunch Fund

To account for the receipts and expenditures associated with operating the school lunch program.

Education Grant Fund

To account for the receipt and expenditures of federal and state education grants.

Town Clerk Preservation Fund

A fund established in accordance with House Bill 5178, *An Act Concerning Real Estate Filings and the Preservation of Historic Documents*, which requires a portion of recording fees to be deposited into this fund and the funds be restricted to preserving documents.

Edith Kenea Park Fund

To account for money bequested to the Town of Thomaston for the purpose of replacing flowers and beautification of Town parks.

Edith Kenea Tree Fund

To account for money bequested to the Town of Thomaston for the purpose of providing new trees to be planted in Town.

Kenea Park Project

To account for the grants and donations received to improve Kenea Park.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

Special Revenue Funds (Continued)

Neighborhood Assistance Program

To account for revenues and expenditures associated with the Neighborhood Watch Program.

Thomaston Opera House

To account for all sales and expenditures associated with the operation of the Opera House.

Public Library

To account for the grants and donations received by the public library.

Dog Fund

To account for dog license revenue and the expenditures associated with running the kennel including the salary for the canine officer.

School Drug Abuse

To account for the revenues and expenditures associated with the D.A.R.E program and other substance abuse grants.

Drug Law Enforcement

To account for the revenues associated with the Town's participation in the Statewide Narcotics Task Force.

Gift Fund

To account for the revenues and expenditures associated with various donations and grants, such as the Helen Philbrick Memorial fund, clocktower restoration, Citizen Emergency Response Team (CERT) and the replacement of defibrillators.

Social Services Crisis Fund

To account for the donations in and donations out to those in need in Town.

Permanent Funds

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

Fire Department Trust Fund

To account for money endowed to the Fire Department from Edith Kenea, for which only the interest may be used.

Hillside Cemetery Trust Fund

To account for the endowments, perpetual care assets and operations of the Hillside Cemetery.

TOWN OF THOMASTON, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

		SPECIAL REVENUE FUNDS									
		SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND		SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENEA PARK FUND	EDITH KENEA TREE FUND	KENEA PARK PROJECT	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE
ASSETS											
Cash.....	\$ 526	\$ 6,034	\$ 89,125	\$ 10,357	\$ 16,387	\$ 43,085	\$ 44,223	\$ 1,256	\$ 786	\$ 37,260	
Investments.....		141,198									
Receivables:											
Sewer assessments and usage.....	124,499		12,114	2,709						32,810	
Intergovernmental.....			1,104								
Other.....			7,704								
Other assets.....											
TOTAL ASSETS.....	\$ 125,025	\$ 147,232	\$ 108,943	\$ 14,170	\$ 16,387	\$ 43,085	\$ 44,223	\$ 1,256	\$ 786	\$ 70,070	
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable.....	\$ 37,299	\$	\$ 2,384	\$ 7,059	\$ 2,178	\$ 64	\$	\$	\$	\$ 33,648	
Accrued payroll.....	5,266									1,831	
Due to other funds.....						808				82,237	
Unearned revenue.....	108,574			679	466						
TOTAL LIABILITIES.....	151,139	-	2,384	7,738	2,644	872	-	-	-	117,716	
FUND BALANCES:											
Unreserved, reported in:											
Designated for improvements.....	(26,114)	8,250	106,559	6,432	13,743	41,704	41,747	1,256	786	(47,646)	
Unreserved and undesignated.....		138,982				509	2,476				
TOTAL FUND BALANCES.....	(26,114)	147,232	106,559	6,432	13,743	42,213	44,223	1,256	786	(47,646)	
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 125,025	\$ 147,232	\$ 108,943	\$ 14,170	\$ 16,387	\$ 43,085	\$ 44,223	\$ 1,256	\$ 786	\$ 70,070	

(Continued)

TOWN OF THOMASTON, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006**

	SPECIAL REVENUE FUNDS										PERMANENT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC LIBRARY	DOG FUND	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	GIFT FUND	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST	TOTAL PERMANENT FUNDS	TOTAL				
ASSETS															
Cash.....	\$ 4,333	\$ -	\$ 2,894	\$ 552	\$ 10,791	\$ 208	\$ 180,509	\$ 17,398	\$ 413	\$ 413	\$ -	\$ 413	\$ -	\$ 180,922	\$ 758,606
Investments.....						9,177	237,683								
Receivables:															
Sewer assessments and usage.....							124,499							124,499	
Intergovernmental.....							47,633							47,633	
Other.....							1,104							1,104	
Other assets.....							7,704							7,704	
TOTAL ASSETS.....	\$ 4,333	\$ -	\$ 2,894	\$ 552	\$ 10,791	\$ 9,385	\$ 599,132	\$ 17,398	\$ 503,938	\$ 521,336	\$ -	\$ 521,336	\$ -	\$ 1,120,468	
LIABILITIES AND FUND BALANCES															
LIABILITIES:															
Accounts payable.....	\$ 3,681	\$ 6,105	\$ -	\$ -	\$ -	\$ -	\$ 92,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,418	\$ 8,653
Accrued payroll.....		747					7,844				809		809		
Due to other funds.....							83,045				14,887		14,887		97,932
Unearned revenue.....							109,719							109,719	
TOTAL LIABILITIES.....	3,681	6,852	-	-	-	-	293,026	-	15,696	15,696	-	15,696	-	308,722	
FUND BALANCES:															
Reserved for:															
Endowments.....								15,700						120,200	120,200
Perpetual care.....														204,139	204,139
Unreserved, reported in:															
Designated for improvements.....		(6,852)	2,894	552	10,791	9,385	91,701	1,698	179,603	181,301				91,701	395,706
Unreserved and undesignated.....		(6,852)	2,894	552	10,791	9,385	214,405	1,698	488,242	505,640				811,746	
TOTAL FUND BALANCES.....	652	(6,852)	2,894	552	10,791	9,385	306,106	17,398	503,938	521,336	-	521,336	-	1,120,468	
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 4,333	\$ -	\$ 2,894	\$ 552	\$ 10,791	\$ 9,385	\$ 599,132	\$ 17,398	\$ 503,938	\$ 521,336	\$ -	\$ 521,336	\$ -	\$ 1,120,468	

