

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

TOWN OF THOMASTON,
CONNECTICUT

FOR THE YEAR ENDED

JUNE 30, 2007

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, 2007

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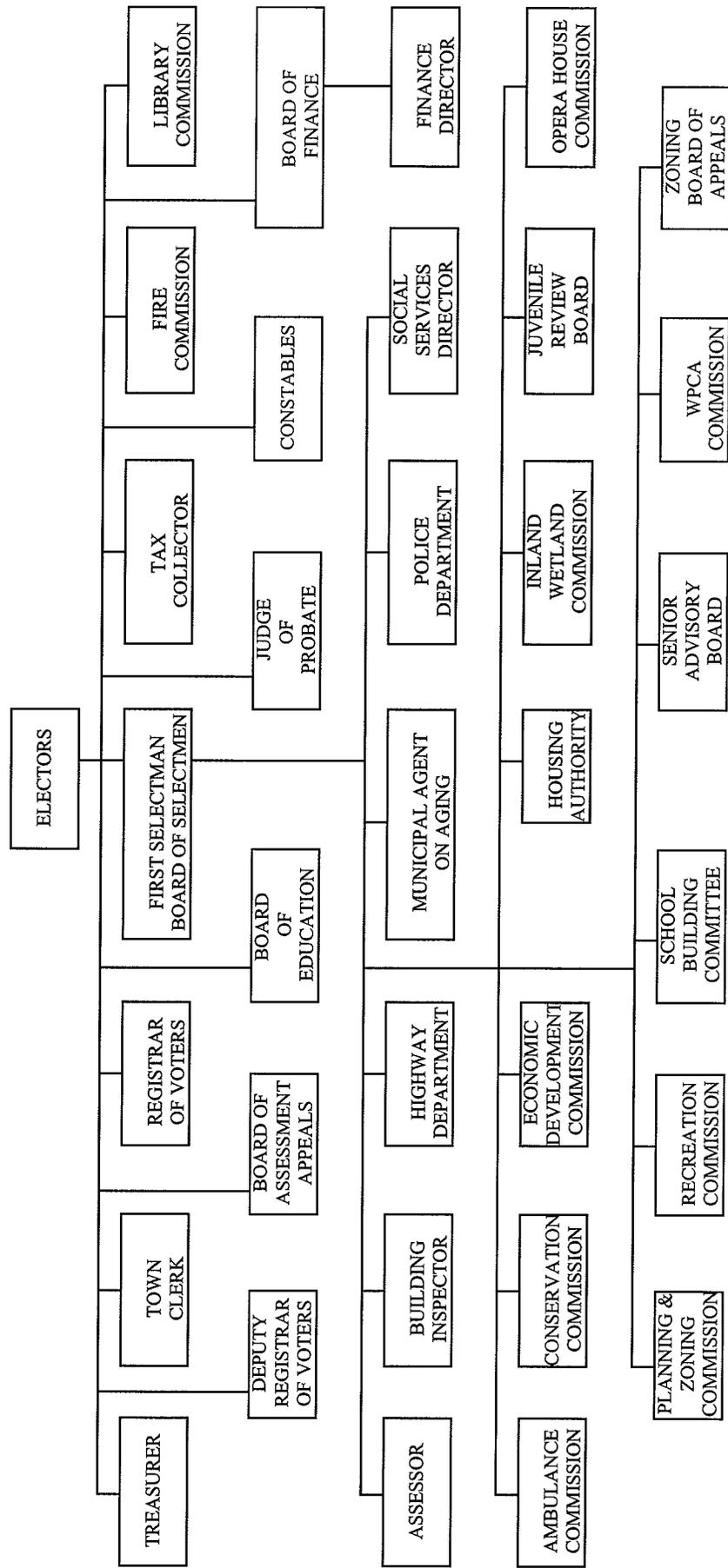
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Introductory Section

TOWN OF THOMASTON, CONNECTICUT

ORGANIZATIONAL CHART





December 7, 2007

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, 2007.

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, 2007, 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, 2007, 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 Government

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 7,901. 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 re-established the Economic Development Commission whose mission is to organize and promote sound economic growth in Thomaston by stimulating the expansion of existing businesses, 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, 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.

Relevant Financial Policies

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. There were no developments at the State level that impacted the current year financial statements.

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, 2007. This was the third 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. This 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". The signature is written in black ink and is positioned above the typed name and title.

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

TOWN OF THOMASTON, CONNECTICUT

LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2007

BOARD OF SELECTMEN

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

BOARD OF FINANCE

John S. Scheppard, Chairman
Dawn Madden
Edmond V. Mone
George Counter
Kristin Mosimann O'Sullivan
Marie Galbraith

TOWN DEPARTMENTS

Michael Bruscino, Treasurer
Susan L. Costa, Finance Director
Susan Laone, School Business Manager
Patricia Delbuono, Tax Assessor
Sandra R. Bruscino, 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 Boudreau, Building Inspector
Mary Barton, 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, 2006

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.



President

Executive Director

Financial Section

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, 2007, 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, 2007, 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 7, 2007, 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 22 and page 56, 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 7, 2007



**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, 2007**

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, 2007.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$34,768,769 (*net assets*). Of this amount, \$8,112,146 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- Unrestricted net assets decreased by \$2,418,686 from the prior year, due primarily to the Town's investment in capital assets associated with the Center School renovation.
- The Town's total net assets increased by \$660,079. All of this can be attributed to the increase in capital assets, 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 \$8,190,057, a decrease of \$1,583,271 in comparison with the prior year. \$2,710,730 of fund balance is reserved for a specific purpose, leaving an *unreserved fund balance* in the amount of \$5,479,327.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,739,354, a decrease of \$232,783 in comparison with the prior year. This represents 12 percent of total general fund expenditures.

Overview of the Basic Financial Statements

This discussion and analysis is 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 a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when 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.

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 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, small cities, capital projects and the capital or nonrecurring funds, all of which are considered to be major funds. Data from the other 19 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 2 percent from a year ago – increasing from \$34,108,690 to \$34,768,769.

By far the largest portion of the Town's net assets (73 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				
	2007		2006	
Current and other assets	\$	12,951,344	\$	15,267,731
Capital assets (net)		47,939,129		47,004,134
Total assets		<u>60,890,473</u>		<u>62,271,865</u>
Long-term liabilities		22,748,681		26,610,774
Other liabilities		3,373,023		1,552,401
Total liabilities		<u>26,121,704</u>		<u>28,163,175</u>
Net assets:				
Invested in capital assets, net of related debt		25,534,737		22,865,552
Restricted		1,121,886		712,306
Unrestricted		8,112,146		10,530,832
Total net assets	\$	<u>34,768,769</u>	\$	<u>34,108,690</u>

An additional portion of the Town's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (24 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.

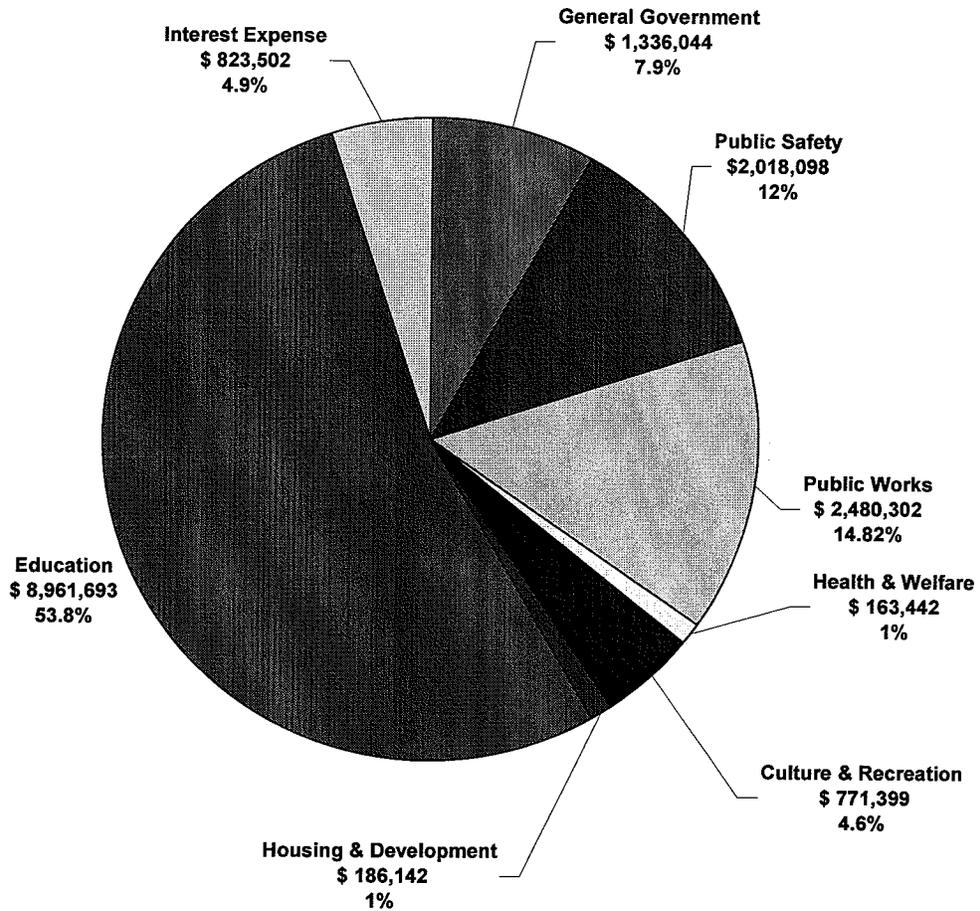
Governmental activities. Governmental activities increased the Town's net assets by \$660,079. Key elements of this increase are as follows:

TOWN OF THOMASTON'S CHANGES IN NET ASSETS		
	2007	2006
REVENUES:		
Program revenues:		
Charges for services	\$ 2,306,511	\$ 1,881,030
Operating grants and contributions	6,813,623	6,590,309
Capital grants and contributions	307,086	1,863,703
GENERAL REVENUE:		
Property taxes	16,066,609	15,368,327
Grants and contributions not restricted to specific programs	779,885	742,520
Investment income	520,009	438,209
Other	34,198	53,060
TOTAL REVENUES	26,827,921	26,937,158
EXPENSES:		
General government	1,493,290	1,318,822
Public safety	2,252,002	2,313,428
Public works	3,785,089	3,695,376
Health and welfare	174,341	151,226
Culture and recreation	1,372,057	1,250,946
Housing and development	255,595	221,051
Education	16,011,966	14,937,047
Interest on long-term debt	823,502	868,833
TOTAL EXPENSES	26,167,842	24,756,729
INCREASE IN NET ASSETS	\$ 660,079	\$ 2,180,429

- Charges for services increased by \$425,481 (22.6 percent) attributable to increases in sewer use fees of \$180,000, new sewer assessments of \$51,000, increase in Opera House sales of \$103,000 and revenue recovery money for ambulance services of \$149,115, which was turned over to the Town by the Thomaston Volunteer Ambulance Corp.
- Operating grants related to Education increased in areas of special education, Title I, Title IID and Severe Needs. Grants from the State Department of Education account for approximately 94.4% of the Town's intergovernmental revenue.
- Capital grants and contributions decreased by \$1,556,617 (83.5 percent) mostly as a result of reductions in school construction grants associated with the high school, homeland security, and LOCIP. There was also a one time grant in the prior year of \$446,616 to purchase the historic Seth Thomas Bradstreet House.
- Government-wide expenses increased by \$1,411,113 (5.7%) compared to \$1,824,915 (7.96%) in the prior year. Salaries increased by \$464,072 (4.15%) and education expenditures increased by \$1,074,919 (7.2%), inclusive of depreciation on capital assets. Benefits for active employees and retirees stayed flat from the prior year, while some savings was generated in liability insurance. 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.

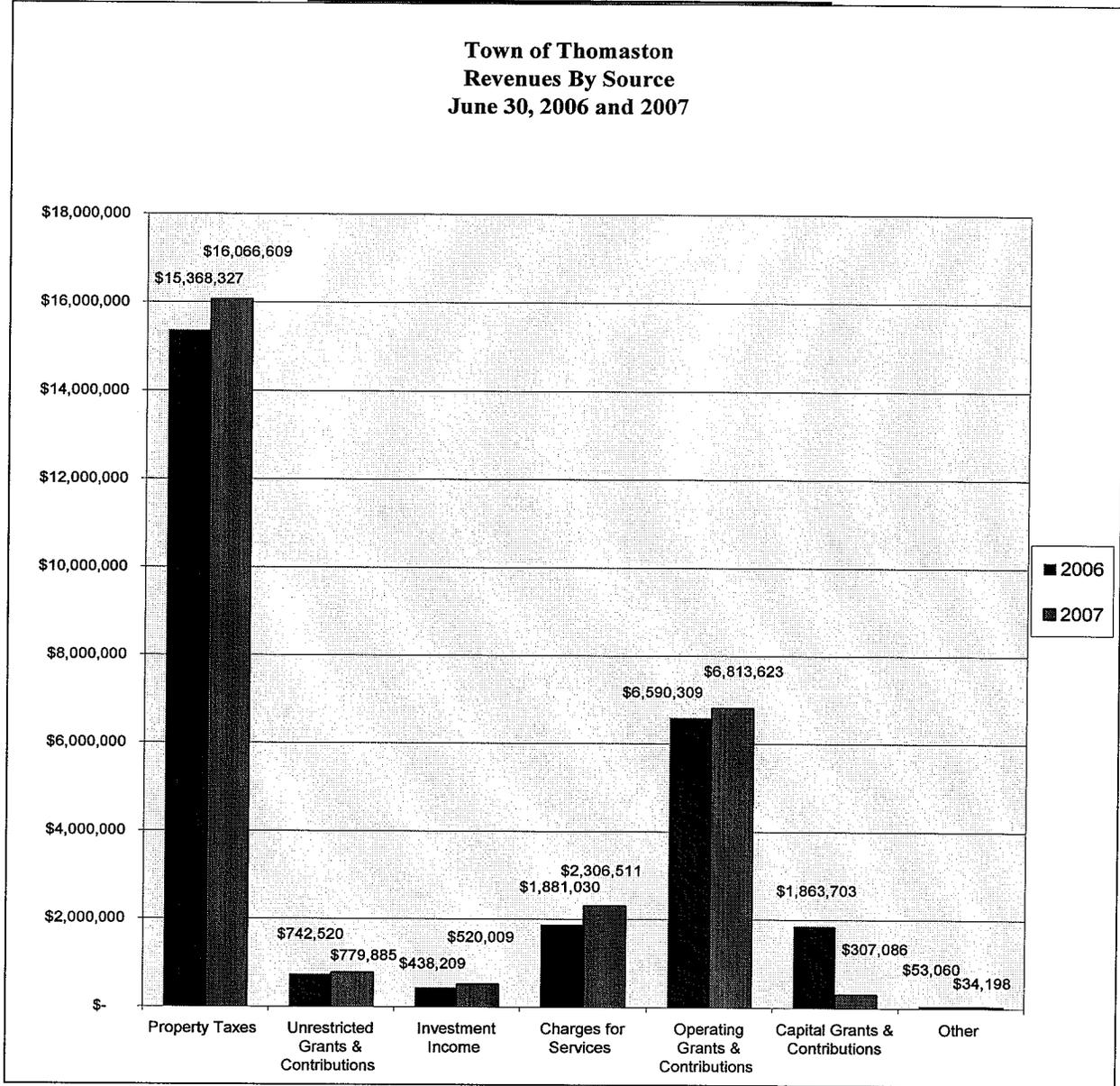
Expenses and Program Revenues (Net) - Governmental Activities