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS									
	SEWER COMMISSION USAGE FUND	SEWER COMMISSION & APPROPRIATION FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENEA PARK FUND	EDITH KENEA TREE FUND	KENEA PARK PROJECT	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE
REVENUES:										
Charges for services.....	\$ 750,061	\$ 15,000	\$ 332,542	\$ 731,844	\$ 3,220	\$ 1,750	\$ 1,795	\$ 9	\$ 4	\$ 318,944
Intergovernmental.....			89,333		6,534					94,579
Contributions.....										68,095
Income from investments.....		5,337			68	1,750	1,795	9	4	421
Other.....										4,535
TOTAL REVENUES.....	750,061	20,337	421,875	731,844	9,822	1,750	1,795	9	4	486,574
EXPENDITURES:										
Current:										
General government.....					6,534	1,077		243		
Public works.....	825,778	29,506								524,460
Culture and recreation.....			397,858	731,844						
Education.....										
Capital outlay.....										
TOTAL EXPENDITURES.....	825,778	29,506	397,858	731,844	6,534	1,077	-	243	-	524,460
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(75,717)	(9,169)	24,017	-	3,288	673	1,795	(234)	4	(37,886)
OTHER FINANCING SOURCES (USES):										
Transfers in.....	806,170									440,061
Transfers out.....	(750,093)									(440,061)
NET OTHER FINANCING SOURCES (USES).....	56,077									-
NET CHANGE IN FUND BALANCES.....	(19,640)	(9,169)	24,017	-	3,288	673	1,795	(234)	4	(37,886)
FUND BALANCES, JULY 1, 2005.....	(6,474)	156,401	82,542	6,432	10,455	41,540	42,428	1,490	782	(9,760)
FUND BALANCES, JUNE 30, 2006.....	\$ (26,114)	\$ 147,232	\$ 106,559	\$ 6,432	\$ 13,743	\$ 42,213	\$ 44,223	\$ 1,256	\$ 786	\$ (47,646)

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	SPECIAL REVENUE FUNDS										PERMANENT FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC LIBRARY	DOG FUND	SCHOOL DRUG ABUSE	DRUG LAW ENFORCEMENT	GIFT FUND	SOCIAL SERVICES CRISIS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST	TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS			
REVENUES:														
Charges for services.....	\$ 1,286	\$ 9,414	\$	\$	\$	\$	\$ 1,430,467	\$	\$ 22,258	\$ 22,258	\$	\$	\$ 1,452,725	
Intergovernmental.....	6,532		331				929,153						929,153	
Contributions.....	19,150		500		7,094	3,698	98,537		1,000		1,000		99,537	
Income from investments.....	2		15	9	68	385	9,863	384	26,122		26,506		36,369	
Other.....							4,535						4,535	
TOTAL REVENUES.....	26,970	9,414	515	340	7,162	4,083	2,472,555	384	49,380		49,764		2,522,319	
EXPENDITURES:														
Current:														
General government.....							7,854						7,854	
Public safety.....		53,963	1,372		263		55,598						55,598	
Public works.....							855,284		40,401		40,401		895,685	
Health and welfare.....						5,645							5,645	
Culture and recreation.....	28,518						552,978						552,978	
Education.....							1,129,702						1,129,702	
TOTAL EXPENDITURES.....	28,518	53,963	1,372	-	263	5,645	2,607,061	-	40,401		40,401		2,647,462	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,548)	(44,549)	(857)	340	6,899	(1,562)	(134,506)	384	8,979		9,363		(125,143)	
OTHER FINANCING SOURCES (USES):														
Transfers in.....		42,543					1,288,774		16,500		16,500		1,305,274	
Transfers out.....				(1,422)			(1,191,576)						(1,191,576)	
NET OTHER FINANCING SOURCES (USES).....		42,543		(1,422)			97,198		16,500		16,500		113,698	
NET CHANGE IN FUND BALANCES.....	(1,548)	(2,006)	(857)	(1,082)	6,899	(1,562)	(37,308)	384	25,479		25,863		(11,445)	
FUND BALANCES, JULY 1, 2005.....	2,200	(4,846)	3,751	1,634	3,892	10,947	343,414	17,014	462,763		479,777		823,191	
FUND BALANCES, JUNE 30, 2006.....	\$ 652	\$ (6,852)	\$ 2,894	\$ 552	\$ 10,791	\$ 9,385	\$ 306,106	\$ 17,398	\$ 488,242		\$ 505,640		\$ 811,746	

(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.

Pension Trust Funds

To account for the Town's single employer defined benefit pension plan which provides pension benefits for full-time personnel except teachers of the Board of Education who are covered under the State Teachers' Retirement System.

Private-Purpose Trust Funds

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

Leander Smith Award

To account for an endowment from which the interest is used to award exceptional teachers.

Peppie Wagner Fund

To account for a \$2,000 donation which will be used to award \$50 annually for an exceptional 8th grade student.

Seth Thomas Prize Fund

To account for a \$1,000 endowment from which the interest is used to award exceptional students.

Agency Funds

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

School Activities Fund

To account for collections and payments related to education extracurricular activities at the schools. Financing is provided by individual fundraising projects.

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

Recreation Commission

To account for the operation of extracurricular recreational activities. Funding is provided by fees from individuals attending the programs.

High School Athletic Council

To account for the operation of extracurricular recreational activities at the schools. Funding is provided by fees from individuals attending the programs.

Public School Internal Account

To account for collections and payments related to education extracurricular activities at the schools. Financing is provided by individual fundraising projects.

Performance Bond Fund

To account for the performance bond posted related to the transfer station.

Tri-Centennial Committee

To account for donations received for the Town's tricentennial celebration.

Public Library Staff Fund

To account for extracurricular activities sponsored by the library such as bus trips. Funding is provided by fees from individuals attending the programs and sales from the use of the copier.

Join Against Insensible Lawlessness

To account for donations received specifically to be used to reward people coming forward with information related to crimes committed.

Class Reunions

To account for fees collected from students and held for their use on class reunions.

Christmas Lights Fund

To account for the donations and expenditures associated with the Light Up the Town Celebration and maintenance of the lights.

Police Recreation and Educational Fund

To account for donations received specifically to be used towards police recreational and educational activities.

Railroad Museum Commission

To account for fundraising through the sale of pavers; the proceeds of which will help preserve the railroad museum.

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

Thomaston Police Explorers

To account for the revenue and expenditures associated with the annual car show.

TRIAD

To account for donations which will be used to serve the community's elderly by way of offering more public safety for seniors and streamlining emergency care for first responders with their patients.

Christmas Committee

To account for donations which will be used to give gifts to the less fortunate at Christmas time.

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2006

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$ 1,824	\$	\$ 1,824
Investments:				
Certificates of deposit.....	5,112		1,007	6,119
TOTAL ASSETS.....	5,112	1,824	1,007	7,943
<u>NET ASSETS</u>				
Net Assets Held in Trust.....	\$ 5,112	\$ 1,824	\$ 1,007	\$ 7,943

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
ADDITIONS:				
Income from investments.....	\$ 148	\$ 12	\$ 25	\$ 185
DEDUCTIONS:				
Awards.....		100	50	150
CHANGE IN NET ASSETS.....	148	(88)	(25)	35
NET ASSETS, JULY 1, 2005.....	4,964	1,912	1,032	7,908
NET ASSETS, JUNE 30, 2006.....	\$ 5,112	\$ 1,824	\$ 1,007	\$ 7,943

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2006

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
<u>ASSETS</u>				
CASH:				
School Activities Fund.....	\$ 83,001	\$ 133,282	\$ 131,861	\$ 84,422
Recreation Commission.....	129	77,197	76,266	1,060
High School Athletic Council.....	640	44,761	42,897	2,504
Public School Internal Account.....	23,903	80,363	73,074	31,192
Performance Bond Fund.....	10,906	142		11,048
Public Library Staff Fund.....	1,820	15,367	13,972	3,215
Join Against Insensible Lawlessness.....	5,150	39		5,189
Class Reunions.....	2,440		760	1,680
Christmas Lights Fund.....	5,481	6,997	6,357	6,121
Police Recreation and Educational Fund.....	869	1,336	1,900	305
Railroad Museum Commission.....	5,661	1,686	493	6,854
Thomaston Police Explorers.....	21,048	8,726	8,038	21,736
TRIAD.....	1,831	9	66	1,774
Christmas Committee.....	2,032	7,757	7,417	2,372
TOTAL CASH.....	164,911	377,662	363,101	179,472
INVESTMENT:				
Tri-centennial Committee.....	3,213	90		3,303
TOTAL ASSETS.....	\$ 168,124	\$ 377,752	\$ 363,101	\$ 182,775
<u>LIABILITIES</u>				
ACCOUNTS PAYABLE:				
School Activities Fund.....	\$ 83,001	\$ 133,282	\$ 131,861	\$ 84,422
Recreation Commission.....	129	77,197	76,266	1,060
High School Athletic Council.....	640	44,761	42,897	2,504
Public School Internal Account.....	23,903	80,363	73,074	31,192
Performance Bond Fund.....	10,906	142		11,048
Tri-centennial Committee.....	3,213	90		3,303
Public Library Staff Fund.....	1,820	15,367	13,972	3,215
Join Against Insensible Lawlessness.....	5,150	39		5,189
Class Reunions.....	2,440		760	1,680
Christmas Lights Fund.....	5,481	6,997	6,357	6,121
Police Recreation and Educational Fund.....	869	1,336	1,900	305
Railroad Museum Commission.....	5,661	1,686	493	6,854
Thomaston Police Explorers.....	21,048	8,726	8,038	21,736
TRIAD.....	1,831	9	66	1,774
Christmas Committee.....	2,032	7,757	7,417	2,372
TOTAL LIABILITIES.....	\$ 168,124	\$ 377,752	\$ 363,101	\$ 182,775

Capital Assets Used in the Operation of Governmental Funds

TOWN OF THOMASTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2006 AND 2005

	2006	2005
<u>CAPITAL ASSETS:</u>		
Land.....	\$ 1,315,620	\$ 1,315,620
Construction in progress.....	267,803	9,052,848
Buildings.....	34,667,238	23,773,055
Land improvements.....	1,347,004	1,347,004
Machinery and equipment.....	6,341,247	5,529,738
Vehicles.....	2,679,080	2,289,194
Infrastructure.....	15,844,792	15,824,795
TOTAL CAPITAL ASSETS.....	<u>\$ 62,462,784</u>	<u>\$ 59,132,254</u>
<u>INVESTMENT IN CAPITAL ASSETS BY SOURCE:</u>		
Property taxes.....	\$ 22,916,656	\$ 21,377,703
General obligation bonds.....	20,544,377	20,442,096
State and Federal grants.....	12,621,989	11,000,373
Contributions.....	6,379,762	6,312,082
TOTAL INVESTMENT IN CAPITAL ASSETS BY SOURCE.....	<u>\$ 62,462,784</u>	<u>\$ 59,132,254</u>