**Town of Thomaston, Connecticut
Net Expenses
(Expenses offset by revenues derived by the functions)
June 30, 2007**



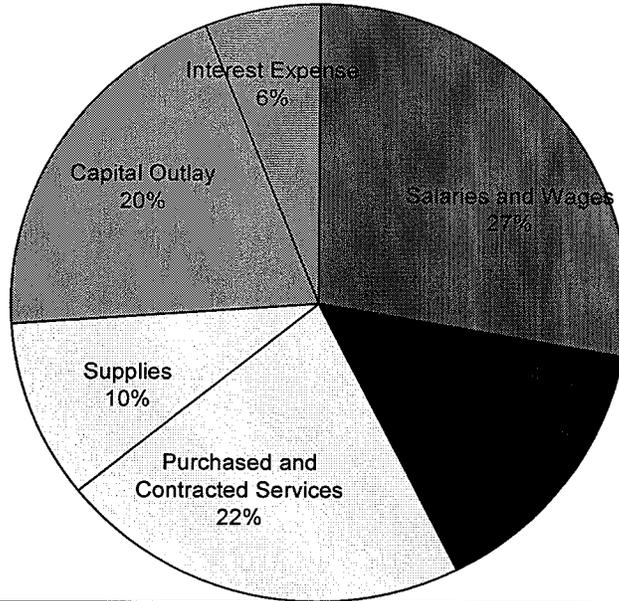
The statement of changes in net assets shows the net cost by function. In most cases, the above chart represents the true cost of the departments because we have offset the costs by the revenues derived by those departments. For example, the net cost of Education of \$8,961,693 includes expenses of \$16,011,966 offset by charges for services of \$328,342, operating grants and contributions (including the Education Cost sharing grant) of \$6,640,323 and capital grants and contributions of \$81,608. 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 2007, the net costs above are understated by \$255,760 for Education for the construction and playscape grants, \$79,285 in Public Works for infrastructure grants and \$65,000 in Culture and Recreation for Nystrom's Park concession facility grant.

Revenues by Source - Governmental Activities



The chart above reflects the sources of revenue for 2006 and 2007, which provide the services the taxpayers of Thomaston receive. Property taxes of \$16,066,609 (59.9 percent) are the major source of revenue, followed by operating grants and contributions of \$6,813,623 (25.4 percent), and charges for services of \$2,306,511 (8.6 percent). The remaining \$1,641,178 (6.1 percent) is made up of capital grants, unrestricted grants and contributions, investment income, and miscellaneous income.

Expenses by Classification
June 30, 2007
(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 42 percent of total expenditures. Capital outlay at 20 percent includes construction, building improvements, improvements to roads and other infrastructure assets, vehicles, and machinery & equipment purchases. Purchased and contracted services at 22 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.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,190,057. The Town has reserved \$2,710,730 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 (\$1,206,755), 2) to liquidate contracts and purchase orders of the prior period on school construction (\$630,669), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$333,129), and 4) for compensated absences (\$540,177).

The total unreserved fund balance fell \$1,885,398 to \$5,479,327. This was caused substantially by the expenditures associated with the renovation of the Center School. GAAP requires the Town 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 \$630,669 for the center school project were recorded in the Capital Projects Fund, which is an increase of \$400,790 from the prior year. This change also results in a shift between unreserved fund balance and reserved fund balance.

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 \$2,739,354. 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 11.9 percent of total general fund expenditures; however, \$1,185,800 of unreserved fund balance has been designated for the subsequent year's budget. The balance of unreserved and undesignated fund balance of \$1,553,554 lowers the percentage to 6.8 percent of total general fund expenditures.

The fund balance of the Town's general fund decreased by \$232,783 during the current fiscal year. The Town had budgeted the use of prior year fund balance of \$587,800 to balance the fiscal 2006-2007 budget, but these key factors defrayed the use of this fund balance:

- Tax collections exceeded budgetary estimates by \$204,296. The actual collection rate was 97.6% while only 96.5% was budgeted, accounting for \$172,150.
- Grant revenue exceeded budgetary estimates by \$95,007.
- Income from investments exceeded budgetary estimates due to higher cash balances related to 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.

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

TOWN OF THOMASTON'S GENERAL FUND			
	2007	2006	Increase (Decrease)
REVENUES:			
Property taxes.....	\$ 16,027,666	\$ 15,353,444	\$ 674,222
Charges for services.....	278,032	359,074	(81,042)
Intergovernmental.....	6,547,287	6,783,992	(236,705)
Income from investments.....	393,931	340,916	53,015
Other.....	78,236	100,668	(22,432)
TOTAL REVENUES.....	23,325,152	22,938,094	387,058
EXPENDITURES:			
General government.....	2,969,022	3,000,678	(31,656)
Public safety.....	1,356,434	1,287,603	68,831
Public works.....	1,441,112	1,238,889	202,223
Health and welfare.....	111,026	110,860	166
Culture and recreation.....	477,968	442,360	35,608
Housing and development.....	150,947	152,832	(1,885)
Education.....	13,639,466	13,181,956	457,510
Debt service.....	2,714,240	2,212,389	501,851
Capital outlay.....	79,356	119,314	(39,958)
TOTAL EXPENDITURES.....	22,939,571	21,746,881	1,192,690
EXCESS OF REVENUES OVER EXPENDITURES	385,581	1,191,213	(805,632)
OTHER FINANCING SOURCES (USES):			
Transfers in.....	1,460,063	1,267,090	192,973
Transfers out.....	(2,078,427)	(1,897,860)	(180,567)
NET OTHER FINANCING SOURCES (USES).....	(618,364)	(630,770)	12,406
NET CHANGE IN FUND BALANCES.....	\$ (232,783)	\$ 560,443	\$ (793,226)

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 \$149,260 in new residential and commercial loans and received back \$186,873 in loan repayments. The total loan balance at June 30, 2007 was \$1,206,755. An unreserved fund balance of \$545,025 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 \$1,234,706 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 fifty 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 \$94,509 as a result of various projects funded in prior years.

General Fund Budgetary Highlights

Early in the fiscal year, a Town Meeting was held for the benefit of consolidating and reorganizing certain departments. The following departmental budgets were closed to create a new Housing, Land Use and Development Department. The following transfers were approved at the Town Meeting:

- \$16,960 from Line 602 Inland Wetlands Commission
 - \$70,520 from Line 604 Building Inspector
 - \$34,856 from Line 610 Planning & Zoning Commission
 - \$18,115 from Line 612 Zoning Board of Appeals
 - \$17,000 from Line 134 Medical/Life Insurance
- for a total of \$157,451 to Line 616 Housing, Land Use and Development

Differences between the original budget and the final amended budget were \$70,333. The increase in budget can be briefly summarized as follows:

Revised revenue appropriations of \$70,333:

- Additional Town Aid Road collected of \$4,852.
- Additional money collected for the Thomaston Opera House of \$30,888.
- Additional monies of \$2,837 were 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 \$16,471.
- Transfers from the EMS fund in the amount of \$15,285 was used to offset the operating deficit of the Ambulance Corp.

Additional appropriations from contingency of \$94,749 were made during the year as follows:

- \$8,505 for library carpet.
- \$30,000 for replacement of Town Hall furnace.
- \$6,300 for the replacement of Seth Thomas-Bradstreet House furnace.
- \$12,944 for Accounting, Payroll and HR software.
- \$18,000 for an emergency repair to a fire truck.
- \$19,000 for the Town Hall chimney relining.

Other mid-year appropriations of \$39,700 were made as follows:

- \$4,000 to Treasurer's Department for overages in network support costs.
- \$10,000 to Legal for negotiations associated with contract renewal with Thomaston Volunteer Ambulance Corp.
- \$17,700 for anticipated overages in Police overtime.
- \$8,000 for Fire Department vehicle repairs for Emergency Lights.

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 \$587,800 of budgeted use of fund balance, \$232,783 was required.

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

- Legal fees - \$2,505
- Town Hall Operation & Maintenance contracted emergency repairs - \$10,106
- Pension-Volunteer Fire & EMS investment trustee fees - \$3,455
- Fire Department utilities and gas, diesel and oil - \$8,967
- Highway gas, diesel and oil and repairs and maintenance to vehicles - \$8,895
- Snow & Ice salt and sand - \$5,264
- Recreation salaries and equipment replacement - \$2,646

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

- Thomaston Volunteer Ambulance Corp. was provided no budget until contract negotiations were settled - \$46,619

These mid-year transfers and overruns were funded by surpluses in Street Lights, Solid Waste & Recycling, and Liability and workers' compensation insurance. The largest surplus of \$102,810 was in liability and workers' compensation insurance due to the results of the bid process. Solid Waste & Recycling resulted in a surplus of \$47,200 due to a conservative budget on annual tonnage.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental type activities as of June 30, 2007, amounts to \$25,534,737 (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 net increase in the Town's investment in capital assets, net of related debt for the current fiscal year was \$2,669,185 (11.67%). This increase is largely due to the renovations at the Center 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 Center School renovation began in November 2004; construction in progress as of the close of the fiscal year reached \$216,503; new assets recorded on the books for Electrical, Roof replacement, Boiler, HVAC controls and site-work totaled \$1,540,560.
- The total reconstruction of Babbit Road (9900 sq. ft.) totaled \$337,756 and a new section of Old Northfield Road (31,500 sq. ft.) cost \$19,348.
- A new restroom/storage and concession facility was completed during the fiscal year at Nystrom's pond. The total cost was \$104,873, of which \$65,000 was provided by a State grant towards this project.
- A 2006 Ambulance was purchased for \$131,145.
- The Altair Avenue Culvert Replacement for Bridge No. 140-001 is scheduled to be replaced at a total cost of \$750,000. The Town received a \$300,000 commitment from the State from STEAP funds (Small Town Economic Assistance Program) and the State DOT Local Bridge Program has also committed 32.14% of the total project costs. Construction in progress at June 30, 2007 is \$46,910.
- The Town received a grant in the amount of \$200,040 from STEAP for sidewalk infrastructure replacement. Construction in progress at June 30, 2007 is \$32,375.
- A new playscape was purchased for Black Rock School at a total cost of \$99,000 funded through fund raising and \$70,000 in State aid.

- Other items capitalized during the year include a new Town-hall server (\$8,758); Wide format copier (\$11,301); High School gym divider curtain (\$18,800); 52" LCD TV for library (\$6,232); Land Records system for Town Clerk (\$7,000); Finance/Payroll/HR system (\$24,165); Software upgrade for Assessor and Tax Collector (\$31,988); Town furnace (\$24,750); Chimney relining (\$17,400); and a 22ft Eager Beaver Trailer for Public Works (\$17,365).

CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)

	2007	2006
Land	\$ 1,315,620	\$ 1,315,620
Construction in Progress	295,788	267,803
Buildings	30,418,235	30,472,488
Land improvements	659,267	686,826
Machinery & Equipment	4,045,036	3,678,949
Vehicles	1,067,192	1,102,653
Infrastructure	10,137,991	9,479,795
Total	\$ 47,939,129	\$ 47,004,134

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 \$14,880,000. All debt is backed by the full faith and credit of the government. The remainder of the Town's debt represents notes totaling \$7,092,626 funded by the State of Connecticut Clean Water Fund, capital lease obligations for the dump trucks, sweep-vac truck, fire truck and police cruisers totaling \$421,704, and unamortized bond premium of \$154,676.

TOWN OF THOMASTON'S OUTSTANDING DEBT
LONG - TERM OBLIGATIONS

	2007	2006
General obligation bonds	\$ 14,880,000	\$ 16,115,000
Notes	7,092,626	7,557,306
Capital lease obligations	421,704	455,555
Bond premium	154,676	164,827
Total	\$ 22,549,006	\$ 24,292,688

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 \$111,579,636, 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 4.5%, which is an increase from a rate of 4.2% a year ago. This is comparable to the state's average unemployment rate of 4.2% but favorable to the Waterbury Labor Market rate of 5.9%.
- The prolonged international crisis accompanied by already high energy prices is the greatest risk to the national economy. Resultant higher energy prices hurt everyone, including New England. If the US economy surges or falters, the region will likely follow. The federal reserve expects slower U.S. economic growth due to the housing slump and a credit crunch. The downgrade is due to weaker than expected housing data, rising oil prices and tightened terms and reduced availability of sub prime and jumbo mortgages.
- Thomaston is facing increasing economic burdens based on its own fiscal limitations, such as increasing municipal expenditures and needed infrastructure improvements while having a limited commercial tax base. The driving force of fair and equitable taxation is derived from a complete and accurate grand list. The Town's grand list growth historically averages 1.2%. This growth can not keep up pace with the cost of inflation. Thomaston's tax base is predominantly residential, forcing more of the tax burden on the homeowner rather than on the commercial sectors. Below is a 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)

- The Town's mandated revaluation took place October 1, 2006, effective for fiscal year ending June 30, 2008. This revaluation caused a growth in the grand list by 56%, however the shift in tax burden moved towards residential homeowners. Tight budgets and use of fund balance was critical to passing a budget.

All of these factors were considered in preparing the Town's budget for the 2007-08 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$2,739,354. The Town has appropriated \$1,185,800 of this amount for spending in the 2007-08 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, 2007

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Current assets:	
Cash.....	\$ 1,004,710
Investments.....	6,199,720
Receivables:	
Property taxes.....	480,992
Assessments/use charges.....	90,968
Loans.....	186,873
Intergovernmental.....	294,173
Notes.....	30,575
Other assets.....	131,133
Bond issue costs.....	9,492
	8,428,636
Total Current assets.....	8,428,636
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Investments.....	121,111
Permanently restricted:	
Investments.....	333,129
	454,240
Total Restricted assets.....	454,240
Receivables (net):	
Property taxes.....	841,216
Assessments/use charges.....	97,886
Loans.....	995,747
Intergovernmental.....	1,879,044
Notes.....	119,453
	3,933,346
Total Receivables (net).....	3,933,346
Bond issue costs.....	135,122
	135,122
Capital assets (net of accumulated depreciation):	
Land.....	1,315,620
Construction in progress.....	295,788
Buildings.....	30,418,235
Land improvements.....	659,267
Machinery and equipment.....	4,045,036
Vehicles.....	1,067,192
Infrastructure.....	10,137,991
	47,939,129
Total capital assets (net of accumulated depreciation).....	47,939,129
Total noncurrent assets.....	52,461,837
TOTAL ASSETS.....	60,890,473

(Continued)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF NET ASSETS
JUNE 30, 2007

	GOVERNMENTAL ACTIVITIES
<u>LIABILITIES</u>	
LIABILITIES:	
Current liabilities:	
Accounts payable.....	\$ 951,975
Accrued payroll.....	73,020
Accrued interest payable.....	159,543
Unearned revenue.....	37,756
Bonds and notes payable.....	1,709,059
Capital lease payable.....	180,893
Compensated absences.....	77,324
Other liabilities.....	183,453
	3,373,023
Total Current liabilities.....	3,373,023
Noncurrent liabilities:	
Bonds and notes payable.....	20,263,567
Capital lease payable.....	240,811
Compensated absences.....	1,243,361
Other liabilities.....	1,000,942
	22,748,681
Total Noncurrent liabilities.....	22,748,681
TOTAL LIABILITIES.....	26,121,704
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt.....	25,534,737
Restricted for:	
Capital projects.....	630,669
Endowments:	
Nonexpendable.....	120,200
Expendable.....	1,314
Perpetual care:	
Nonexpendable.....	212,929
Expendable.....	156,774
Unrestricted.....	8,112,146
	8,112,146
TOTAL NET ASSETS.....	\$ 34,768,769

(Concluded)

EXHIBIT B

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

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.....	\$ 1,493,290	\$ 145,710	\$ 8,231	\$ 3,305	\$ (1,336,044)
Public safety.....	2,252,002	198,027	5,655	30,222	(2,018,098)
Public works.....	3,785,089	1,108,832	116,670	79,285	(2,480,302)
Health and welfare.....	174,341	1,938	8,961		(163,442)
Culture and recreation.....	1,372,057	454,209	33,783	112,666	(771,399)
Housing and development.....	255,595	69,453			(186,142)
Education.....	16,011,966	328,342	6,640,323	81,608	(8,961,693)
Interest expense.....	823,502				(823,502)
TOTAL.....	\$ 26,167,842	\$ 2,306,511	\$ 6,813,623	\$ 307,086	\$ (16,740,622)
GENERAL REVENUES:					
Property taxes.....					\$ 16,066,609
Grants and contributions not restricted to specific programs.....					779,885
Investment income.....					520,009
Miscellaneous.....					34,198
TOTAL GENERAL REVENUES.....					17,400,701
CHANGE IN NET ASSETS.....					660,079
NET ASSETS - JULY 1, 2006.....					34,108,690
NET ASSETS - JUNE 30, 2007.....					\$ 34,768,769

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

TOWN OF THOMASTON, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash.....	\$ 254,380	\$ 545,748	\$ 19,682	\$ 5,619	\$ 179,281	\$ 1,004,710
Investments.....	4,898,187		119,082	733,071	903,620	6,653,960
Due from other funds.....	238,892		2,334,969	525		2,574,386
Receivables, net:						
Property taxes.....	1,188,031				138,344	1,188,031
Assessments/use charges.....			1,951			140,295
Loans.....		1,206,755				1,206,755
Intergovernmental.....	5,417			49,570	31,311	86,298
Other.....	13,634				16,941	30,575
Other assets.....	109,174				21,959	131,133
TOTAL ASSETS.....	\$ 6,707,715	\$ 1,752,503	\$ 2,475,684	\$ 788,785	\$ 1,291,456	\$ 13,016,143
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable.....	\$ 508,192	\$ 723	\$ 188,678	\$ 42,491	\$ 211,891	\$ 951,975
Accrued payroll.....	62,803				10,217	73,020
Due to other funds.....	2,335,494		150,925		87,967	2,574,386
Unearned revenue.....	1,061,872		1,951	9,425	153,457	1,226,705
Total Liabilities.....	3,968,361	723	341,554	51,916	463,532	4,826,086
Fund Balances:						
Reserved for:						
Receivables.....		1,206,755				1,206,755
Commitments.....			630,669			630,669
Compensated absences.....				540,177		540,177
Endowments.....					120,200	120,200
Perpetual care.....					212,929	212,929
Unreserved, reported in:						
Designated for subsequent year's budget.....	1,185,800				84,636	1,185,800
Designated for improvements (special revenue funds).....	1,553,554					84,636
General fund.....		545,025	1,503,461	196,692	289,737	1,553,554
Special revenue funds.....						834,762
Capital projects funds.....						1,700,153
Permanent funds.....					120,422	120,422
Total Fund Balances.....	2,739,354	1,751,780	2,134,130	736,869	827,924	8,190,057
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 6,707,715	\$ 1,752,503	\$ 2,475,684	\$ 788,785	\$ 1,291,456	\$ 13,016,143

(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, 2007

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).....	\$ 8,190,057
---------------------------------------------	--------------

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

Beginning capital assets and current additions.....	49,441,170
Depreciation expense.....	(1,437,553)
Disposal of assets.....	(64,488)

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.....	416,675
Property tax, sewer use and sewer assessment receivable - accrual basis change.....	1,188,949
School building grant receivable.....	2,086,919
Notes receivable.....	119,453
Allowance for doubtful accounts.....	(258,074)
Bond issue costs.....	144,614

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

Bonds and notes payable.....	(21,972,626)
Bond premium.....	(154,676)
Capital lease payable.....	(421,704)
Compensated absences.....	(1,320,685)
Other liabilities.....	(1,029,719)
Accrued interest payable.....	(159,543)

NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	<u>\$ 34,768,769</u>
--------------------------------------------	----------------------

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	GENERAL	SMALL CITIES	CAPITAL PROJECTS	CAPITAL OR NONRECURRING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:						
Property taxes.....	\$ 16,027,666					\$ 16,027,666
Charges for services.....	278,032	5,390	20,562	5,817	1,950,131	2,259,932
Intergovernmental.....	6,547,287		185,760	245,641	1,269,107	8,247,795
Contributions.....				31,275	62,196	93,471
Income from investments.....	393,931	6,516	6,484	49,029	64,047	520,007
Other.....	78,236		4,486		3,393	86,115
TOTAL REVENUES.....	23,325,152	11,906	212,806	336,248	3,348,874	27,234,986
EXPENDITURES:						
Current:						
General government.....	2,969,022			174,090	6,130	3,149,242
Public safety.....	1,356,434			5,851	57,361	1,419,646
Public works.....	1,441,112		15,557	6,966	1,085,059	2,548,694
Health and welfare.....	111,026				9,823	120,849
Culture and recreation.....	477,968		7,455	14,141	502,812	1,002,376
Housing and development.....	150,947	49,357		530		200,834
Education.....	13,639,466			198,688	1,559,200	15,397,354
Debt service.....	2,714,240					2,714,240
Capital outlay.....	79,356		1,447,963	728,326	152,377	2,408,022
TOTAL EXPENDITURES.....	22,939,571	49,357	1,470,975	1,128,592	3,372,762	28,961,257
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	385,581	(37,451)	(1,258,169)	(792,344)	(23,888)	(1,726,271)
OTHER FINANCING SOURCES (USES):						
Capital lease - equipment financing.....	1,460,063		26,300	143,000	1,461,828	143,000
Transfers in.....	(2,078,427)		(2,837)	(35,464)	(1,421,762)	(3,538,490)
Transfers out.....						
NET OTHER FINANCING SOURCES (USES).....	(618,364)	-	23,463	697,835	40,066	143,000
NET CHANGE IN FUND BALANCES.....	(232,783)	(37,451)	(1,234,706)	(94,509)	16,178	(1,583,271)
FUND BALANCES - JULY 1, 2006.....	2,972,137	1,789,231	3,368,836	831,378	811,746	9,773,328
FUND BALANCES - JUNE 30, 2007.....	\$ 2,739,354	\$ 1,751,780	\$ 2,134,130	\$ 736,869	\$ 827,924	\$ 8,190,057

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, 2007

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)..... \$ (1,583,271)

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.....	2,437,036
Depreciation expense.....	<u>(1,437,553)</u>
 Total	 <u>999,483</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.....

(64,488)

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.....	(439,068)
Notes receivable.....	(8,868)
Increase in property tax, sewer use and sewer assessment receivable - accrual basis change.....	33,408
Increase in property tax, sewer use and sewer assessment interest and lien revenue.....	10,999
Increase in property tax and sewer use allowance for doubtful accounts.....	<u>(3,536)</u>
 Total	 <u>(407,065)</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.....	(143,000)
Principal repayments:	
General obligation bonds.....	1,235,000
Notes payable.....	464,680
Capital lease.....	<u>176,851</u>
 Total	 <u>1,733,531</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, 2007**

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:

Claims and judgments.....	\$ 35,000
Compensated absences.....	(119,652)
Net pension obligation.....	(23,727)
Severance.....	76,061
Accrued interest payable.....	13,548
Amortization of bond premium.....	10,151
Amortization of bond issue costs.....	<u>(9,492)</u>
Total	<u>(18,111)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (EXHIBIT B)	<u>\$ 660,079</u>
	(Concluded)

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

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES:				
Property taxes.....	\$ 15,823,370	\$ 15,823,370	\$ 16,027,666	\$ 204,296
Charges for services.....	325,927	325,927	278,032	(47,895)
Intergovernmental.....	6,124,112	6,128,964	6,033,957	(95,007)
Income from investments.....	284,000	284,000	393,931	109,931
Other.....	88,073	88,073	78,236	(9,837)
TOTAL REVENUES.....	22,645,482	22,650,334	22,811,822	161,488
EXPENDITURES:				
Current:				
General government.....	3,261,020	3,108,875	2,969,022	139,853
Public safety.....	1,253,393	1,356,597	1,356,434	163
Public works.....	1,554,456	1,524,570	1,517,668	6,902
Health and welfare.....	112,094	112,685	111,026	1,659
Culture and recreation.....	476,936	481,559	477,968	3,591
Housing and development.....	147,450	164,451	150,947	13,504
Education.....	13,133,133	13,133,133	13,128,936	4,197
Debt service.....	2,721,709	2,721,709	2,714,240	7,469
TOTAL EXPENDITURES.....	22,660,191	22,603,579	22,426,241	177,338
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(14,709)	46,755	385,581	338,826
OTHER FINANCING SOURCES (USES):				
Appropriation of fund balance.....	587,800	587,800		(587,800)
Transfers in.....	1,384,200	1,449,681	1,460,063	10,382
Transfers out.....	(1,957,291)	(2,084,236)	(2,078,427)	5,809
NET OTHER FINANCING SOURCES (USES).....	14,709	(46,755)	(618,364)	(571,609)
NET CHANGE IN FUND BALANCE.....	\$ -	\$ -	(232,783)	\$ (232,783)
FUND BALANCE - JULY 1, 2006.....			2,972,137	
FUND BALANCE - JUNE 30, 2007.....			\$ 2,739,354	

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, 2007

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
<u>ASSETS</u>			
Cash.....	\$	\$ 1,735	\$ 188,379
Investments:			
Money Market Funds.....	218,720	6,422	130,834
US Government Obligations.....	330,383		
US Government Agency Obligations.....	221,903		
Corporate Bonds.....	1,476,242		
Mutual Funds.....	3,283,810		
Common Stock.....	3,257,419		
Total Investments.....	8,788,477	6,422	130,834
Accounts receivable.....	35,925		3,230
TOTAL ASSETS.....	8,824,402	8,157	322,443
<u>LIABILITIES</u>			
Cash overdraft.....			3,230
Accounts payable.....			319,213
TOTAL LIABILITIES.....	-	-	322,443
<u>NET ASSETS</u>			
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES.....	\$ 8,824,402	\$ 8,157	\$ -

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, 2007

	PENSION TRUST FUND	PRIVATE- PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer.....	\$ 692,000	\$
Employees.....	96,351	
Other.....	13,078	
Total contributions.....	801,429	-
Investment income:		
Net appreciation in fair value of investments.....	856,848	
Interest and dividends.....	233,587	314
Total investment income.....	1,090,435	314
TOTAL ADDITIONS.....	1,891,864	314
DEDUCTIONS:		
Benefits.....	665,257	
Administration/awards.....	473	100
TOTAL DEDUCTIONS.....	665,730	100
CHANGES IN NET ASSETS.....	1,226,134	214
NET ASSETS - JULY 1, 2006.....	7,598,268	7,943
NET ASSETS - JUNE 30, 2007.....	\$ 8,824,402	\$ 8,157

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, 2007**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 *Private-Purpose Trust Funds* are 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 and the various other functions of the Town. 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 39 percent of outstanding receivable balances at June 30, 2007, 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 \$486,630 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. Police officers hired after July 1, 2005 are entitled to 45 percent up to a maximum of 50 days; public works employees hired after January 1, 2006 are entitled to 50% up to a maximum of 50 days; and sewer and white collar employees hired after July 1, 2005 are not entitled to the benefit. A liability in the amount of \$82,764 has been accrued for non-certified Board of Education employees and \$671,069 for Town employees.