TOWN OF THOMASTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2006

	LAND	CONSTRUCTION IN PROGRESS	BUILDINGS	LAND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
General government.....	\$ 750,320	\$	\$ 3,448,336	\$ 85,360	\$ 111,006	\$ 10,915	\$	\$ 4,405,937
Public safety.....	117,300		835,695	22,474	777,516	1,954,557		3,707,542
Public works.....	168,100		8,865,084	200,833	3,723,509	652,114	15,844,792	29,454,432
Health and Welfare.....						43,724		43,724
Culture and recreation.....	151,200	19,428	699,310	101,871	315,591	17,770		1,305,170
Housing and Development.....					46,462			46,462
Education.....	128,700	248,375	20,818,813	936,466	1,367,163			23,499,517
TOTAL.....	\$ 1,315,620	\$ 267,803	\$ 34,667,238	\$ 1,347,004	\$ 6,341,247	\$ 2,679,080	\$ 15,844,792	\$ 62,462,784

TOWN OF THOMASTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2006

FUNCTION/ACTIVITY	BALANCE JULY 1, 2005	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2006
GENERAL GOVERNMENT:				
General government.....	\$ 822,881	\$	\$	\$ 822,881
Finance.....	43,605			43,605
Town hall.....	3,533,696	5,755		3,539,451
TOTAL GENERAL GOVERNMENT.....	4,400,182	5,755	-	4,405,937
PUBLIC SAFETY:				
Police department.....	526,828	146,857	76,007	597,678
Fire department.....	1,765,457	411,070	10,915	2,165,612
Communication.....	53,752			53,752
Ambulance.....	811,504	38,653	14,000	836,157
Canine control.....	54,343			54,343
TOTAL PUBLIC SAFETY.....	3,211,884	596,580	100,922	3,707,542
PUBLIC WORKS:				
Highway department.....	12,185,688	443,338	168,475	12,460,551
Hillside Cemetery.....	203,037			203,037
Sewer Department.....	16,800,344		9,500	16,790,844
TOTAL PUBLIC WORKS.....	29,189,069	443,338	177,975	29,454,432
HEALTH AND WELFARE:				
Minibus.....	43,724			43,724
CULTURE AND RECREATION:				
Library.....	293,366	65,770		359,136
Opera House.....	29,701	70,709		100,410
Seth Thomas/Bradstreet House.....		446,616		446,616
Parks and recreation.....	379,580	19,428		399,008
TOTAL CULTURE AND RECREATION.....	702,647	602,523	-	1,305,170
HOUSING AND DEVELOPMENT:				
Building Department.....	46,462			46,462
EDUCATION.....	21,538,286	10,909,111	8,947,880	23,499,517
GRAND TOTALS.....	\$ 59,132,254	\$ 12,557,307	\$ 9,226,777	\$ 62,462,784

Statistical Section

TABLE 1**TOWN OF THOMASTON, CONNECTICUT**NET ASSETS BY COMPONENT
LAST FOUR YEARS
(UNAUDITED)

	FISCAL YEAR ENDED			
	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:				
Invested in capital assets, net of related debt.....	\$ 22,865,552	\$ 19,449,596	\$ 19,001,844	\$ 19,162,965
Restricted for:				
Capital projects.....	229,879	1,800,307	7,745,022	278,201
Endowments:				
Nonexpendable.....	120,200	120,200	120,200	15,700
Expendable.....	1,314	1,314	881	437
Perpetual care:				
Nonexpendable.....	204,139	201,489	196,614	295,038
Expendable.....	156,774	156,774	133,065	106,849
Other.....			75,000	
Unrestricted.....	10,530,832	10,198,581	543,501	7,576,151
TOTAL NET ASSETS.....	\$ 34,108,690	\$ 31,928,261	\$ 27,816,127	\$ 27,435,341

TABLE 2

TOWN OF THOMASTON, CONNECTICUTCHANGES IN NET ASSETS
LAST FOUR YEARS
(UNAUDITED)

	FISCAL YEAR ENDED			
	2006	2005	2004	2003
EXPENSES:				
Governmental activities:				
General government.....	\$ 1,318,822	\$ 1,659,892	\$ 1,771,177	\$ 1,008,636
Public safety.....	2,313,428	1,943,257	2,200,339	2,163,326
Public works.....	3,695,376	3,346,625	3,145,912	3,296,162
Health and welfare.....	151,226	196,049	161,221	142,603
Culture and recreation.....	1,250,946	1,243,253	1,264,180	1,126,008
Housing and development.....	221,051	204,261	177,685	208,807
Education.....	14,937,047	13,624,717	13,126,941	12,808,758
Interest expense.....	868,833	713,760	667,065	599,717
TOTAL EXPENSES.....	24,756,729	22,931,814	22,514,520	21,354,017
PROGRAM REVENUES:				
Governmental activities:				
Charges for services:				
General government.....	146,781	148,871	116,588	52,433
Public safety.....	81,746	37,524	46,711	43,328
Public works.....	882,825	1,038,705	690,400	807,994
Health and welfare.....	2,289	1,669	2,137	1,553
Culture and recreation.....	350,430	398,806	366,589	311,954
Housing and development.....	84,417	108,679	93,979	88,575
Education.....	332,542	331,359	306,863	298,807
Operating grants and contributions.....	6,590,309	6,156,094	5,850,910	5,884,962
Capital grants and contributions.....	1,863,703	3,743,257	954,076	1,212,754
TOTAL PROGRAM REVENUES.....	10,335,042	11,964,964	8,428,253	8,702,360
NET EXPENSES:				
Governmental activities.....	(14,421,687)	(10,966,850)	(14,086,267)	(12,651,657)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:				
Governmental activities:				
Property taxes.....	15,368,327	14,065,657	13,618,870	12,959,157
Grants and contributions not restricted to specific programs.....	742,520	748,179	723,029	774,248
Investment income.....	438,209	200,395	108,929	109,791
Miscellaneous.....	53,060	64,753	16,225	45,400
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS.....	16,602,116	15,078,984	14,467,053	13,888,596
CHANGE IN NET ASSETS.....	\$ 2,180,429	\$ 4,112,134	\$ 380,786	\$ 1,236,939