The accrued sick time only applies to Board of Education administrators who were hired prior to November 21, 1991. A liability in the amount of \$80,222 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.

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

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.

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.

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

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.
- 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 \$70,333 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.

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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>
BALANCE, BUDGETARY BASIS, EXHIBIT F - JUNE 30, 2007.....	\$ 22,811,822	\$ 22,426,241
State Teachers' Retirement on-behalf payment	<u>513,330</u>	<u>513,330</u>
BALANCE, GAAP BASIS, EXHIBIT D - JUNE 30, 2007.....	<u>\$ 23,325,152</u>	<u>\$ 22,939,571</u>

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, 2007, the amount of appreciation included in unreserved fund balance was as follows:

Hillside Cemetery Trust	\$ 34,620
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D. Deficit Fund Balance

The following individual funds had a deficit fund balance at June 30, 2007:

Special Revenue Funds

Sewer Commission Usage Fund	\$ 12,338
Thomaston Opera House.....	41,648
Dog Fund	5,752

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, 2007:

<u>Project</u>	<u>Project Authorization</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2007</u>
Thomaston High School and Center School	<u>\$ 16,280,000</u>	<u>\$ 1,447,963</u>	<u>\$13,006,706</u>	<u>\$ 3,273,294</u>

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, 2007:

	PROJECT AUTHORIZATION	CURRENT YEAR EXPENDITURES	CUMULATIVE EXPENDITURES	BALANCE JUNE 30, 2007
Ambulance reserve	\$ 123,059	\$	\$ 118,059	\$ 5,000
Assessors' revaluation	349,900	48,600	324,270	25,630
Assessor/tax collector upgrade	10,350	28,758	28,758	(18,408)
Beautification: Seth Thomas Park sign	625	171	171	454
BOE textbooks	405,000	45,375	406,148	(1,148)
BOE gym dividing curtain	16,000	16,000	16,000	-
BOE THS rubber roof	55,000	55,000	55,000	-
BOE THS roof flashing	40,000	5,600	40,000	-
BOE technology plan	102,500	9,882	102,382	118
BOE TCS sidewalks	32,000	32,000	32,000	-
Cemetery new road section	5,000	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	1,800,664	103,635	1,830,248	(29,584)
DEP storm water tracking	30,000	3,825	30,000	-
FEMA: storm reimbursement	1,134	1,134	1,134	-
Finance: accounting & HR upgrade	27,444	27,444	27,444	-
Fire department: Hepatitis	8,408	110	4,029	4,379
Fire department: truck reserve	295,000		295,000	-
Highway Altair Ave. bridge	91,910	1,910	1,910	90,000
Highway dump trucks	343,000		343,000	-
Highway equipment trailer	20,000	20,000	20,000	-
Highway waste oil furnace	8,000	405	8,000	-
Highway road work	822,976	325,549	822,976	-
Highway sand shed	10,000		6,800	3,200
Highway sidewalks	25,000			25,000
STEAP: sidewalks	41,800	32,375	32,375	9,425
Interoffice equipment	20,000		19,241	759
K-9 donation reserves	4,301	56	1,939	2,362
Library carpet	8,505	8,505	8,505	-
Library: roof	66,000	230	66,000	-
LOCIP: PA 05/228	10,368			10,368
PD: Homeland Security	58,382	2,200	58,245	137
PD: HS- records management system	27,100	1,100	1,100	26,000
PD: taser grant (TSB)	1,600	1,600	1,600	-
PD: radio frequency	460	460	460	-
PD: vehicle replacement program	114,990	155	114,990	-
PD: bullet proof vests	5,420	325	5,420	-
Playground equipment - DEP grant	99,000	99,000	99,000	-
PZ: wide format copier	4,000	4,000	4,000	-
Rec: Highwood / Nystroms Project	332,000	91,082	304,411	27,589
Skate park proceeds	1,090			1,090
Teachers' sick pay reserve	845,287	96,751	305,110	540,177
Tennis courts	25,000		22,935	2,065
Town hall technology	64,000	12,575	63,620	380
Town hall furnace	30,000	28,521	28,521	1,479
Town hall chimney relining	19,000	17,400	17,400	1,600
Town hall roof repair	24,486	2,000	3,583	20,903
Town hall building repair fund	120,611	12,220	109,780	10,831
TOTALS	\$ 6,627,325	\$ 1,140,953	* \$ 5,855,519	\$ 771,806

* Includes \$12,361 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, 2007, \$7,256,797 of the Town's bank balance of \$7,684,405 (including certificate of deposits and money market funds) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized.....	\$ 6,491,117
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name.....	<u>765,680</u>
Total amount subject to custodial credit risk.....	<u>\$ 7,256,797</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, 2007, 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	\$ 3,516,042	\$ 3,516,042				
Money Market Mutual Funds.....	218,720		218,720			
Corporate Bonds	1,476,242		173,511	1,227,420	48,877	26,434
Certificates of Deposit.....	27,608		27,608			
Money Market Funds.....	6,460,315		6,460,315			
Pooled Fixed Income	23,773		23,773			
U.S. Government Obligations.....	330,383			48,887		281,496
U.S. Government Agency Obligations	221,903		49,453	124,631	16,212	31,607
Common Stock.....	<u>3,304,707</u>	<u>3,304,707</u>				
TOTAL.....	<u>\$15,579,693</u>	<u>\$ 6,820,749</u>	<u>\$ 6,953,380</u>	<u>\$ 1,400,938</u>	<u>\$ 65,089</u>	<u>\$ 339,537</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.....	\$ 23,773	\$ 169,892	\$	\$ 578,622
AA.....				528,281
A.....				199,921
BAA.....				124,748
BBB				44,670
Unrated / U.S. Government..		52,011	218,720	
TOTAL	\$ 23,773	\$ 221,903	\$ 218,720	\$ 1,476,242

Custodial credit risk - The Town does not have a formal policy with respect to 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.....	\$1,476,242	\$ 500,000	\$ 976,242
U.S. Government obligations.....	330,383		330,383
U.S. Government Agency obligations ..	221,903		221,903
Common stock.....	3,304,707		3,304,707
TOTAL	\$5,333,235	\$ 500,000	\$4,833,235

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.....	\$ 382,437	\$ 98,555	\$ 480,992	
Long-term Portion.....	\$ 805,594	\$ 265,707	\$ 1,071,301	
Less Allowance for Uncollectibles	(95,042)	(135,043)	(230,085)	
Net Long-term Portion.....	<u>\$ 710,552</u>	<u>\$ 130,664</u>	<u>\$ 841,216</u>	
	<u>SEWER/WATER USE AND ASSESSMENTS</u>			
	<u>ASSESSMENTS</u>	<u>INTEREST & LIEN FEES</u>	<u>TOTAL</u>	<u>CDBG LOANS</u>
Current Portion	\$ 65,672	\$ 25,296	\$ 90,968	\$ 186,873
Long-term Portion.....	\$ 74,623	\$ 27,117	\$ 101,740	\$ 1,019,882
Less Allowance for Uncollectibles	(2,806)	(1,048)	(3,854)	(24,135)
Net Long-term Portion.....	<u>\$ 71,817</u>	<u>\$ 26,069</u>	<u>\$ 97,886</u>	<u>\$ 995,747</u>

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)	\$ 1,061,871
Sewer usage fees not yet due (special revenue fund)	1,951
Delinquent assessments (capital projects fund)	125,126

UNEARNED REVENUE:

Grant drawdowns prior to meeting all eligibility requirements	<u>37,756</u>
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TOTAL UNEARNED REVENUE FOR GOVERNMENTAL FUNDS \$1,226,705

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, 2007, was as follows:

	BALANCE JULY 1, 2006	INCREASES	DECREASES	BALANCE JUNE 30, 2007
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,315,620	\$	\$	\$ 1,315,620
Construction in progress	267,803	295,788	267,803	295,788
Total capital assets, not being depreciated	1,583,423	295,788	267,803	1,611,408
Capital assets, being depreciated:				
Buildings	34,667,238	561,000		35,228,238
Land improvements	1,347,004			1,347,004
Machinery and equipment	6,341,247	730,130	127,913	6,943,464
Vehicles	2,679,080	131,146	54,266	2,755,960
Infrastructure	15,844,792	986,775	210,007	16,621,560
Total capital assets, being depreciated	60,879,361	2,409,051	392,186	62,896,226
Total capital assets	62,462,784	2,704,839	659,989	64,507,634
Less accumulated depreciation for:				
Buildings	4,194,750	615,253		4,810,003
Land improvements	660,178	27,559		687,737
Machinery and equipment	2,662,298	355,604	119,474	2,898,428
Vehicles	1,576,427	164,810	52,469	1,688,768
Infrastructure	6,364,997	274,327	155,755	6,483,569
Total accumulated depreciation	15,458,650	1,437,553	327,698	16,568,505
Total Capital Assets, being depreciated, net	45,420,711	971,498	64,488	46,327,721
Governmental Activities Capital Assets, net	\$ 47,004,134	\$ 1,267,286	\$ 332,291	\$ 47,939,129

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

General government	\$ 58,244
Public safety	145,862
Public works	707,188
Health and welfare	5,460
Culture and recreation	35,807
Housing and development	1,130
Education	483,862

Total Depreciation Expense

\$ 1,437,553

Construction Commitments

The Town has active construction projects as of June 30, 2007. 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	\$ 630,669

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

III. DETAILED NOTES (CONTINUED)

D. Interfund Accounts

1. Interfund Payables and Receivables

At June 30, 2007, the amounts due from and due to other funds were as follows:

INTERFUND PAYABLE FUND	INTERFUND RECEIVABLE FUND		
	GENERAL FUND	CAPITAL PROJECT FUND	CAPITAL OR NONRECURRING FUND
GENERAL FUND.....	\$	\$ 2,334,969	\$ 525
CAPITAL PROJECTS FUND.....		150,925	
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
School lunch fund.....		16,689	
Thomaston opera house		55,993	
EMS fund		15,285	
TOTAL SPECIAL REVENUE FUNDS.....		87,967	-
TOTAL NONMAJOR FUNDS		87,967	-
TOTAL.....	\$	\$ 238,892	\$ 525

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

2. Interfund Transfers

A summary of interfund transfers as of June 30, 2007 is as follows:

TRANSFERS IN:	TRANSFERS OUT					
	GENERAL FUND	CAPITAL OR NONRECURRING FUND	CAPITAL PROJECTS	SPECIAL REVENUE	TOTAL	
GENERAL FUND.....	\$	\$ 35,464	\$ 2,837	\$ 1,421,762	\$ 1,460,063	
CAPITAL PROJECTS FUND		26,300			26,300	
CAPITAL OR NONRECURRING FUND.....		590,299			590,299	
NONMAJOR FUNDS:						
SPECIAL REVENUE FUNDS:						
Sewer commission usage fund		932,310			932,310	
Thomaston opera house		467,004			467,004	
Dog fund		45,514			45,514	
TOTAL SPECIAL REVENUE FUNDS.....		1,444,828	-	-	1,444,828	
PERMANENT FUNDS		17,000			17,000	
TOTAL NONMAJOR FUNDS		1,461,828	-	-	1,461,828	
TOTAL.....	\$	\$ 2,078,427	\$ 35,464	\$ 2,837	\$ 1,421,762	\$ 3,538,490

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, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007	CURRENT PORTION
<u>BONDS/NOTES</u>									
General Purpose:									
Improvement bond	\$ 4,329,000	08/01/89	08/01/09	6.40-6.50	\$ 733,138	\$	\$ 183,284	\$ 549,854	\$ 183,284
Improvement bond	980,000	09/15/98	09/15/18	3.70-5.70	544,445		43,157	501,288	43,157
Refunding bond ...	323,000	09/01/03	09/01/20	3.80-4.60	290,000		31,000	259,000	31,000
Total General Purpose					1,567,583	-	257,441	1,310,142	257,441
Schools:									
Improvement bond	631,000	08/01/89	08/01/09	6.40-6.50	106,862		26,716	80,146	26,716
Improvement bond	6,400,000	09/15/98	09/15/18	3.70-5.70	3,555,555		281,843	3,273,712	281,843
Improvement bond	2,300,000	09/01/03	09/01/20	3.80-4.60	2,025,000		135,000	1,890,000	135,000
Improvement bond	7,700,000	04/15/05	04/15/25	3.75-4.50	7,700,000		410,000	7,290,000	410,000
Total Schools					13,387,417	-	853,559	12,533,858	853,559
Sewer:									
Clean water	1,077,413	04/30/97	04/30/16	2.00	577,993		53,728	524,265	54,812
Clean water	9,091,656	02/28/02	03/31/21	2.00	6,979,313		410,952	6,568,361	419,247
Refunding bond ...	1,292,000	09/01/03	09/01/20	3.80-4.60	1,160,000		124,000	1,036,000	124,000
Total Sewer					8,717,306	-	588,680	8,128,626	598,059
TOTAL BONDS/NOTES.....					23,672,306	-	1,699,680	21,972,626	1,709,059
Bond premium	107,273	09/01/03	09/01/20	N/A	89,393		5,960	83,433	
Bond premium	83,816	04/15/05	04/15/25	N/A	75,434		4,191	71,243	
TOTAL BOND PREMIUMS					164,827	-	10,151	154,676	
TOTAL BOND/NOTES AND RELATED LIABILITIES					23,837,133		1,709,831	22,127,302	1,709,059
CAPITAL LEASE OBLIGATIONS					455,555	143,000	176,851	421,704	180,893
CLAIMS AND JUDGEMENTS					100,000		35,000	65,000	32,500
COMPENSATED ABSENCES					1,201,033	192,991	73,339	1,320,685	77,324
NET PENSION OBLIGATION.....					623,556	23,727		647,283	
SEVERANCE PAYMENTS					393,497	20,690	96,751	317,436	150,953
TOTAL GENERAL LONG-TERM OBLIGATIONS					\$ 26,610,774	\$ 380,408	\$ 2,091,772	\$ 24,899,410	\$ 2,150,729

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:

<u>FISCAL</u> <u>YEAR</u>	<u>BONDS</u>		<u>NOTES</u>		<u>STATE REIMBURSEMENT</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2008	\$ 1,235,000	\$ 620,919	\$ 474,059	\$ 137,518	\$ 146,533	\$ 61,342
2009	1,235,000	564,802	483,628	127,949	146,533	56,156
2010	1,235,000	508,520	493,389	118,188	146,533	50,906
2011	1,005,000	459,312	503,348	108,229	146,533	45,592
2012	1,005,000	417,181	513,508	98,069	146,533	40,213
2013	990,000	375,611	523,873	87,704	146,533	34,769
2014	990,000	336,526	534,447	77,130	146,533	29,261
2015	950,000	297,623	545,234	66,343	135,261	23,890
2016	950,000	258,630	545,430	55,347	135,261	18,672
2017	875,000	220,077	501,854	44,926	135,261	13,379
2018	875,000	182,565	511,984	34,796	135,261	8,028
2019	845,000	145,352	522,318	24,462	135,261	2,675
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	\$14,880,000	\$ 4,771,658	\$ 7,092,626	\$ 997,977	\$ 1,702,036	\$ 384,883

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	\$ 35,864,883	\$ 1,310,142	\$ 34,554,741
Schools	71,729,766	10,831,822	60,897,944
Sewers	59,774,805	1,036,000	58,738,805
Urban renewal	51,804,831		51,804,831
Pension deficit	47,819,844		47,819,844

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$111,579,636.

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 \$1,702,036 for bond principal is reflected as deductions in the computation of net indebtedness.

3. Termination Benefits

The Board of Education provides severance 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 the Teacher's sick pay reserve in the Capital or Nonrecurring Fund and totaled \$96,751.

4. Capital Leases

At June 30, 2007, 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 \$680,817 are recorded under capital leases as of June 30, 2007.

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, 2007:

YEAR ENDING JUNE 30,	
2008	\$ 196,472
2009	127,957
2010	<u>126,645</u>
Total minimum lease payments	451,074
Less: amount representing interest	<u>(29,370)</u>
Present value of minimum lease payments	<u>\$ 421,704</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 have 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. A final settlement in the amount of \$65,000 will be paid in two installments over the next two fiscal years.

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 is responsible for annual operation and maintenance costs relating to the remediation system, which is estimated to cost approximately \$100,000 per year. Consultants are currently investigating optional treatments to bring the project to closure within five 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. Contributions are recognized when due, pursuant to formal commitments and contractual requirements and investment income is recognized when earned. 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, 2007, 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, 2007)

Retirees and beneficiaries currently receiving benefits.....	59
Terminated employees entitled to benefits but not yet receiving them.	16
Active plan members	<u>94</u>
Total Plan Participants.....	<u>169</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 (excluding special duty pay)	5%
Board of Education noncertified	2%
Superintendent of Highway	6%

5. Schedule of Employer Contributions and Net Pension Obligation

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED
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%
2007	728,462	692,000	95.0%

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, 2007
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	20 Years

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

The changes in the NPO were as follows:

Annual required contribution.....	\$ 728,462
Interest on net pension obligation.....	43,649
Adjustment to annual required contribution	(56,384)
Annual pension cost	715,727
Contributions made	(692,000)
Increase in net pension obligation	23,727
Net pension obligation - July 1, 2006.....	623,556
Net pension obligation - June 30, 2007	\$ 647,283

Three Year Trend Information

YEAR ENDING JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
2007	\$ 715,727	96.7%	\$ 647,283
2006	703,936	91.2%	623,556
2005	734,892	83.1%	561,620

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

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 \$321,141 for health care for the year ended June 30, 2007, for the 47 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 \$513,330.

TOWN OF THOMASTON, CONNECTICUT

REQUIRED SUPPLEMENTARY INFORMATION

THOMASTON RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

ACTUARIAL VALUATION DATE	A ACTUARIAL VALUE OF ASSETS	B ACTUARIALLY ACCRUED LIABILITY (AAL) ENTRY AGE NORMAL	(A-B) OVER (UNDER) FUNDED AAL	(A/B) FUNDED AAL RATIO	C COVERED PAYROLL	[(A-B)/C] OVER/UNDER FUNDED AAL AS A PERCENTAGE OF COVERED PAYROLL
<u>JANUARY 1,</u>						
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)%
2006	7,862,318	12,301,206	(4,438,888)	63.9%	3,700,000	-(120.0)%
2007	8,612,789	12,829,544	(4,216,755)	67.1%	3,945,508	-(106.9)%

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, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
PROPERTY TAXES:				
Taxes.....	\$ 15,357,370	\$ 15,357,370	\$ 15,402,030	\$ 44,660
Prior year taxes.....	280,000	280,000	367,113	87,113
Interest and lien fees.....	130,000	130,000	191,279	61,279
Housing authority in lieu of taxes.....	16,000	16,000	16,884	884
Telecommunications property tax.....	40,000	40,000	50,360	10,360
TOTAL PROPERTY TAXES.....	15,823,370	15,823,370	16,027,666	204,296
CHARGES FOR SERVICES:				
Conveyance tax.....	80,000	80,000	80,880	880
Zoning and land use fees.....	10,000	10,000	8,893	(1,107)
Gun permits.....	500	500	455	(45)
Parking tickets.....	1,000	1,000	2,820	1,820
Meter Money.....	5,500	5,500	2,617	(2,883)
Accident reports.....	500	500	288	(212)
Vendor permits.....	400	400	240	(160)
Fingerprinting.....	500	500	773	273
Special duty police reimbursements.....	20,000	20,000	20,554	554
Dam patrol.....	11,289	11,289	12,925	1,636
Transfer station fees.....	67,000	67,000	49,840	(17,160)
Building permits.....	80,000	80,000	55,170	(24,830)
Minibus fares.....	2,225	2,225	1,938	(287)
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.....	2,500	2,500	1,571	(929)
Town of Litchfield -Sewer upgrade.....	8,867	8,867	8,868	1
Nitrogen Credit.....	3,946	3,946	-	(3,946)
TOTAL CHARGES FOR SERVICES.....	325,927	325,927	278,032	(47,895)
INTERGOVERNMENTAL REVENUES:				
Property tax relief - state owned property.....	67,876	67,876	56,718	(11,158)
Property tax relief - elderly freeze.....	7,803	7,803	3,804	(3,999)
Property tax relief - circuit breaker.....	64,226	64,226	68,201	3,975
Property tax relief - Veteran's exemption.....	10,943	10,943	8,987	(1,956)
Property tax relief - Mfg's machinery & equipment.....	488,182	488,182	515,071	26,889
Property tax relief - totally disabled.....	1,546	1,546	1,576	30
Federal PILOT - land authorization.....	819	819	847	28
LOCIP.....	53,812	53,812	-	(53,812)
Education cost sharing.....	4,777,023	4,777,023	4,786,265	9,242
School construction grants.....	235,916	235,916	235,916	-
School transportation.....	187,137	187,137	115,515	(71,622)
Education of Handicapped Blind Children.....	-	-	2,978	2,978
Boating safety.....	1,131	1,131	1,131	-
Mashantucket Pequot.....	65,485	65,485	69,883	4,398
Town Aid Road.....	108,544	113,396	113,396	-
Surplus revenue sharing.....	53,669	53,669	53,669	-
TOTAL INTERGOVERNMENTAL REVENUES.....	6,124,112	6,128,964	6,033,957	(95,007)

(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.....	\$ 284,000	\$ 284,000	\$ 393,931	\$ 109,931
OTHER REVENUES:				
Rent of Tower.....	88,073	88,073	51,918	(36,155)
Miscellaneous.....			26,318	26,318
TOTAL OTHER REVENUES.....	88,073	88,073	78,236	(9,837)
TOTAL REVENUES.....	22,645,482	22,650,334	22,811,822	161,488
OTHER FINANCING SOURCES:				
Appropriation of fund balance.....	587,800	587,800		(587,800)
Transfers in:				
Capital or nonrecurring fund.....	21,582	21,582	35,464	13,882
Sewer Commission usage fund.....	923,002	939,473	939,473	-
WPCA Repair and Replacement fund.....		2,837	2,837	-
Thomaston Opera House.....	436,116	467,004	467,004	-
EMS Fund.....		15,285	15,285	-
Dog Fund.....	3,500	3,500		(3,500)
Total Transfers in.....	1,384,200	1,449,681	1,460,063	10,382
TOTAL OTHER FINANCING SOURCES.....	1,972,000	2,037,481	1,460,063	(577,418)
TOTAL REVENUES AND OTHER FINANCING SOURCES.....	\$ 24,617,482	\$ 24,687,815	\$ 24,271,885	\$ (415,930)

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
GENERAL GOVERNMENT:				
Board of Selectmen.....	\$ 98,565	\$ 98,565	\$ 98,412	\$ 153
Elections.....	22,575	22,575	19,782	2,793
Board of Finance.....	1,400	1,870	1,870	-
Treasurer.....	176,993	181,054	181,054	-
Independent audit.....	38,800	38,800	38,800	-
Legal.....	80,000	92,505	92,505	-
Tax Collector.....	100,336	100,336	95,601	4,735
Property Tax Rebates.....	25,000	25,000	16,274	8,726
Tax Assessor.....	96,654	96,654	96,625	29
Board of Assessment Appeals.....	3,450	3,450	3,061	389
Insurance.....	437,628	366,595	334,818	31,777
Town Hall Operations & Maintenance.....	192,000	202,106	202,106	-
Town Clerk.....	52,018	52,018	51,526	492
Probate court.....	2,800	2,800	2,713	87
Social security.....	218,116	218,116	207,669	10,447
Pension - Town Employees.....	560,178	560,178	551,769	8,409
Pension - Volunteer Firefighters and Ambulance.....	121,500	124,955	124,955	-
Medical / Life insurance.....	558,589	541,589	519,450	22,139
Retirees Medical Insurance.....	365,567	365,567	321,141	44,426
Council of governments.....	3,374	3,414	3,414	-
CT Conference of Municipalities.....	4,652	4,652	4,652	-
CT Council of Small Towns.....	825	825	825	-
Contingency.....	100,000	5,251		5,251
TOTAL GENERAL GOVERNMENT.....	3,261,020	3,108,875	2,969,022	139,853
PUBLIC SAFETY:				
Police.....	888,695	907,891	907,891	-
Parking meters.....	1,300	1,338	1,338	-
Communications & dispatch.....	217,318	218,988	218,988	-
Fire Protection.....	117,080	152,047	152,047	-
Fire Marshal.....	19,000	19,000	18,837	163
Ambulance.....		46,619	46,619	-
Tree Warden.....	10,000	10,714	10,714	-
TOTAL PUBLIC SAFETY.....	1,253,393	1,356,597	1,356,434	163
PUBLIC WORKS:				
Highways.....	539,700	548,595	548,595	-
Town Aid Road.....	108,544	113,396	113,010	386
Snow & ice removal.....	95,000	100,264	100,264	-
Street lighting.....	84,760	83,063	80,257	2,806
Fire hydrants.....	131,477	131,477	127,767	3,710
Solid Waste & Recycling.....	592,175	544,975	544,975	-
St Thomas Cemetery.....	2,800	2,800	2,800	-
TOTAL PUBLIC WORKS.....	1,554,456	1,524,570	1,517,668	6,902
HEALTH AND WELFARE:				
Vital statistics.....	1,000	1,000	886	114
Visiting nurse.....	8,000	8,000	8,000	-
Torrington Area Health District.....	33,184	33,184	33,184	-
Northwest Regional Mental Health Board.....	869	869	869	-
Social Services.....	48,416	48,416	46,871	1,545
Elderly Nutrition.....	2,707	2,707	2,707	-
Susan B Anthony Project.....	2,000	2,000	2,000	-
Minibus.....	14,918	15,509	15,509	-
Veterans' Administration.....	1,000	1,000	1,000	-
TOTAL HEALTH AND WELFARE.....	112,094	112,685	111,026	1,659

(Continued)

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.....	\$ 122,237	\$ 124,883	\$ 124,883	\$ -
Memorial Day.....	1,500	1,500	1,500	-
Nystroms Park.....	15,350	15,350	13,187	2,163
Police Explorers.....	2,500	2,500	1,072	1,428
Public Library.....	335,349	337,326	337,326	-
TOTAL CULTURE AND RECREATION.....	476,936	481,559	477,968	3,591
HOUSING AND DEVELOPMENT:				
Conservation Commission.....	1,500	1,500	1,500	-
Inlands/Wetlands Commission.....	16,959			-
Building Inspector.....	70,520			-
Town Engineer.....	2,500	2,500		2,500
Planning & Zoning.....	34,856			-
Zoning Board of Appeals.....	18,115			-
Economic Development Commission.....	3,000	3,000	2,194	806
Housing, Land Use & Development.....		157,451	147,253	10,198
TOTAL HOUSING AND DEVELOPMENT.....	147,450	164,451	150,947	13,504
EDUCATION.....	13,133,133	13,133,133	13,128,936	4,197
DEBT SERVICE.....	2,721,709	2,721,709	2,714,240	7,469
TOTAL EXPENDITURES.....	22,660,191	22,603,579	22,426,241	177,338
OTHER FINANCING USES:				
Transfers out:				
Animal Control Officer-Dog fund.....	51,323	51,323	45,514	5,809
WPCA - Sewer Use fund.....	913,002	932,310	932,310	-
WPCA - Repair & Replacement fund.....	10,000	10,000	10,000	-
Hillside Cemetery.....	17,000	17,000	17,000	-
Capital or Nonrecurring.....	519,850	590,299	590,299	-
Opera House.....	436,116	467,004	467,004	-
Seth Thomas/Bradstreet House.....	10,000	16,300	16,300	-
Total Transfers out.....	1,957,291	2,084,236	2,078,427	5,809
TOTAL OTHER FINANCING USES.....	1,957,291	2,084,236	2,078,427	5,809
TOTAL EXPENDITURES AND OTHER FINANCING USES.....	\$ 24,617,482	\$ 24,687,815	\$ 24,504,668	\$ 183,147