TABLE 3

TOWN OF THOMASTON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
GENERAL FUND:										
Reserved.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved:										
Designated.....	587,800	670,000	865,000	454,000	813,000	500,000	396,000			
Undesignated.....	2,384,337	1,741,694	1,460,002	1,778,639	1,223,128	1,791,664	1,789,921	2,107,934	1,660,646	900,425
Total unreserved.....	2,972,137	2,411,694	2,325,002	2,232,639	2,036,128	2,291,664	2,185,921	2,107,934	1,660,646	900,425
TOTAL GENERAL FUND.....	2,972,137	2,411,694	2,400,002	2,232,639	2,189,110	2,291,664	2,185,921	2,263,378	1,685,249	982,943
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved:										
Receivables.....	1,244,369	1,265,147	1,447,253	1,538,399	1,677,038	1,590,165	1,555,386	1,411,862	1,451,947	1,436,175
Commitments.....	229,879	1,800,307	7,745,022	278,201				485,015	1,389,238	70,843
Compensated absences.....	610,016	637,960	623,838	612,323	636,739	617,385	559,690	490,357	416,089	316,607
Endowments.....	120,200	120,200	120,200	118,200	118,200	115,700	65,700	40,700	40,700	30,700
Perpetual care.....	204,139	201,489	196,614	192,538	184,539	181,238	179,288	174,213	170,139	156,839
Unreserved reported in:										
Special revenue funds.....	850,968	875,797	718,380	722,800	1,485,874	1,046,846	920,379	752,241	759,783	696,935
Capital projects funds.....	3,360,319	3,101,618	(6,625,924)	135,083	285,780	(8,324,964)	(6,771,217)	(3,001,695)	(759,262)	(54,284)
Permanent funds.....	181,301	158,088	133,946	107,286	54,827	136,377	119,943	131,200	132,313	133,308
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	6,801,191	8,160,606	4,359,329	3,704,830	4,442,997	(4,637,253)	(3,370,831)	483,893	3,600,947	2,787,123
GRAND TOTAL.....	\$ 9,773,328	\$ 10,572,300	\$ 6,759,331	\$ 5,937,469	\$ 6,632,107	\$ (2,345,589)	\$ (1,184,910)	\$ 2,747,271	\$ 5,286,196	\$ 3,770,066

TABLE 4

TOWN OF THOMASTON, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR ENDED JUNE 30									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
REVENUES:										
Property taxes.....	\$ 15,353,444	\$ 13,980,389	\$ 13,385,994	\$ 12,865,405	\$ 12,035,417	\$ 10,985,990	\$ 10,464,817	\$ 9,804,148	\$ 9,653,895	\$ 9,391,672
Charges for services.....	1,834,142	1,917,267	1,719,172	1,833,406	1,408,635	1,297,450	1,391,648	1,149,124	1,144,268	835,365
Intergovernmental.....	9,283,405	10,145,178	7,593,809	7,148,505	8,569,295	7,364,314	7,018,444	7,079,534	5,604,620	5,894,835
Contributions.....	154,955	59,295		77,640		50,000	25,360		10,000	15,394
Income from investments.....	438,209	200,395	108,930	109,791	391,662	355,441	292,577	401,072	334,199	190,029
Other.....	105,203	77,153	208,169	115,194	401,204	595,329	309,591	463,469	742,471	285,788
TOTAL REVENUES.....	27,169,358	26,379,677	23,016,074	22,072,301	22,883,853	20,648,524	19,502,437	18,897,347	17,489,453	16,613,083
EXPENDITURES:										
Current:										
General government.....	3,118,103	2,990,309	3,067,217	2,546,947	2,304,724	1,863,584	1,854,453	1,579,670	1,723,257	1,747,276
Public safety.....	1,379,520	1,400,427	1,441,353	1,520,926	1,169,042	1,113,362	1,103,511	1,036,453	982,241	937,648
Public works.....	2,374,480	2,191,308	2,085,921	2,171,175	729,179	856,857	701,637	782,441	723,125	663,072
Sanitation and conservation of health.....					1,095,393	1,055,809	1,121,615	1,054,621	974,033	1,038,553
Health and welfare.....	116,505	137,479	123,635	105,563		426,561	344,491	315,349	369,873	270,970
Culture and recreation.....	1,002,115	906,865	964,021	869,685	452,081					
Housing and development.....	171,770	154,875	135,356	161,400						
Education.....	14,416,639	13,369,915	12,909,495	12,529,113	11,849,230	10,956,542	10,489,451	9,951,284	9,584,986	9,078,297
Other.....	2,212,389	1,977,469	1,611,185	1,836,526	513,942	525,640	599,115	710,441	655,575	478,662
Debt service.....	3,548,126	7,221,877	2,191,638	962,736	2,498,210	3,139,059	5,612,600	8,946,687	2,566,494	1,867,865
Capital outlay.....										
TOTAL EXPENDITURES.....	28,339,647	30,350,524	24,229,821	22,810,498	22,997,813	21,809,203	23,629,618	25,595,693	18,318,957	16,912,621
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(1,170,289)	(3,970,847)	(1,513,747)	(738,197)	(113,960)	(1,160,679)	(4,127,181)	(6,698,346)	(829,504)	(299,538)
OTHER FINANCING SOURCES (USES):										
Capital lease - equipment financing.....	371,317	7,700,000	166,500	43,559	9,091,656		195,000	62,421	262,634	77,505
Issuance of debt.....			2,300,000					3,897,000	3,483,000	1,077,412
Issuance of refunding bonds.....			1,615,000							
Payment to refunding bond escrow.....			(1,853,164)							
Premium.....		83,816	107,273							
Legal settlement.....										
Transfers in.....	3,166,372	2,743,736	3,612,998	2,336,405	2,656,319	2,643,309	2,575,073	2,453,927	2,046,369	2,568,848
Transfers out.....	(3,166,372)	(2,743,736)	(3,612,998)	(2,336,405)	(2,656,319)	(2,643,309)	(2,575,073)	(2,453,927)	(2,046,369)	(2,568,848)
NET OTHER FINANCING SOURCES (USES).....	371,317	7,783,816	2,335,609	43,559	9,091,656	-	195,000	3,959,421	2,345,634	1,154,917
NET CHANGE IN FUND BALANCES.....	\$ (798,972)	\$ 3,812,969	\$ 821,862	\$ (694,638)	\$ 8,977,696	\$ (1,160,679)	\$ (3,932,181)	\$ (2,538,925)	\$ 1,516,130	\$ 855,379
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	8.92%	8.55%	7.21%	8.41%	11.64%	10.03%	10.01%	6.19%	4.69%	5.52%