(Concluded)

TOWN OF THOMASTON, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2007

GRAND LIST YEAR	UNCOLLECTED TAXES JULY 1, 2006	CURRENT YEAR LEVY	LAWFUL CORRECTIONS			TRANSFERS TO SUSPENSE	ADJUSTED TAXES COLLECTIBLE	COLLECTIONS			UNCOLLECTED TAXES JUNE 30, 2007
			ADDITIONS	DEDUCTIONS				NET TAXES COLLECTED	INTEREST & LIENS	TOTAL	
1990	\$ 2,196	\$	\$ 2,154	\$	\$ 42	\$ 42	\$ 42	\$ 212	\$ 254	\$	\$ -
1991	2,628				488	2,140	-	12	12		2,140
1992	1,983				301	1,682	37	233	270		1,645
1993	7,496				403	7,093	944	2,822	3,766		6,149
1994	6,137				758	5,379	985	1,752	2,737		4,394
1995	6,051			39	782	5,230	1,073	1,907	2,980		4,157
1996	12,378				816	11,562	1,142	1,850	2,992		10,420
1997	13,014				427	12,587	1,354	2,071	3,425		11,233
1998	14,787				979	13,808	1,282	1,636	2,918		12,526
1999	15,980				301	15,679	1,577	1,540	3,117		14,102
2000	22,405				317	22,088	3,254	2,268	5,522		18,834
2001	109,219			383	4,179	104,657	14,416	7,805	22,221		90,241
2002	282,239			859	4,275	277,105	56,930	24,940	81,870		220,175
2003	341,975			42	5,154	377,827	80,519	13,610	94,129		297,308
2004	323,653			6,781	3,184	317,963	196,351	43,218	239,569		121,612
Total Prior Years	1,162,141			10,258	22,364	1,174,842	359,906	105,876	465,782		814,936
2005		15,819,559		111,629	4,345	15,758,093	15,384,998	85,364	15,470,362		373,095
TOTAL	\$ 1,162,141	\$ 15,819,559	\$ 99,831	\$ 121,887	\$ 26,709	\$ 16,932,935	\$ 15,744,904	\$ 191,240	\$ 15,936,144	\$	\$ 1,188,031

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.

EMS Fund

To account for revenue received from the Thomaston Volunteer Ambulance Corp. related to billings for EMS transportation services less expenses associated with third party EMS services. The Corp also retains \$1,600 per month of billing money for miscellaneous EMS expenses.

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, 2007

	SPECIAL REVENUE FUNDS										
	SEWER COMMISSION ASSESSMENT & APPROPRIATION FUND	SEWER COMMISSION USAGE FUND	SCHOOL LUNCH FUND	EDUCATION GRANT FUND	TOWN CLERK PRESERVATION FUND	EDITH KENEA PARK FUND	EDITH KENEA TREE FUND	KENEA PARK PROJECT FUND	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE	
ASSETS											
Cash.....	\$ 5,144	\$ 3,045	\$ 86,411	\$ 32,928	\$ 5,788	\$ 43,789	\$ 46,592	\$ 1,313	\$ 790	\$ 17,081	
Investments.....		202,795									
Receivables:											
Sewer assessments and usage.....	138,344		20,229	11,082							
Intergovernmental.....				476							
Other.....			12,231								
Other assets.....											
TOTAL ASSETS	\$ 143,488	\$ 205,840	\$ 118,871	\$ 44,486	\$ 5,788	\$ 43,789	\$ 46,592	\$ 1,313	\$ 790	\$ 37,074	
											10,265
											9,728
LIABILITIES AND FUND BALANCES											
LIABILITIES:											
Accounts payable.....	\$ 24,413	\$ 10,250	\$ 9,950	\$ 554	\$ 537	\$ 42,339	\$ 4,253	\$ 1,313	\$ 790	\$ 20,317	
Accrued payroll.....	6,287		16,689								
Due to other funds.....											2,412
Unearned revenue.....	125,126			28,331							55,993
TOTAL LIABILITIES	155,826	-	26,939	38,281	554	537	-	-	-	-	78,722
FUND BALANCES:											
Unreserved, reported in:											
Designated for improvements.....	(12,338)	205,840	91,932	6,205	5,234	42,297	42,339	1,313	790	(41,648)	
Unreserved and undesignated.....	(12,338)	205,840	91,932	6,205	5,234	43,252	46,592	1,313	790	(41,648)	
TOTAL FUND BALANCES	\$ 143,488	\$ 205,840	\$ 118,871	\$ 44,486	\$ 5,788	\$ 43,789	\$ 46,592	\$ 1,313	\$ 790	\$ 37,074	

(Continued)

TOWN OF THOMASTON, CONNECTICUT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	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	EMS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST	TOTAL PERMANENT FUNDS	
ASSETS												
Cash.....	\$ 4,468	\$ -	\$ 3,198	\$ 3,444	\$ 11,341	\$ 362	\$ -	\$ 175,313	\$ 17,790	\$ 3,968	\$ 3,968	\$ 179,281
Investments.....						8,617		453,348		432,482		903,620
Receivables:												
Sewer assessments and usage.....								138,344				138,344
Intergovernmental.....								31,311				31,311
Other.....							6,200	16,941				16,941
Other assets.....								21,959				21,959
TOTAL ASSETS.....	\$ 4,468	\$ -	\$ 3,198	\$ 3,444	\$ 11,341	\$ 8,979	\$ 157,755	\$ 837,216	\$ 17,790	\$ 436,450	\$ 454,240	\$ 1,291,456
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
Accounts payable.....	\$ 3,602	\$ 4,923	\$ -	\$ -	\$ -	\$ -	\$ 137,345	\$ 211,891	\$ -	\$ -	\$ -	\$ 211,891
Accrued payroll.....		829						9,528			689	10,217
Due to other funds.....							15,285	87,967				87,967
Unearned revenue.....								153,457				153,457
TOTAL LIABILITIES.....	3,602	5,752	-	-	-	-	152,630	462,843	-	689	689	463,532
FUND BALANCES:												
Reserved for:												
Endowments.....												
Perpetual care.....												
Unreserved, reported in:												
Designated for improvements.....	866	(5,752)	3,198	3,444	11,341	8,979	5,125	84,636	2,090	118,332	120,422	410,159
Unreserved and undesignated.....	866	(5,752)	3,198	3,444	11,341	8,979	5,125	289,737	17,790	435,761	453,551	827,924
TOTAL FUND BALANCES.....	\$ 4,468	\$ -	\$ 3,198	\$ 3,444	\$ 11,341	\$ 8,979	\$ 157,755	\$ 837,216	\$ 17,790	\$ 436,450	\$ 454,240	\$ 1,291,456

(Concluded)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS									
	SEWER COMMISSION USAGE FUND	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 FUND	NEIGHBORHOOD ASSISTANCE PROGRAM	THOMASTON OPERA HOUSE
REVENUES:										
Charges for services.....	\$ 941,383	\$ 66,009	\$ 328,342	\$ 1,118,620	\$ 3,926	\$ 7,466	\$ -	\$ -	\$ -	\$ 422,578
Intergovernmental.....			103,616							28,416
Contributions.....										31,530
Income from investments.....		8,296			49	2,268	2,369	8	4	172
Other.....										3,393
TOTAL REVENUES.....	941,383	74,305	431,958	1,118,620	11,441	2,268	2,369	8	4	486,089
EXPENDITURES:										
Current:										
General government.....					4,950	1,229		(49)		
Public works.....	920,444	15,697								480,091
Culture and recreation.....			446,585	1,112,615						
Education.....				6,232	15,000					
Capital outlay.....										
TOTAL EXPENDITURES.....	920,444	15,697	446,585	1,118,847	19,950	1,229	-	(49)	-	480,091
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	20,939	58,608	(14,627)	(227)	(8,509)	1,039	2,369	57	4	5,998
OTHER FINANCING SOURCES (USES):										
Transfers in.....	932,310									467,004
Transfers out.....	(939,473)									(467,004)
NET OTHER FINANCING SOURCES (USES).....	(7,163)									-
NET CHANGE IN FUND BALANCES.....	13,776	58,608	(14,627)	(227)	(8,509)	1,039	2,369	57	4	5,998
FUND BALANCES, JULY 1, 2006.....	(26,114)	147,232	106,559	6,432	13,743	42,213	44,223	1,256	786	(47,646)
FUND BALANCES, JUNE 30, 2007.....	\$ (12,338)	\$ 205,840	\$ 91,932	\$ 6,205	\$ 5,234	\$ 43,252	\$ 46,592	\$ 1,313	\$ 790	\$ (41,648)

(Continued)

TOWN OF THOMASTON, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	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	EMS FUND	TOTAL SPECIAL REVENUE	FIRE DEPT. TRUST FUND	HILLSIDE CEMETERY TRUST	TOTAL PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS			
REVENUES:															
Charges for services.....	\$ 1,430	\$ 7,538	\$ -	\$ -	\$ -	\$ -	\$ 149,116	\$ 1,920,322	\$ -	\$ 29,809	\$ 29,809	\$ -	\$ 1,950,131		
Intergovernmental.....	8,504			2,245	240			1,269,107					1,269,107		
Contributions.....	13,000		2,600	660	3,305	8,961	60,056		2,140		2,140		62,196		
Income from investments.....			18	10	77	456	16,167		47,488		47,488		64,047		
Other.....	1						3,393						3,393		
TOTAL REVENUES.....	22,935	7,538	2,618	2,915	3,622	9,417	151,555	3,269,045	392	79,437	79,829		3,348,874		
EXPENDITURES:															
Current:															
General government.....								6,130					6,130		
Public safety.....								57,361					57,361		
Public works.....		51,952	2,314	23	3,072			936,141	148,918		148,918		1,085,059		
Health and welfare.....						9,823							9,823		
Culture and recreation.....	22,721							502,812					502,812		
Education.....							1,559,200						1,559,200		
Capital outlay.....							131,145	152,377					152,377		
TOTAL EXPENDITURES.....	22,721	51,952	2,314	23	3,072	9,823	131,145	3,223,844	-	148,918	148,918		3,372,762		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	214	(44,414)	304	2,892	550	(406)	20,410	45,201	392	(69,481)	(69,089)		(23,888)		
OTHER FINANCING SOURCES (USES):															
Transfers in.....		45,514					(15,285)	1,444,828		17,000	17,000		1,461,828		
Transfers out.....								(1,421,762)					(1,421,762)		
NET OTHER FINANCING SOURCES (USES).....	-	45,514	-	-	-	-	(15,285)	23,066	-	17,000	17,000		40,066		
NET CHANGE IN FUND BALANCES.....	214	1,100	304	2,892	550	(406)	5,125	68,267	392	(52,481)	(52,089)		16,178		
FUND BALANCES, JULY 1, 2006.....	652	(6,852)	2,894	552	10,791	9,385	-	306,106	17,398	488,242	505,640		811,746		
FUND BALANCES, JUNE 30, 2007.....	\$ 866	\$ (5,752)	\$ 3,198	\$ 3,444	\$ 11,341	\$ 8,979	\$ 5,125	\$ 374,373	\$ 17,790	\$ 435,761	\$ 453,551		\$ 827,924		

(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.