TABLE 5

TOWN OF THOMASTON, CONNECTICUT

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	REAL ESTATE				PERSONAL PROPERTY				TOTALS			RATIO OF TOTAL ASSESSED VALUE TO TOTAL ESTIMATED ACTUAL VALUE	TOTAL DIRECT RATE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	MOTOR VEHICLE ASSESSED VALUE	PERSONAL PROPERTY ASSESSED VALUE	TOTAL ASSESSED VALUE	ESTIMATED ACTUAL VALUE	GROSS ASSESSED VALUE	ESTIMATED ACTUAL VALUE					
2006	\$ 306,571,130	\$ 437,958,757	\$ 49,776,370	\$ 49,209,162	\$ 98,985,532	\$ 141,407,903	\$ 405,556,662	\$ 579,366,660	70.00%	38.66			
2005	301,626,770	430,895,386	46,025,767	49,844,828	95,870,595	136,957,993	397,497,365	567,853,379	70.00%	37.18			
2004	299,255,170	427,507,386	47,867,321	52,447,580	100,314,901	143,307,001	399,570,071	570,814,387	70.00%	35.50			
2003	295,263,695	421,805,279	45,815,638	52,499,062	98,314,700	140,449,571	393,578,395	562,254,850	70.00%	33.80			
2002	289,911,945	414,159,921	44,241,852	57,020,516	101,262,368	144,660,526	391,174,313	558,820,447	70.00%	32.20			
2001 *	284,038,596	405,769,423	40,916,172	48,631,019	89,547,191	127,924,559	373,585,787	533,693,982	70.00%	30.60			
2000	311,710,846	445,301,209	36,495,608	49,274,801	85,770,409	122,529,156	397,481,255	567,830,365	70.00%	27.25			
1999	306,760,376	438,229,109	34,504,969	41,403,976	75,908,945	108,441,350	382,669,321	546,670,459	70.00%	26.44			
1998	303,087,566	432,982,237	33,499,990	40,204,693	73,704,683	105,292,404	376,792,249	538,274,641	70.00%	26.44			
1997	301,415,316	430,593,309	31,918,773	37,098,222	69,016,995	98,595,707	370,432,311	529,189,016	70.00%	25.05			

* Revaluation Grand List of October 1, 1999

TABLE 6

TOWN OF THOMASTON, CONNECTICUT

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

TAXPAYER	GRAND LIST YEAR					
	2004			1995		
	(1) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST	(2) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST
Summit Corporation of America	\$ 5,977,391	1	1.55%	\$		0
Connecticut Light & Power Co.	4,451,444	2	1.16%			0
Connecticut Water Company	3,289,426	3	0.85%			0
Oneglia Family Trust	2,903,600	4	0.75%			0
GLC Associates	2,451,440	5	0.64%			0
Rexam Cosmetic Packaging	2,351,411	6	0.61%			0
Whyco Technologies, Inc.	2,159,600	7	0.56%			0
Yankee Gas Services Co.	2,144,068	8	0.56%			0
Thomaston Savings Bank	2,096,148	9	0.54%			0
Consumer Programs Incorporated	2,059,642	10	0.53%			0
	<u>\$ 29,884,170</u>		<u>7.75%</u>	<u>\$ -</u>		<u>0.00%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2004 and 1995 totaled \$385,160,536 and \$358,465,094, respectively.

(2) Information not available.

TABLE 7

TOWN OF THOMASTON, CONNECTICUT

PROPERTY TAX RATES, LEVIES AND COLLECTIONS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) (2) TAX RATE IN MILLS	GRAND LIST OF OCTOBER 1,	TOTAL ADJUSTED TAX LEVY	NET CURRENT TAX COLLECTIONS	PERCENT OF CURRENT LEVY COLLECTED	NET DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	TOTAL TAX COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	OUTSTANDING DELINQUENT TAXES	OUTSTANDING DELINQUENT TAXES AS A PERCENT OF ADJUSTED LEVY
2006	38.66	2004	\$ 15,003,165	\$ 14,679,512	97.8%	\$ 354,726	\$ 15,034,238	100.2%	\$ 1,162,141	7.7%
2005	37.18	2003	14,043,736	13,487,766	96.0%	264,271	13,752,037	97.9%	1,207,723	8.6%
2004	35.50	2002	13,439,939	12,901,856	96.0%	205,144	13,107,000	97.5%	1,030,858	7.7%
2003	33.80	2001	12,695,152	12,262,233	96.6%	317,778	12,580,011	99.1%	722,527	5.7%
2002	32.20	2000	11,780,931	11,517,712	97.8%	215,091	11,732,803	99.6%	559,190	4.7%
2001 *	30.60	1999	10,904,055	10,642,688	97.6%	222,937	10,865,625	99.6%	548,989	5.0%
2000	27.25	1998	10,286,990	10,049,750	97.7%	298,527	10,348,277	100.6%	523,831	5.1%
1999	26.44	1997	9,756,256	9,520,851	97.6%	208,007	9,728,858	99.7%	593,549	6.1%
1998	26.44	1996	9,524,670	9,314,215	97.8%	193,230	9,507,445	99.8%	577,037	6.1%
1997	25.05	1995	8,925,917	8,708,619	97.6%	489,332	9,197,951	103.0%	571,863	6.4%

Source: Town Audit Reports.

* Revaluation Grand List of October 1, 1999

(1) There are no overlapping of tax rates.