FIDUCIARY FUNDS (CONTINUED)

Agency Funds (Continued)

Railroad Museum Commission

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

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 that 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, 2007

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
<u>ASSETS</u>				
Cash.....	\$	\$ 1,735	\$	\$ 1,735
Investments:				
Certificates of deposit.....	5,377		1,045	6,422
TOTAL ASSETS.....	5,377	1,735	1,045	8,157
<u>NET ASSETS</u>				
Net Assets Held in Trust.....	\$ 5,377	\$ 1,735	\$ 1,045	\$ 8,157

TOWN OF THOMASTON, CONNECTICUT

PRIVATE-PURPOSE TRUST FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	LEANDER SMITH AWARD	PEPIE WAGNER FUND	SETH THOMAS PRIZE FUND	TOTAL
ADDITIONS:				
Income from investments.....	\$ 265	\$ 11	\$ 38	\$ 314
DEDUCTIONS:				
Awards.....		100		100
CHANGE IN NET ASSETS.....	265	(89)	38	214
NET ASSETS, JULY 1, 2006.....	5,112	1,824	1,007	7,943
NET ASSETS, JUNE 30, 2007.....	\$ 5,377	\$ 1,735	\$ 1,045	\$ 8,157

TOWN OF THOMASTON, CONNECTICUT

AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2007

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
<u>ASSETS</u>				
CASH:				
School Activities Fund.....	\$ 84,422	\$ 145,366	\$ 142,951	\$ 86,837
Recreation Commission.....	1,060	59,388	60,448	-
High School Athletic Council.....	2,504	48,739	51,243	-
Public School Internal Account.....	31,192	94,650	89,091	36,751
Performance Bond Fund.....	11,048	155		11,203
Public Library Staff Fund.....	3,215	14,827	15,735	2,307
Join Against Insensible Lawlessness.....	5,189	39		5,228
Class Reunions.....	1,680		90	1,590
Christmas Lights Fund.....	6,121	7,833	7,778	6,176
Police Recreation and Educational Fund.....	305	2,913	1,941	1,277
Railroad Museum Commission.....	6,854	890	544	7,200
Thomaston Police Explorers.....	21,736	14,239	10,625	25,350
TRIAD.....	1,774	9		1,783
Christmas Committee.....	2,372	7,385	7,080	2,677
TOTAL CASH.....	179,472	396,433	387,526	188,379
INVESTMENTS:				
Performance Bond Fund.....		127,438		127,438
Tri-centennial Committee.....	3,303	93		3,396
TOTAL INVESTMENTS.....	3,303	127,531	-	130,834
ACCOUNTS RECEIVABLE:				
Recreation Commission.....		3,037		3,037
High School Athletic Council.....		193		193
TOTAL ACCOUNTS RECEIVABLE.....	-	3,230	-	3,230
TOTAL ASSETS.....	\$ 182,775	\$ 527,194	\$ 387,526	\$ 322,443
<u>LIABILITIES</u>				
CASH OVERDRAFT:				
Recreation Commission.....	\$	\$ 3,037	\$	\$ 3,037
High School Athletic Council.....		193		193
TOTAL CASH OVERDRAFT.....	-	3,230	-	3,230
ACCOUNTS PAYABLE:				
School Activities Fund.....	84,422	145,366	142,951	86,837
Recreation Commission.....	1,060	59,388	60,448	-
High School Athletic Council.....	2,504	48,739	51,243	-
Public School Internal Account.....	31,192	94,650	89,091	36,751
Performance Bond Fund.....	11,048	127,593		138,641
Tri-centennial Committee.....	3,303	93		3,396
Public Library Staff Fund.....	3,215	14,827	15,735	2,307
Join Against Insensible Lawlessness.....	5,189	39		5,228
Class Reunions.....	1,680		90	1,590
Christmas Lights Fund.....	6,121	7,833	7,778	6,176
Police Recreation and Educational Fund.....	305	2,913	1,941	1,277
Railroad Museum Commission.....	6,854	890	544	7,200
Thomaston Police Explorers.....	21,736	14,239	10,625	25,350
TRIAD.....	1,774	9		1,783
Christmas Committee.....	2,372	7,385	7,080	2,677
TOTAL ACCOUNTS PAYABLE.....	182,775	523,964	387,526	319,213
TOTAL LIABILITIES.....	\$ 182,775	\$ 527,194	\$ 387,526	\$ 322,443

**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, 2007 AND 2006**

	2007	2006
<u>CAPITAL ASSETS:</u>		
Land.....	\$ 1,315,620	\$ 1,315,620
Construction in progress.....	295,788	267,803
Buildings.....	35,228,238	34,667,238
Land improvements.....	1,347,003	1,347,004
Machinery and equipment.....	6,943,465	6,341,247
Vehicles.....	2,755,960	2,679,080
Infrastructure.....	16,621,560	15,844,792
TOTAL CAPITAL ASSETS.....	\$ 64,507,634	\$ 62,462,784
<u>INVESTMENT IN CAPITAL ASSETS BY SOURCE:</u>		
Property taxes.....	\$ 22,986,158	\$ 22,916,656
General obligation bonds.....	22,083,680	20,544,377
State and Federal grants.....	13,029,034	12,621,989
Contributions.....	6,408,762	6,379,762
TOTAL INVESTMENT IN CAPITAL ASSETS BY SOURCE.....	\$ 64,507,634	\$ 62,462,784

TOWN OF THOMASTON, CONNECTICUT

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2007

	LAND	CONSTRUCTION IN PROGRESS	BUILDINGS	LAND IMPROVEMENTS	MACHINERY AND EQUIPMENT	VEHICLES	INFRASTRUCTURE	TOTAL
General government.....	\$ 750,320	\$	\$ 3,465,736	\$ 85,360	\$ 167,030	\$	\$	\$ 4,468,446
Public safety.....	117,300		835,695	22,474	712,315	2,066,121		3,753,905
Public works.....	168,100	79,285	8,865,084	200,833	3,734,874	628,115	15,991,889	29,668,180
Health and Welfare.....						43,724		43,724
Culture and recreation.....	151,200		804,183	101,871	321,824	18,000		1,397,078
Housing and Development.....					57,762			57,762
Education.....	128,700	216,503	21,257,540	936,465	1,949,660		629,671	25,118,539
TOTAL.....	\$ 1,315,620	\$ 295,788	\$ 35,228,238	\$ 1,347,003	\$ 6,943,465	\$ 2,755,960	\$ 16,621,560	\$ 64,507,634

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, 2007

FUNCTION/ACTIVITY	BALANCE JULY 1, 2006	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2007
GENERAL GOVERNMENT:				
General government.....	\$ 818,966	\$	\$ 40,637	\$ 778,329
Finance.....	43,605	64,911		108,516
Town hall.....	3,532,451	49,150		3,581,601
TOTAL GENERAL GOVERNMENT.....	4,395,022	114,061	40,637	4,468,446
PUBLIC SAFETY:				
Police department.....	597,678		78,782	518,896
Fire department.....	2,224,527		10,915	2,213,612
Communication.....	53,752			53,752
Ambulance.....	782,157	131,145		913,302
Canine control.....	54,343			54,343
TOTAL PUBLIC SAFETY.....	3,712,457	131,145	89,697	3,753,905
PUBLIC WORKS:				
Highway department.....	12,466,551	435,756	213,009	12,689,298
Hillside Cemetery.....	203,037			203,037
Sewer Department.....	16,790,844	1	15,000	16,775,845
TOTAL PUBLIC WORKS.....	29,460,432	435,757	228,009	29,668,180
HEALTH AND WELFARE:				
Minibus.....	43,724			43,724
CULTURE AND RECREATION:				
Library.....	359,136	6,232		365,368
Opera House.....	100,410			100,410
Seth Thomas/Bradstreet House.....	446,616			446,616
Parks and recreation.....	399,008	122,873	37,197	484,684
TOTAL CULTURE AND RECREATION.....	1,305,170	129,105	37,197	1,397,078
HOUSING AND DEVELOPMENT:				
Building Department.....	46,462	11,300		57,762
EDUCATION.....	23,499,517	1,883,471	264,449	25,118,539
GRAND TOTALS.....	\$ 62,462,784	\$ 2,704,839	\$ 659,989	\$ 64,507,634

Statistical Section

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

CONTENTS

FINANCIAL TRENDS (TABLES 1 - 4)

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

REVENUE CAPACITY (TABLES 5 - 7)

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

DEBT CAPACITY (TABLES 8 - 11)

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

DEMOGRAPHIC AND ECONOMIC INFORMATION (TABLES 12 - 13)

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

OPERATING INFORMATION (TABLES 14 - 16)

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

TOWN OF THOMASTON, CONNECTICUT

NET ASSETS BY COMPONENT
LAST FIVE YEARS
(UNAUDITED)

	FISCAL YEAR ENDED				
	2007	2006	2005	2004	2003
GOVERNMENTAL ACTIVITIES:					
Invested in capital assets, net of related debt.....	\$ 25,534,737	\$ 22,865,552	\$ 19,449,596	\$ 19,001,844	\$ 19,162,965
Restricted for:					
Capital projects.....	630,669	229,879	1,800,307	7,745,022	278,201
Endowments:					
Nonexpendable.....	120,200	120,200	120,200	120,200	15,700
Expendable.....	1,314	1,314	1,314	881	437
Perpetual care:					
Nonexpendable.....	212,929	204,139	201,489	196,614	295,038
Expendable.....	156,774	156,774	156,774	133,065	106,849
Unrestricted.....	8,112,146	10,530,832	10,198,581	618,501	7,576,151
TOTAL NET ASSETS.....	\$ 34,768,769	\$ 34,108,690	\$ 31,928,261	\$ 27,816,127	\$ 27,435,341

TABLE 2

TOWN OF THOMASTON, CONNECTICUT

CHANGES IN NET ASSETS
LAST FIVE YEARS
(UNAUDITED)

	FISCAL YEAR ENDED				
	2007	2006	2005	2004	2003
EXPENSES:					
Governmental activities:					
General government.....	\$ 1,493,290	\$ 1,318,822	\$ 1,659,892	\$ 1,771,177	\$ 1,008,636
Public safety.....	2,252,002	2,313,428	1,943,257	2,200,339	2,163,326
Public works.....	3,783,089	3,695,376	3,346,625	3,145,912	3,296,162
Health and welfare.....	174,341	151,226	196,049	161,221	142,603
Culture and recreation.....	1,372,057	1,250,946	1,243,253	1,264,180	1,126,008
Housing and development.....	255,595	221,051	204,261	177,685	208,807
Education.....	16,011,966	14,937,047	13,624,717	13,126,941	12,808,758
Interest expense.....	823,502	868,833	713,760	667,065	599,717
TOTAL EXPENSES.....	26,167,842	24,756,729	22,931,814	22,514,520	21,354,017
PROGRAM REVENUES:					
Governmental activities:					
Charges for services:					
General government.....	145,710	146,781	148,871	116,588	52,433
Public safety.....	198,027	81,746	37,524	46,711	43,328
Public works.....	1,108,832	882,825	1,038,705	690,400	807,994
Health and welfare.....	1,938	2,289	1,669	2,137	1,553
Culture and recreation.....	454,209	350,430	398,806	366,589	311,954
Housing and development.....	69,453	84,417	108,679	93,979	88,575
Education.....	328,342	332,542	331,359	306,863	298,807
Operating grants and contributions.....	6,813,623	6,590,309	6,156,094	5,850,910	5,884,962
Capital grants and contributions.....	307,086	1,863,703	3,743,257	954,076	1,212,754
TOTAL PROGRAM REVENUES.....	9,427,220	10,335,042	11,964,964	8,428,253	8,702,360
NET EXPENSES:					
Governmental activities.....	(16,740,622)	(14,421,687)	(10,966,850)	(14,086,267)	(12,651,657)
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:					
Governmental activities:					
Property taxes.....	16,066,609	15,368,327	14,065,657	13,618,870	12,959,157
Grants and contributions not restricted to specific programs.....	779,885	742,520	748,179	723,029	774,248
Investment income.....	520,009	438,209	200,395	108,929	109,791
Miscellaneous.....	34,198	53,060	64,753	16,225	45,400
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS.....	17,400,701	16,602,116	15,078,984	14,467,053	13,888,596
CHANGE IN NET ASSETS.....	\$ 660,079	\$ 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									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
GENERAL FUND:										
Reserved.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Unreserved:										
Designated.....	1,185,800	587,800	670,000	865,000	454,000	813,000	500,000	396,000		
Undesignated.....	1,553,554	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
Total unreserved.....	2,739,354	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
TOTAL GENERAL FUND.....	2,739,354	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
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved:										
Receivables.....	1,206,755	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
Commitments.....	630,669	229,879	1,800,307	7,745,022	278,201				485,015	1,389,238
Compensated absences.....	540,177	610,016	637,960	623,838	612,323	636,739	617,385	559,690	490,357	416,089
Endowments.....	120,200	120,200	120,200	120,200	118,200	118,200	115,700	65,700	40,700	40,700
Perpetual care.....	212,929	204,139	201,489	196,614	192,538	184,539	181,238	179,288	174,213	170,139
Unreserved reported in:										
Special revenue funds.....	919,398	850,968	875,797	718,380	722,800	1,485,874	1,046,846	920,379	752,241	759,783
Capital projects funds.....	1,700,153	3,360,319	3,101,618	(6,625,924)	135,083	285,780	(8,324,964)	(6,771,217)	(3,001,695)	(759,262)
Permanent funds.....	120,422	181,301	158,088	133,946	107,286	54,827	156,377	119,943	131,200	132,313
TOTAL ALL OTHER GOVERNMENTAL FUNDS.....	5,450,703	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
GRAND TOTAL.....	\$ 8,190,057	\$ 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

TABLE 4

TOWN OF THOMASTON, CONNECTICUT

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
FISCAL YEAR ENDED JUNE 30										
REVENUES:										
Property taxes.....	\$ 16,027,666	\$ 15,553,444	\$ 13,980,389	\$ 13,385,994	\$ 12,865,405	\$ 12,035,417	\$ 10,985,990	\$ 10,464,817	\$ 9,804,148	\$ 9,653,895
Charges for services.....	2,259,932	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
Intergovernmental.....	8,247,795	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
Contributions.....	93,471	154,555	59,295	77,640	77,640	50,000	50,000	25,360	10,000	10,000
Income from investments.....	520,007	438,209	200,395	108,930	109,791	391,662	355,441	292,577	401,072	334,199
Other.....	86,115	105,203	77,153	208,169	115,194	401,204	595,329	309,591	463,469	742,471
TOTAL REVENUES.....	27,234,986	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
EXPENDITURES:										
Current:										
General government.....	3,149,242	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
Public safety.....	1,419,646	1,379,520	1,400,427	1,441,353	1,520,926	1,169,042	1,113,362	1,103,511	1,036,455	982,241
Public works.....	2,548,694	2,374,480	2,191,308	2,085,921	2,171,175	729,179	856,857	701,637	782,441	723,125
Sanitation and conservation of health.....	120,849	116,505	137,479	123,635	105,563	1,095,393	1,055,809	1,121,615	1,054,621	974,033
Health and welfare.....	1,002,376	1,002,115	906,865	964,021	869,685	452,081	426,561	344,491	315,349	369,873
Culture and recreation.....	200,834	171,770	154,875	135,356	161,400	11,849,230	10,956,542	10,489,451	9,951,284	9,584,986
Housing and development.....	15,397,354	14,416,639	13,369,915	12,909,495	106,427	513,942	525,640	599,115	710,441	655,575
Education.....	1,699,680	1,280,487	1,192,696	1,034,978	1,223,758	1,407,467	1,331,687	1,208,598	1,018,747	739,373
Other.....	1,014,560	931,902	784,773	576,207	612,768	978,545	540,102	594,147	710,441	9,584,986
Debt service:										
Principal.....	2,408,022	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
Interest.....	28,961,257	28,339,647	30,350,524	24,529,821	22,810,498	22,997,813	21,809,203	23,629,618	25,395,693	18,318,957
TOTAL EXPENDITURES.....	(1,726,271)	(1,170,289)	(3,970,847)	(1,513,747)	(738,197)	(113,960)	(1,160,679)	(4,127,181)	(6,498,346)	(829,504)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	143,000	371,317	7,700,000	166,500	43,559	9,091,656	195,000	195,000	3,897,000	3,483,000
OTHER FINANCING SOURCES (USES):										
Capital lease - equipment financing.....				2,300,000						
Issuance of debt.....				1,615,000						
Issuance of refunding bonds.....				(1,853,164)						
Payment to refunding bond escrow.....				107,273						
Premium.....										
Legal settlement.....										
Transfers in.....	3,538,490	3,166,372	2,743,736	3,612,998	2,336,405	2,656,319	2,643,309	2,575,073	2,453,927	(1,400,000)
Transfers out.....	(3,538,490)	(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
NET OTHER FINANCING SOURCES (USES).....	143,000	371,317	7,783,816	2,335,609	43,559	9,091,656	-	195,000	3,959,421	2,345,634
NET CHANGE IN FUND BALANCES.....	\$ (1,583,271)	\$ (798,972)	\$ 3,812,969	\$ 821,862	\$ (694,638)	\$ 8,977,696	\$ (1,160,679)	\$ (3,932,181)	\$ (2,538,925)	\$ 1,516,130
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES.....	10.22%	8.92%	8.55%	7.21%	8.41%	11.64%	10.03%	10.01%	6.19%	4.69%