(2) Tax levy is per \$1,000 of the assessed value of taxable property.

TABLE 8**TOWN OF THOMASTON, CONNECTICUT**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	DEBT PER CAPITA
	GENERAL OBLIGATION BONDS	CLEAN WATER NOTES	TOTAL		
2006	\$ 16,115,000	\$ 7,557,306	\$ 23,672,306	5.84%	\$ 2,982
2005	16,940,000	8,012,793	24,952,793	6.28%	3,158
2004	9,930,000	8,459,267	18,389,267	4.60%	2,340
2003	6,560,000	10,711,780	17,271,780	4.39%	2,224
2002	7,125,000	11,278,867	18,403,867	4.70%	2,441
2001	7,690,000	12,012,896	19,702,896	5.27%	2,623
2000	8,705,000	3,105,156	11,810,156	2.97%	1,588
1999	9,720,000	3,287,272	13,007,272	3.40%	1,780
1998	2,555,000	3,467,647	6,022,647	1.60%	825
1997	2,770,000	3,646,312	6,416,312	1.73%	882

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the basic financial statements.

TABLE 9

TOWN OF THOMASTON, CONNECTICUT

RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM DEBT PER CAPITA
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	(2) NET ASSESSED VALUE	-3 GENERAL OBLIGATION BONDED DEBT/NOTES	RATIO OF BONDED DEBT/NOTES TO NET ASSESSED VALUE	DEBT PER CAPITA
2006	7,938	\$ 385,160,536	\$ 23,672,306	6.15%	\$ 2,982
2005	7,901	375,351,717	24,952,793	6.65%	3,158
2004	7,857	376,809,605	18,389,267	4.88%	2,340
2003	7,766	372,473,370	17,271,780	4.64%	2,224
2002	7,538	368,379,608	18,403,867	5.00%	2,441
2001	7,511	353,486,564	19,702,896	5.57%	2,623
2000	7,437	376,291,980	11,810,156	3.14%	1,588
1999	7,306	367,149,725	13,007,272	3.54%	1,780
1998	7,304	362,960,170	6,022,647	1.66%	825
1997	7,273	358,465,094	6,416,312	1.79%	882

Sources:
(1) CT Health Department
(2) Town Assessor's Department
(3) From Table 8

TOWN OF THOMASTON, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2006

Total tax collections (including interest and lien fees) for current year.....	\$ 15,211,777
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	9,705
BASE FOR DEBT LIMITATION COMPUTATION.....	\$ 15,221,482

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 34,248,335	\$	\$	\$	\$
4 1/2 times base.....		68,496,669			
3 3/4 times base.....			57,080,558		
3 1/4 times base.....				49,469,817	
3 times base.....					45,664,446
TOTAL DEBT LIMITATION.....	34,248,335	68,496,669	57,080,558	49,469,817	45,664,446
INDEBTEDNESS:					
Bonds payable.....	1,567,583	13,387,417	1,160,000		
Less: School Building grants.....		(2,001,575)			
TOTAL INDEBTEDNESS.....	1,567,583	11,385,842	1,160,000	-	-
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	\$ 32,680,752	\$ 57,110,827	\$ 55,920,558	\$ 49,469,817	\$ 45,664,446

The total net indebtedness above amounts to: \$ 14,113,425

In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 106,550,374

There is no overlapping debt.

TABLE 11**TOWN OF THOMASTON, CONNECTICUT****LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2006	\$ 254,959,825	\$ 14,113,425	\$ 240,846,400	5.54%
2005	243,114,241	14,779,764	228,334,477	6.08%
2004	221,785,193	7,611,103	214,174,090	3.43%
2003	213,359,592	4,080,001	209,279,591	1.91%
2002	198,888,160	16,192,523	182,695,637	8.14%
2001	195,152,391	16,188,182	178,964,209	8.30%
2000	186,507,683	15,240,507	171,267,176	8.17%
1999	142,018,539	17,976,637	124,041,902	12.66%
1998	139,116,395	25,285,936	113,830,459	18.18%
1997	135,854,112	16,343,934	119,510,178	12.03%

TOWN OF THOMASTON, CONNECTICUT

DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

YEAR ENDED JUNE 30	(1) POPULATION	PERSONAL INCOME	(2) PER CAPITA INCOME	(2) MEDIAN AGE	EDUCATION LEVEL IN YEARS OF SCHOOLING	(3) SCHOOL ENROLLMENT	(4) UNEMPLOYMENT PERCENTAGE
2006	7,938	(5)	(5)	(5)	(5)	1,306	4.2%
2005	7,901	(5)	(5)	(5)	(5)	1,298	5.2%
2004	7,857	(5)	(5)	(5)	(5)	1,318	4.8%
2003	7,766	(5)	(5)	(5)	(5)	1,310	6.1%
2002	7,538	(5)	(5)	(5)	(5)	1,257	5.5%
2001	7,511	(5)	(5)	(5)	(5)	1,258	4.0%
2000	7,437	\$ 184,430,163	\$ 24,799	37.40	(5)	1,257	2.6%
1999	7,306	(5)	(5)	(5)	(5)	1,205	3.4%
1998	7,304	155,867,360	21,340	(5)	(5)	1,209	3.6%
1997	7,273	(5)	(5)	(5)	(5)	1,197	5.6%

(1) Source: State of Connecticut, Department of Public Health and Addiction Services.

(2) U.S Department of Commerce, Bureau of Census.

(3) Connecticut Department of Education.

(4) Connecticut Labor Department - Research and Statistics.

(5) Information not available.