TOWN OF THOMASTON, CONNECTICUT

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

YEAR ENDED JUNE 30	GRAND LIST	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					
2007	2005	\$ 310,737,220	\$ 443,910,314	\$ 53,061,256	\$ 50,272,468	\$ 103,333,724	\$ 147,619,606	\$ 414,070,944	\$ 591,529,920	70.00%	39.62			
2006	2004	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	2003	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	2002	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	2001	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	2000	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 *	1999	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	1998	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	1997	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	1996	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			

* Revaluation Grand List of October 1, 1999

TABLE 6

TOWN OF THOMASTON, CONNECTICUT

**PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	GRAND LIST YEAR					
	2005			1996		
TAXPAYER	(1) ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST	ASSESSMENT	RANK	PERCENT OF NET TAXABLE GRAND LIST
Summit Corporation of America	\$ 7,419,623	1	1.88%	N/A	N/A	N/A
Connecticut Light & Power Co.	4,556,520	2	1.15%	N/A	N/A	N/A
Connecticut Water Company	3,233,466	3	0.82%	N/A	N/A	N/A
Oneglia Family Trust	2,903,600	4	0.73%	N/A	N/A	N/A
Rexam Cosmetic Packaging	2,477,020	5	0.63%	N/A	N/A	N/A
GLC Associates	2,451,440	6	0.62%	N/A	N/A	N/A
Yankee Gas Services Company	2,367,190	7	0.60%	N/A	N/A	N/A
Whyco Technologies, Inc.	2,162,860	8	0.55%	N/A	N/A	N/A
Thomaston Savings Bank	2,096,800	9	0.53%	N/A	N/A	N/A
W L Real Estate Company	1,854,470	10	0.47%	N/A	N/A	N/A
	<u>\$ 31,522,989</u>		<u>7.98%</u>			<u>0.00%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2005 and 1996 totaled \$395,518,561 and \$362,960,170, respectively.

N/A 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	COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		
							CURRENT TAX COLLECTIONS	PERCENTAGE OF LEVY COLLECTED	CURRENT DELINQUENT BALANCE
2007	39.62	2005	\$ 15,758,093	\$ 15,384,998	97.6%	\$	\$ 15,384,998	97.6%	\$ 373,095
2006	38.66	2004	15,003,165	14,679,512	97.8%	202,041	14,881,553	99.2%	121,612
2005	37.18	2003	14,043,736	13,487,766	96.0%	258,662	13,746,428	97.9%	297,308
2004	35.50	2002	13,439,939	12,901,856	96.0%	317,908	13,219,764	98.4%	220,175
2003	33.80	2001	12,695,152	12,262,233	96.6%	342,678	12,604,911	99.3%	90,241
2002	32.20	2000	11,780,931	11,517,712	97.8%	244,385	11,762,097	99.8%	18,834
2001 *	30.60	1999	10,904,055	10,642,688	97.6%	247,265	10,889,953	99.9%	14,102
2000	27.25	1998	10,286,990	10,049,750	97.7%	224,714	10,274,464	99.9%	12,526
1999	26.44	1997	9,756,256	9,520,851	97.6%	224,172	9,745,023	99.9%	11,233
1998	26.44	1996	9,524,670	9,314,215	97.8%	200,035	9,514,250	99.9%	10,420

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		
2007	\$ 14,880,000	\$ 7,092,626	\$ 21,972,626	5.31%	\$ 2,774
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

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
2007	7,922	\$ 395,518,561	\$ 21,972,626	5.56%	\$ 2,774
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

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, 2007
 (UNAUDITED)

Total tax collections (including interest and lien fees) for current year.....	\$ 15,936,144
Reimbursement for revenue loss on:	
Tax relief for elderly freeze.....	3,804
BASE FOR DEBT LIMITATION COMPUTATION.....	<u>\$ 15,939,948</u>

DEBT LIMITATION:	GENERAL PURPOSES	SCHOOLS	SEWERS	URBAN RENEWAL	PENSION DEFICIT
2 1/4 times base.....	\$ 35,864,883	\$	\$	\$	\$
4 1/2 times base.....		71,729,766			
3 3/4 times base.....			59,774,805		
3 1/4 times base.....				51,804,831	
3 times base.....					47,819,844
TOTAL DEBT LIMITATION.....	<u>35,864,883</u>	<u>71,729,766</u>	<u>59,774,805</u>	<u>51,804,831</u>	<u>47,819,844</u>
INDEBTEDNESS:					
Bonds payable.....	1,310,142	12,533,858	1,036,000		
Less: School Building grants.....		(1,702,036)			
TOTAL INDEBTEDNESS.....	<u>1,310,142</u>	<u>10,831,822</u>	<u>1,036,000</u>	<u>-</u>	<u>-</u>
DEBT LIMITATION IN EXCESS OF OUTSTANDING AND AUTHORIZED DEBT.....	<u>\$ 34,554,741</u>	<u>\$ 60,897,944</u>	<u>\$ 58,738,805</u>	<u>\$ 51,804,831</u>	<u>\$ 47,819,844</u>

The total net indebtedness above amounts to: \$ 13,177,964

In no event shall total indebtedness exceed seven time the base for debt limitation computation: \$ 111,579,636

There is no overlapping debt.

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

YEAR ENDED JUNE 30	DEBT LIMIT	NET DEBT APPLICABLE TO LIMIT	LEGAL DEBT MARGIN	TOTAL NET DEBT APPLICABLE
2007	\$ 266,994,129	\$ 13,177,964	\$ 253,816,165	4.94%
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%

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
2007	7,922	(5)	(5)	(5)	(5)	1,295	4.5%
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%

(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	2007			1998		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Rexam Corporation	400	1	10%			0%
Town of Thomaston	262	2	7%	246	1	6%
Ward Leonard Electric, Inc.	142	3	4%	55	10	1%
Thomaston Savings Bank	117	4	3%	60	9	1%
Summit Corporation of America	102	5	3%	200	4	5%
Eyelets for Industry, Inc.	95	6	2%	193	5	5%
Quality Rolling & Deburring	88	7	2%	85	7	2%
State of Connecticut	87	8	2%	120	6	3%
WHYCO Chromium, Inc.	79	9	2%	214	2	5%
Stevens Co., Inc.	67	10	2%	77	8	2%
Risdon Manufacturing			0%	210	3	5%
TOTAL.....	<u>1,439</u>		<u>37%</u>	<u>1,460</u>		<u>35%</u>

SOURCE: Annual survey

TABLE 14

TOWN OF THOMASTON, CONNECTICUT

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

FUNCTION / PROGRAM	FULL -TIME EQUIVALENT EMPLOYEES AS OF JUNE 30				
	2007	2006	2005	2004	2003
GENERAL GOVERNMENT:					
Selectmen.....	2.2	2.7	2.2	2.2	2.2
Elections.....	0.3	0.7	1.3	0.4	0.4
Treasurer.....	3.3	3.3	3.4	3.4	3.3
Tax Collector.....	2.0	2.0	2.0	2.0	2.5
Assessor/Assessment appeals.....	2.3	1.6	1.4	1.1	1.0
Town Hall maintenance.....	0.8	0.6	0.6	0.6	0.6
Town Clerk.....	1.7	1.5	1.5	1.7	1.5
PUBLIC SAFETY:					
Police officers.....	13.4	13.8	13.7	14.8	14.6
Inmate supervision.....	-	1.0	1.0	1.0	1.0
Dispatch.....	5.0	4.1	3.8	3.9	4.4
Fire Marshall.....	0.6	0.5	0.5	0.6	0.6
Animal control.....	1.2	1.1	1.1	1.1	1.1
PUBLIC WORKS:					
Highway.....	8.6	10.0	8.5	10.0	10.0
Solid waste and recycling.....	0.3	0.5	0.3	0.3	0.3
Sewer plant.....	6.9	7.0	8.3	9.0	7.0
Hillside Cemetery.....	1.5	1.7	1.8	0.8	1.8
HEALTH AND WELFARE:					
Social services.....	1.5	1.6	1.3	1.2	1.2
Minibus.....	0.4	0.2	0.1	0.2	0.2
Veterans administration.....	0.1	0.1	0.1	0.1	0.1
CULTURE AND RECREATION:					
Recreation.....	3.1	2.1	1.9	2.1	2.2
Public library.....	6.6	5.9	5.9	6.2	6.3
Opera House.....	3.7	3.2	3.3	3.7	2.1
HOUSING AND DEVELOPMENT:					
Housing, land use & development.....	1.9	2.7	2.0	1.7	2.0
EDUCATION.....	195.0	186.3	190.3	187.3	200.7
TOTAL.....	262.4	254.2	256.3	255.4	267.1

SOURCE: Actual payroll data

TABLE 15

TOWN OF THOMASTON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST THREE YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30		
	2007	2006	2005
<u>GENERAL GOVERNMENT</u>			
PUBLIC SAFETY:			
Fire:			
Emergency responses.....	360	335	269
Fires extinguished.....	29	146	116
Police:			
Incidents.....	35,191	35,641	N/A
Accidents.....	262	232	N/A
Physical arrests.....	198	115	N/A
Traffic violations.....	742	878	N/A
PUBLIC WORKS:			
Street resurfacing (miles).....	-	0.73	N/A
Streets rebuilt (miles).....	1.14	2.16	N/A
PARKS AND RECREATION:			
Athletic field permits issued.....	76	66	N/A
No. of recreation programs.....	27	29	29
HEALTH AND WELFARE:			
Number of elderly serviced.....	1,410	3,639	N/A
Number of families serviced.....	2,650	5,477	N/A
Number of disabled serviced.....	672	1,410	N/A
LIBRARY:			
Total print items.....	46,533	47,769	50,184
Total non-print items.....	7,652	5,407	4,862
Circulation.....	92,997	95,145	89,382
Interlibrary borrows.....	1,984	1,841	924
Interlibrary loans.....	2,308	1,675	1,018
EDUCATION:			
Enrollment:			
High School.....	600	593	598
Middle School.....	298	300	320
Elementary Schools.....	397	413	394
SEWER FUND:			
Average daily sewage treatment (million gallons).....	1.067	1.001	N/A
Residential customers.....	2,587	2,169	N/A
Commercial & Industrial Customers.....	130	136	N/A
Manhole repair as part of I/I reduction.....	8	11	N/A
TRANSFER STATION:			
CRRA tonnage (annual).....	5,024	5,140	5,580

SOURCES: Various Town Departments

N/A - Information not available

TABLE 16

TOWN OF THOMASTON, CONNECTICUTCAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST THREE YEARS
(UNAUDITED)

FUNCTION / PROGRAM	FISCAL YEAR ENDED JUNE 30		
	2007	2006	2005
GENERAL GOVERNMENT:			
Election voting machines.....	2	7	7
Vehicles.....	1	1	1
PUBLIC SAFETY:			
Fire and ambulance stations.....	2	2	2
Police stations.....	1	1	1
Police vehicles.....	10	10	10
Fire trucks.....	7	7	7
Ambulances.....	2	2	2
Other emergency vehicles.....	6	6	5
PUBLIC WORKS:			
Miles of Streets:			
Paved.....	41.00	40.58	40.17
Accepted.....	41.00	40.58	40.17
Private.....	0.03	0.03	0.03
State Highway.....	64.89	64.89	64.89
Miles of Sidewalks.....	10.88	10.88	10.88
Miles of Sewer:			
Storm.....	85.50	85.00	70.00
Sanitation.....	50.50	50.00	50.00
Dump trucks.....	9	8	8
Other public works vehicles & heavy equipment.....	26	24	24
HEALTH AND WELFARE:			
Minibus.....	1	1	1
CULTURE AND RECREATION:			
Acres of park land.....	56.0	56.0	56.0
Hardball baseball diamonds.....	1	1	1
Youth baseball diamonds.....	5	5	5
Basketball courts.....	3	3	3
Soccer fields.....	3	3	3
Nature areas.....	1	1	1
Picnic areas.....	1	1	1
Playgrounds.....	7	7	7
Public beach.....	1	1	1
Public greens.....	3	3	3
Tennis courts.....	3	3	3
Public indoor theatres.....	1	1	1
Public library.....	1	1	1
EDUCATION:			
Number of high schools.....	1	1	1
Number of middle schools.....	1	1	1
Number of elementary schools.....	1	1	1

SOURCES: Various Town Departments