TABLE 13

TOWN OF THOMASTON, CONNECTICUT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

EMPLOYER	2006			1997		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Rexam Corporation	300	1	8%	-	-	0%
Town of Thomaston	256	2	6%	246	1	6%
WHYCO Chromium, Inc	138	3	3%	214	2	5%
Ward Leonard Electric, Inc.	125	4	3%	55	10	1%
Summit Corporation of America	120	5	3%	200	4	5%
Eyelets for Industry, Inc.	119	6	3%	193	5	5%
Thomaston Savings Bank	119	7	3%	60	9	1%
Quality Rolling & Deburring	100	8	3%	85	7	2%
State of Connecticut	88	9	2%	120	6	3%
Stevens Co., Inc.	70	10	2%	77	8	2%
Risdon Manufacturing	-	-	0%	210	3	5%
TOTAL.....	1,435		36%	1,460		35%

SOURCE: Annual survey

TABLE 14

TOWN OF THOMASTON, CONNECTICUT

**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST FOUR YEARS
(UNAUDITED)**

FUNCTION / PROGRAM	FULL -TIME EQUIVALENT EMPLOYEES AS OF JUNE 30			
	2006	2005	2004	2003
GENERAL GOVERNMENT:				
Selectmen.....	2.7	2.2	2.2	2.2
Elections.....	0.7	1.3	0.4	0.4
Treasurer/Techology.....	3.3	3.4	3.4	3.3
Tax Collector.....	2.0	2.0	2.0	2.5
Assessor/Assessment appeals.....	1.6	1.4	1.1	1.0
Town Hall maintenance.....	0.6	0.6	0.6	0.6
Town Clerk.....	1.5	1.5	1.7	1.5
PUBLIC SAFETY:				
Police officers.....	13.8	13.7	14.8	14.6
Inmate supervision.....	1.0	1.0	1.0	1.0
Dispatch.....	4.1	3.8	3.9	4.4
Fire Marshall.....	0.5	0.5	0.6	0.6
Animal control.....	1.1	1.1	1.1	1.1
PUBLIC WORKS:				
Highway.....	10.0	8.5	10.0	10.0
Solid waste and recycling.....	0.5	0.5	0.5	0.5
Sewer plant.....	7.0	8.3	9.0	7.0
Hillside Cemetery.....	1.7	1.8	0.8	1.8
HEALTH AND WELFARE:				
Social services.....	1.6	1.3	1.2	1.2
Minibus.....	0.2	0.1	0.2	0.2
Veterans administration.....	0.1	0.1	0.1	0.1
CULTURE AND RECREATION:				
Recreation.....	2.1	1.9	2.1	2.2
Public library.....	5.9	5.9	6.2	6.3
Opera House.....	3.2	3.3	3.7	2.1
HOUSING AND DEVELOPMENT:				
Housing, land use & development.....	2.7	2.0	1.7	2.0
EDUCATION.....	186.3	190.3	187.3	200.7
TOTAL.....	254.2	256.5	255.6	267.3

SOURCE: Actual payroll data

TABLE 15

TOWN OF THOMASTON, CONNECTICUT

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TWO YEARS
(UNAUDITED)**

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30	
	2006	2005
<u>GENERAL GOVERNMENT</u>		
PUBLIC SAFETY:		
Fire:		
Emergency responses.....	335	269
Fires extinguished.....	146	116
Police:		
Incidents.....	35,641	N/A
Accidents.....	232	N/A
Physical arrests.....	115	N/A
Traffic violations.....	878	N/A
PUBLIC WORKS:		
Street resurfacing (miles).....	0.73	N/A
Streets rebuilt (miles).....	2.16	N/A
PARKS AND RECREATION:		
Athletic field permits issued.....	66	N/A
No. of recreation programs.....	29	29
HEALTH AND WELFARE:		
Number of elderly serviced.....	3,639	N/A
Number of families serviced.....	5,477	N/A
Number of disabled serviced.....	1,410	N/A
LIBRARY:		
Total print items.....	47,769	50,184
Total non-print items.....	5,407	4,862
Circulation.....	95,145	89,382
Interlibrary borrows.....	1,841	924
Interlibrary loans.....	1,675	1,018
EDUCATION:		
Enrollment:		
High School.....	593	598
Middle School.....	300	320
Elementary Schools.....	413	394
SEWER FUND:		
Average daily sewage treatment		
(million gallons).....	1,001	N/A
Residential customers.....	2,169	N/A
Commercial & Industrial Customers.....	136	N/A
Manhole repair as part of I/I reduction.....	11	N/A
TRANSFER STATION:		
CRRA tonnage (annual).....	5,140	5,580

SOURCES: Various Town Departments

N/A - Information not available

TABLE 16

TOWN OF THOMASTON, CONNECTICUT

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TWO YEARS
(UNAUDITED)**

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30	
	2006	2005
GENERAL GOVERNMENT:		
Election voting machines.....	7	7
Vehicles.....	1	1
PUBLIC SAFETY:		
Fire and ambulance stations.....	2	2
Police stations.....	1	1
Police vehicles.....	10	10
Fire trucks.....	7	7
Ambulances.....	2	2
Other emergency vehicles.....	6	5
PUBLIC WORKS:		
Miles of Streets:		
Paved.....	40.58	40.17
Accepted.....	40.58	40.17
Private.....	0.03	0.03
State Highway.....	64.89	64.89
Miles of Sidewalks.....	10.88	10.88
Miles of Sewer:		
Storm.....	85.00	70.00
Sanitation.....	50.00	50.00
Dump trucks.....	8	8
Other public works vehicles & heavy equipment.....	24	24
HEALTH AND WELFARE:		
Minibus.....	1	1
CULTURE AND RECREATION:		
Acres of park land.....	56.0	56.0
Hardball baseball diamonds.....	1	1
Youth baseball diamonds.....	5	5
Basketball courts.....	3	3
Soccer fields.....	3	3
Nature areas.....	1	1
Picnic areas.....	1	1
Playgrounds.....	7	7
Public beach.....	1	1
Public greens.....	3	3
Tennis courts.....	3	3
Public indoor theatres.....	1	1
Public library.....	1	1
EDUCATION:		
Number of high schools.....	1	1
Number of middle schools.....	1	1
Number of elementary schools.....	1	1

SOURCES: Various Town Departments